CHESLA™

Connecticut Higher Education Supplemental Loan Authority

CHESLA Scholarship Program™

CT Dollars & Sense™ Financial Literacy

MyCHESLA Student Loan™

Refi CT™ Student Loan Refinancing

Annual Report
Fiscal Year End June 30, 2023

Helping Students and Their Families Invest in the Future

CHESLA™
10 Columbus Boulevard, 7th Floor, Hartford, Connecticut 06106
(860) 520-4001 Outside CT • (800) 252-3357 in CT • FAX (860) 520-4004
Web: www.chesla.org

Message from the Executive Director:

Fiscal Year 2023 was clearly a rebound year for CHESLA. Our In-School loan volume was 22% greater than FY 2022 levels and exceeded FY 2021 levels (our first year of COVID impact) by 10%. These increases reflect our significant efforts this year to build awareness of CHESLA. We saw over 70,000 new visitors to CHESLA's website, a 93% increase over last year. We increased our television exposure with interviews on local television stations and enhanced our digital marketing and social media efforts. As we continue these efforts into FY 2024, we hope more Connecticut students will become aware of the benefits of obtaining a student loan through CHESLA to cover education financing gaps. I would like to thank the CHESLA staff for their energy, enthusiasm and hard work throughout the year. Through their efforts, CHESLA continued to grow and serve Connecticut students and families.

CHESLA's specialty programs also saw growth during the year. In an effort to increase access to our Alliance District Teacher Loan Subsidy Program, we removed the Debt-to-Income ratio requirement in December 2022. The program has disbursed $646,691 to date, impacting 34 teachers. Participating teachers reduced their interest rate by 6.32% on average. Our efforts to inform teachers of the significant benefit of this program, which offers a very favorable rate on an Alliance District teacher's refinancing of private education loans, will continue into FY 2024.

The CHESLA Scholarship Program successfully completed a new round of need-based scholarship awards in FY 2023. $486,000 in scholarships were awarded to deserving students from across the state. Our scholarship recognition event for recipients and their families was a huge success, with close to 200 attendees. Hearing the stories of our keynote and student speakers was inspiring.

As we move through Fiscal Year 2024, CHESLA will continue to be guided by its five Strategic Pillars--Collaboration; Economic and Workforce Development for the Public Good; Technology; Innovation; and Public Engagement and Accountability – as we serve Connecticut students and families.

In closing, I want to again recognize the hard work of CHESLA's dedicated staff, the staff of CHEFA as our parent organization, and the support of our knowledgeable and experienced Board of Directors. All worked together to help CHESLA have another successful year.

Jeanette W. Weldon, Executive Director
September 2023

Overview and Governance

CHESLA was established by Public Act No. 82-313, codified as Chapter 187B of the General Statutes of the State of Connecticut, Sections 10a-221 through 10a-246, inclusive, as amended (the "Act"). The purpose of the Act is "to provide a measure of financial assistance to students in or from the state, their parents and others responsible for the cost of their education and an alternative method to enable Connecticut institutions for higher education to assist qualified students to attend such institutions." The Authority is submitting this Annual Report in accordance with Sections 1-123 and 10a-240 of the Connecticut General Statutes. CHESLA became statutorily consolidated with the Connecticut Health and Educational Facilities Authority (CHEFA) on July 1, 2012. Additional information about CHEFA may be found in its Annual Report available at www.chefa.com.

CHESLA's Mission, Vision and Values Statement

Mission: Expand higher educational opportunities and enhance the State's economic development through higher education by providing cost-effective education financing programs and information resources to Connecticut students, alumni and their families.

Vision: Serve as Connecticut's leading resource for students as they plan for their college education, not only by providing financing, but by providing information and tools for students to make informed decisions; enhance the competitiveness of Connecticut institutions of higher education by providing grants and additional financing options; encourage interest in higher education to help the State meet its workforce needs; and enhance economic development through innovative higher education programs.

Values:

Excellent Service
Timely, responsive and effective service to the public and to our clients, both external and internal

Respect
Recognition through our attitudes and actions of the value of diversity and the worth and dignity of all, including the public, our clients and one another

Can-Do Attitude
A creative, leading-edge, open-minded approach to meeting the needs of the public and of our clients in a constantly changing environment

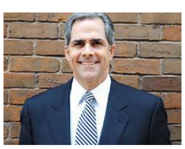
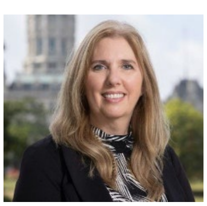
Transparency
Openness and accountability with respect to all aspects of the Authority and its operations

Professionalism
A commitment to teamwork, to expertise and to personal behavior that projects a positive image of the Authority

Integrity
Maintenance of an internal culture that reinforces the message that personal integrity and ethical behavior are valued and rewarded by the Authority

Board Members

CHESLA's Board Members FY 2023

Statutorily Designated:	Ex Officio Members	Member's Designee
	Erick Russell State Treasurer	Bettina Bronisz Assistant Treasurer for Debt Management
	Jeffrey Beckham Secretary Office of Policy & Management	Michael Izadi Budget Specialist
	Terrence Cheng President Connecticut State Colleges and Universities	Kerry Kelley Vice President Finance and Administration Connecticut State Community College
	Dr. Peter W. Lisi* Chair of the Board of CHEFA Chair of the Board of CHESLA	
	Jeanette W. Weldon* Executive Director of CHEFA Executive Director of CHESLA	
	Kelli-Marie Vallieres, Ph.D. Chief Workforce Officer Office of Workforce Strategy	Laura Baker Workforce Development Specialist

Appointed Members:	Expiration of Term	Statutory Qualifications
 Julie B. Savino Vice Chair of the Board of CHESLA	September 18, 2024	Experience in Higher Education Financial Aid Field
 Martin L. Budd, Esq.	July 1, 2029	Experience in State and Municipal Finance
 Andrew Foster	February 21, 2024	Experience in Higher Education and Financial Aid

There is currently one vacancy on the CHESLA Board. This vacancy will be filled by a CHEFA appointment, as specified in the enabling legislation.

*Dr. Lisi and Ms. Weldon have terms coterminous with their service as Chair of the CHEFA Board and Executive Director of CHEFA, respectively.

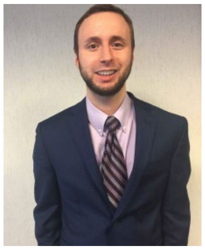
Advisory Committee Members

Matthew Rosen (Counselor, Naugatuck High School)
Lew DeLuca (Student Financial Literacy, Southern CT)
Rich Bishop (retired Financial Aid Director)
Wilson Luna (retired Dean of Students)

CHESLA Staff Members

Jeanette W. Weldon
Executive Director

Email address: jweldon@chesla.org



Josh Hurlock
Assistant Director

Email address: jhurlock@chesla.org

Shannon Reynolds
Portfolio Specialist

Email address: sreynolds@chesla.org

Yesenia Torres-Rivera
Program Coordinator

Email address: ytorres@chesla.org

Affirmative Action Policy

The Authority recognizes the need for an affirmative action policy, the purpose of which is to provide equal employment opportunity. Affirmative action is a positive action to overcome the present effects of past practices, policies or other barriers to equal employment opportunity and to achieve the full and fair participation of any protected group found to be underutilized in the work force or affected by policies and practices having an adverse effect. Equal employment opportunity is the employment of individuals without consideration of race, color, religious creed, marital or partnership status, sex, sexual orientation, gender identity or expression, transgender status, national origin, ancestry, pregnancy, workplace hazards to reproductive systems, age, present or past history of mental, intellectual, learning, or physical disability, genetic information, veteran's status, prior conviction of a crime, or any other reason prohibited by any applicable law or regulation, unless there is a bona fide occupational qualification excluding persons in one of the above protected groups or the provisions of C.G.S. § 46a-80(b) apply. The Authority shall endeavor to hire and promote members of protected groups found to be underutilized in the work force or affected by policies and practices having an adverse effect. The Executive Director shall be responsible for the implementation of the Authority's affirmative action policy.

NONDISCRIMINATION AND EQUAL OPPORTUNITY

The Authority is an Equal Opportunity Employer and it is the Authority's policy not to tolerate discrimination or sexual harassment in any form. The Authority does not discriminate against any person in regard to race, color, religious creed, marital or partnership status, sex, sexual orientation, gender identity or expression, transgender status, national origin, ancestry, pregnancy, workplace hazards to reproductive systems, age, present or past history of mental, intellectual, learning, or physical disability, genetic information, veteran's status, prior conviction of a crime, or any other reason prohibited by any applicable law or regulation, unless there is a bona fide occupational qualification excluding persons in one of the above protected groups or the provisions of C.G.S. § 46a-80(b) apply. Further, it bases its employment decisions, including recruiting, hiring, training and promoting, on this nondiscriminatory principle.

If at any time an employee feels that she or he has been discriminated against or that the above guidelines have been in any way violated, the employee should immediately inform any Officer of the Authority. Any employee found to have engaged in discriminatory conduct in violation of the above may be subject to disciplinary action up to and including dismissal. The ultimate responsibility for the implementation of this policy rests with the Executive Director.

In addition to the above, the Authority will not tolerate disparaging comments about any of the above classes of individuals even if the person to whom the comments are made is not a member of such a class. Any Authority employee found to have made such comments or to have exhibited discriminatory behavior based on any of these or any other classifications may be subject to disciplinary measures up to and including dismissal.

As of June 30, 2023, CHESLA had three employees: An Assistant Director (1 White Male), a Portfolio Specialist (1 African-American Female), and a Program Coordinator (1 Hispanic Female). Jeanette Weldon, CHESLA's Executive Director and a CHEFA employee, is an African-American Female.

Activities, News, and Events

CT Dollars & Sense

Through its financial literacy web portal, CT Dollars & Sense, CHESLA provides a comprehensive resource for students and families who are planning for college.

CHESLA Scholarship

In FY 2023, CHESLA awarded $486,000 in need-based scholarships to students across the state. Additionally in FY 2023, the Authority disbursed $516,000 dollars in need-based scholarships awarded at the end of FY 2022, impacting 191 students.

MyCHESLA Student Loan

CHESLA provides low fixed rate loans to eligible CT residents attending an accredited non-profit institution in the United States or out-of-state residents attending an accredited non-profit institution in CT. CHESLA disbursed $19.9 million for students and families in FY 2023.

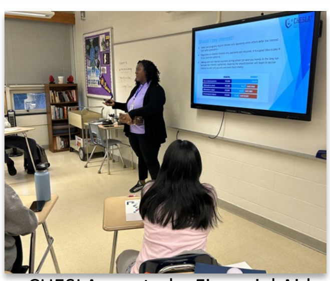
Refi CT

Refi CT, CHESLA's student loan refinancing product, disbursed $4.9 million in FY 2023 to help CT residents lower interest rates and/or monthly payments.
Refi CT now offers a CT Alliance District Teacher Loan Subsidy Program through the state to incentivize teacher recruitment and retention and a diversified workforce.

College Fairs

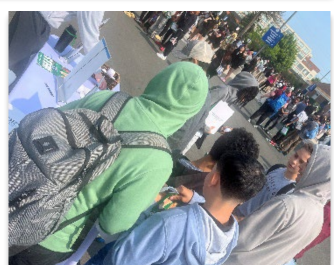
CHESLA staff continues to connect with students and familes, attending over 15 college fairs throughout the state of Connecticut in FY 2023.

Financial Aid Presentations



CHESLA created a Financial Aid Basics presentation in 2019 for high school juniors and seniors across the state of Conecticut. CHESLA has continued these presentations was hosted by 6 high-schools this year. The presentation highlights information about the FAFSA, Financial Aid Award Letter, comparing colleges financially, understanding how interest works, and more.

Special Events & Conferences



CHESLA participated in the Money Conference for Women in October, a Financial Education Expo at the Legislative Office Building in April, STEM Education Day with the Hartford Athletic in May, and the CT School Counselor Association Conference also in May.

Promotion

CHESLA continues its marketing efforts through boosted social media posts, broadcast & cable television, print & digital ads, demographic and behavioral targeted emails, newsletters and high impact sporting events.

FY 2023 Strategic Plan Highlights

Pillar 1 – Collaboration
Work externally and internally with others to identify opportunities and resolve challenges in optimal ways that allow us to share and build on each other's expertise

- CHESLA's Assistant Director served in a leadership role with CT Jump$tart.
- CHESLA's Executive Director serves on the board of the Education Finance Council.
- Staff served on multiple CT Association of Professional Financial Aid Administrators (CAPFAA) committees.
- The Alliance District Teacher Loan Subsidy (ADTLS) Program helps strengthen teacher recruitment and retention to high need school districts. Thus far, the program has disbursed $647,000.

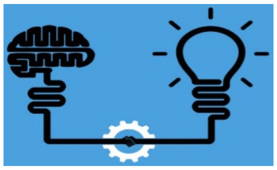
Pillar 2 – Economic and Workforce Development for the Public Good
Enhance the State's economy and develop and broaden its workforce through nonprofit infrastructure financing and through programs to finance post-secondary education

- For the fourth consecutive year, CHESLA received scholarship applications directly from students which resulted in $516,000 in disbursements for 191 scholarship recipients.
- CHESLA scholarships included targeted awards for healthcare and manufacturing certificates
- CHESLA's Executive Director serves on subcommittees to Governor's Workforce Council
- For the Alliance District Teacher Loan Subsidy (ADTLS) Program, on average teachers are reducing their interest rate by 6.32% and receiving a rate of 1.53%.

Pillar 3 – Technology
Use technology as a tool to create operating efficiencies, inform and educate the public about CHEFA/CHESLA initiatives, and enhance customer service.

- Google Analytics tracking of CHESLA.org and CT Dollars and Sense highlighted increased traffic to both sites

Pillar 4 – Innovation
Work creatively to move toward our Vision, inspiring development of new ideas, approaches, products, and services that will impact the citizens of Connecticut



- Continued high school outreach program featuring a Financial Aid Basics presentation to help students and families navigate the paying for college process.
- Ongoing marketing efforts for Employer Student Loan Repayment Program. One Connecticut employer is now offering this great benefit for its employees.

Pillar 5 – Public Engagement and Accountability
Reach out to all CHEFA and CHESLA constituencies to build awareness, understanding, and confidence in the capability and integrity of our organizations so that we are better positioned to sustainably achieve our Mission

- Clean independent audit for Fiscal Year Ended June 30, 2023

Bond Issuances

The Authority priced $25,805,000 in 2023 B Revenue Bonds on April 26, 2023.

The transaction closed on May 16, 2023. The bonds were sold through a negotiated underwriting with BofA Securities as the senior managing underwriter. Blaylock Van served as Co-Manager for the transaction.

Hilltop Securities served as the Authority's financial advisor and Pullman & Comley, LLC served as bond counsel.

As of June 30, 2023, the Authority had issued Revenue Bonds and Revenue Refunding Bonds in the aggregate original principal amount of $790,840,000. The principal amounts of the Authority's outstanding bonds total $154,510,000, as shown below:

Bond Series*	Principal Issued*	Principal Outstanding*
1983 Series	$15,500,000	$0
1985 Series	$15,500,000	$0
1990 Series A	$18,000,000	$0
1990 Series B	$420,000	$0
1991 Series A	$25,000,000	$0
1991 Series B	$445,000	$0
1992 Series A	$6,600,000	$0
1993 Series A	$10,000,000	$0
1994 Series A	$25,000,000	$0
1996 Series A	$25,000,000	$0
1998 Series A	$15,000,000	$0
1998 Series B	$3,560,000	$0
1999 Series A	$12,500,000	$0
1999 Series B	$4,390,000	$0
2000 Series A	$16,410,000	$0
2000 Series B	$5,975,000	$0
2001 Series A	$25,000,000	$0
2003 Series A	$18,000,000	$0
2003 Series B	$12,915,000	$0
2005 Series A	$31,455,000	$0
2005 Series B	$5,900,000	$0
2006 Series A	$33,270,000	$0
2007 Series A	$41,000,000	$0
2009 Series A	$30,000,000	$0
2010 Series A	$45,000,000	$0
2012 Series A	$13,085,000	$0
2013 Series A	$25,000,000	$0
2014 Series A	$23,000,000	$0
2015 Series A	$21,465,000	$0
2016 Series A	$15,000,000	$0
2017 Series A	$27,880,000	$0

2017 Series B	$9,155,000	$0
2017 Series C	$11,300,000	$0
2018 Series A	$10,000,000	$0
2019 Series A-Refi taxable	$5,000,000	$1,690,000
2019 Series B	$25,550,000	$17,885,000
2020 Series B	$19,000,000	$18,065,000
2020 Series C	$7,955,000	$0
2020 Series D	$16,740,000	$0
2021 Series B	$17,515,000	$17,515,000
2022 Series B	$13,175,000	$13,175,000
2022 Series C	$62,375,000	$60,375,000
2023 Series B	$25,805,000	$25,805,000
Total	**$790,840,000**	**$154,510,000**

*The State's contingent liability, in connection with the outstanding bonds, is the Special Capital Reserve Fund requirement for such Bonds, as defined in Connecticut General Statutes Section 10a-232. CHESLA has never drawn on the Special Capital Reserve Fund since the inception of the program.

Future Strategic Initiatives

Future Strategic Initiatives

Consistent with the 2022-2024 Strategic Plan, CHESLA is pursuing the following initiatives:

- Collaborate with the state, other quasi-public agencies and other stakeholders to develop financing solutions to help address critical state issues.
- Broaden, assess, and communicate CHESLA's impact on post-secondary education;
- Broaden use of technology to streamline operations and create efficiencies
- Promote adherence to organizational identity and culture;
- Maintain sustainable organization

All activities in Fiscal Year 2024 are expected to be consistent with the Fiscal Year 2024 operating budget, included as Exhibit E.

