

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY  
Minutes of CHESLA Board Meeting  
November 15, 2022

The State of Connecticut Higher Education Supplemental Loan Authority held a meeting via videoconference at 11:30 a.m. on Tuesday, November 15, 2022.<sup>1</sup>

The meeting was called to order at 11:30 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  
Martin L. Budd  
Andrew Foster  
Darrell V. Hill (*Designee for Connecticut State Treasurer Shawn T. Wooden*)  
Michael Izadi (*Designee for Connecticut OPM Acting Secretary*)  
Kerry A. Kelley (*Designee for CT State Colleges and Universities President*)  
Julie B. Savino, Vice Chair  
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

Absent: Kelli-Marie Vallieres

Also Present: Denise Aguilera, General Counsel, CHEFA  
Kevin Barry, Accountant, CHEFA  
Dan Giungi, Government Relations and Communications Specialist, CHEFA  
Rebecca Hrdlicka, Administrative Services Assistant, CHEFA  
Josh Hurlock, Assistant Director, CHESLA  
Carlee Levin, Senior Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Cynthia D. Peoples-H., Managing Director, Operations & Finance, CHEFA  
Shannon Reynolds, Portfolio Specialist, CHESLA  
Kara Stuart, Manager, Administrative Services, CHEFA  
Yesenia Torres-Rivera, Program Coordinator, CHESLA

Guests: Sandra Dawson, Member, Pullman & Comley  
Peter Lewandowski, Executive Director, Office of State Ethics  
Tim Webb, Senior Vice President, Hilltop Securities N.A.

### **APPROVAL OF MINUTES**

Mr. Budd requested a change to the minutes under the Review of Draft Audited Financial Statements for FY 2022. Mr. Budd requested to change the requestor of the motion from “Mr. Budd” to “Mr. Lisi”. Therefore, the minutes should now read:

“Mr. Lisi requested a motion to accept the independent audit report as it pertains to CHESLA. Mr. Budd moved for approval and Mr. Lisi seconded the motion.”

Mr. Budd requested the same change to the minutes under the Resolution Regarding Use of Funds Released by Bond Refinancing (Resolution 2022-08), where the requestor of the motion should be changed from “Mr. Budd” to “Mr. Lisi”. Therefore, the minutes should now read:

---

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

“Mr. Lisi requested a motion to adopt resolution regarding use of funds released by bond refinancing (Authorizing Resolution 2022-08) with the revision stated above. Mr. Budd moved for approval and Mr. Lisi seconded the motion.”

Mr. Lisi requested a motion to approve the meeting minutes of the September 22, 2022 Annual Board of Directors meeting with the changes specified. Mr. Budd moved to approve the minutes and Ms. Savino seconded the motion.

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

**AYES**

Peter W. Lisi  
Martin L. Budd  
Michael Izadi  
Julie B. Savino  
Jeanette W. Weldon

**NAYS**

None

**ABSTENTIONS**

Kerry A. Kelley<sup>2</sup>

**ETHICS TRAINING**

Mr. Lewandowski, Executive Director at the Office of State Ethics provided ethics training, in accordance with the requirements of the Authority’s Ethics Statement and Policies.

Mr. Darrell V. Hill joined the videoconference meeting at 11:38 a.m.

The floor was opened to questions and a discussion ensued. Mr. Lewandowski encouraged Board members to contact the Office of State Ethics if they had any additional questions.

Mr. Lisi thanked Mr. Lewandowski for his time. Mr. Lewandowski left the videoconference meeting at 12:04 p.m.

Before the discussion continued, Mr. Lisi introduced Ms. Kerry A. Kelley as the new designee for the President of CT State Colleges and Universities, replacing Mr. Benjamin Barnes in the designee role. Ms. Kelley stated her position, role, experience with CT State Colleges and Universities, and previous experience with the Office of Policy and Management and with the General Assembly’s Nonpartisan Fiscal Office. Mr. Lisi welcomed Ms. Kelley to the Board.

**INDUCEMENT RESOLUTION**

Ms. Weldon presented the inducement resolution concerning funds from the prior \$5 million equity release. Ms. Weldon stated that the Board previously approved the \$5 million for refinancing loans but later allocated up to \$2 million of the \$5 million for in-school loans due to the in-school loan volume. Ms. Weldon stated that the inducement resolution would allow CHESLA to reimburse itself for the use of the up to \$2 million from proceeds of the next bond offering.

Mr. Budd inquired about the timing of the inducement resolution. Ms. Sandra Dawson clarified that an inducement resolution can be adopted at any time, and the current resolution allows CHESLA to reimburse itself from bond proceeds for any loans that are originated sixty days prior to or any time after the adoption of the resolution. Mr. Tim Webb also clarified that the costs of origination as well as the principal amount of the loan can be reimbursed.

---

<sup>2</sup> Ms. Kelley abstained from voting as she did not attend the Annual Board of Directors meeting held on September 22, 2022.



Mr. Lisi requested a motion to approve the Inducement Resolution (Resolution 2022-09) as presented. Mr. Hill moved for approval and Mr. Budd seconded the motion.

