

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of CHESLA Board Meeting
March 18, 2024

The State of Connecticut Higher Education Supplemental Loan Authority held a meeting via videoconference on Monday, March 18, 2024.¹

The videoconference meeting was called to order at 1:01 p.m. by Mr. Peter W. Lisi, Chair of the CHESLA Board of Directors. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chair
Bettina Bronisz (*Designee for Connecticut State Treasurer Erick Russell*)
Andrew Foster
Michael Izadi (*Designee for Connecticut OPM Secretary Jeff Beckham*)
Kerry A. Kelley (*Designee for CT State Colleges and Universities President Terrence Cheng*)
Julie B. Savino, Vice Chair
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

ABSENT: Laura M. Baker (*Designee for Chief Workforce Officer Kelli-Marie Vallieres*)
Martin L. Budd

ALSO PRESENT: Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, CHEFA
Charles Bodie, Managing Director of Finance & Operations, 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
Shannon Reynolds, Portfolio Specialist, CHESLA
Kara Stuart, Manager, Administrative Services, CHEFA
Yesenia Torres-Rivera, Program Coordinator, CHESLA

INVITED GUESTS: Katharine Balukas, Senior Manager, BerryDunn
Alan Goodwin, Manager, BerryDunn
Scott McIntyre, Managing Director, Hilltop Securities
Jeff Wagner, Managing Director, RBC Capital Markets
Tim Webb, Senior Vice President, Hilltop Securities

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

APPROVAL OF MINUTES: CHESLA BOARD OF DIRECTORS MEETING

Mr. Lisi requested a motion to approve the meeting minutes of the January 9, 2024 Board of Directors meeting. Mr. Foster moved to approve the minutes and Mr. Izadi 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
Bettina Bronisz		
Andrew Foster		
Kerry A. Kelley		
Michael Izadi		
Julie B. Savino		
Jeanette W. Weldon		

APPROVAL OF MINUTES: CHEFA/CHESLA BOARD STRATEGIC PLANNING SESSION

Mr. Lisi requested a motion to approve the minutes of the January 25, 2024 special CHEFA/CHESLA Board Strategic Planning Session. Ms. Bronisz 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
Bettina Bronisz		
Andrew Foster		
Kerry A. Kelley		
Michael Izadi		
Julie B. Savino		
Jeanette W. Weldon		

INTERNAL AUDIT REPORTS

Ms. Katherine Balukas and Mr. Alan Goodwin of BerryDunn gave a presentation on the third quarter of FY 2024 internal audit results (previously shared with the CHEFA Audit-Finance Committee), which included an overview on the following topics:

- Areas in Scope
 - Alliance District Teacher Loan Subsidy Program (CHESLA)
 - Bond Redemptions (CSLF)
- Summary of Risk Ratings for Recommendations
- Recommendations
 - Two low risk recommendations were given for the Alliance District Teacher Loan Subsidy Program (CHESLA), and this area of scope was given an overall strong rating.
 - One medium risk recommendation remains unresolved and another low risk recommendation was given for the CSLF Bond Redemptions, and this area of scope was given an overall adequate rating.
- Next Steps (4th quarter of 2024 and 1st quarter of 2025)

The floor was opened to questions and a brief discussion ensued regarding best practices for the CSLF bank reconciliations. Mr. Bodie commented that internal procedures have been updated for the CSLF bond redemptions and that the outstanding SOC report from CampusDoor has been requested.

Mr. Lisi thanked BerryDunn for their presentation. Ms. Balukas and Mr. Goodwin left the videoconference meeting at 1:20 p.m.

BOARD EDUCATION: BOND MARKET OVERVIEW

Mr. Scott McIntyre of Hilltop Securities gave a presentation on the Economic Review and Interest Rate Outlook, which included an overview of the trends on the following topics:

- Market Highlights
- Employment
- Economic Growth
- Retail Sales
- Inflation
 - Consumer Price Index
 - 50-year History
 - Producer Price Index
 - Personal Consumption Expenditures Core Price Index
- Home Prices
- Bond Yields
 - 2-Year Treasury Note Yield
 - 10-Year Treasury Note Yield
 - The Fed
 - Implied Fed Funds Rate
 - *Bloomberg* Survey of Economists
- Outlook

The floor was opened to questions and a discussion ensued.