BUSINESS

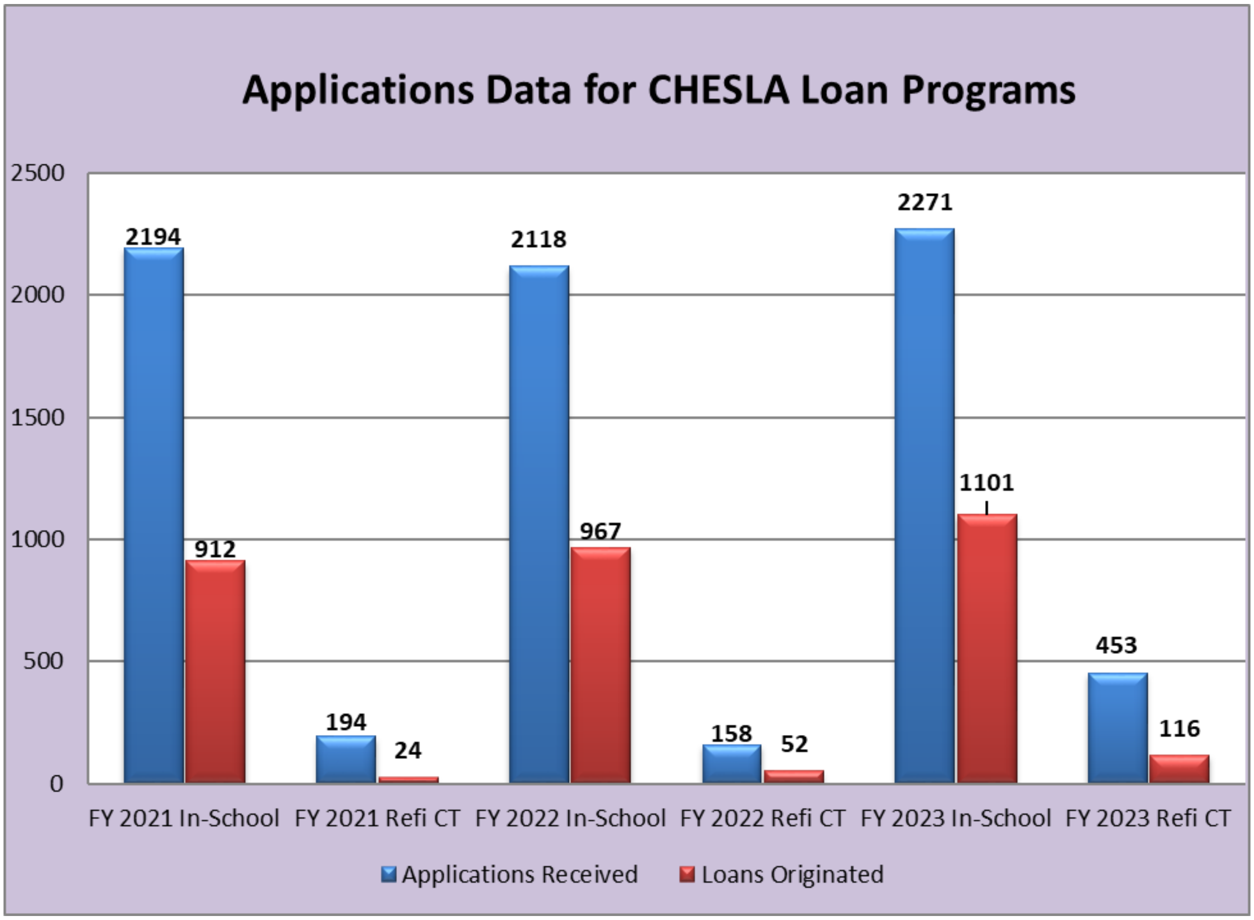
Payments in Excess of $5,000

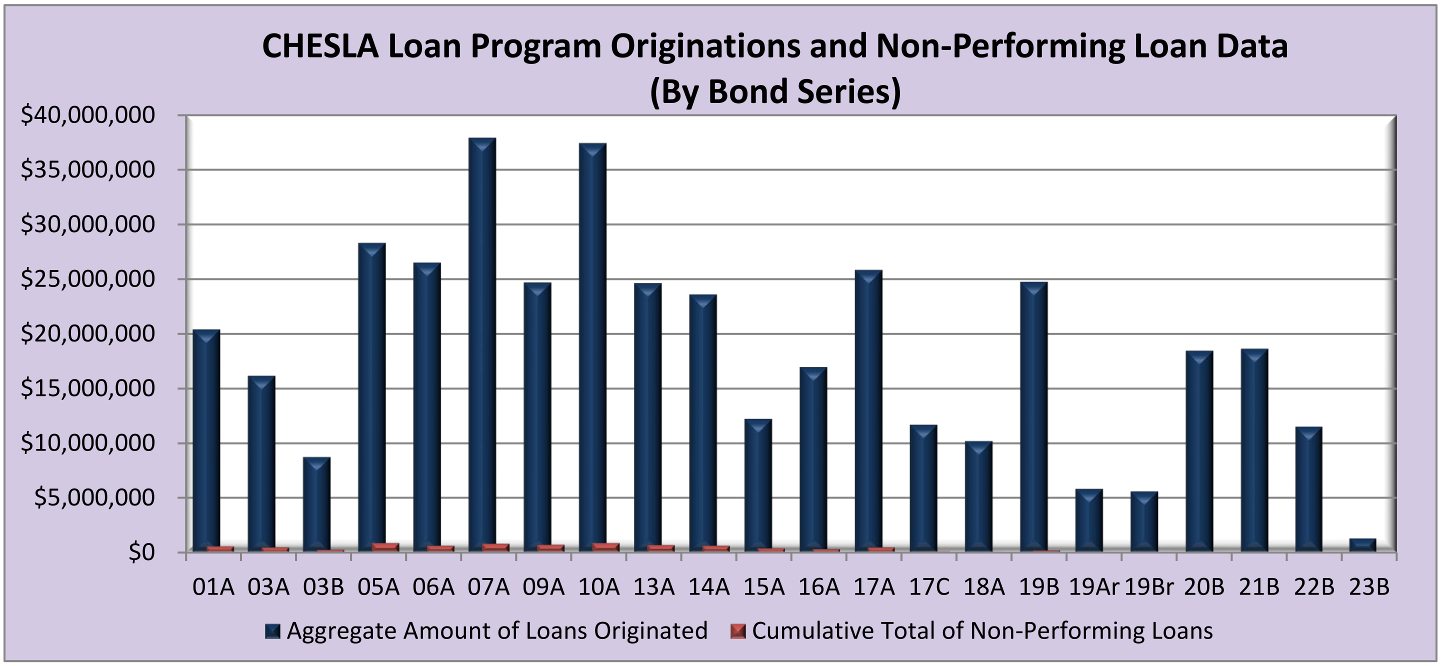
Payments in Excess of $5,000 (excluding scholarship funding and education loans):

Services and Account Disbursements in Excess of $5,000
Fiscal Year End June 30, 2023

Paid from CHESLA Operating Budget
Bank of America
CCM Economics, LLC
Chubb & Son Inc.
CT Double Play, LLC
CT Public Broadcasting Inc
Connecticut Health and Education Facilities Authority (CHEFA)
Education Finance Council, Inc. (EFC)
Effectv
Foundant Technologies
Postal Instant Press of Springfield, Inc.
Travelers Championship
USI Insurance Services LLC
WFSB
WTIC-TV
WVIT-TV
Paid from CHESLA Bond Resolution Revenue Accounts
BLX Group
CampusDoor
Collection Company of America (CCA)
Day Pitney LLP
DocuSign
Fitch Ratings
Hilltop Securities
Moody's Investors Services Inc.
Pullman & Comley, LLC
Shipman & Goodwin LLP
University Accounting Service (UAS)
U.S. Bank (Trustee Fees)

Loan Volume and Funding





Net Aggregate Amount of Loans Originated – 85A ($9,138,627), 90A ($16,978,127), 91A ($23,509,883), 93A ($9,457,002), 94A ($23,601,441), 96A ($24,002,867), 98AB ($19,989,330), 99A ($12,283,780), 99B ($4,628,969), 00A ($15,853,387), 00B ($6,200,067), 01A ($20,433,303), 03A ($16,212,316), 03B ($8,813,427), 05A ($28,321,052), 06A ($26,527,184), 07A ($37,871,341), 09A ($24,703,581), 10A ($37,389,234), 13A ($24,650,944), 14A ($23,615,107), 15A ($12,300,387), 16A ($17,000,777), 17A ($25,840,004), 17C ($11,760,855), 18A ($10,269,609), 19B ($24,777,350), 19A-refi ($5,905,618), 19B-refi ($5,664,984), 20B ($18,517,813), 21B ($18,682,730), 22B ($11,599,675), and 23B ($1,314,077). **Total cumulative amount of loans originated: $577,814,848 ($566,244,246 In-School & $11,570,602 Refi)**

Cumulative Total of Non-Performing Loans – 85A ($433,731), 90A ($495,866), 91A ($826,749), 93A ($239,768), 94A ($511,098), 96A ($568,217), 98AB ($439,318), 99A ($333,982), 99B ($259,874), 00A ($429,268) 00B ($138,314), 01A ($567,013), 03A ($489,944), 03B ($273,903), 05A ($844,155), 06A ($617,481), 07A ($803,023), 09A ($699,005), 10A ($858,787), 13A ($673,095), 14A ($622,148), 15A ($376,008), 16A ($322,551), 17A ($482,076), 17C ($134,661), 18A ($98,999), 19B ($217,430), 19A-refi ($131,410), 19B-refi ($14,299), 20B ($57,926), 21B ($56,821), 22B ($0), and 23B ($0). **Total non-performing loans: $13,015,920**
($12,871,211 In-School & $145,709 Refi)

Total Net Non-Performing Default Rate – 85A (4.75%), 90A (2.92%), 91A (3.52%), 93A (2.54%), 94A (2.17%), 96A (2.37%), 98AB (2.20%), 99A (2.72%), 99B (5.61%), 00A (2.71%), 00B (2.23%), 01A (2.77%), 03A (3.02%), 03B (3.11%), 05A (2.98%), 06A (2.33%), 07A (2.12%), 09A (2.83%), 10A (2.30%), 13A (2.73%), 14A (2.63%), 15A (3.06%), 16A (1.90%), 17A (1.87%), 17C (1.14%), 18A (0.96%), 19B (0.88%), 19A-refi (2.23%), 19B-refi (0.25%), 20B (0.31%), 21B (0.30%), 22B (0%), and 23B (0%).
Total net non-performing default rate: 2.25% (2.27% In-School & 1.26% Refi)

Activity information was compiled from loans originated as follows:	
1985 Series A – 10/01/85 to 10/30/88	2010 Series A – 05/06/11 to 07/19/13 includes recycling
1990 Series A – 08/22/90 to 09/06/91	2013 Series A – 05/10/13 to 01/31/15
1991 Series A – 09/12/91 to 08/05/93	2013 Series B– 10/01/14 to 04/30/15
1993 Series A – 08/12/93 to 08/20/94	2014 Series A – 07/01/14 to 06/30/15
1994 Series A – 08/26/94 to 09/20/96	2015 Series A – 09/11/15 to 05/12/17
1996 Series A – 10/05/96 to 09/05/98	2016 Series A – 08/05/16 to 03/16/18
1998 Series A & B – 09/11/98 to 06/30/99	2017 Series A – 07/07/17 to 05/24/19
1999 Series A & B Bonds – 10/27/99 to 11/24/00	2017 Series C – 03/16/18 to 06/28/19
2000 Series A & B – 12/15/00 to 05/01/02	2018 Series A – 09/21/18 to 05/15/20
2001 Series A – 05/01/02 to 08/31/05 includes recycling	2019 Series B – 07/05/19 to 05/28/21
2003 Series A & B – 07/23/03 to 07/13/05	2019 Series A Refi – 07/03/19 to 09/17/21
2005 Series A & B – 07/13/05 to 11/14/06	2019 Series B Refi equity – 08/12/16 to 05/10/19

2006 Series A – 09/20/06 to 07/14/08 includes recycling	2020 Series B – 07/17/20 to 06/03/22
2007 Series A – 09/05/07 to 03/26/10 includes recycling	2021 Series B – 08/06/21 to 05/26/23
2009 Series A – 09/04/09 to 05/24/13 includes recycling	2022 Series B – 08/05/22 to 06/23/23
	2023 Series B – 06/23/23 to present

- A table showing gross in-school student loan disbursements by Bond Series, from proceeds of the 1985 through the 2022 Series B bond sale is attached as Exhibit B to this Annual Report.
- A copy of the Loan Program Manuals are attached as Exhibit D to this Annual Report.

Exhibit A – Audited Financials

The Authority's FY 2023 audited financial statements are formatted on a component unit basis and reflect the operations of CHEFA, CHESLA, and CSLF.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Financial Statements
(With Supplementary Information)
and Independent Auditors' Reports

June 30, 2023

Whittlesey
Forward Advising™

ASSURANCE | ADVISORY | TAX | TECHNOLOGY

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Financial Section

Whittlesey
Forward Advising™

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Hartford, CT 06103
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Hamden, CT 06518
Tel: 203.397.2525

14 Bobala Road #3
Holyoke, MA 01040
Tel: 413.536.3970

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Connecticut Health and Educational Facilities Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Connecticut Health and Educational Facilities Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Authority as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United State of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Whittlesey PC

Hartford, Connecticut
September 20, 2023

Connecticut Health & Educational Facilities Authority

Management's Discussion and Analysis
For the Year Ended June 30, 2023
(In Thousands)

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As management of Connecticut Health and Educational Facilities Authority ("CHEFA"), we offer readers of CHEFA's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. This Management's Discussion and Analysis presents a separate discussion for the primary government (CHEFA), which includes the blended component unit CHEFA Community Development Corporation ("CCDC"), and each of the discretely presented component units: Connecticut Higher Education Supplemental Loan Authority ("CHESLA") and Connecticut Student Loan Foundation ("CSLF"), each addressing the operations of the individual entity.

CHEFA is a conduit issuer of tax-exempt bonds issued on behalf of non-profit healthcare institutions, higher education institutions and independent schools, childcare facilities, long-term care facilities, cultural institutions and various other qualified non-profit institutions pursuant to Connecticut General Statutes Chapter 187, Sections 10a-176 through 10a-198. These tax-exempt bonds are financial obligations of the underlying obligor on whose behalf CHEFA issues the bonds. The issuance of tax-exempt bonds can provide funds for construction and renovation projects, the refinancing of eligible existing debt, funding of Debt Service Reserve Funds (if applicable), and funding of issuance costs.

CHESLA, a component unit of CHEFA, issues tax-exempt bonds to fund student loans for post-secondary education of students in or from the State of Connecticut. CHESLA's bonds are repaid from student loan repayments and are further supported by a Special Capital Reserve Fund, the replenishment of which is deemed appropriated by the State of Connecticut.

CSLF is a Connecticut State-chartered non-profit corporation established pursuant to State of Connecticut General Statutes Chapter 187a and governed by Title IV, Part B of the Higher Education Act of 1965, as amended, for the purpose of improving educational opportunity. Generally, CSLF was empowered to achieve this purpose by originating and acquiring student loans and providing appropriate services incident to the administration of programs which are established to improve educational opportunities. CSLF no longer originates or acquires student loans or serves as administrator of the federal guarantee.

CCDC, a non-profit component unit of CHEFA, was created in February 2019 to operate as a Certified Community Development Entity ("CDE") within the meaning of Section 45D of the Internal Revenue Code of 1986, as amended (the "Code") to provide financial assistance by serving and/or providing investment capital to institutions for higher education, healthcare institutions, nursing homes, and qualified nonprofit organizations, as defined in C.G.S. § 10a-178 (e), (g), (h), and (n), ("Institutions") in low-income communities located in the State of Connecticut.

CHEFA
Connecticut Health & Educational Facilities Authority

Financial Highlights

- CHEFA's net position (which recognizes the CCDC loss of $6) increased $1,250 for the fiscal year resulting from operating income of $3,697 net of nonoperating expenses (including grants and childcare expenses) of $3,024 offset by investment income of $577.
- CHESLA's net position increased by $3,470 for the fiscal year resulting from operating revenues of $10,787 net of operating expenses of $9,544, further increased by investment income of $2,227.
- CSLF's net position decreased $3,379 for the fiscal year, resulting from operating income of $644 and nonoperating expenses of $4,023, resulting from contributions to CHESLA of $4,250, partially offset by investment income of $227.
- During fiscal year 2023, CHEFA disbursed one revolving loan totaling $50. Principal repayment and interest on the loans are received quarterly. Loan receivable (net of allowance for loan loss) for the fiscal year is $376.
- CHESLA's loan activity during the fiscal year was the issuance of new loans, net of returns, totaling $25,162 for the in-school loan, Refi CT, and other programs. Payments received totaled $19,423 for all programs.
- CSLF Loans Receivable decreased by $25,775 during the fiscal year.
- CHESLA issued debt of $25,805 to be used for in-school loans.
- CSLF's bonds payable decreased by $26,350 from voluntary redemptions made during the year.
- Adoption of GASB 96, *Recording of Subscriptions*: All subscriptions beyond 12 months are immaterial for adoption.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CHEFA's basic financial statements. CHEFA's basic financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. Separate financial statements are presented for CHEFA (primary government), which includes CCDC, and the two discretely presented component units CHESLA and CSLF.

Financial statements. The financial statements are designed to provide readers with a broad overview of CHEFA's finances, in a manner similar to a private-sector business. CHEFA's operations are reported as business-type activities.

The *statement of net position* presents information on all CHEFA's assets, liabilities, and deferred inflows of resources with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CHEFA is improving or deteriorating.

The *statement of revenues, expenses and changes in fund net position* presents information showing how CHEFA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected loans and earned but unused vacation leave).

The *statement of cash flows* presents the cash flow by each type of activity.

The financial statements can be found in Exhibits A, B and C.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to financial statements can be found in Exhibit D.

Connecticut Health and Educational Facilities Authority (CHEFA) (including CCDC)

Financial Analysis

Assets exceeded liabilities at June 30, 2023. Net position may serve over time as a useful indicator of financial position. The restricted portion of net position for CHEFA at fiscal year-end was 27%. CHEFA's net position invested in capital assets was 2%. The remaining portion of net position (71%) is unrestricted.

A summary of the statement of net position is as follows:

Summary Statement of Net Position
(in thousands)

	CHEFA	
	2023	**2022**
Current assets	$ 502,437	$ 581,151
Capital assets (net)	247	330
Other noncurrent assets	6,809	7,248
Total assets	509,493	588,729
Assets held on behalf of the State of CT	2,173	2,165
Other liabilities	491,133	571,607
Total liabilities	493,306	573,772
Unearned revenue	15	35
Net investment in capital assets	247	330
Restricted	4,350	4,375
Unrestricted	11,575	10,217
Total net position	$ 16,172	$ 14,922

CHEFA
Connecticut Health & Educational Facilities Authority

At June 30, 2023, CCDC maintained $295 in current liabilities (Due to CHEFA) and an unrestricted net position of ($295), included above.

Statement of Changes in Net Position. The purpose of the statement of changes in net position is presenting information on how the net position changed during the most recent fiscal year.

For the fiscal year, CHEFA's net position increased $1,250 (a gain of $1,256 for CHEFA offset by a $6 loss for CCDC).