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

<u><b>AYES</b></u>	<u><b>NAYS</b></u>	<u><b>ABSTENTIONS</b></u>
Peter W. Lisi	None	None
Martin L. Budd		
Darrell V. Hill		
Michael Izadi		
Kerry A. Kelley		
Julie B. Savino		
Jeanette W. Weldon		

**ALLIANCE DISTRICT PROGRAM MANUAL AND MOA PROPOSED MODIFICATIONS**

Mr. Hurlock gave a brief overview of the Alliance District Teacher Loan Subsidy (ADTLS) Program, which was implemented by CHESLA and the State of Connecticut Department of Education to help the significant need across the state to recruit and retain educators in Alliance Districts. Mr. Hurlock stated that the teachers who refinance their loans into an Alliance District Teacher Refinance Loan receive a 3% interest rate subsidy as long as the teacher continues to teach in a Connecticut Alliance District. The funding of these loans was provided to CHESLA by the State of Connecticut.

Mr. Hurlock reported that the first ADTLS application was submitted on May 20<sup>th</sup>, but consistent application volume did not start until July 12<sup>th</sup>. Mr. Hurlock stated that approximately 60 applications were received, 14 applications were approved and disbursed, 19 applications were denied, and 24 applications are pending underwriting. Mr. Hurlock stated that 68% of the denied applications (i.e., 13 out of 19 applications) exceeded the 50% debt-to-income (DTI) ratio maximum, and management felt that the DTI might be a barrier to accessing the program.

Staff proposed a change to the program criteria which consisted of removing the DTI requirement and replacing it with two credit knockout criteria in addition to the FICO score requirements already in place. Mr. Hurlock stated that the criteria change will demonstrate the applicant’s ability to make payments on their existing student loan debt and, therefore, indicate their ability to pay if that debt is refinanced into a lower interest Alliance District Teacher Refinance Loan and lower monthly payment.

The floor was opened to questions and a brief discussion ensued regarding the details of the credit knockout criteria.

Mr. Budd inquired about the presentation of the ADTLS program data, which Mr. Hurlock clarified that ADTLS program data will have its own reports and will be included quarterly in the Board Meeting materials. Mr. Hurlock stated that the loan originator is CampusDoor and UAS is the servicer, which are the same vendors for CHESLA’s in-school and refinance loan programs.

Ms. Kelley inquired about the other applicants that were denied (i.e., 6 out of the 19 applicants). Mr. Hurlock stated that those applicants were denied mainly due to ineligible FICO scores and incorrect requests to refinance federal loans. The ADTLS program only refinance private student loans.

Mr. Andrew Foster joined the videoconference meeting at 12:15 p.m.

Staff also proposed a change to the definition of “teacher” for purposes of eligibility for the program in the Memorandum of Agreement with the State of Connecticut and the Program Manual as presented by Ms. Aguilera. The new definition will clarify that the individual must provide direct classroom-type teaching or classroom-type teaching in a non-classroom setting for more than 50% of their day. Ms. Aguilera stated that this requirement is similar to the requirements in the federal Teacher Loan Forgiveness program. Ms. Aguilera explained that the change to the definition is to reflect the intent of the program, which is to recruit and retain teachers rather than administrators in Alliance Districts.

The floor was opened to questions and a discussion ensued regarding the intent of the program, application of the loan subsidy, and the source of funding.

Mr. Lisi requested a motion to adopt the Alliance Teacher Refi Loan Program Amendments to the Memorandum of Agreement (Resolution 2022-11). Mr. Budd moved for approval and Mr. Foster seconded the motion.

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

<u><b>AYES</b></u>	<u><b>NAYS</b></u>	<u><b>ABSTENTIONS</b></u>
Peter W. Lisi	None	None
Martin L. Budd		
Andrew Foster		
Darrell V. Hill		
Michael Izadi		
Kerry A. Kelley		
Julie B. Savino		
Jeanette W. Weldon		

Mr. Lisi requested a motion to adopt the Alliance Teacher Refi Loan Program Amendments to Program Manual (Resolution 2022-10). Mr. Budd moved for approval and Mr. Foster seconded the motion.

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

<u><b>AYES</b></u>	<u><b>NAYS</b></u>	<u><b>ABSTENTIONS</b></u>
Peter W. Lisi	None	None
Martin L. Budd		
Andrew Foster		
Darrell V. Hill		
Michael Izadi		
Kerry A. Kelley		
Julie B. Savino		
Jeanette W. Weldon		

**QUARTERLY FINANCIALS 09/30/2022**

Ms. Levin reported on the quarterly financials for the three months ending September 30, 2022. Ms. Levin stated that revenues over expenses before non-operating income and expenses were \$12,878, and the revenues over expenses after non-operating income and expenses were \$18,938. Ms. Levin reported that the total year-to-date revenues were \$901 under budget and the



total year-to-date expenses were \$6,176 under budget.

Ms. Levin then provided an overview of the bond funds and other funds (i.e., Scholarship Fund, Non-Bond Refi Program, and ADTLS Program). Mr. Budd inquired about the fees of the ADTLS Program, which Mr. Hurlock clarified are due to the application process fees and loan disbursement servicing fees. Mr. Hill also inquired about allowance for loan loss, and a brief discussion ensued.

