

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of Special CHESLA Board Meeting
June 17, 2022

The State of Connecticut Higher Education Supplemental Loan Authority held a special videoconference meeting at 10:00 a.m. on Thursday, June 17, 2022.¹

The special meeting was called to order at 10:03 a.m. by Mr. Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

- Present: Peter W. Lisi, Chair
Laura M. Baker (*Designee for Chief Workforce Officer Kelli-Marie Vallieres*)
Martin L. Budd
Andrew A. Foster
Darrell V. Hill (*Designee for Connecticut State Treasurer Shawn T. Wooden*)
Julie B. Savino, Vice Chair
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)
- Absent: Benjamin B. Barnes (*Designee for CT State Colleges and Universities President*)
Michael Izadi (*Designee for Connecticut OPM Acting Secretary*)
- Also Present: Rebecca Ablett, Administrative Services Assistant, CHEFA
Denise Aguilera, General Counsel, CHEFA
Dan Giungi, Government Affairs & Communications Specialist, CHEFA
Josh Hurlock, Assistant Director, CHESLA
Carlee Levin, Senior Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Cynthia D. Peoples-H., Managing Director, Operations & Finance, CHEFA
Kara Stuart, Manager, Administrative Services, CHEFA
Yesenia Torres-Rivera, Program Coordinator, CHESLA
- Guests: Judith A. Blank, Esq., Pullman & Comley
Anthony P. Carnevale, Research Professor and Director, Georgetown University
Center on Education and the Workforce
Sandra Dawson, Member, Pullman & Comley
Brian Kares, Vice President, RBC Capital Markets
William Kotkosky, AVP & Relationship Manager, U.S. Bank, N.A.
Rakchhya Poudel, Analyst, RBC Capital Markets
Joseph Santoro, Director – Education Finance Team Leader, Bank of America,
N.A.
Tim Webb, Senior Vice President, Hilltop Securities N.A.
Jeff Wagner, Managing Director, RBC Capital Markets
Tyler Walsh, Associate, RBC Capital Markets
Gary Wolf, Director, RBC Capital Markets

¹ All attendees participated in the meeting via conference telephone that permitted all parties to hear each other

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the May 12, 2022 Special Board of Directors meeting. Mr. Foster moved to approve the minutes and Ms. Savino seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura M. Baker		
Martin L. Budd		
Andrew A. Foster		
Darrell V. Hill		
Julie B. Savino		
Jeanette W. Weldon		

BOARD EDUCATION – ANTHONY P. CARNEVALE, GEORGETOWN UNIVERSITY CENTER ON EDUCATION AND THE WORKFORCE

Ms. Weldon introduced Dr. Anthony P. Carnevale, Research and Professor at the Georgetown University Center on Education and the Workforce. Dr. Carnevale presented his remarks on secondary education programs as well as the future of education and the workforce in Connecticut. Mr. Lisi and Ms. Weldon thanked Dr. Carnevale for his informative presentation.

Dr. Carnevale left the videoconference meeting at 10:31 a.m.

SALES REPORT FOR 2022 SERIES BOND TRANSACTIONS – TIM WEBB, HILLTOP SECURITIES

Mr. Tim Webb, Hilltop Securities, provided a Post Sale Transaction Overview on the 2022 Series B – AMT and 2022 Series C – Federally Taxable bond transactions that were priced on May 19, 2022. Mr. Webb reported that the Series B – AMT bond transaction was structured for \$13.175 million and the Series C – Federally Taxable bond transaction was structured for \$62.375 million. Mr. Webb then presented further details on the following:

- Cash flow summaries,
- The bond issuances,
- Loan rates,
- Purpose of the issuances,
- The 1990 Trust outstanding bonds,
- The sources and uses of the bond transactions,
- Bond structures, and
- Cash flow assumptions and results.

The floor was opened to questions and a discussion ensued. Mr. Webb clarified that the cash flows are run as a last-day origination scheduled for November 15, 2023. The last-day origination can be extended to is April 2024 upon certain approvals and additional cash flows. Mr. Hurlock noted that the bonds were sized based on FY 2021 disbursements totaling \$18.1 million, whereas FY 2022 disbursements are projected to be approximately \$16 million.

Mr. Lisi requested that the presentation materials provided by Mr. Webb be distributed to all Board members. Mr. Lisi thanked Mr. Webb for his informative presentation, and Mr. Webb thanked Mr. Hurlock and Ms. Weldon for their efforts with the transactions.

SCHOLARSHIP MEMO & APPROVAL

Mr. Hurlock presented an executive summary for the CHESLA Undergraduate Degree Scholarship Program. Mr. Hurlock stated that at the January 27, 2022 Board of Directors meeting, the CHESLA Board approved an allocation of \$470,000 in scholarships for students pursuing an undergraduate degree. As of June 7, 2022, the CHESLA Scholarship Account had approximately \$38,000 in unused proceeds from schools and earned interest from prior years. Mr. Hurlock stated that management is seeking Board approval to award 171 scholarships totaling \$489,000.