A statement of changes in net position follows:

Statement of Changes in Net Position
(in thousands)

	CHEFA	
	2023	**2022**
Operating revenues:		
Administrative fees	$ 7,522	$ 7,455
Supporting services fees	164	126
Bond issuance fees	45	85
Interest income on loans receivable	1	1
Total operating revenues	7,732	7,667
Operating expenses:		
Salaries and related expenses	3,071	3,036
General and administrative	621	644
Contracted services	343	302
Total operating expenses	4,035	3,982
Operating income	3,697	3,685
Nonoperating income (expenses):		
Investment income	577	10
Grants and childcare subsidy expense	(3,024)	(3,056)
Total nonoperating expenses	(2,447)	(3,046)
Change in net position	1,250	639
Net position, July 1	$ 14,922	$ 14,283
Net position, June 30	$ 16,172	$ 14,922

At June 30, 2023, CCDC expenses included above total $6 in contracted services, for a total change in unrestricted net position of ($6).

Revenues

CHEFA is a conduit issuer of tax-exempt bonds issued on behalf of non-profit healthcare institutions, higher education institutions and independent schools, childcare facilities, long-term care facilities, cultural institutions and various other qualified non-profit institutions. CHEFA charges the borrower for administration and application fees.

The fee charged is a Board approved administrative annual fee on the outstanding balance of bonds issued on a tax-exempt and taxable basis of 9 basis points (.0009) and 3 basis points (.0003) respectively.

Revenues totaled $7,732 for fiscal year 2023. Administrative fees are the largest revenue source and represent 97% of total revenues. Supporting services fees for support provided to CHESLA and CSLF totaled $164, representing 2% of revenues for the year. The balance includes application fees for the conduit debt issued and interest income on loans receivable at less than 1% each. Administrative fees for fiscal year 2023 include recovery & loan interest of $28 and $1, respectively.

Significant changes from the prior year for revenues are as follows:

- Administrative fees totaled $7,522 for fiscal year 2023. The change in Administrative fees for fiscal year 2023 is a result of the change in the par value of loans outstanding at June 30, 2023. Administrative fees totaled $7,455 for the fiscal year ended June 30, 2022. Fees are calculated on the total par amount outstanding in any given year.
- The balance of the par value of debt outstanding at June 30, 2023 was $8,639,664 compared to $8,597,868 at June 30, 2022 and $8,303,029 at June 30, 2021.
- During the year, CHEFA issued new conduit debt totaling $289,409 in par value of which 17% was the refinancing of pre-existing debt.
- Nonoperating investment income increased by $567 to $577 from $10 recognized in fiscal year 2022. This is a result of increases in interest rates during the fiscal year.

Expenses

Expenses totaled $4,035 for the fiscal year. Of the expenses, 76% or $3,071 was for salaries and related expenses. General and administrative expenses amounted to $621, or 15%, while contracted services amounted to $343 or 9%.

Significant changes from the prior year are as follows:

- Salaries and related expenses increased by $35 from fiscal year 2022 to $3,071 in fiscal year 2023.
- General and administrative expenses decreased by $23 from fiscal year 2022 to $621 in fiscal year 2023.
- Contracted services increased by $41 from fiscal year 2022 to $343 in fiscal year 2023.

Capital Assets

At June 30, 2023, CHEFA's capital assets amounted to $247, net of depreciation. This includes leasehold improvements, furniture and fixtures, and computer and office equipment. Capital assets decreased by $83 due to depreciation. The net capitalization of Leased Office Space ended the year at $104 including an additional $249 in amortization during the year.

Additional information on capital assets can be found in Exhibit D (II) C.

Economic Factors

The significant factors impacting CHEFA include the interest rate environment, potential tax reform and general economic conditions that affect our borrowers, as all may impact borrower issuance and/or refinancing options.

Connecticut Higher Education Supplemental Loan Authority (CHESLA)

Financial Analysis

For CHESLA, assets exceeded liabilities at June 30, 2023. Due to the nature of operations, a significant portion of net position is subject to bond resolution restrictions. The restricted net position for CHESLA at fiscal year-end was 65%. CHESLA's net position invested in capital assets was less than 0.01%. The remaining portion of net position (35%) is unrestricted. A summary of the statement of net position is as follows:

Summary Statement of Net Position
(in thousands)

	CHESLA	
	2023	**2022**
Current and other assets	$ 205,354	$ 183,123
Capital assets, net	2	2
Total assets	205,356	183,125
Liabilities outstanding	159,273	140,886
Other liabilities	982	608
Total liabilities	160,255	141,494
Deferred inflows of resources	500	500
Net investment in capital assets	2	2
Restricted	28,889	28,387
Unrestricted	15,710	12,742
Total net position	$ 44,601	$ 41,131

CHESLA's restricted assets and liabilities represent loans, bonds payable, and other funds held in trust pursuant to bond indentures. CHESLA's unrestricted net position consists of board designated assets and assets in the refinance and the scholarship programs. In fiscal year 2023, CHESLA funded new loans, net of returns, of $19,619 in in-school loans and $5,543 in Refi CT loans, compared to $16,050 and $2,699 respectively, in fiscal year 2022. This resulted in a increase of 22.2% for in-school and an increase of 105.4% for Refi CT over fiscal year 2022.

Statement of Changes in Net Position. The purpose of the statement of changes in net position is presenting information on how the net position changed during the most recent fiscal year. For the fiscal year, CHESLA's net position increased $3,470.

A statement of changes in net position follows:

Statement of Changes in Net Position
(in thousands)

	CHESLA	
	2023	**2022**
Operating revenues:		
Interest income on loans receivable	$ 6,536	$ 6,629
Administrative fees	0	81
Contributions from CSLF	4,250	2,518
From State of CT	0	7,000
Other revenues	1	165
Total operating revenues	10,787	16,393
Operating expenses:		
Interest expense	5,324	3,565
Salaries and related expenses	337	332
General and administrative	733	722
Scholarships	506	557
Loan service fees	653	655
Contracted services	51	67
Bond issuance costs	471	956
Provision for loan losses	1,469	235
Total operating expenses	9,544	7,089
Operating income (loss)	1,243	9,304
Nonoperating income (loss)	2,227	(672)
Change in net position	3,470	8,632
Net position, July 1	41,131	32,499
Net position, June 30	$ 44,601	$ 41,131

The increase in net position for fiscal year 2023 reflects an increase in contributions from CSLF and an increase in investment income partially offset by an increase in interest expense.

Revenues

CHESLA provides financial assistance in the form of education loans and scholarships to students in or from the State of Connecticut. Refi CT is available to Connecticut residents or to non-residents who are refinancing an existing student loan. CHESLA is authorized to issue tax-exempt bonds, the proceeds of which are used to fund education loans to students meeting certain eligibility requirements or refinance existing debt. The repayments of such loans service the debt on CHESLA bonds. Revenues include administrative fees, contributions from CSLF, and the interest charged on the loans.

Significant changes from the prior year for revenues are as follows:

- Contributions from CSLF totaled $4,250 in fiscal year 2023. Transfers approved by the CSLF Board are recorded as deferred inflows of resources with revenues being recognized when funds are disbursed in subsequent fiscal year(s):
    - The Scholarship Fund disbursed approximately $506 for scholarships awarded at the beginning of fiscal year 2023.
    - A contribution of $2,250 was received for the Refi CT loan program.
    - A contribution of $750 was received for the 2022 Non-Trust In-School Loan Fund.
    - A contribution of $750 was received directly into Agency.
- The Alliance District Teacher Loan Subsidy (ADTLS) Program offers a 3% interest rate subsidy on ADT Refinance Loans for teachers employed by any of Connecticut's 36 Alliance District public schools. In fiscal 2023, 34 loans totaling $647 were disbursed.
- Nonoperating income totaled $2,227 in fiscal year 2023, entirely due to gains from investments.

Operating Expenses

Expenses totaled $9,544 for the fiscal year. The largest expense representing 56% or $5,324 of total expenses was for interest payments on debt. This is an increase of 6% from 50% in fiscal year 2022. Loan servicing fees totaled $653 or 7% of operating expenses. Bond issuance costs totaled $471 or 5%. Provision for loan losses totaled $1,469 or 15% and general and administrative expenses amounted to $733 or 8% of the total operating expenses.

Significant changes from the prior year are as follows:

- Interest expense increased by $1,759 as compared to fiscal year 2022 of $3,565, resulting from the change in the principal balance of outstanding debt and the issuance of new bonds.

- Salaries and related expenses increased by $5.
- General and administrative expenses increased by $11 primarily due to an increase in marketing costs.
- Bond issuance costs decreased by $485. In May 2023, CHESLA closed a new money issue of $25,805 in 2023 Series B bonds.
- Provision for loan loss increased by $1,234 to $1,469 resulting from a net increase in the allowance of $454 plus net student write-offs and recoveries of $1,015.

Capital assets

At June 30, 2023, CHESLA's capital assets were $2.

Long-term debt

Long-term debt for CHESLA is as follows:

Bonds Payable
(in thousands)

	CHESLA	
	2023	**2022**
Revenue bonds	$ 154,510	$ 136,850
Premiums/discounts	4,763	4,036
Total long-term liabilities	$ 159,273	$ 140,886

CHESLA's increase in the principal revenue bonds outstanding is a result of a new issuance totaling $25,805, deductions of $3,445 and additional paydowns of $4,700.

CHESLA's bonds have an "A+" rating from Fitch Ratings and an Aa3 rating from Moody's Investors Service reflective of state support.

Additional information on long-term debt can be found in Exhibit D (II) D.

Economic Factors

Economic conditions, unemployment rates, and demographics can affect CHESLA as they may impact the ability of individuals to repay their loans and the rate of loan origination.

Connecticut Student Loan Foundation (CSLF)

Financial Analysis

CSLF's assets exceeded liabilities at June 30, 2023. Due to the nature of CSLF's operations, a portion of net position is subject to bond resolution restrictions. At fiscal year-end, the restricted net position was 2% or $424. The remaining portion of net position is unrestricted and represents 98% of the total net position.

A summary of the statement of net position is as follows:

Summary Statement of Net Position
(in thousands)

	CSLF	
	2023	**2022**
Current and other assets	$ 96,313	$ 126,011
Total assets	96,313	126,011
Long-term liabilities outstanding	75,817	102,126
Other liabilities	891	901
Total liabilities	76,708	103,027
Restricted	424	2,875
Unrestricted	19,181	20,109
Total net position	$ 19,605	$ 22,984

Statement of Changes in Net Position. The purpose of the statement of changes in net position is presenting information on how the net position changed during the most recent fiscal year. For the fiscal year, CSLF's net position decreased by $3,379.

CHEFA
Connecticut Health & Educational Facilities Authority

A statement of changes in net position follows:

Statement of Changes in Net Position
(in thousands)

	CSLF	
	2023	**2022**
Operating revenues:		
Interest income on loans receivable	$ 6,083	$ 4,708
Other revenues	136	98
Total operating revenues	6,219	4,806
Operating expenses:		
Interest expense	4,308	1,840
General and administrative	132	111
Loan service fees	379	425
Consolidation rebate fees	687	862
Contracted services	201	195
Provision for loan losses	(132)	102
Total operating expenses	5,575	3,535
Operating income	644	1,271
Nonoperating income (expenses):		
Investment income	227	10
Contribution expense	(4,250)	(2,500)
Total nonoperating expenses	(4,023)	(2,490)
Change in net position	(3,379)	(1,219)
Net position, July 1	22,984	24,203
Net position, June 30	$ 19,605	$ 22,984

Revenues

CSLF is not issuing new loans. It is administering its existing loan portfolio which consists primarily of Family Federal Education Loans which are federally guaranteed loans. Its purpose is to improve educational opportunity and promote repayment of loans.

Interest income represents the largest operating revenue component. CSLF earns interest income, interest subsidies and special allowance on student loans. Interest income for fiscal year 2023 totaled $6,083 (98%) compared to $4,708 for fiscal year ended June 30, 2022. These revenue sources are variable in nature and are a direct function of market conditions. Interest rates for student borrowers in the CSLF portfolio have been fixed. The net interest to loan holders remains variable and, therefore, subject to market conditions. Lender yields are limited and vary as Congress and market conditions dictate. Loan interest revenue, on loans originated before April 1, 2006, calculated to be in excess of congressionally established levels (excess yield) is paid to the U.S. Department of Education. During fiscal 2023, due to market conditions, CSLF received funds from the US Department of Education totaling $384 compared to $2,646 paid out in fiscal year 2022.

Significant change from the prior year for revenues is as follows:

- Interest income on loans receivable is the largest component of operating revenues totaling $6,083, an increase of $1,375 from the prior year amount of $4,708 due to rising interest rates. Although not affecting the FFELP loans directly (rates to the borrower are fixed), the Special Allowance Payments the trust receives make up the difference between the interest rate charged to FFELP borrowers and the market rate.

Expenses

Expenses totaled $5,575 for the fiscal year. The largest of which was interest expense on the Auction Rate Certificates ("ARCs") issued to raise money to make or acquire student loans. The interest rate on the ARCs is variable and auctioned every twenty-eight days. Due to the continued failure of the auction rate market, investors are being paid at Treasury-Bill plus 1.20%, the maximum rate defined in the Indenture based upon the current ratings of the bonds. Interest expense totaled $4,308 or 77% of total expenses. Consolidation rebate fees paid to the U.S. Department of Education totaled $687 or 12% of total expenses and loan servicing fees totaled $379 or 7% of total expenses.

Significant changes from the prior year are as follows:

- Bond interest expense increased in 2023 by $2,468. The increase is due to the increasing interest rates and the variable rate nature of the bonds during the fiscal year.
- Loan servicing fees decreased by $46 reflecting the decrease in the number of loans serviced, due to loan repayments.
- Consolidation rebate fees decreased by $175 reflecting the decrease in the principal balance of federal consolidation loans outstanding as the portfolio matures
- The Loan Loss Reserve Analysis was reviewed for both portfolios to determine the change in the loss allowance for each. The results of the analysis resulted in a $9 allowance decrease for the FFELP portfolio and a $123 decrease for the private loan portfolio for fiscal year 2023.

- Nonoperating expense of $4,023, represents the Board authorized contributions to CHESLA of $4,250. Allocated to Refi CT ($2,250), scholarship programs ($500), 2022 Non-Trust In-School Loan Fund ($750) and a transfer to the CHESLA Agency ($750) for fiscal year 2023, partially offset by $227 in investment income.

Debt Administration

Long-term debt

Long-term debt for CSLF is as follows:

Bonds Payable
(in thousands)

	CSLF	
	2023	**2022**
Revenue bonds	$ 75,925	$ 102,275
Premiums/discounts	(108)	(149)
Total long-term liabilities	$ 75,817	$ 102,126

CSLF's decrease in long-term debt was due to the redemption of $26,350 of bonds during the fiscal year.

CSLF maintains a AAA (sf) on its senior debt and AA+ (sf) on its subordinate debt rating from Standard & Poor's. CSLF maintains a AA+sf on its senior debt and AAsf on its subordinate debt rating from Fitch Ratings.

Additional information on long-term debt can be found in Exhibit D (II) D.

Economic Factors

General economic conditions have a smaller impact on CSLF's FFEL loan portfolio. Due to the guarantee by the U.S. Department of Education (generally at 98% of principal and interest), CSLF does not experience significant loan losses in an economic downturn. Loan defaults and the resulting claim payments will accelerate repayment of the loan portfolio. In addition, interest rate risk is minimized as both the loan portfolio and the outstanding bonds have variable interest rates tied to market rates.

Requests for Information

This financial report is designed to familiarize our stakeholders and customers with CHEFA's finances and to demonstrate CHEFA's fiscal accountability for its operations. Questions concerning this report, or request for additional financial information, should be directed to Connecticut Health and Educational Facilities Authority at 10 Columbus Boulevard, Hartford, Connecticut 06106-1978.

Basic Financial Statements

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Statement of Net Position
June 30, 2023
(In Thousands)

	Primary Government	Component Units		
	CHEFA	CHESLA	CSLF	Total
Assets				
Current assets				
Unrestricted assets				
Cash	$ 851	$ 34	$ 120	$ 1,005
Investments	9,878	9,455	24	19,357
Receivables				
Accounts (net of allowance for uncollectible)	582	13	-	595
Current portion of loans receivable	253	590	-	843
Interest receivable on investments	-	49	-	49
Loan interest receivable	-	19	-	19
Related parties	48	-	-	48
Prepaid expenses and other assets	154	50	12	216
Total unrestricted, current assets	11,766	10,210	156	22,132
Restricted assets				
Investments				
Institutions	490,671	-	-	490,671
Bond indenture trusts	-	51,492	4,044	55,536
Current portion of loans receivable	-	17,816	3,048	20,864
Interest receivable on investments	-	289	-	289
Loan interest receivable	-	763	6,191	6,954
Total restricted, current assets	490,671	70,360	13,283	574,314
Total current assets	502,437	80,570	13,439	596,446
Noncurrent assets				
Unrestricted assets				
Capital assets (net of accumulated depreciation)	247	2	-	249
Right of use asset (net of accumulated amortization)	104	-	-	104
Loans receivable (net of allowance)	123	6,505	-	6,628
Restricted assets				
Investments	6,582	19,281	-	25,863
Loans receivable (net of allowance for uncollectible)	-	98,998	82,874	181,872
Total noncurrent assets	7,056	124,786	82,874	214,716
Total assets	$ 509,493	$ 205,356	$ 96,313	$ 811,162

See Notes to Financial Statements

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Statement of Net Position
June 30, 2023
(In Thousands)

	Primary Government	Component Units		
	CHEFA	CHESLA	CSLF	Total
Liabilities				
Current liabilities				
Accounts payable	$ 12	$ 18	$ 2	$ 32
Due to other funds	-	22	-	22
Accrued expenses	305	112	113	530
Amounts held for institutions	490,679	-	-	490,679
Accrued interest payable	-	830	-	830
U.S. Department of Education payable	-	-	332	332
Trust Estate payable	-	-	444	444
Current portion of bonds payable	-	8,480	-	8,480
Current portion of lease liability	137	-	-	137
Total current liabilities	491,133	9,462	891	501,486
Noncurrent liabilities				
Bonds payable and related liabilities, net of current portion	-	150,793	75,817	226,610
Amount held for the State of Connecticut	2,173	-	-	2,173
Lease liability (net of current portion)		-	-	-
Total noncurrent liabilities	2,173	150,793	75,817	228,783
Total liabilities	493,306	160,255	76,708	730,269
Deferred Inflows of Resources				
Unearned revenue	15	500	-	515
Net Position				
Net investment in capital assets	247	2	-	249
Restricted				
Child care facilities loan program	4,320	-	-	4,320
Student loan guarantee program	30	-	-	30
Bond funds	-	21,955	-	21,955
Alliance district teacher loan subsidy	-	6,934	-	6,934
Trust Estate	-	-	424	424
Total restricted	4,350	28,889	424	33,663
Unrestricted	11,575	15,710	19,181	46,466
Total net position	16,172	44,601	19,605	80,378
Total liabilities, deferred inflows of resources and net position	$ 509,493	$ 205,356	$ 96,313	$ 811,162