Mr. Hurlock clarified that CHESLA is continuing to calculate the allowance by using the pricing model, where the expected losses are calculated based on the FICO tiers. The pricing model also calculates the loan loss based on actual disbursements in that quarter.

## **EXECUTIVE DIRECTOR'S REPORT**

### **Authority Updates**

Ms. Weldon commented on the loan yield liability associated with the 2013 Bonds totaling approximately \$300,000. Ms. Weldon reported on the recent work with BLX as the rebate consultant, as well as the working group consisting of Ms. Weldon, Mr. Hurlock, bond counsel, financial advisors, and the rebate consultant. The working group has focused on the strategies to mitigate the loan yield liability by May 15, 2023. Ms. Weldon stated that the mitigation plan based on the refreshed calculations by the rebate consultant (to verify the accuracy of the loan yield liability) will be presented to the Board for approval in January 2023.

Ms. Weldon reported that the recent economic impact study was distributed to all legislators, the Governor's office, DECD, and AdvanceCT. Ms. Weldon stated that Mr. Dan Giungi, CHEFA Communications and Legislative Liaison, has reached out to various media outlets for targeted press opportunities. Other general press releases are planned to Metro-Hartford Alliance and the Education Finance Council.

### **Portfolio Update**

Mr. Hurlock reported that the CHESLA In-School Loan Program has disbursed \$7.9 million through the first quarter of FY 2023, which represents an increase of \$1.3 million compared to the first quarter of FY 2022. Mr. Hurlock then provided an update on the comparison to cash flow assumptions for the 2022B series.

Mr. Hurlock reported that CHESLA's refinance loan program disbursed \$800,000 through the first quarter of FY 2023, representing an increase of \$700,000 compared to the first quarter of FY 2022. This also represented the 2<sup>nd</sup> highest first quarter ever for the refinance program, dating back to the first year of the program.

Mr. Hurlock reported that CampusDoor, the loan originator, did not meet the standard loan metrics for this quarter. Mr. Hurlock explained that their contact center received higher than normal call volumes, which thus contributed to the longer wait times. Mr. Hurlock reported that CampusDoor has internally debriefed regarding the situation and promises adequate staffing and system enhancements for improved efficiency. Staff will continue to monitor the situation in future quarters.

Mr. Foster inquired about the increase in refinance loan volume, which Mr. Hurlock clarified is likely due to competitive, below-market loan rates.

### **Marketing Update**

Ms. Reynolds reported on the FY 2023 first quarter metrics for CT Dollars & Sense, where the site had a measurable increased awareness evident by its 600+ direct site visits compared to its 236 direct site visits in FY 2022. Ms. Reynolds stated that CT Dollars & Sense also demonstrated an increase in returning visitors, an increase in number of sessions, and a decrease in bounce rate. Ms. Reynolds also reported on the CHESLA website overall, where there was an increase in the number of users from approximately 7,800 to over 22,000 compared to the year prior. The top pages visited were the CHESLA homepage and the In-School Loan page which held 33,000 page visits, combined.

Ms. Reynolds reported on the vast amount of marketing and outreach that CHESLA has recently conducted, including:

- Publishing two articles in the CT Insider
- Attending the Money Conference for Women
- Speaking on a podcast episode with SpringPath
- Hosting Financial Aid Nights at South Windsor High School and Rocky Hill High School, with 3 more financial aid sessions booked
- Attending several college fairs across the state including ten town fairs, the Southern CT College Fair, and the SpringPath College Fair

**Scholarship Update**

Ms. Torres-Rivera reported that 10 out the 24 scholarships have been disbursed through the certificate program, with 14 scholarships available until July 2023. Ms. Torres-Rivera stated that monthly emails are being sent to all Connecticut colleges that offer certificate programs, which has increased the number of applications received.

Ms. Savino left the videoconference meeting at 12:45 p.m.

Mr. Budd inquired about the source of funding for the Refi program and a brief discussion ensued. Mr. Budd requested Staff’s plan and calculations for the Refi program, which Ms. Weldon confirmed can be presented to the Board in March 2023.

**2023 MEETING SCHEDULE**

Mr. Lisi advised the Board members to note the upcoming dates presented in the 2023 Meeting Schedule on their respective calendars.

Mr. Lisi requested a motion to accept the 2023 Meeting Schedule. Mr. Budd moved for approval and Mr. Lisi seconded the motion.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Peter W. Lisi	None	None
Martin L. Budd		
Andrew Foster		
Darrell V. Hill		
Michael Izadi		
Kerry A. Kelley		
Jeanette W. Weldon		



**ADJOURNMENT**

There being no further business, Mr. Lisi requested a motion to adjourn the meeting. Mr. Budd moved to adjourn the meeting and Mr. Lisi seconded the motion.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Peter W. Lisi	None	None
Martin L. Budd		
Andrew Foster		
Darrell V. Hill		
Michael Izadi		
Kerry A. Kelley		
Jeanette W. Weldon		

The meeting adjourned at 12:58 p.m.

Respectfully submitted



Jeanette W. Weldon  
Executive Director