Mr. Budd moved to approve the 171 scholarships totaling \$489,000 for the CHESLA Undergraduate Scholarship Program, and Mr. Foster seconded the motion.

Ms. Torres-Rivera reported that there were 183 qualified applicants to the 2022-2023 CHESLA Undergraduate Scholarship Program. Applications were available on March 1, 2022 via the CHESLA website for a period of two months. Application availability was also announced to high school counselors, financial aid officers, the State Department of Education, and all CHESLA social media outlets. Ms. Torres-Rivera stated that the scholarship committee comprised of Ms. Weldon, Mr. Hurlock, Ms. Shannon Reynolds, and herself to review the qualified applications, and 171 scholarships will be awarded from these applications. Eligibility requirements and award amounts remained the same from the previous year. Awarded recipients will be notified in July 2022 and scholarship disbursements are currently scheduled for September 2022.

Mr. Hurlock presented the data analysis from the scholarship program applications including the breakdown of race, gender, age group, grade classification, institution attending, hometown, and attendance status. Mr. Budd noted that most of the applicants were female. A brief discussion ensued.

Mr. Hurlock noted that the CHESLA scholarship application for healthcare and manufacturing certificate program will be available on July 1, 2022. Mr. Hurlock also noted that at the January 27, 2022 Board of Directors meeting, the Board approved an allocation of \$30,000 for this certificate program. Mr. Hurlock reported that all \$30,000 was awarded for certificate scholarships in FY 2022. A brief discussion ensued.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura M. Baker		
Martin Budd		
Andrew A. Foster		
Darrell V. Hill		
Julie B. Savino		
Jeanette W. Weldon		

Mr. Lisi thanked Ms. Torres-Rivera and Mr. Hurlock for their efforts with the scholarship program.

QUARTERLY FINANCIAL REPORT, 03/31/2022

Ms. Levin highlighted several errors in the meeting materials provided to the Board. The first error that was corrected by Ms. Levin was clerical in nature concerning the headers under the Quarter to Date and Year to Date data that should read “Actual (2022), Budgeted (2022), Over (Under) Budget, and Actual (2021)” instead of the listed “Actual (2002), Budgeted (2002), Over (Under) Budget, and Actual (2021)”. The next error corrected by Ms. Levin was formulaic in nature and found under the Quarter to Date Budget column for the in-school and refinance product values. The corrected values are as follows:

- In-school product (budgeted) amount: \$22,628
- Refinance product (budgeted) amount: \$13,224
- Total Operating and Non-Operating Income (Loss) (budgeted) amount: \$67,507

Ms. Levin reported on the quarterly financials for the nine months ending March 31, 2022. Ms. Levin reported that revenues over expenses before non-operating income and expenses were \$81,430 and revenues and expenses after non-operating income and expenses were \$83,401. Total year to date operating revenues were under budget by \$40,846 and total year to date operating expenses were under budget by \$49,005.

Ms. Levin provided an overview on the bond funds, other funds (i.e., Scholarship Fund and Non-Bond Refi program), and student write-offs. Mr. Budd inquired about the status of the investments due to the refunding of the 1900 Trust Resolution. Ms. Blank clarified that the treasuries were sold so that they could be invested in securities that properly matched the redemption requirements of the refunded bonds and that the GIC’s were in the special capital reserve funds, which transferred over to the 2019 Trust Resolution.

EXECUTIVE DIRECTOR’S REPORT**Authority Updates**

Ms. Weldon reported that there are no additional updates. Ms. Weldon turned to Mr. Hurlock for the portfolio and marketing updates.

Portfolio Update

Mr. Hurlock reported that CHESLA has disbursed \$15.8 million through the third quarter of FY 2022, which includes \$8 million in disbursements in the third quarter of FY 2022. Mr. Hurlock stated that the loan volume of FY 2022 through the third quarter represents a 10% decline compared to FY 2021 through the third quarter. Mr. Hurlock further stated that CHESLA will be budgeting an increase in loan disbursements to target the \$18.1 million disbursed in FY 2021.

Mr. Hurlock reported the market data for the Connecticut schools, noting that Sacred Heart University is the top Connecticut school for loan volume, with UCONN and Quinnipiac University following respectively.

Mr. Hurlock provided an update on the following items:

- In-School 2021 B disbursement comparison to cash flow assumptions
- Refi CT loan disbursement data

Marketing Update

Mr. Hurlock reported an increased awareness for CT Dollars & Sense Financial Literacy Portal with over 75% of online traffic visits being directly to the website representing a 20% increase

from the year prior. Mr. Hurlock also stated a 15% increase in online traffic visits to the CHESLA website originating from referrals.