See Notes to Financial Statements

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023
(In Thousands)

	Primary Government	Component Units		
	CHEFA	**CHESLA**	**CSLF**	**Total**
Operating revenues				
Interest income on loans receivable	$ 1	$ 6,536	$ 6,083	$ 12,620
Administrative fees	7,522	-	-	7,522
Supporting services fees	164	-	-	164
Contributions from CSLF (scholarships and Refi Program)	-	4,250	-	4,250
Bond issuance fees	45	-	-	45
Other revenues	-	1	136	137
Total operating revenues	7,732	10,787	6,219	24,738
Operating expenses				
Interest expense	-	5,324	4,308	9,632
Salaries and related expenses	3,071	337	-	3,408
General and administrative	621	733	132	1,486
Scholarships	-	506	-	506
Loan service fees	-	653	379	1,032
Consolidation rebate fees	-	-	687	687
Contracted services	343	51	201	595
Bond issuance costs	-	471	-	471
Provision for loan losses	-	1,469	(132)	1,337
Total operating expenses	4,035	9,544	5,575	19,154
Operating income (loss)	3,697	1,243	644	5,584
Nonoperating income (expenses)				
Investment income (loss)	577	2,227	227	3,031
Grants and child care subsidy expense	(3,024)	-	-	(3,024)
Contributions to CHESLA	-	-	(4,250)	(4,250)
Total nonoperating income (expenses)	(2,447)	2,227	(4,023)	(4,243)
Change in net position	1,250	3,470	(3,379)	1,341
Net position, July 1, 2022	14,922	41,131	22,984	79,037
Net position, June 30, 2023	$ 16,172	$ 44,601	$ 19,605	$ 80,378

See Notes to Financial Statements

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Statement of Cash Flows
For the Year Ended June 30, 2023
(In Thousands)

	Primary Government	Component Units	
	CHEFA	CHESLA	CSLF
Cash flows from operating activities			
Cash received from loan payments	$ -	$ 19,423	$ 26,021
Interest received on loans	1	6,560	6,897
Fees received on loans	-	1	136
Contributions received from CSLF	(20)	4,250	-
Contributions received from State of CT	-	-	-
Cash received for administrative fees	8,129	35	-
Cash received for recovery of loans	-	60	54
Cash received for general administrative fees	137	22	-
Cash received for bond issuance fees	45	-	-
Cash payments for employee wages and benefits	(3,071)	(337)	-
Cash payments for general and administrative	(442)	(742)	(134)
Cash payments for interest on bonds	-	(5,246)	(4,267)
Cash payments for excess interest	-	-	(384)
Cash payments for loans issued	-	(25,162)	-
Cash payments for loan servicing fees	-	(653)	(379)
Cash payments for consolidation fees	-	-	(687)
Cash payments for contracted services	(343)	(51)	(201)
Cash payments for bond issuance costs	-	(471)	-
Cash payments for scholarships	-	(506)	-
Net cash provided by (used in) operating activities	4,436	(2,817)	27,056
Cash flows from noncapital financing activities			
Proceeds from bond sales	-	25,805	-
Bond premium	-	1,018	-
Payments from institutions for revolving loan fund, net	143	-	-
Proceeds from investment income for amounts held for others	16	-	-
Cash paid to grantees and child care subsidy	(3,024)	-	-
Payments of bond principal	-	(8,145)	(26,350)
Payments to irrevocable trust to defease bonds	-	-	-
Contributions to CHESLA	-	-	(4,250)
Net cash provided by (used in) noncapital financing activities	$ (2,865)	$ 18,678	$ (30,600)

See Notes to Financial Statements

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Statement of Cash Flows
For the Year Ended June 30, 2023
(In Thousands)

	Primary Government	Component Units	
	CHEFA	CHESLA	CSLF
Cash flows from capital and related financing activities financing activities:			
Principal payments on lease liability	$ (266)	$ -	$ -
Purchase of capital assets	-	-	-
Net cash provided by (used in) capital financing activities	(266)	-	-
Cash flows from investing activities			
Proceeds from sale of investments	-	-	3,289
Purchase of investments	(1,609)	(17,837)	-
Investment income (loss)	577	1,975	227
Net cash provided by (used in) investing activities	(1,032)	(15,862)	3,516
Net increase (decrease) in cash	273	(1)	(28)
Cash (including restricted cash), July 1, 2022	578	35	148
Cash (including restricted cash), June 30, 2023	$ 851	$ 34	$ 120
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ 3,697	$ 1,243	$ 644
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	83	-	-
Amortization expense	249	-	-
Bond discount/premium amortization	-	(291)	41
Provision for loan losses	-	1,469	(132)
(Increase) decrease in:			
Accounts receivable	607	35	-
Accounts receivable - related party	(27)	-	-
Prepaid expenses and other assets	(34)	8	(1)
Loans receivable	-	(5,679)	25,700
Investment interest receivable	-	-	-
Loan interest receivable	-	24	814
Increase (decrease) in:			
Accounts payable	(3)	(5)	(4)
Due to other funds	-	22	-
Accrued expenses	(116)	(12)	3
Accrued interest payable	-	369	-
U.S. Department of Education payable	-	-	3
Trust Estate payable	-	-	(12)
Unearned revenue	(20)	-	-
Net adjustments to operating income (loss)	739	(4,060)	26,412
Net cash provided by (used in) operating activities	$ 4,436	$ (2,817)	$ 27,056

See Notes to Financial Statements

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Notes to Financial Statements
June 30, 2023
(In Thousands)

History and organization

The Connecticut Health and Educational Facilities Authority ("CHEFA" or the "Authority") - CHEFA is a quasi-public agency and component unit of the State of Connecticut (the "State"). CHEFA was established pursuant to Chapter 187 of the General Statutes of Connecticut, Revision of 1958, as amended by Public Acts 93-102, 93-262 and 97-259 (the "Act"). CHEFA is constituted as a public instrumentality and political subdivision of the State whose board of directors is appointed by the Governor of the State of Connecticut. The purpose of CHEFA, as stated in the Act, is to assist certain health care institutions, institutions of higher education and qualified not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to the programs for these institutions. Debt issued by CHEFA is payable from the revenues of the institutions and is not an obligation of CHEFA or the State of Connecticut. Neither the State nor CHEFA is obligated for such debt except for loans or bonds issued under the Child Care Facilities Loan Program, as discussed in Note II.F, and the Special Capital Reserve Fund Program. Under the Special Capital Reserve Fund Program, the State is obligated for replenishment of debt service reserve funds. The financial statements include Connecticut Higher Education Supplemental Loan Authority ("CHESLA") and Connecticut Student Loan Foundation ("CSLF") as component units.

Reporting entity

CHESLA is a quasi-public agency established in 1982 pursuant to Section 4 of the Connecticut Higher Education Supplemental Loan Authority Act, Public Act 82-313 of the Connecticut General Assembly. CHESLA was established to assist students, their parents and institutions of higher education in financing the cost of higher education through its bond funds. CHESLA maintains separate financial statement accounts for its agency operating fund, bond funds, and other programs. The 2019 Bond Fund is governed by the 2019 Revenue Bond Resolution, as amended, supplemented and restated, pursuant to which bonds were issued during 2019, 2020, 2021, 2022, and 2023.

Public Act 12-149 statutorily consolidated CHESLA with CHEFA by making CHESLA a component unit of CHEFA. As a component unit of CHEFA, CHESLA retains its legal identity as a separate quasi-public authority, continues to be subject to suit and liability solely from its own assets, revenues and resources, and has no recourse to the general funds, revenues, resources or other assets of CHEFA or the State. CHESLA does not have a separate audit but is included in the CHEFA audit.

CSLF was originally established as a Connecticut State chartered non-profit 501(c)(3) corporation established pursuant to State of Connecticut Statute Chapter 187a and governed by Title IV, Part B of the Higher Education Act of 1965, as amended, for the purpose of improving educational opportunity. CSLF no longer originates or acquires student loans but continues to provide appropriate services incident to the administration of programs, which are established to improve educational opportunities.

Public Act No. 14-217 statutorily consolidated CSLF with CHEFA by making CSLF a component unit of CHEFA. As a component unit of CHEFA, CSLF retains its legal identity as a separate quasi-public authority, continues to be subject to suit and liability solely from its own assets, revenues and resources, and has no recourse to the general funds, revenues, resources or other assets of CHEFA or the State. CSLF does not have a separate audit but is included in the CHEFA audit.

Reporting entity
In February 2019, CHEFA created a component unit, the CHEFA Community Development Corporation ("CCDC"). As a component unit of CHEFA, CCDC retains it legal identity as a non-profit 501(c)(3) entity as defined by the Internal Revenue Service and is subject to suit and liability solely from its own assets, revenues and resources, and has no recourse to the general funds, revenues, resources or other assets of CHEFA or the State. CCDC was established to offer financing programs utilizing available federal tax credits to fund projects for non-profit organizations serving low-income Connecticut communities. CCDC does not have a separate audit but is included in the CHEFA audit.

I. Summary of significant accounting policies

A. Financial statements

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in fund net position, and statement of cash flows) report information on all of the Authority's activities. The Authority relies to a significant extent on fees and charges for support.

As required by accounting principles generally accepted in the United States of America ("GAAP"), the financial statements of the reporting entity, CHEFA, include those of CHEFA (the primary government) and its component units (CHESLA and CSLF). In accordance with GAAP, the financial statements of the component units have been included in the financial reporting entity through a discrete presentation.

Discretely Presented Component Units - CHESLA and CSLF meet the criteria for discrete presentation and are presented separately from CHEFA in separate columns within these financial statements to clearly distinguish their balances and transactions from the primary government, CHEFA. CHEFA and its component units, CHESLA and CSLF, are referred to together as the "Authority" throughout these financial statements when a common disclosure applies. CCDC is included as a part of the CHEFA audit for reporting purposes.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with GAAP, transactions between a primary government and discretely presented component units are not eliminated from the financial statements. The fees charged by CHEFA to CHESLA and CSLF for administrative support and transfers of funds between entities are recorded in the same manner as unrelated entity transactions. Interfund activity between the funds reported in the supplemental schedules has been eliminated.

I. Summary of significant accounting policies

B. Measurement focus, basis of accounting and financial statement presentation

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for administrative fees and interest on loan repayments. Operating expenses for the Authority include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Administrative fees

CHEFA is self-supporting and charges an administrative fee to institutions with outstanding bond issues to cover its operating expenses. Tax-exempt issues are charged an annual fee of nine basis points and taxable transactions are charged an annual fee of three basis points. Annual fees are billed semi-annually, in arrears, on the outstanding par amount of the bonds.

Loan reserve fee revenue

Prior to June 24, 2021, CHESLA charged a 3% reserve fee on loans which was recognized as an origination fee. Applications submitted on or after June 24, 2021 are not charged an origination fee.

Interest income on loans

For CHEFA, CHESLA and CSLF, interest income on loans is recognized based on the rates applied to principal amounts outstanding. For CHESLA, the accrual of interest income is generally discontinued when a loan is classified as nonperforming. Loans are currently considered nonperforming by management when the borrower has not made payments for the most recent 120 days. For CSLF, the accrual of interest income is generally discontinued when a claim is paid on a Federal Family Education Loan Program loan, or for alternative loans, when a loan is delinquent for 120 days.

Nonoperating activity

Activities not related to CHEFA's primary purpose are considered nonoperating. Nonoperating activities consist primarily of income on investments and expenses related to CHEFA's grant program. All of CHESLA's revenues and expenses are considered operating, except for income on investments. CSLF's nonoperating activities consist of income on investments and expenses related to contributions to CHESLA as authorized by the Board of Directors.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Notes to Financial Statements
June 30, 2023
(In Thousands)

I. Summary of significant accounting policies

C. Assets, liabilities, deferred inflows of resources and net position

1. Cash and investments

Cash - The Authority's cash consists of cash on hand and demand deposits.

Method used to value investments

Investments for the Authority are reported at fair value. Connecticut Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27a - 3-27c. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

See Credit Risk on page 35 for details on CHEFA investment policy.

The Authority presents all investments at fair value, except for non-participating investment contracts, which are recorded at cost.

Investment income is recorded in the fund in which it was earned.

2. Fees and loan receivables

All receivables are shown net of an allowance for uncollectible amounts. The allowance is based upon a review of the outstanding receivables and past collection history.

3. Restricted assets

Restricted assets are maintained under trust agreements in separate sub-funds for each debt issue in accordance with the requirements of the underlying bond issue documents.

CHEFA's restricted assets include assets held in construction and project funds for which CHEFA has fiduciary responsibility. Construction and project funds reflect the receipt of bond proceeds, costs of issuance and disbursement of monies for the payment of construction or renovation projects and equipment for the institutions.

The interest earned on restricted assets held for institutions is not reflected in the statement of revenues, expenses and changes in fund net position, as such income accrues to the benefit of the institutions.

The restricted investments, classified as noncurrent, include funds held by CHEFA as a result of its partnership with the State of Connecticut Office of Early Childhood ("OEC"), the Office of the State Treasurer, and banking institutions to provide childcare providers with access to financing under the following loan programs: the Tax-Exempt Pooled Bond Issue Program, the Guaranteed Loan Fund Program and the Small Revolving Direct Loan Program.

I. Summary of significant accounting policies

C. Assets, liabilities, deferred inflows of resources and net position

The State of Connecticut is responsible for paying the debt service on the Child Care Facilities Program bonds and all of the debt service on the State Supported Child Care Revenue Bonds, subject to available appropriations and pursuant to a Memorandum of Understanding.

Guaranteed Loan Fund Program - The purpose of the Guaranteed Loan Fund Program is to guarantee loans for the expansion or development of childcare and child development centers in the State. CHEFA is responsible for guaranteeing 20% to 50% of each loan outstanding.

The DSS contributions to the Guaranteed Loan Fund Program and the Small Revolving Direct Loan Program, net of payouts and accrued expense, along with the amount of CHEFA's support to the Guaranteed Loan Fund Program, are recorded within restricted investments.

Pursuant to Public Act 09-110, which established the Connecticut Credit Union Student Loan Program, CHEFA was required to fund a first loss loan guarantee of 20% on the outstanding balance on each loan.

CHESLA's restricted assets include assets held by the individual bond funds as governed by the bond resolutions as previously described. Under the provisions of the bond resolutions, certain assets are restricted for the repayment of bond principal and interest and for the issuance of student loans. In accordance with the bond resolutions, each bond issue has separate accounts which include individual funds as defined by each bond resolution, including but not limited to combinations of some of the following: the Loan Fund, Revenue Fund, Debt Service Fund and Special Capital Reserve Fund.

CHESLA's restricted investments classified as current include the fund investments held by CHESLA pursuant to the bond resolutions in the individual Loan Fund, Revenue Fund and Debt Service Funds.

CHESLA's restricted investments classified as noncurrent include funds held by CHESLA pursuant to the bond resolutions in individual Special Capital Reserve Funds.

Deficiencies, if any, in the Debt Service Fund balances within the CHESLA Bond Funds will be funded from the amount on deposit in the applicable Special Capital Reserve Fund. Both the Debt Service Fund and the Special Capital Reserve Fund are components of restricted investments. In accordance with Public Act 82-313, the State must deposit with the trustee monies necessary to restore the Special Capital Reserve Fund requirement. As of June 30, 2023, the State has not made nor was it required to make any such deposit.

I. Summary of significant accounting policies

C. Assets, liabilities, deferred inflows of resources and net position

CHESLA's interest on loans receivable is accrued and credited to operations based upon the principal amount outstanding. Loans are placed on nonaccrual status when management believes principal or interest on such loans may not be collected in the normal course of business. The allowance for loan losses has been provided through charges against operations based on management's evaluation of the loan portfolio and maintained at a level believed adequate to absorb potential losses in the loan portfolio. Loans are typically written off against the allowance for loan losses (net of loan recoveries) in the period in which the loans become nonperforming and no payments have been made for 12 consecutive months. However, a loan may be written off at any time management believes the repayment of such loan is doubtful. Collections of loans previously written off are pursued until management believes that further recoveries are doubtful.

CSLF's restricted assets include the Trust Estate net position, as follows:

Trust Estate - Includes assets and liabilities associated with the bond offerings as detailed in the Bond Indenture:

- Trust investment accounts - The indenture created special trust accounts to be held by the Trustee to be used for recordkeeping and reporting purposes as defined by the indenture.

- The bonds included in the Trust Estate are special and limited obligations of CSLF, secured by and payable from the Trust Estate held under the indenture, without recourse to any other assets of CSLF. The bonds are secured by eligible student loans as identified in the indenture.

- Release of amounts from the Trust Estate - The indenture provides that CSLF may withdraw amounts from the Trust Estate under certain limited circumstances as defined in the indenture.

- Redemption and acceleration provisions - The indenture sets forth provisions for the redemption and acceleration of the bonds prior to maturity under certain circumstances.

Loans and loan interest receivable: The allowance for Federal Education Loan Program loan losses has been provided through charges against operations based on management's evaluation of the loan portfolio. Loans are typically written off against the allowance for loan losses (net of loan recoveries) at the point in which the guarantee has been paid and CSLF has a risk sharing component or it is determined that all recovery options have been exhausted and the loans have lost their federal guarantee and are no longer eligible for reinstatement. Federal guarantees are reinstated if the lender or servicer successfully performs certain federally prescribed "cure" procedures. In general, the lender has three years from the initial claim rejection date or the latest timely filing date if a claim has not been filed to cure a loan.

For alternative loans, periodic monitoring of loan performance has been established to ensure the adequacy of the reserve allowance. Loans are typically written off against the allowance for loan losses (net of recoveries) at 150 days delinquent.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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Notes to Financial Statements
June 30, 2023
(In Thousands)

I. Summary of significant accounting policies

C. Assets, liabilities, deferred inflows of resources and net position

Nonperforming loans

CHESLA currently defines nonperforming loans as defaulted loans in collections, whereby no payment has been made for 120 days, but have not been written off.

4. Capital assets

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $2,500 (not in thousands) for all assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Leasehold improvements	5 years
Computer equipment	3-5 years
Furniture and fixtures	10 years
Office equipment	3-6 years
Domain name	15 years

5. Amounts held for institutions

Amounts held for institutions represent amounts payable to institutions and others from CHEFA's restricted assets.

6. Amounts held on behalf of the State of Connecticut

Amounts held on behalf of the State of Connecticut represent funds transferred to CHEFA under its agency relationship with OEC related to the childcare program pursuant to Public Act 97-259.