Mr. Lisi thanked Hilltop Securities for the informative presentation. Mr. McIntyre left the videoconference meeting at 1:42 p.m.

Mr. Tim Webb of Hilltop Securities and Mr. Jeff Wagner of RBC Capital Markets then presented on the market conditions for bond transactions to fund student loans. Mr. Webb first reported on a proposed transaction for CHESLA to be priced in Spring 2024, with RBC Capital Markets serving as the lead Underwriter. Mr. Webb referenced other not-for-profit organizations that have issued bonds over the last two years and how these organizations may propose transactions in the coming Spring around the time CHESLA enters the market. Mr. Webb commented on the market rates (e.g., 10-year MMD) and how these rates are currently favorable for CHESLA, but that the market volatility does not allow for any guarantees.

Ms. Bronisz inquired about the size of the proposed transaction for CHESLA. Mr. Webb and Mr. Hurlock both confirmed that the proposed transaction will be approximately \$25 - \$30 million and will need a state disclosure.

Mr. Jeff Wagner of RBC Capital Markets presented the timeline (i.e., posting dates) of bond transactions to fund student loans for other organizations, which included the following updates:

- RISLA: \$127 million in taxable and tax-exempt bonds, posting official statement today

- PHEAA: \$146.4 million in tax-exempt bonds, posting in 10 days
- New Jersey (Bellwether issuers): \$228.3 million in tax-exempt bonds, posting in approximately early May
- MEFA: \$470+ million in [unspecified taxable or tax-exempt] bonds, posting in June

Mr. Wagner reported that the proposed transactions during this season are expected to total approximately \$1.5 billion, with \$400 million in additional transactions after the official season (i.e., July, August, and September timeframe).

QUARTERLY FINANCIALS (12/31/2023)

Ms. Levin reported on the quarterly financials for the six months ending December 31, 2023. Ms. Levin reported that Operating Fund revenues over expenses were \$202,329 before non-operating income and were \$811,155 including non-operating income. Ms. Levin stated that these results were primarily from the 2023B Loan Fund transfer of proceeds to the Authority per the inducement resolution, which was approved by the Board on November 15, 2022. Ms. Levin reported that, prior to the 2023B Bond Series closing, CHESLA opened the 2022 Non-Trust In-School loan fund (outside of the Trust) with \$2,000,000 from the Refi CT Loan fund (also outside of the Trust). The Resolution allowed for CHESLA to reimburse itself from 2023B bond proceeds for loans disbursed from the 2022 Non-Trust. Ms. Levin reported that total year to date operating revenues were over budget by \$3,053 and total year to date operating expenses were under budget by \$21,526.

Ms. Levin then provided an overview on the bond funds, other funds (i.e., Scholarship Fund, Non-Bond Refi program, In-School Non-Trust, and ADTLS program), and student write-offs.

EXECUTIVE DIRECTOR'S REPORT

Authority Updates

Ms. Weldon highlighted that the proposed transaction for CHESLA mentioned previously would require a special Board meeting before pricing can occur. Ms. Weldon stated that the Board would review the transaction documents and cash flows for approval of the bond issuance.

Ms. Weldon noted the recent op-ed articles that were published in the Connecticut Post and the CT Mirror, which were developed by Mr. Dan Giungi. Ms. Weldon reported that the Connecticut Post article discussed the impact of high-cost alternatives (e.g., the use of credit cards) for tuition, whereas the CT Mirror article discussed the perils of federal PLUS loans.

Ms. Weldon reported on the legislative updates pertaining to CHESLA. Ms. Weldon first reported on the proposal to create a single templated program to incentivize workforce development in areas to be identified by the Office of Workforce Strategy. This proposal was incorporated into Senate Bill 13 and voted out of the Higher Education Committee. and is currently awaiting action by the Finance, Revenue, and Bonding Committee. Ms. Weldon also reported on Senate Bill 304, which includes the other two CHESLA legislative initiatives: (1) to expand funding options for the SCRF account and (2) to amend CHESLA's enabling statues to allow for the origination of loans for Connecticut students pursuing a post-secondary education program if they are under eighteen years of age. Ms. Weldon stated that 98% of current CHESLA loans include a co-borrower because the student cannot meet the income threshold. Ms. Weldon stated that Senate Bill 304 was voted out of committee and sent to the Senate floor for a final vote.