COMMITTEE REPORTS – AUDIT FINANCE/HR COMMITTEE

Mr. Budd reported that the Audit Finance/HR Committee met earlier today and discussed the FY 2023 Operating Budget. Mr. Budd highlighted that there was a 5% increase in operating expenses due to increased marketing and employee benefit expenditures, which was coupled with an increase in revenues. The Committee unanimously approved the budget and presented the budget to the Board for adoption.

Mr. Budd moved to accept the recommendation of the Audit Finance/HR Committee and the adoption of the FY 2023 Operating Budget, and Ms. Savino seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura M. Baker		
Martin L. Budd		
Andrew A. Foster		
Darrell V. Hill		
Julie B. Savino		
Jeanette W. Weldon		

MONEY PURCHASE PENSION PLAN AMENDMENT AND PARTICIPATION AGREEMENT

Ms. Aguilera provided a brief history of CHEFA’s money purchase plan and explained that pursuant to IRS rules, the plan needs to be amended and restated using a new IRS pre-approved plan document.

Ms. Aguilera reported that one notable change is that the current plan document includes a trust, however, the new pre-approved plan document provides for the creation of a stand-alone trust via the amended and restated trust document. Ms. Aguilera stated that the CHEFA Board of Directors approved the amended and restated plan earlier this week, as well as the corresponding adoption agreement. Ms. Aguilera noted that CHESLA, as a participating employer, must also approve the amended and restated plan as well as the corresponding participation agreement.

Ms. Aguilera stated that staff recommends Board approval of the new pre-approved plan and the Adoption Agreement, as well as the corresponding Resolution in the board package for approval of the documents.

Mr. Lisi moved to approve staff’s recommendation for the Money Purchase Pension Plan and adoption of the Money Purchase Pension Plan and Adoption Agreement (Resolution 2022-06), and Mr. Budd seconded the motion.

The floor was opened to questions and a discussion ensued. Ms. Aguilera clarified the employee eligibility, employer contributions, vesting schedule, and plan investment during employment. Ms. Weldon noted that the Authority partners with a unit of RBC Capital Markets as investment advisors. This unit of RBC Capital Markets regularly monitors the performance of the investment options available to employees and provides annual staff education. Finally, Ms. Weldon noted that CHEFA Officers act as the Trustees.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura M. Baker		
Martin L. Budd		
Andrew A. Foster		
Darrell V. Hill		
Julie B. Savino		
Jeanette W. Weldon		

EXECUTIVE SESSION - DISCUSSION OF EXECUTIVE DIRECTOR’S PERFORMANCE REVIEW

Mr. Lisi requested a motion to go into Executive Session at 11:18 a.m. to discuss the performance evaluation of the Executive Director. Ms. Lisi moved to go into Executive Session and Ms. Savino seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura M. Baker		
Martin L. Budd		
Andrew A. Foster		
Darrell V. Hill		
Julie B. Savino		
Jeanette W. Weldon		

At 11:18 a.m. all Board members and Ms. Weldon left the videoconference meeting to attend the Executive Session via a separate videoconference meeting room.

Ms. Weldon returned to the videoconference meeting at 11:31 a.m. All Board members returned to the videoconference meeting at 11:45 a.m. Mr. Lisi stated that there were no votes taken during Executive Session.

OTHER BUSINESS

Mr. Budd requested an update on the arbitrage rebate audit. Ms. Weldon noted the resignation of the previous consultant and hiring of the new consultant, BLX Group, resulted in no further audit. Ms. Weldon stated that further reports with regard to the next loan yieldmitigation efforts and series of bonds with liability will be presented in Fall 2022.

Mr. Budd requested a report on the economic impact study being performed by a consultant. Ms. Weldon confirmed that this report will also be presented in Fall 2022.

ADJOURNMENT

There being no further business, at 11:47 a.m., Mr. Budd moved to adjourn the meeting and Mr. Foster seconded the motion.

Upon a voice vote, the "Ayes," "Nays" and "Abstentions" were as follows:

AYES

Peter W. Lisi
Laura M. Baker
Martin L. Budd
Andrew A. Foster
Darrell V. Hill
Julie B. Savino
Jeanette W. Weldon

NAYS

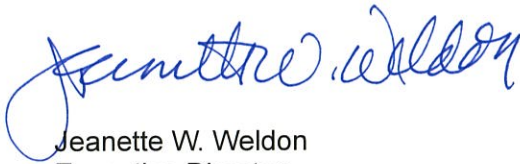
None

ABSTENTIONS

None

The meeting adjourned at 11:47 a.m.

Respectfully submitted



Jeanette W. Weldon
Executive Director