7. Arbitrage rebate and excess loan yield liability

Under the Internal Revenue Code of 1986 (the "Code"), CHESLA is required to rebate to the federal government certain excess earnings on investments from funds obtained with its tax-exempt bonds, as defined by the Code, or reduce its excess loan yield on student loans financed with tax-exempt bonds.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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Notes to Financial Statements
June 30, 2023
(In Thousands)

I. Summary of significant accounting policies
C. Assets, liabilities, deferred inflows of resources and net position

8. Compensated absences
Employees of the Authority earn sick leave, which can accumulate and carryover each year (up to five days per year), and vacation leave, which can accumulate and carryover each year (up to 10 days per year) based on the provisions of personnel policies. Vacation leave vests with the employee and is payable upon termination of employment.

9. Long-term obligations
In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

10. Deferred inflows of resources
In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to unearned amounts received for the scholarship program that occurs in the subsequent fiscal year and deferred charges on debt refunding.

11. Net position flow assumption
Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied. All of the Authority’s restricted resources are restricted under memorandums of understanding as of June 30, 2023.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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Notes to Financial Statements
June 30, 2023
(In Thousands)

I. Summary of significant accounting policies

C. Assets, liabilities, deferred inflows of resources and net position

12. Fund equity and net position

In the fund financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes is excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Authority, which is not restricted.

13. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues and expenses during the fiscal year. Accordingly, actual results could differ from those estimates.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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Notes to Financial Statements
June 30, 2023
(In Thousands)

II. Detailed notes
A. Cash and investments

Deposits - Custodial Credit Risk - Custodial credit risk is risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

As of June 30, 2023, bank balances were exposed to custodial credit risk as follows:

	CHEFA	CHESLA	CSLF
Bank balance	$ 914	$ 35	$ 122

	CHEFA	CHESLA	CSLF
Uninsured and uncollateralized	$ 573	$ -	$ -
Uninsured and collateral held by the pledging bank's trust department, not in CHEFA's name	91	-	-
Total amount subject to custodial risk	$ 664	$ -	$ -

Financial instruments that potentially subject the Authority to significant concentrations of credit risk consist primarily of cash. From time-to-time, the Authority's cash account balances exceed the FDIC limit. The Authority reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

CHEFA's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

		Investment maturities			
Investment type	Amount	Less Than 1	1-5 Years	5-10 Years	>10 Years
Money market - government	$ 496,953	$ -	$ -	$ -	$ 496,953
Pooled fixed income	10,178	-	-	-	10,178
Total	$ 507,131	$ -	$ -	$ -	$ 507,131

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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Notes to Financial Statements
June 30, 2023
(In Thousands)

II. Detailed notes

A. Cash and investments

CHESLA's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

		Investment maturities			
Investment type	Amount	Less Than 1	1-5 Years	5-10 Years	>10 Years
Pooled fixed income	$ 80,228	$ 79,021	$ 1,207	$ -	$ -
Total	$ 80,228	$ 79,021	$ 1,207	$ -	$ -

CSLF's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

		Investment maturities			
Investment type	Amount	Less Than 1	1-5 Years	5-10 Years	>10 Years
Mutual funds - government	$ 4,017	$ 4,017	$ -	$ -	$ -
Pooled fixed income	51	51	-	-	-
Total	$ 4,068	$ 4,068	$ -	$ -	$ -

Fair value of investments

The Authority measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3*:* Unobservable inputs.

None of CHEFA’s or CHESLA’s current investments require measurement at fair value.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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Notes to Financial Statements
June 30, 2023
(In Thousands)

II. Detailed notes
A. Cash and investments

CSLF Investments by fair value	Fair Value	Level 1	Level 2	Level 3
Mutual funds - government	$ 4,017	$ 4,017	$ -	$ -
Total				
Other investments, not valued at fair value				
Pooled fixed income	51			
Total investments	$ 4,068			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Interest rate risk
To minimize interest rate risk, CHEFA, CHESLA and CSLF's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market mutual funds or similar investment pools.

II. Detailed notes

A. Cash and investments

Credit risk – The Authority's investments follow specific investment provisions of bond indentures and statutes. Each entity has a board approved investment policy and there may be some variation in the investment provisions of bond indentures and statutes. These investment policies are summarized as follows:

Investments shall be operated in conformance with all applicable federal and state law and bond resolutions. The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield. The portfolio shall have a bias toward safety of capital, which derives from the Authority's fiduciary responsibilities and its stated mission. However, whenever possible, the General Fund portfolio shall be designed with the objective of exceeding the average return of 90-day U.S. Treasury Bills. This is generally considered to be a benchmark for riskless investment transactions and therefore represents a minimum standard for the portfolio's rate of return. Other basic objectives are as follows:

- Funds created pursuant to bond issues and held by Trustees, such as the debt service funds, debt service reserve funds, special capital reserve funds, rebate funds, working capital or liquidity reserve funds, or project-related funds held by the Authority, shall be invested in strict accordance with the relevant provisions of the respective bond issue trust indentures, agreements and definitions, with this policy, and with Connecticut state law. Whenever possible, investments shall be purchased to be held to maturity.
- Short-Term Funds: Shorter-term funds, such as those related directly to debt service, project construction, capitalized interest and costs of issuance, shall be invested to be available for specified payment dates, planned construction draws or other intended purposes, as set forth in the relevant trust indentures and agreements, with minimal risk to capital.
- Long-Term Funds: Longer-term funds, such as debt service reserve funds, shall be invested with the primary objective of meeting valuation requirements at each annual or semiannual valuation date and, within that constraint, with a secondary objective of optimizing return. Whenever possible, funds invested for longer maturities shall be invested to achieve a rate of return at least equal to the restricted Bond (arbitrage) Yield on the bonds, with minimal risk to capital and strict accordance with bond documents.

Time horizon and investments shall correspond to relevant provisions of the Trust Indenture or agreements. Accordingly, no credit risk shall be assumed except for:

- Obligations issued or guaranteed by the U.S. Government (including FDIC);
- Qualified guaranteed investment contracts complying with Connecticut General Statutes Section 10a-180(s) and with Authority guidelines;

II. Detailed notes

A. Cash and investments

- Qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government;
- Qualified money market funds;
- State of Connecticut Treasurer's Short-Term Investment Fund ("STIF") for eligible
- bond funds; or
- Other debt obligations which are statutorily permissible investments, and which comply with the bond indentures and definitions.

Permissible investments for General Funds, with approval by an authorized officer, are as follows, provided the instrument has a maturity of less than 366 days from the date of the purchase (where applicable):

- Obligations issued or guaranteed by the U.S. Government, including the FDIC; Qualified money market funds or institutional money market funds investing in short-term securities permitted by the Authority's enabling legislation;
- Connecticut State Treasurer's Short-Term Investment Fund, provided it maintains a Standard & Poor's AAAm rating;
- Qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government;
- Obligations issued or guaranteed by the State of Connecticut as made available;
- Other debt obligations which are statutorily permissible investments.

All of CHEFA's, CHESLA's and CSLF's investments subject to credit risk had AAA ratings by Standard & Poor's.

Concentrations of credit risk – For unrestricted investments, CHEFA places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the Connecticut Short-Term Investment Fund shall constitute greater than 15% of unrestricted investments, except for qualified money market or bond mutual funds, none of which shall constitute greater than 50% of unrestricted investments. CHEFA places no limit on the amount of investment in any one issuer for restricted investments.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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(In Thousands)

II. Detailed notes

B. Receivables

Receivables as of June 30, 2023 for the Authority's financial statements by type are as follows:

CHEFA makes loans to clients who meet certain criteria for purposes of providing financial assistance for working capital expenses or any other purpose as may be approved from time to time under the CHEFA Revolving Loan Fund Program. Clients can apply for financing between $5 and $75 for up to 36 months. During 2023, interest rates offered were at 3.75%. There are no underwriting criteria for these loans. Loans are approved on a rolling first come-first serve basis. Loans receivable as of June 30, 2023 are as follows:

Current portion	$	227
Long-term portion		171
Less allowance		(22)
Net long-term portion		149
Total net receivables	$	376

Future maturities on loans issued under the CHEFA Revolving Loan Fund Program are summarized as follows:

For the year ending June 30, 2024	$	227
2025		142
2026		12
2027		11
2028		6
Total gross receivables	$	398

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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II. Detailed notes

B. Receivables

CHESLA makes loans to students from the proceeds of bonds issued by CHESLA. CHESLA also refinances CHESLA and other lenders' student loans. Loans receivable as of June 30, 2023 are as follows:

	Active Loans	Loans in Collection	Total
Current portion	$ 18,406	$ -	$ 18,406
Long-term portion	107,029	1,912	108,941
Less allowance	(2,557)	(881)	(3,438)
Net long-term portion	104,472	1,031	105,503
Total net receivables	$ 122,878	$ 1,031	$ 123,909

Student loans are repaid by borrowers on a monthly basis on a 0- to 140-month repayment term after the in-school and 6-month grace period ends. The interest rate on these loans ranges from approximately 4.59% to 6.99%. The current interest rate on new loans is 6.35%.

Refi CT, CHESLA's loan refinance product, loans are repaid by borrowers on a monthly basis for a term of 5, 10 or 15 years. The interest rate on these loans ranges from approximately 3.75% to 7.25% depending on the term of the loan and the Fair Isaac Corporation ("FICO") score. A .25% rate reduction is applied for those who enroll in auto-payment. The interest rate on new loans ranges from 4.99% - 7.99%.

During the fiscal year, CHESLA wrote off loan receivables of $1,085, which had previously been provided for through the allowance for loan losses.

During the fiscal year, CHESLA recovered $70 in loans receivable and other credits that were written off in previous years.

Because many of the CHESLA loans are not yet in repayment, maturity dates are not easily determinable.

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II. Detailed notes
B. Receivables

CSLF, up until 2010, made or acquired loans to students from the proceeds of bond issues.

	FFELP	Alternative	Total
Current portion	$ 2,923	$ 125	$ 3,048
Long-term portion	82,051	1,317	83,368
Less allowance	(290)	(204)	(494)
Net long-term portion	81,761	1,113	82,874
Total net receivables	$ 84,684	$ 1,238	$ 85,922

During the fiscal year, CSLF wrote off federal loans receivable of $93 (CSLF risk share only), and had net recoveries of private loans of $17, both of which had previously been provided for through the allowance for loan losses.

Federal Family Education Loan Program ("FFELP") loans are student loans insured by the U.S. Department of Education. FFELP loans are repaid by borrowers on a monthly basis for a term of up to 30 years. The interest rate on these loans varies and ranges from approximately 0% to 12%.

Alternative loans are student loans that are not insured by the U.S. Department of Education. Alternative loans are repaid monthly over a period of years ranging from 10 to 30 years. For loan applications received prior to April 1, 2008, the interest rate is variable, calculated to equal prime plus 2% with a 10% cap. Borrowers were charged a fixed non-refundable origination fee of $150 and a 2% reserve fee. For loan applications received on or after April 1, 2008, the interest rate and reserve fee varied depending on the borrower's credit score. Interest rates range between prime and prime plus 4% with no cap and the reserve fee ranged from 6% to 10%. Interest rates on all Alternative loans are reset quarterly and origination fees, where applicable, were withheld from loan proceeds.

Student loans are classified as being "In-school" status during the period from the date the loan is made until a student graduates or leaves school. Loans are classified as being "In-grace" status from the time the student leaves school until repayment begins six months later. Subsequent to this period, student loans are classified as being in "repayment" status. "Deferral" and "forbearance" status are periods during the life of the loan where repayment is suspended for authorized purposes.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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June 30, 2023
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II. Detailed notes
B. Receivables

CSLF Loan portfolio assets' scheduled maturities are summarized as follows:

For the year ending June 30, 2024	$	3,048
2025		3,260
2026		3,488
2027		3,731
2028		3,992
2029 - 2033		24,060
2034 - 2038		29,715
2039 - 2043		15,122
Total gross receivables	$	86,416

C. Capital assets

CHEFA capital asset activity for the year ended June 30, 2023 was as follows:

	Balances 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital asset being depreciated:				
Leasehold improvements	$ 157	$ -	$ -	$ 157
Computer equipment	532	-	-	532
Furniture and fixtures	256	-	-	256
Office equipment	674	-	-	674
Total capital assets being depreciated	1,619	-	-	1,619
Less accumulated depreciation for:				
Leasehold improvements	157	-	-	157
Computer equipment	300	29	-	329
Furniture and fixtures	254	2	-	256
Office equipment	578	52	-	630
Total accumulated depreciation	1,289	83	-	1,372
Total capital assets being depreciated, net	$ 330			$ 247

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II. Detailed notes

C. Capital assets

CHEFA's right of use asset (under a capital lease) activity for the year ended June 30, 2023 was as follows:

	Balances 7/1/2022	Increases	Decreases	Balance 6/30/2023
Right of use asset:				
Leased office space	$ 1,248	$ -	$ -	$ 1,248
Less accumulated amortization	895	249	-	1,144
Total capital asset being amortized, net	$ 353			$ 104

CHESLA capital asset activity for the year ended June 30, 2023 was as follows:

	Balances 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital asset being depreciated:				
Domain name	$ 3	$ -	$ -	$ 3
Less accumulated depreciation for:				
Domain name	1	-	-	1
Total capital asset being depreciated, net	$ 2			$ 2

D. Changes in long-term obligations

1. Summary of changes

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

CHEFA

	Balances July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion
Other liability					
Amount held for the State of Connecticut	$ 2,165	$ 8	$ -	$ 2,173	$ -

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II. Detailed notes

D. Changes in long-term obligations

CHESLA

Description	Original Amount	Date of Issue	Final Maturity	Interest Rate	Balance 7/1/2022	Additions	Deductions	Amount Refunded	Balance 6/30/2023	Current Portion
2019 A	5,000	5/22/2019	11/15/35	3.95%	2,560	-	260	610	1,690	190
2019 B	25,550	5/22/2019	11/15/35	3.25 - 5.0%	22,225	-	670	3,670	17,885	1,080
2020 B	19,000	6/11/2020	11/15/36	3.25 - 5.0%	19,000	-	515	420	18,065	905
2021 B	17,515	6/23/2021	11/15/37	2.25 - 5.0%	17,515	-	-	-	17,515	505
2022 B	13,175	6/14/2022	11/15/38	5.0%	13,175	-	-	-	13,175	-
2022 C	62,375	6/14/2022	11/15/34	3.25 - 4.27%	62,375	-	2,000	-	60,375	5,800
2023 B	25,805	5/16/2023	11/15/39	3.75 - 5.0%	-	25,805	-	-	25,805	-
Total CHESLA					136,850	25,805	3,445	4,700	154,510	8,480
Premiums					4,036	1,018	291	-	4,763	
Discounts					-	-	-	-	-	
Total bonds and related amounts					$ 140,886	$ 26,823	$ 3,736	$ 4,700	$ 159,273	$ 8,480

CSLF

Description	Original Amount	Date of Issue	Final Maturity	Interest Rate	Balance 7/1/2022	Additions	Deductions	Balance 6/30/2023	Current Portion
2006 A-1	80,000	7/27/2006	6/1/2046	0.066-1.633%	$ 39,025	$ -	$ 9,600	$ 29,425	$ -
2006 A-2	100,000	12/14/2006	6/1/2046	0.066-1.645%	43,275	-	16,750	26,525	-
2006 B	20,000	7/27/2006	6/1/2046	0.010-1.655%	19,975	-	-	19,975	-
Total CSLF					102,275	-	26,350	75,925	-
Discounts					(149)	-	(41)	(108)	-
Total bonds and related amounts					$ 102,126	$ -	$ 26,309	$ 75,817	$ -

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Notes to Financial Statements
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II. Detailed notes
D. Changes in long-term obligations
1. Summary of changes

The annual requirements to amortize bonds payable at June 30, 2023, are as follows:

CHESLA

Fiscal year ended	Principal	Interest
2024	$ 8,480	$ 3,255
2025	9,980	6,182
2026	11,870	5,763
2027	12,640	5,245
2028	12,200	4,678
2029 - 2033	58,185	15,417
2034 - 2038	37,115	4,232
2039 - 2043	4,040	240
Total gross bonds	$ 154,510	$ 45,012

The 2019 Resolution bonds are secured by all revenues, loans, proceeds of the bonds and amounts deposited in the funds and accounts other than the rebate fund and the purchase fund, and any and all other property.

CHESLA's debt is secured by a State of Connecticut supported Special Capital Reserve Fund ("SCRF").

CSLF

Fiscal year ended	Principal	Interest
2024	$ -	$ 4,673
2025	-	4,673
2026	-	4,673
2027	-	4,673
2028	-	4,673
2029 - 2033	-	23,365
2034 - 2038	-	23,365
2039 - 2043	-	23,365
2044 - 2046	75,925	9,346
Total gross bonds	$ 75,925	$ 102,806

(In Thousands)

The interest rate payable to the bondholders for these issues are variable auction rate certificates ("ARCs"), which generally have interest rate reset periods of 28 days. The interest rates associated with the various bond issues at the last reset period prior to the June 30, 2023 year-end ranged from 6.68% to 6.72%.

The maximum rate on the ARCs is defined in each bond prospectus and is based on one of the following:

- The average of the 91-day United States Treasury Bill rate plus 1.2% or 1.5% or the LIBOR rate plus 1.5% depending on the bond's rating. It may not exceed 17.0%. The capital markets for student loans continue to experience disruption resulting in decreased marketability of student loans and related ARCs. The bonds are not callable if the auction period expires, as the bonds revert back to the existing bondholders prior to the auction.

Approximate future interest payments were estimated based on an average of the interest rates applicable during the most recent fiscal year.

The bonds are secured by proceeds of the bonds and amounts deposited in the funds and accounts other than the rebate fund, all loans and institution loans, all guarantee or insurance payments with respect to the loans, all other revenues, all rights under swap agreements and any assets or revenues as may be assigned and pledged by a supplemental indenture.

All outstanding notes contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if CSLF is unable to make payment.

2. Lease liability

CHEFA leases office space in Hartford, Connecticut. The lease term began on January 1, 2019 and continues until December 31, 2023. Under the lease terms, CHEFA pays monthly rent which increases each year. During the fiscal year ended June 30, 2023, $250 was paid in rent. The lease liability was calculated using an implied interest rate of 2.15%. Future principal and interest payments are as follows:

Fiscal year ended	Principal	Interest
June 30, 2024	$ 137	$ 1
	137	1

(In Thousands)

3. Conduit debt

As of June 30, 2023, CHEFA had total outstanding principal balances of special obligation bonds of $8,639,664. The bonds are issued on behalf of institutions to finance the construction of various health and educational facilities. These bonds are conduit debt obligations of CHEFA and do not constitute obligations of CHEFA and, therefore, not reported within the statement of net position. The significant loan programs that comprise the total outstanding bonds are as follows:

Bonds outstanding by sector

Childcare	$ 36,209
Connecticut State University System - Special Capital Reserve Fund	279,685
Higher education	4,705,435
Hospitals	2,193,651
Social and other	325,513
Independent schools	686,437
Senior living	412,734
Total	$ 8,639,664

Under terms of the agreement between the Authority and its borrowers, any costs associated with litigation related to bond issuance are the obligations of the borrowers. CHEFA is indemnified under the terms of the bond agreements.