Mr. Lisi congratulated Ms. Weldon and Mr. Giungi on the increased publicity for CHEFA and CHESLA.

Ms. Weldon presented a status report pertaining to the current (FY 2022 – FY 2024) 3-year strategic plan of CHEFA and CHESLA. Ms. Weldon highlighted several notable achievements pertaining to collaboration; the broadening, assessment, and communication of impact; technology; and organizational identity, culture, and sustainability.

Ms. Weldon then presented the FY 2025 – FY 2027 Strategic Plan Discussion Draft, which provided a detailed description of the mission statement, vision statement, principles, and initiatives of the proposed strategic plan for CHEFA, CHESLA, and CHEFA CDC. Ms. Weldon stated that the document proposed was a consolidation of the ideas generated from the Staff and Board Strategic Planning Sessions and that any additional comments can be received in the coming weeks. Ms. Weldon reported that a final draft of the FY 2025 – FY 2027 Strategic Plan will be presented to the CHESLA Board during the June meeting.

Portfolio Update

Mr. Hurlock reported that the CHESLA In-School Loan Program disbursed \$10.7 million through the second quarter of FY 2024, which represents a \$1 million increase through the second fiscal quarter compared to FY 2023.

Mr. Hurlock then provided the market segment data for In-School loan disbursements and an update on the 2023 Series B comparison to cash flow assumptions. Mr. Hurlock stated that through February 2024 the 2023 Series B disbursements are approximately \$700,000 ahead of the cash flow assumptions.

Mr. Hurlock reported that the Refi CT Program disbursed approximately \$543,000 through the second quarter of FY 2024. Mr. Hurlock also reported that the Alliance District Teacher Loan Subsidy Program has disbursed approximately \$1 million thus far impacting 58 professionals.

Finally, Mr. Hurlock stated that UAS as the loan servicer and CampusDoor as the loan originator met all performance metrics for the quarter.

Marketing Update

Ms. Reynolds gave a presentation on CHESLA Marketing and Outreach, which provided a detailed overview on the following topics:

- Financial Literacy Portal (CT Dollars & Sense) Website Overview
- CHESLA Website Overview
- Marketing and Outreach efforts that include:
 - Connecting and collaborating with Higher Heights Organization in New Haven and Hartford YWCA on virtual financial aid nights for their student and families
 - Mailing out CHESLA information and resources to the Board of Education and High Schools in CT Alliance Districts
 - Continued outreach and promotion of all CHESLA programs through TV, radio, print, digital, social media, and more
 - Upcoming events: Annual Cheshire High School Financial Aid Presentation
- Sports Marketing in high impact events, such as UCONN basketball, the Alabama/Michigan college football Rose Bowl/National Semifinal and pregame of the 49ers/Chiefs Super Bowl

During the presentation, Mr. Lisi inquired about the website analytics. Ms. Reynolds commented that the new visitors are tracked as new IP addresses that have not visited the site previously.

Ms. Savino inquired about the utilization of CT Dollars & Sense by higher education institutions, and Ms. Reynolds noted that it is unclear which institutions directly link CT Dollars & Sense on their website as a key financial literacy resource.

Scholarship Update

Ms. Torres-Rivera reported that the undergraduate scholarship program opened March 1, 2024 and will close on May 1, 2024.

OTHER BUSINESS

Mr. Lisi congratulated Ms. Bronisz on her upcoming retirement effective July 1st or August 1st. Mr. Lisi reported that Dr. Estela Lopez, a previous member of the CHEFA Board of Directors, will be nominated to fill the vacant CHESLA Board of Directors position at the CHEFA Board of Directors meeting on March 19, 2024.

ADJOURNMENT

There being no further business, Mr. Lisi requested a motion to adjourn the meeting. Ms. Savino 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
Bettina Bronisz
Andrew Foster
Michael Izadi
Kerry A. Kelley
Julie B. Savino
Jeanette W. Weldon

NAYS

None

ABSTENTIONS

None

The videoconference meeting adjourned at 2:24 p.m.

Respectfully submitted,



Jeanette W. Weldon
Executive Director