CHEFA had a total of $5,205 of principal balances outstanding in relation to the EZ Loan program, all of which is within the hospital sector. The loans are issued on behalf of not for profits to finance equipment. These loans are conduit debt obligations of CHEFA and do not constitute obligations of CHEFA and, therefore, are not reported within the statement of net position.

4. Authorized/unissued debt

At June 30, 2023, there was no authorized unissued debt for CHESLA.

5. New bond issuance

In May 2023, CHESLA issued $25,805 of 2023 Series B bonds with an interest rate of 5% for its serial maturities from November 15, 2025 to November 15, 2032 and an interest rate range from 3.50% to 4.25% for the single term bond with maturities from November 15, 2033 to the final maturity of November 15, 2039. These bonds were issued to (i) originate loans under the CHESLA loan program; (ii) fund certain accounts, including a special capital reserve fund; and (iii) pay the costs of issuance for the 2023 Series B Bonds.

(In Thousands)

E. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled $4,350 for CHEFA.

F. Net position classification

A summary of the components of net position is as follows:

	CHEFA	CHESLA	CSLF
Net investment in capital assets	$ 247	$ 2	$ -
Restricted:			
Child care facilities loan program	4,320	-	-
Student loan guarantee program	30	-	-
Bond funds	-	21,955	-
Alliance district teacher loan subsidy	-	6,934	-
Trust estate	-	-	424
Total restricted	4,350	28,889	424
Unrestricted	11,575	15,710	19,181
Total net position	$ 16,172	$ 44,601	$ 19,605

Child care facilities loan program - CHEFA's net position is restricted to be used for loan guarantees under this program, if borrowers default on their loans. As of June 30, 2023, outstanding loan balances totaled $2,430.

CHEFA is under no obligation to provide additional funds for loan guarantees.

Student loan programs - Pursuant to Public Act 09-110, which established the Connecticut Credit Union Student Loan Program, CHEFA was required to fund a first loss loan guarantee of 20% on the outstanding balance on each loan. The current amount of the guarantee is $30.

Bond funds - For CHESLA, the restricted net position includes amounts governed by the bond resolutions. Under the provisions of the resolutions, earnings from the bond programs are restricted for the repayment of bond principal and interest and for the issuance of student loans.

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Alliance district teacher loan subsidy - This program was funded from $7,000 from the State of Connecticut during 2022 and offers an interest rate subsidy on Alliance District Teacher Refinance Loans (to refinance existing private student loan debt) to teachers in any of Connecticut's Alliance District public schools. The program is designed to attract, support, and retain high quality educators who reflect the racial, ethnic, and linguistic diversity of Connecticut students.

Trust estate - For CSLF, the Bond Indenture requires that CSLF maintain a parity of 102.5% (Trust Estate asset to Trust Estate liability ratio), which represents its restricted net position. If parity exceeds 102.5%, CSLF is able, but not required, to transfer funds above the parity ratio to operations. At June 30, 2023, the ratio was 127.46%. During the year ended June 30, 2023, the Board authorized a transfer of $500 to CHESLA for the scholarship program, $2,250 to Refi CT, $750 to CHESLA Agency, and $750 to In School Non Trust. At June 30, 2023, the Board has not authorized any additional funds to be transferred to operations; however, the amount available to transfer is $17,990.

Both CHEFA and CHESLA Board of Directors have designated internal amounts for operations and the remainder for programs that are part of each entity's mission and purpose, as well as for contingencies.

G. Condensed component unit information

Condensed component unit information for CCDC, the Authority's blended component unit, for the year ended June 30, 2023, is as follows:

Condensed Statement of Net Position

Liability		
Accounts payable	$	295
Net position	$	(295)
Operating expenses	$	6
Change in net position		(6)
Net position, July 1, 2022		(289)
Net position, June 30, 2023	$	(295)

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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(In Thousands)

III. Other information

A. Risk management

The Authority is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disaster; and officer and director liability. The Authority generally obtains commercial insurance for these risks. The Authority has not had any claims against its commercial insurance in any of the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

B. Related party transactions

During the fiscal year, CHEFA charged CHESLA an annual fee of $124 for providing management, accounting, legal and other services, sharing of rental space, and office equipment. CHEFA charged CSLF an annual fee of $40 for providing management, accounting, legal and other services. In addition, CHESLA and CSLF reimbursed CHEFA directly for specific general and administrative expenses incurred. The amount due from CHESLA and CSLF at year-end was $19 and $2, respectively. CSLF contributed $500 to CHESLA for the scholarship program, $2,250 to Refi CT, $750 to In School Non Trust, and $750 to Agency. Of the amount, $500 was not spent and is recorded as a deferred inflow.

C. Pension plan

The Authority administers a single employer defined contribution plan, which covers certain employees of the Authority. The Board of Directors approved and adopted this plan on January 1, 1971, and they have the authority to make any subsequent amendments.

CHEFA maintains a defined contribution money purchase plan, the State of Connecticut Health & Educational Facilities Authority Money Purchase Pension Plan (the "Plan"), covering all employees with three months of continuous service and 1,000 anticipated hours of service annually. The Plan is administered by CHEFA and can be amended by designated authorized officers. CHEFA and CHESLA contribute annually to the Plan an amount equal to 10% of each qualified employee's annual salary. Forfeitures may be used to pay plan expenses. Any forfeitures left after paying plan expenses are used to offset future contributions. For the year ended June 30, 2023, there were no forfeitures and retirement plan expense was $273.

There were 21 employees covered under the Plan. All employees can participate in the Plan after three months of service. A participant's employer contribution account fully vests after four years of service. At age 65, participants are entitled to begin receiving benefits based upon the option selected.

CHEFA also maintains a deferred compensation plan, which was established in 1991 in accordance with the Internal Revenue Code Section 457 and is available to CHEFA and CHESLA employees. Employees are permitted to defer a portion of their salaries, subject to certain limitations. CHEFA and CHESLA match up to $1,500 (not stated in thousands) of employee contributions. For the year ended June 30, 2023, the plan expense was $30.

D. Contingencies

From time to time, the Authority may be subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Authority.

Supplemental Schedules

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

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Combining Schedule of Net Position – Connecticut Health and Educational Facilities Authority June 30, 2023 (In Thousands)

	CHEFA	CCDC	Eliminations	Total
Assets				
Current assets				
Unrestricted assets				
Cash	$ 851	$ -	$ -	$ 851
Investments	9,878	-	-	9,878
Receivables				
Accounts (net of allowance for uncollectible)	582	-	-	582
Related parties	343	-	(295)	48
Current portion of loans receivable	253	-	-	253
Prepaid expenses and other assets	154	-	-	154
Total unrestricted, current assets	12,061	-	(295)	11,766
Restricted assets				
Investments - institutions	490,671	-	-	490,671
Total restricted, current assets	490,671	-	-	490,671
Total current assets	502,732	-	(295)	502,437
Noncurrent assets				
Unrestricted assets				
Capital assets (net of accumulated depreciation)	247	-	-	247
Loans receivable (net of current portion and allowance)	123	-	-	123
Right of use asset (net of accumulated amortization)	104	-	-	104
Restricted assets				
Investments	6,582	-	-	6,582
Total noncurrent assets	7,056	-	-	7,056
Total assets	$ 509,788	$ -	$ (295)	$ 509,493
Liabilities				
Current liabilities				
Accounts payable	$ 12	295	$ (295)	$ 12
Accrued expenses	305	-	-	305
Current portion of lease liability	137	-	-	137
Amounts held for institutions	490,679	-	-	490,679
Total current liabilities	491,133	295	(295)	491,133
Noncurrent liabilities				
Amount held for the State of Connecticut	2,173	-	-	2,173
Total noncurrent liabilities	2,173	-	-	2,173
Total liabilities	493,306	295	(295)	493,306
Deferred Inflows of Resources				
Unearned revenue	15	-	-	15
Net Position				
Net investment in capital assets	247	-	-	247
Restricted	4,350	-	-	4,350
Unrestricted	11,870	(295)	-	11,575
Total net position	16,467	(295)	-	16,172
Total liabilities, deferred inflows of resources and net position	$ 509,788	$ -	$ (295)	$ 509,493

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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Combining Schedule of Revenues, Expenses and Changes in Net Position –
Connecticut Health and Educational Facilities Authority
For the Year Ended June 30, 2023 (In Thousands)

	CHEFA	CCDC	Eliminations	Total
Operating revenues				
Administrative fees	$ 7,522	$ -	$ -	$ 7,522
Supporting services fees	170	-	(6)	164
Bond issuance fees	45	-	-	45
Interest income on loans receivable	1	-	-	1
Total operating revenues	7,738	-	(6)	7,732
Operating expenses				
Salaries and related expenses	3,071	-	-	3,071
General and administrative	621	-	-	621
Contracted services	343	6	(6)	343
Total operating expenses	4,035	6	(6)	4,035
Operating income (loss)	3,703	(6)	-	3,697
Nonoperating income (expenses)				
Investment income	577	-	-	577
Grants and child care subsidy expense	(3,024)	-	-	(3,024)
Total nonoperating expenses	(2,447)	-	-	(2,447)
Change in net position	1,256	(6)	-	1,250
Net position, July 1, 2022	15,211	(289)	-	14,922
Net position, June 30, 2023	$ 16,467	$ (295)	$ -	$ 16,172

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Combining Schedule of Net Position – Connecticut Higher Education Supplemental Loan Authority June 30, 2023 (In Thousands)

	Agency operating fund	Other program funds	Bond funds 2019 resolution	Eliminations	Total CHESLA
Assets					
Current assets					
Unrestricted assets					
Cash	$ 34	$ -	$ -	$ -	$ 34
Investments	4,284	5,171	-	-	9,455
Accounts receivable	4	-	9	-	13
Current portion of loans receivable	-	590	-	-	590
Interest receivable on investments	-	49	-	-	49
Loan interest receivable	-	19	-	-	19
Prepaid expenses and other assets	50	-	-	-	50
Total unrestricted, current assets	4,372	5,829	9	-	10,210
Restricted assets					
Investments - Bond indenture trusts	-	6,527	44,965	-	51,492
Current portion of loans receivable	-	-	17,816	-	17,816
Interest receivable on investments	18	-	271	-	289
Loan interest receivable	-	-	763	-	763
Total restricted, current assets	18	6,527	63,815	-	70,360
Total current assets	4,390	12,356	63,824	-	80,570
Noncurrent assets					
Unrestricted assets					
Capital assets	2	-	-	-	2
Loans receivable, net of current portion and allowance	-	6,505	-	-	6,505
Restricted assets					
Investments	-	-	19,281	-	19,281
Loans receivable, net of current portion and allowance	-	-	98,998	-	98,998
Total noncurrent assets	2	6,505	118,279	-	124,786
Total assets	$ 4,392	$ 18,861	$ 182,103	$ -	$ 205,356
Liabilities					
Current liabilities					
Accounts payable	$ 18	$ -	$ -	$ -	$ 18
Due to other funds	-	22	-	-	22
Accrued expenses	59	8	45	-	112
Accrued interest payable	-	-	830	-	830
Current portion of bonds payable	-	-	8,480	-	8,480
Total current liabilities	77	30	9,355	-	9,462
Noncurrent liabilities					
Bonds payable, net of current portion	-	-	150,793		150,793
Total liabilities	77	30	160,148	-	160,255
Deferred Inflows of Resources					
Unearned revenue	-	500	-	-	500
Net Position					
Net investment in capital assets	2	-	-	-	2
Restricted	-	6,934	21,955	-	28,889
Unrestricted	4,313	11,397	-	-	15,710
Total net position	4,315	18,331	21,955	-	44,601
Total liabilities, deferred inflows of resources and net position	$ 4,392	$ 18,861	$ 182,103	$ -	$ 205,356

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Combining Schedule of Revenues, Expenses and Changes in Net Position – Connecticut Higher Education Supplemental Loan Authority For the Year Ended June 30, 2023 (In Thousands)

	Agency operating fund	Other program funds	Bond funds 2019 resolution	Eliminations	Total CHESLA
Operating revenues					
Interest income on loans receivable	$ -	$ 269	$ 6,267	$ -	$ 6,536
Administrative fees	1,326	-	-	(1,326)	-
Contributions from CSLF	750	3,500	-	-	4,250
Other revenues	-	-	1	-	1
Total operating revenues	2,076	3,769	6,268	(1,326)	10,787
Operating expenses					
Interest expense	-	-	5,324	-	5,324
Salaries and related expenses	337	-	-	-	337
General and administrative	450	101	1,508	(1,326)	733
Scholarships	-	506	-	-	506
Loan service fees	-	90	563	-	653
Contracted services	51	-	-	-	51
Bond issuance costs	-	-	471	-	471
Provision for loan losses (net of recoveries)	(9)	482	996	-	1,469
Total operating expenses	829	1,179	8,862	(1,326)	9,544
Operating income (loss)	1,247	2,590	(2,594)	-	1,243
Nonoperating income (loss)					
Investment income (loss)	133	441	1,653		2,227
Loss on bond defeasance	-	-	-	-	-
Total nonoperating income (loss)	133	441	1,653	-	2,227
Change in net position	1,380	3,031	(941)	-	3,470
Transfers	(161)	(1,282)	1,443	-	-
Net position, July 1, 2022	3,096	16,582	21,453	-	41,131
Net position, June 30, 2023	$ 4,315	$ 18,331	$ 21,955	$ -	$ 44,601

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of the State of Connecticut)

Combining Schedule of Net Position –
Connecticut Student Loan Foundation
June 30, 2023 (In Thousands)

	Operating	Trust Estate	Eliminations	Total
Assets				
Current assets				
Unrestricted assets				
Cash	$ 120	$ -	$ -	$ 120
Investments	24	-	-	24
Prepaid expenses and other assets	12	-	-	12
Total unrestricted, current assets	156	-	-	156
Restricted assets				
Investments - Bond indenture trusts	-	4,044	-	4,044
Current portion of loans receivable	-	3,048	-	3,048
Loan interest receivable	-	6,191	-	6,191
Total restricted, current assets	-	13,283	-	13,283
Total current assets	156	13,283	-	13,439
Noncurrent assets				
Restricted assets				
Loans receivable (net of allowance for uncollectible)	-	82,874	-	82,874
Total assets	$ 156	$ 96,157	$ -	$ 96,313
Liabilities				
Current liabilities				
Accounts payable	$ 2	$ -	$ -	$ 2
Accrued expenses	113	-	-	113
U.S. Department of Education payable	-	332	-	332
Trust Estate payable	-	444	-	444
Total current liabilities	115	776	-	891
Noncurrent liabilities				
Bonds payable and related liabilities	-	75,817	-	75,817
Total liabilities	115	76,593	-	76,708
Net Position				
Net position				
Restricted	-	424	-	424
Unrestricted	41	19,140	-	19,181
Total net position	41	19,564	-	19,605
Total liabilities and net position	$ 156	$ 96,157	$ -	$ 96,313

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
(A Component Unit of the State of Connecticut)

Combining Schedule of Revenues, Expenses and Changes in Net Position –
Connecticut Student Loan Foundation
For the Year Ended June 30, 2023 (In Thousands)

	Operating	Trust Estate	Eliminations	Total
Operating revenues				
Interest income on loans receivable	$ -	$ 6,083	$ -	$ 6,083
Administration fee	248	-	(248)	-
Other revenues	-	136	-	136
Total operating revenues	248	6,219	(248)	6,219
Operating expenses				
Interest expense	-	4,308	-	4,308
General and administrative	73	59	-	132
Loan service fees	-	379	-	379
Administration fee	-	248	(248)	-
Consolidation rebate fees	-	687	-	687
Contracted services	201	-	-	201
Provision for loan losses	-	(132)	-	(132)
Total operating expenses	274	5,549	(248)	5,575
Operating income	(26)	670	-	644
Nonoperating income (expenses)				
Investment income	22	205	-	227
Contributions to CHESLA	(750)	(3,500)	-	(4,250)
Total nonoperating expenses	(728)	(3,295)	-	(4,023)
Change in net position	(754)	(2,625)	-	(3,379)
Net position, July 1, 2022	795	22,189	-	22,984
Net position, June 30, 2023	$ 41	$ 19,564	$ -	$ 19,605

Compliance

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Connecticut Health and Educational Facilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Connecticut Health and Educational Facilities Authority as of and for the year ended June 30, 2023, which collectively comprise Connecticut Health and Educational Facilities Authority's basic financial statements, and have issued our report thereon dated September 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Connecticut Health and Educational Facilities Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Connecticut Health and Educational Facilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Connecticut Health and Educational Facilities Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Connecticut Health and Educational Facilities Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Connecticut Health and Educational Facilities Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut Health and Educational Facilities Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whittlesey PC

Hartford, Connecticut
September 20, 2023

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Connecticut Higher Education Supplemental Loan Authority

Exhibit B – In-School Loans Disbursed by Bond Series

Institution	Pre-2003 Series AB Number of Loans Disb.	Pre-2003 Series AB Amount of Loans Disb.	2003 Series A/B Number of 4.99% Loans Disb.	2003 Series A/B Amount of 4.99% Loans Disb.	2005 Series A Number of 5.50% Loans Disb.	2005 Series A Amount of 5.50% Loans Disb.	2006 Series A Number of 6.15% Loans Disb.	2006 Series A Amount of 6.15% Loans Disb.	2007 Series A Number of 6.99% Loans Disb.	2007 Series A Amount of 6.99% Loans Disb.
Total Disbursed to Students-Attending Connecticut Institutions	15,219	$140,759,469	1,558	$19,523,554	1,500	$23,360,653	1,842	$21,377,317	3,189	$28,440,768
10.98% Loans	1,575	$9,138,627.00								
Total Disbursed to CT Students- Attending Out-of-State Institutions	3,600	$36,178,687	410	$5,502,189	366	$4,960,399	466	$5,149,868	999	$9,430,573
Grand Total	20,394	$186,076,783	1,968	$25,025,743	1,866	$28,321,052	2,308	$26,527,185	4,188	$37,871,341

Institution	2009 Series A		2010 Series A		2013 Series A/B		2014 Series A/B		2015 Series A & Equity	
	Number of 6.80% Loans Disb.	Amount of 6.80% Loans Disb.	Number of 5.95% Loans Disb.	Amount of 5.95% Loans Disb.	Number of 5.99% Loans Disb.	Amount of 5.99% Loans Disb.	Number of 6.75% Loans Disb.	Amount of 6.75% Loans Disb.	Number of 4.95% Loans Disb.	Amount of 4.95% Loans Disb.
Total Disbursed to Students-Attending Connecticut Institutions	1,889	$16,221,204	2,353	$22,158,824	1,482	$14,061,611	1,372	$12,391,720	745	$7,157,324
10.98% Loans										
Total Disbursed to CT Students- Attending Out-of-State Institutions	959	$8,482,377	1,676	$15,230,410	1,135	$11,197,423	1,172	$11,613,082	514	$5,290,560
Grand Total	2,848	$24,703,581	4,029	$37,389,234	2,617	$25,259,034	2,544	$24,004,802	1,259	$12,447,884

Institution	2016 Series A & Equity Number of 4.95% Loans Disb.	2016 Series A & Equity Amount of 4.95% Loans Disb.	2017 Series A Number of 4.95% Loans Disb.	2017 Series A Amount of 4.95% Loans Disb.	2017 Series C Number of 4.95% Loans Disb.	2017 Series C Amount of 4.95% Loans Disb.	2018 Series A Number of 4.95% Loans Disb.	2018 Series A Amount of 4.95% Loans Disb.
Total Disbursed to Students-Attending Connecticut Institutions	893	$8,143,558	1,396	$13,609,396	593	$6,134,451	541	$4,900,061
10.98% Loans								
Total Disbursed to CT Students- Attending Out-of-State Institutions	844	$9,227,530	1,139	$12,450,066	449	$5,189,676	496	$5,637,037
Grand Total	1,737	$17,371,088	2,535	$26,059,462	1,042	$11,324,127	1,037	$10,537,098

Institution	2019 Series B		2020 Series B		2021 Series B		2022 Series B	
	Number of 5.15% Loans Disb.	Amount of 5.15% Loans Disb.	Number of 5.15% Loans Disb.	Amount of 5.15% Loans Disb.	Number of 4.59% Loans Disb.	Amount of 4.59% Loans Disb.	Number of 5.49% Loans Disb.	Amount of 5.49% Loans Disb.
Total Disbursed to Students-Attending Connecticut Institutions	1,175	$11,937,449	885	$9,118,950	891	$9,433,447	550	$5,707,456
10.98% Loans								
Total Disbursed to CT Students- Attending Out-of-State Institutions	1,074	$13,197,049	850	$9,771,340	791	$9,394,342	546	$6,130,665
Grand Total	2,249	$25,134,498	1,735	$18,890,290	1,682	$18,827,789	1,096	$11,838,121

Institution	Total Number Of Students	Total Distribution to Students
Total Disbursed to Students-Attending Connecticut Institutions	**38,073**	**374,437,211**
10.98% Loans	**1,575**	**9,138,626**
Total Disbursed to CT Students- Attending Out-of-State Institutions	**17,486**	**184,033,272**
Grand Total	**57,134**	**$567,609,109**

Exhibit C – CHESLA Need-Based Scholarship Disbursements to Schools

2022-2023

Institution	Classification	Funds Disbursed	Students Impacted
Albertus Magnus College	Private Institution	$6,000	2
Asnuntuck Community College	Community College	$0	0
Capital Community College	Community College	$4,250	2
Central CT State Univ.	State Institution	$30,000	10
Charter Oak State College	State Institution	$3,000	1
Connecticut College	Private Institution	$3,000	1
Eastern CT State Univ.	State Institution	$30,000	10
Fairfield University	Private Institution	$3,000	1
Gateway Community College	Community College	$0	0
Goodwin University	Private Institution	$27,750	12
Holy Apostles College	Private Institution	$3,000	1
Housatonic Community College	Community College	$1,250	1
Lyme Academy College of Fine Arts	Private Institution	$0	0
Manchester Community College	Community College	$23,750	10
Middlesex Community College	Community College	$2,500	2
Mitchell College	Private Institution	$6,000	2
Naugatuck Valley Community College	Community College	$0	0
Northwestern CT Community College	Community College	$3,000	1
Norwalk Community College	Community College	$10,250	4
Quinebaug Valley Community College	Community College	$0	0
Quinnipiac University	Private Institution	$18,000	6
Sacred Heart University	Private Institution	$34,250	14
Southern CT State Univ.	State Institution	$36,000	12
St. Vincent's College	Private Institution	$0	0
Three Rivers Community College	Community College	$17,500	14
Trinity College	Private Institution	$0	0
Tunxis Community College	Community College	$0	0
University of Bridgeport	Private Institution	$15,000	5
University of Connecticut	State Institution	$147,000	49
University of Hartford	Private Institution	$24,000	8
University of New Haven	Private Institution	$21,000	7
University of Saint Joseph CT	Private Institution	$28,500	10
Wesleyan University	Private Institution	$6,000	2
Western CT State Univ.	State Institution	$9,000	3
Yale University	Private Institution	$3,000	1
		$516,000	**191**

CHESLA™
Connecticut Higher Education Supplemental Loan Authority

Exhibit D – CHESLA Loan Program and Refi CT Program Manuals

CONNECTICUT HIGHER EDUCATION

SUPPLEMENTAL LOAN AUTHORITY

CHESLA LOAN PROGRAM

PROGRAM MANUAL

ADOPTED AUGUST 14, 1996,

AMENDED AS OF DECEMBER 10, 1999
AMENDED AS OF OCTOBER 2, 2001
AMENDED AS OF JULY 30, 2008
AMENDED AS OF MAY 8, 2014
AMENDED AS OF MAY 15, 2015
RESTATED AND AMENDED AS OF JANUARY 5, 2018*
AMENDED AS OF OCTOBER 11, 2018
AMENDED AS OF OCTOBER 31, 2019
AMENDED AS OF APRIL 30, 2020
AMENDED AS OF MARCH 3, 2022
* * * * * * * * * *

*Includes amendments authorized on April 26, 2016 to extend the interest only payment period for a maximum of eight (8) years for loans originated with proceeds of the 2016 Series A Bonds and Bonds issued thereafter.

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I. GUIDELINES

A. PURPOSE

The Connecticut Higher Education Supplemental Loan Authority is a public institution founded for the purpose of providing long-term, low interest education loans for Connecticut students attending colleges and universities within the United States of America and its possessions and for out-of-state students attending colleges and universities within Connecticut.

In accordance with the policy and provisions of Chapter 187b of the Connecticut General Statutes, as amended, the CHESLA Loan Program seeks to provide long-term education loans for students to pay the costs of their higher education.

B. DEFINITIONS

Unless otherwise expressly stated herein or unless the context otherwise requires, the following definitions shall apply with respect to this Program Manual:

"Acts" means the Connecticut Higher Education Supplemental Loan Authority Act, being Chapter 187b of the General Statutes of Connecticut, Sections 10a-221 through 10a-246, inclusive, and Chapter 187 of the General Statutes of Connecticut, Section 10a179a, as heretofore amended and as further amended from time to time.

"Applicant" means any individual who is an Eligible Undergraduate Student, an Eligible Graduate Student, and any parent, legal guardian, or sponsor or an Eligible Undergraduate Student or Eligible Graduate Student attending an Eligible College or University, who completes, signs and submits an Application on behalf of such student with the intention of being accepted as a Borrower or Co-Borrower under the Program.

"Application" means an application for a CHESLA Loan Program Loan submitted to the Authority in the form prescribed by the Authority from time to time, together with such supporting information and documentation as the Authority may reasonably require prior to a final determination with respect thereto.

"Approval Disclosure Statement" means the closed-end disclosure statement provided to the Applicant at the time the Loan is approved as required by the federal Truth-in-Lending Act, or as otherwise required by law.

"Authority" means the Connecticut Higher Education Supplemental Loan Authority, a body politic and corporate of the State of Connecticut, constituting a public instrumentality and subsidiary of the Connecticut Health and Educational Facilities Authority, created by the Acts.

"Bonds" means all bonds issued by the Authority the proceeds of which are used to fund Loans under the Program.

"Borrower" means any approved Applicant who has agreed to repay a Loan and who obtains a Loan in accordance with the terms and conditions of a Promissory Note (See also Co-Borrower).

"Business Day" means any day other than Saturday, Sunday, or a day on which banks located in the city in which the principal office of the Trustee or the Servicer is located are required or authorized to remain closed.

“Capitalized Interest” means accrued and unpaid interest added to the principal balance of a Loan. The sum is thereafter considered the principal, and interest will accrue on the new principal balance.
“Capitalized Interest Loan” means an Education Loan made to an Eligible Graduate Student which provides for the capitalization of interest during the Capitalized Interest Period.

“Capitalized Interest Period” means the period during which interest on a Capitalized Interest Loan is deferred and added to the principal balance of the Capitalized Interest Loan and subject to additional interest, which shall be the period while the Eligible Graduate Student is enrolled in an Eligible College or University and for a six month period after the Eligible Graduate Student is no longer enrolled, which period shall not exceed five (5) years, or such lesser period specified by the Borrower.

“Carry-Over Amount” means, with respect to the proceeds of Bonds of the Authority up to $500,000 of the proceeds of a Series of Bonds which may be used to make loans bearing such stated rate of interest as the Authority shall determine in accordance with the provisions of the Resolution and any related Tax Compliance Agreement entered into by the Authority in connection with the issuance of such Series of Bonds.

“Co-Applicant” means any Applicant other than the Eligible Student.

“Co-Borrower” means any parent, legal guardian or sponsor of an Eligible Student attending an Eligible College or University who has agreed to repay a Loan and is jointly and severally liable with a Borrower for the repayment of a Loan, in accordance with the terms and conditions of a Promissory Note.

“Cost of Education” means the cost of education for a Loan Year as certified by the financial aid administrator at the Eligible College or University and is to include direct and indirect costs associated with attendance at such Eligible College or University, but shall not exceed the amounts determined by the United States Department of Education to be the cost of education, except as otherwise determined by the Executive Director and the Deputy Director, or either of them.

“Cumulative Principal Balance” means the cumulative outstanding balance of a student Borrower’s Loans.

“Current Year Loan” means a Loan other than a Tuition Prepayment Loan and may include a Loan to cover an Eligible Student’s Cost of Education for the next preceding Loan Year.

“Default” means (1) the failure to make any Loan payment more than one hundred and twenty (120) days after it is due; (2) the breach of any promise contained in the Promissory Note or any agreement between the Authority and a Borrower and/or Co-Borrower, if any; (3) the Borrower or Co-Borrower, if any, becoming insolvent, making an assignment for the benefit of creditors, having a receiver appointed, or having a petition for bankruptcy commenced by or against the Borrower or Co-Borrower; and (4) providing any information or making any representation on the Application or any agreement between the Authority and Borrower and/or Co-Borrower, if any, that is not true.

“Delinquent Loans” means all Loans for which any payment is thirty (30) days or more past due.

“Disaster Forbearance” means Forbearance based upon a Borrower or Co-Borrower residing in a Natural Disaster Zone(s).

“Electronic Fund Transfer” means the electronic method of disbursing proceeds of an Education Loan on behalf of an Eligible Student as set forth in an agreement entered into by the Authority, acting by its duly authorized officer, the Servicer and the Trustee and an electronic method of receiving payments on Loans utilized by the Servicer.

"Eligible College or University" means any non-profit degree-granting educational institution within the United States of America and its possessions authorized by law to provide a program of education beyond the high school level and (1) described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or any subsequent corresponding Internal Revenue Code, as from time to time amended, and exempt from Federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, or any subsequent corresponding Internal Revenue Code, as from time to time amended, with respect to a trade or business carried on by such institution which is not an unrelated trade or business, determined by applying Section 513(a) of the Internal Revenue Code of 1986, or any subsequent corresponding Internal Revenue Code, as from time to time amended, to such institution, or a foundation established for its benefit; (2) exempt from taxation under said code as a governmental unit; (3) exempt from taxation under said code pursuant to Section 170(c)(1); and the Connecticut Alternate Route to Certification Program.

"Eligible Graduate Student" means a student who is a resident of Connecticut and who is enrolled in and pursuing an educational program leading to a post-baccalaureate certificate or a masters, doctorate or professional degree at an Eligible College or University on at least a half-time basis as defined by such college or university, who is in good academic standing and is making satisfactory progress, as determined by such college or university. "Eligible Graduate Student" also means a student who is not a resident of Connecticut, but who is enrolled and pursuing such an educational program at an Eligible College or University in Connecticut, on at least a half-time basis as defined by such college, university, or program, who is in good academic standing and is making satisfactory progress, as determined by such college or university.

"Eligible Non-U.S. Citizen" means an individual that would be an eligible noncitizen for purposes of the U.S. Department of Education Direct Loan Program.

"Eligible Student" means an Eligible Graduate Student or an Eligible Undergraduate Student.

"Eligible Undergraduate Student" means a student who is a resident of Connecticut and who is enrolled in and pursuing an educational program leading to a certificate or an associate or baccalaureate degree at an Eligible College or University, or a student enrolled in the Connecticut Alternate Route to Certification Program, on at least a half-time basis as defined by such college, university, or program, who is in good academic standing and is making satisfactory progress, as determined by such college, university, or program. "Eligible Undergraduate Student" also means a student who is not a resident of Connecticut, but who is enrolled and pursuing such an educational program at an Eligible College or University in Connecticut, or a student enrolled in the Connecticut Alternate Route to Certification Program, on at least a half-time basis as defined by such college, university, or program, who is in good academic standing and is making satisfactory progress, as determined by such college, university, or program.

"Final Disclosure Statement" means the closed-end disclosure statement provided to the Borrower and any Co-Borrower before Loan proceeds are disbursed as required by the federal Truth-in-Lending Act, or as otherwise required by law.

"Financial Hardship Forbearance" means Forbearance due to a Borrower's or Co-Borrower's financial difficulty.

"Forbearance" means a temporary modification of the monthly Loan payment obligation of a Borrower or Co-Borrower.

"Interest Only Payment Period" means the period during which a Borrower or any Co-Borrower pays interest only on the Loan, which shall be while the Eligible Student is enrolled in an Eligible College or University and for a six month period after the Student is no longer enrolled, but which period shall not exceed five (5) years or, if the Loan was originated with proceeds of the 2016 Series A Bonds and Bonds issued thereafter, eight (8) years.

"Loan" or "Education Loan" means a loan originated by the Authority under the Program and disbursed from the proceeds of the Bonds, including a Capitalized Interest Loan, and any other loan which the Authority determines to originate or administer under the Program.

"Loan Year" means a period of twelve consecutive months, commencing September 1 and ending August 31 each year, in which an Eligible Student is attending an Eligible College or University on at least a half-time basis.

"Major Disaster Declaration" means a declaration, made by the President of the United States, declaring a major natural disaster for a designated area(s) of a state.

"Natural Disaster Zone(s)" means the area(s) of a state, affected by a natural disaster, identified in a Major Disaster Declaration.

"Net Cost of Education" means the Cost of Education as calculated by the College or University, minus any financial assistance including education loans, work study, grants, scholarships, etc. awarded for the period for which the Loan is requested (Social Security and Veterans' Administration benefits should not be considered financial aid).

"Prepayable Costs" means tuition and fees, and room and board, as detailed in Section D(3)(a)(i) and (ii) hereof.

"Principal and Interest Repayment Period" means the period during which a Borrower or any Co-Borrower repays the Loan in level monthly installments of principal and interest.

"Private Education Self-Certification Form" means the form provided to, and completed by, an Applicant, as required by 15 U.S. Code Sec. 1638 (3)(e)(A)."Program" means the CHESLA Loan Program described herein.

"Promissory Note" means the note signed by a Borrower and any Co-Borrower promising to pay the Authority and evidencing a Loan, in the form prescribed by the Authority from time to time.

"Reserve Fee" means the non-refundable fee, if any, as the Authority shall determine in connection with each Series of Bonds used to finance Education Loans, paid by the Borrower to the Authority out of the proceeds of each such Loan at the time of disbursement thereof.

"Resolution" means any resolution of the Authority, as supplemented and amended, pursuant to which have been issued Bonds to fund the Program..

"Servicer" means the entity with whom the Authority contracts (which may be the Trustee) for the purpose or providing services with respect to the origination, servicing and administration of Education Loans, or any other service offered by the Authority under the Program.

"Trustee" means the trustee under the Resolution.

"Tuition Prepayment Loan" means a Loan made for payment or reimbursement of a payment made pursuant to a Tuition Prepayment Plan.

"Tuition Prepayment Plan" means any plan adopted by an Eligible College or University whereby an Eligible Student's Prepayable Costs, or any portion thereof, as determined by the Eligible College or University, may be prepaid.

C. OVERVIEW OF CHESLA LOAN PROGRAM

1. Amount.

(a) Current Year Loan. A Loan may be made in a principal amount of not less than $2,000 and not more than the Eligible Student's Net Cost of Education in any one Loan Year. In no Loan Year shall the total of all forms of financial assistance (including Loans under the Program) exceed the Cost of Education.

(b) Tuition Prepayment Loan. A Loan may be made in a principal amount of not less than $2,000 and not more than $125,000 in any one Loan Year, for the purpose of prepaying any one Eligible Student's Prepayable Costs pursuant to a Tuition Prepayment Plan.

(c) Maximum Borrowing. In no case may any student Borrower borrow proceeds that would result in the student Borrower's Loans having a Cumulative Principal Balance in excess of $125,000.

2. Frequency of Loans. There is no limit on the number of separate Loans a Borrower may apply for and accept during a Loan year.

3. Interest Rate. Loans shall bear interest at the rate or rates as the Authority shall determine in connection with each Series of Bonds used to finance Education Loans. Interest due is calculated daily based on the actual number of days, elapsed, or as otherwise determined by the Authority.

4. Repayment Term and Schedule.

(a) For Education Loans other than Capitalized Interest Loans, the initial monthly payment of interest only will be due thirty (30) to sixty (60) days from the date of the disbursement. Interest-only payments shall be paid while the student is enrolled in school and for a six-month period after the student is no longer enrolled, for a maximum period of five (5) years or, for Education Loans, other than Capitalized Interest Loans, originated with proceeds of the 2016 Series A Bonds and Bonds issued thereafter, eight (8) years. Thereafter, level payments of principal and interest on the Loans shall be paid monthly until maturity, which shall be 140 months after the date of the first principal payment. Loans may be prepaid prior to their maturity date.

(b) For Capitalized Interest Loans, interest will accrue and be added to the principal Loan balance annually beginning on a date which is not more than one year following the date of disbursement and continuing annually thereafter during the Capitalized Interest Period and ending on the last day of the Capitalized Interest Period, so that an increased principal Loan balance shall be computed annually upon which interest shall accrue. Level payments of principal and interest shall commence upon the expiration of the

Capitalized Interest Period and shall be paid monthly until maturity, which shall be 140 months after the date of the first principal payment. All Loans must be repaid in full on or prior to their maturity date. Loans may be prepaid prior to their maturity date. .

5. Promissory Note. Each Loan will be evidenced by a Promissory Note executed by the Borrower and any Co-Borrower. A Promissory Note will be sent to the Borrower and any Co-Borrower for execution upon approval of the Application by the Servicer, as authorized by the Authority.

6. Additional Security. In the event the Authority and the Servicer enter into an agreement for the purpose of servicing Loans to which additional security has been pledged, Borrowers and Co-Borrowers may, to the extent permitted thereby and in accordance with the procedures and subject to the limitations set forth therein, deliver such documents as are specified therein for the purpose of securing an Education Loan.

7. Reserve Fee. The non-refundable Reserve Fee will be paid by the Borrower from the proceeds of each Loan at the time of disbursement thereof.

8. Nondiscrimination. The Authority shall not discriminate on the basis of the location within the United States and its possessions of the Eligible College or University or on the basis of the residency of Eligible Students attending Eligible Colleges or Universities located in Connecticut.

9. Borrowers and Co-Borrowers not to Acquire Bonds. Each Borrower and any Co-Borrower, shall agree that neither the Borrower, the Co-Borrower, nor any person who is a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, has or will acquire any of the Bonds in an amount related to any Loan received by such Borrower.

10. Release of Co-Borrowers. In connection with Education Loans originated with proceeds of the 2014 Series A Bonds and bonds issued thereafter, upon request, a Co-Borrower may be released from responsibility for repayment of a Loan for which not fewer than 60 consecutive timely payments of principal and interest have been received following the end of the Interest Only Payment Period, and for which the remaining Borrower would satisfy the then current credit criteria for Education Loan eligibility as set forth in Section E. A payment shall be considered timely so long as it is received not later than ten days after the due date therefor and all other payments within the prior twelve-month period have been received on or before the due dates therefor. The Authority may charge a fee for processing any such request for release. Provided that for Education Loans originated on or after March 10, 2022, the provisions of this subsection shall not apply to Co-Borrowers who are residents of Colorado or Maine.

11. Disclosures. The Approval Disclosure Statement and Final Disclosure Statement shall be provided as required by applicable law and as agreed to between the Authority and the Servicer.

D. APPLICATION PROCESS

1. Obtaining the Application. The Authority shall make Applications available, on its internet website or in such other manner as the Authority may determine.

2. Submitting the Application. An Applicant seeking a Loan must be a U.S. citizen or an Eligible Non-U.S. Citizen and must submit a completed Application to the address stated on the Application or in such other manner as the Authority may prescribe. A School Certification Form in the form or medium prescribed by the Authority from time to time must be forwarded to the Eligible College or University's financial aid office. An Application is complete when the Applicant and any Co-Applicant furnish all required documentation and information on the Application, and when a School Certification Form and a Private Education Loan Self-Certification Form has been completed and returned to the Servicer.

3. School Certification Form and Calculation of Net Cost of Education. The financial aid administrator completes the School Certification Form. The School Certification Form includes (a) a representation that the institution in which the Eligible Student is enrolled is an Eligible College or University, (b) a confirmation that the student is enrolled at such institution on at least a half-time basis and is making satisfactory progress, (c) a determination and certification of the expected Cost of Education and the Net Cost of Education and (d) with respect to Capitalized Interest Loans, a determination and certification that the Eligible Student meets the requirements of an Eligible Graduate Student. The following shall be used by each Eligible College or University in estimating the expected Cost of Education:

a. Direct Costs:

(i) Tuition & Fees: The amount paid or expected to be paid directly to the Eligible College or University for such charges for the period covered by the Loan.

(ii) Room & Board: If a student resides at the Eligible College or University, the amount to be paid to the Eligible College or University for such charges for the period covered by the Loan.

(iii) Books & Supplies: An allowance as determined by the Eligible College or University.

b. Indirect Costs:

(i) Room & Board: If a student does not reside at the Eligible College or University, an allowance as determined by the Eligible College or University, for each month of expected attendance during the Loan Year, which shall not exceed the amount of such costs as determined by the United States Department of Education, provided that the Executive Director and the Deputy Director, or either of them, shall be authorized to determine such other amount as they shall deem appropriate.

(ii) Miscellaneous Personal Expenses: An allowance as determined by the Eligible College or University, for each month of expected attendance.

The financial aid office, after completing the School Certification Form, shall return it as the Authority shall direct.

E. LOAN ORIGINATION

1. Application Processing by the Servicer. Upon receipt of a completed Application, including the School Certification Form and Private Education Loan Self-Certification Form, the Servicer shall:

   a. Check for completeness of the Application, including the School Certification Form and Private Education Loan Self-Certification Form, including all necessary attachments. Applications for Capitalized Interest Loans shall be accepted only upon the Servicer's determination that the Borrower is an Eligible Graduate Student. If an Application is incomplete or otherwise rejected, the Servicer may return the document, or send a form for correction or completion of information contained in the document, to the Applicant or any Co-Applicant, as appropriate, for missing information;

   b. Verify the Applicant's and any Co-Applicant's income(s);

   c. Verify the employment status of the Applicant and any Co-Applicant in such manner as the Authority may prescribe;

   d. Request and review the Credit Report(s) of the Applicant and/or any Co-Applicant and investigate any derogatory information contained therein to the extent deemed necessary;

   e. Review Form 1040, as agreed by the Authority and the Servicer;

   f. Review and verify that Applicant and/or any Co-Applicant have acceptable credit history with current and former creditors;

   g. Review the credit reports according to the following guidelines: judgments, liens, bankruptcies by or against the Applicant or any Co-Applicant, and defaults by the Applicant or any Co-Applicant on installment loans of any type, including other education loans, to the extent deemed necessary in order to make the recommendation required;

   h. Review to determine that the Applicant, any Co-Applicant, and the Loan, if made, would meet the requirements of the Program; for example, with respect to the amount of the Loan to be made in one Loan Year and the aggregate amount the Borrower and any Co-Borrower may borrow for one Eligible Student over the life of the Program.

   i. Review to determine that the Applicant and any Co-Applicant, is of a legal age to commit to a contract.

   j. Review and determine that the Applicant and any Co-Applicant, is a U.S. citizen or Eligible Non-U.S. Citizen.

2. Debt-to-Income Determination by Servicer. The Servicer shall calculate a debt-to-income ratio based on information provided on the Application. For Loans originated prior to June 15, 2015, total monthly debt obligations plus the total monthly housing expense (rent or mortgage payments) may not exceed 40% of the stable gross monthly

income. For Loans originated on and after June 15, 2015, total monthly debt obligations plus the total monthly housing expense (rent or mortgage payments) may not exceed 43% of the stable gross monthly income. For purposes of calculating a debt-to-income ratio of the Applicant or any Co-Applicant for Capitalized Interest Loans, the Servicer shall calculate the Capitalized Interest Loan principal amount as of the end of the Capitalized Interest Period. If debt-to-income ratio is satisfactory, the Servicer will complete the credit analysis. If debt-to-income ratio exceeds the amount permitted in this Section E.2, Servicer will reject Application or follow the procedures under Section F.1. or F.2.

3. Credit Analysis by the Servicer. The Servicer shall perform a credit analysis in keeping with normal industry standards and shall consider such factors as it shall mutually agree upon with the Authority.

4. Credit History. The Servicer shall obtain a written credit report prepared by a commercial credit reporting agency with respect to each Application.

   a. To be eligible, no Applicant or any Co-Applicant may have any record of an education loan default.

   b. The Servicer shall review the credit report to determine:

      (i) That no more than one account is rated sixty (60) or more days delinquent at the time of the credit report.

      (ii) That no more than two accounts have been sixty (60) or more days delinquent during the preceding two (2) years.

      (iii) That no account has been delinquent ninety (90) or more days during the preceding two (2) years.

      (iv) That there is no record of a collection or charged-off account during the preceding two (2) years.

      (v) That there is no record of a foreclosure, repossession, open judgment or suit, or other negative public record items in the past seven (7) years.

      (vi) That there is no record of a bankruptcy.

   Credit reports that list any of the above conditions may result in a rejection of the Applicant's application.

   If any of the above items adversely affect credit-worthiness or differ substantially from the information on the Application, the Servicer may, with the consent of the Authority, consult with the Applicant and any Co-Applicant and obtain written explanations of any problems satisfactory to the Servicer and the Authority before considering the Loan further.

F. LOAN APPROVAL/DISAPPROVAL

1. Limited Review of Applications Which Exceed Debt-to-Income Ratio. On a limited basis, the Servicer may review with the Authority Applications which exceed the debt-to-

income ratio or otherwise do not meet the credit criteria, and decide in consultation with the Authority whether such Applications can be shown to support the credit-worthiness of the Applicant and/or any Co-Applicant. However, the principal amount of Loans approved pursuant to this Section may not exceed the maximum amount of such Loans permitted, as determined by the Authority in connection with each Series of Bonds. The Executive Director and CHESLA authorized officers are authorized to approve the making of any such Loan.

2. Approval of Loans in Lesser Amount. If the Servicer determines that the Applicant is eligible for a Loan in an amount less than that applied for, the Servicer shall recommend a lesser Loan amount which would enable the Applicant to qualify.

3. Notice of Adverse Determination. If the Servicer determines that the Applicant's and/or any Co-Applicant's income is insufficient, utilizing the debt-to-income ratio set forth in Section E.2., or if credit history does not meet the Authority's standards, or the Application is rejected for any other reason the Servicer shall send a notice to the Applicant advising the reasons for rejection, to the extent required by law and shall send a notice to any Co-Applicant as required by applicable law.

4. Time Period for Approval/Disapproval. The Servicer shall approve or disapprove a Loan upon receipt of a completed Loan Application, and the Servicer shall thereafter process all additional Loan documentation, the School Certification Form, Private Education Loan Self-Certification Form and Promissory Note. The time period within which such actions shall occur shall be as agreed upon by the Authority and the Servicer. If the Servicer cannot so act within such time frame, it shall give the Authority, the Applicant, and the Eligible College or University written notice that it will not be able to complete the required processing procedures within the said period, in which case it shall complete the requested processing within twenty (20) Business Days of the receipt of a completed Loan Application, and within ten (10) Business Days of receipt of additional Loan documents, School Certification Forms, Private Education Loan Self-Certification Form and Promissory Notes.

5. Loan Disbursement Process. For each approved Loan,

(a) The Servicer shall:

1. Originate and transmit to the approved Applicant a Promissory Note, to be signed by the Borrower and each Co-Borrower, if any, and returned to the Servicer. In addition, if authorized by the Authority, the Servicer may electronically deliver the Promissory Note to the Borrower and each Co-Borrower, if any, in accordance with the Servicing Agreement or such other processes agreed to by the Authority, to be electronically signed by the Borrower and each Co-Borrower, if any, and delivered to the Servicer.

2. Upon receipt of an executed Note, School Certification Form, and Private Education Loan Self-Certification Form, notify the Authority in report form of Loan approvals and deliver to the Trustee or its agent in such manner as the Authority shall determine the original Note. The Servicer shall keep the Application and shall keep a copy of such Note for safekeeping. The Servicer shall also determine disbursement dates for each approved Loan upon receipt of the executed Note, School Certification Form, and Private Education Loan Self-

Certification Form and shall list such Loan on the disbursement roster, which shall be forwarded to the Authority and the Trustee.

(b) The Trustee shall, upon receipt of a signed Promissory Note, a disbursement roster from the Servicer, and a signed requisition from the Authority, (a) pay from the Loan Account, via such means as the Servicer shall direct, to the Servicer the amount of the Loan less the applicable Reserve Fee and (b) advise the Authority of the disbursement. The Reserve Fee shall be retained in the Loan Account held by the Trustee.

(c) The Servicer shall disburse by check or by Electronic Fund Transfer, to the Institution as specified in the Final Disclosure Statement, the Loan proceeds upon receipt of funds from the Trustee.

(d) The Servicer shall notify major credit bureaus of the making and status of each Borrower's and any Co-Borrower's obligation to the Authority.

6. Receipt of Check. If a Loan is disbursed by check, in the case of a Tuition Prepayment Loan, the check must be endorsed by the Eligible College or University. If the Loan is disbursed by Electronic Fund Transfer, the Eligible College or University receiving such disbursement shall execute such documents as the Authority shall require.

G. LOAN SERVICING AND REPAYMENT

Loans will be serviced by the Servicer in accordance with the following:

1. Transmittal of Information. Eligible Colleges and Universities will forward to the Servicer any changes of name, address, telephone number, date of birth, and social security number of Borrower(s) of which they are aware.

2. Monthly Statements. The Servicer will, with respect to Loans other than Capitalized Interest Loans, within a period of sixty (60) days after the disbursement of funds, commence, and continue throughout the Interest Only Payment Period and the Principal and Interest Repayment Period, to provide monthly statements to the Borrower. The Servicer will, with respect to Capitalized Interest Loans, within a period of sixty (60) days after the expiration of the Capitalized Interest Period, commence, and continue throughout the Principal and Interest Repayment Period, to provide monthly statements to the Borrower. All payments must be made by check or money order payable to the order of the Servicer and mailed to the post office box maintained by the Servicer or as otherwise agreed by the Servicer and the Authority.

3. Processing of Payments Received. The Servicer, on behalf of Authority, will maintain a post office box and an account capable of receiving Electronic Fund Transfers, to receive payments on the Loans, and will transfer such payments into an account maintained by the Trustee, on such basis as the Servicer and the Authority shall agree. Such payments shall be deemed held in trust for the Authority and the bondholders. The Authority and the Trustee shall be responsible for negotiating the terms of said account with respect to fees, interest, and transfers therefrom. The Servicer shall prepare a report monthly with respect to payments received, identifying (to the extent ascertainable) the Borrower with respect to each payment and shall deliver such report to the Authority.

4. Application of Loan Payments. Payments of Loans will be applied, to the extent sufficient, in the following order of priority: (a) fees or charges permitted by applicable law (b) interest and (c) principal. In the event that a Borrower or Co-Borrower shall have more than one Loan outstanding, partial payments shall be applied to each such Loan based upon the percentage each such Loan bears to the total Loans of such Borrower or Co-Borrower outstanding, or as otherwise agreed by the Authority and the Servicer.

5. Loan Repayments. For Loans other than Capitalized Interest Loans, interest-only payments will be due commencing no later than sixty (60) days after disbursement of funds and shall continue during the Interest Only Payment Period. Thereafter level monthly payments of principal and interest shall be due for a period of 140 months, or until the Loan is prepaid, if earlier. For Capitalized Interest Loans, level monthly payments of principal and interest shall be due commencing on the expiration of the Capitalized Interest Period and ending after 140 months or until the Loan is prepaid, if earlier.

6. Prepayments. A Loan may be prepaid. If a Borrower or Co-Borrower wishes to prepay a Loan in full, the Borrower or Co-Borrower must contact the Servicer to determine the amount of principal and interest outstanding. If payment of more than one month is made, which payment is less than full payment of the outstanding Loan balance, the additional moneys will be credited first towards interest and second towards principal by the Servicer, or as otherwise prescribed by the Authority.

7. Payments in Full. Based on information received and its records, the Servicer will notify the Authority of payment in full of a Loan before or at maturity. Upon receipt of payment in full of each account, notification will be given to the Authority in writing that payment in full has been received. For purposes of servicing only, an account will be deemed paid in full if its balance is less than $5.00.

8. Forbearance.

(a) Disaster Forbearance. Upon the declaration of a Major Disaster Declaration, the Servicer shall process the request of any Borrower or Co-Borrower, residing in a Natural Disaster Zone, for a Disaster Forbearance, in accordance with the Servicing Agreement or such other manner as prescribed by the Authority.

(b) Financial Hardship Forbearance. Servicer shall process the application of any Borrower or Co-Borrower, in such form prescribed by the Authority, together with such supporting information and documentation as the Authority may require, for a Financial Hardship Forbearance, and in accordance with the Servicing Agreement or such other manner as prescribed by the Authority.

(c) Interest and Maturity. During the period of any Disaster Forbearance or Financial Hardship Forbearance, any accrued and unpaid interest will be capitalized and added to the principal balance of the Borrower's or Co-Borrower's Loan and such interest will become Capitalized Interest. If Forbearance is granted, the Loan maturity will not extend beyond the maturity date listed on the Final Disclosure Statement. Prior to granting a Forbearance request from any Borrower or Co-Borrower the Servicer shall provide notice to any such individual that the granting of the Forbearance request will change their monthly Loan payment at the conclusion of the Forbearance period, due to the capitalization of interest and the forbearance of principal payments accrued during the Forbearance period.

(d) The provisions of Section G.8. may be modified at the discretion of the Executive Director of the Authority.

H. LOAN COLLECTION PROCESS

1. Servicing of Delinquent Loans. The Servicer must responsibly service Delinquent Loans so as to enable, to the maximum extent possible, payment in full of such Loans on their respective repayment schedules. For accounts which continue to be delinquent, the Servicer must notify the Borrower and any Co-Borrower of the delinquency. If any payment is one hundred twenty (120) days past due, the Servicer will notify the Authority.

2. Delinquency Requirements. The Servicer will send delinquency notices and make contact with the Borrower and any Co-Borrower in accordance with the Servicing Agreement or such other process agreed to by the Authority.

3. Defaults. Upon Default for failure to make any Loan payment more than one hundred and twenty (120) days after it is due date, the Authority will begin collection proceedings against the Borrower and any Co-Borrower upon receipt of the Note from the Trustee and related documents from the Servicer. For the above referenced Default and upon the occurrence of any other Default, the Authority may accelerate the Loan and any amounts due under the Promissory Note and exercise all rights and remedies available under applicable law.

4. Death of Borrower or Co-Borrower. If, at any time, the Servicer is notified or otherwise becomes aware of the death of a Borrower or Co-Borrower, it shall notify the Authority immediately.

5. Loan Discharge - Borrower Death. Loans shall be discharged due to a Borrower's death in accordance with the Servicing Agreement or such other manner prescribed by the Authority.

6. Loan Discharge - Borrower Permanent and Total Disability. Servicer shall process a Borrower's requests to discharge their Loan, based upon their permanent and total disability, in accordance with the Servicing Agreement or such other manner prescribed by the Authority.

7 Bankruptcy. If a Borrower or Co-Borrower is adjudicated bankrupt and has liability for a Loan discharged, the other obligor(s) remains liable for unpaid principal and interest. The Authority and its counsel shall consult with respect to the filing of a claim in any bankruptcy proceeding of a Borrower or Co-Borrower.

8. Due Diligence. The Servicer and any collection agent engaged by the Authority shall exercise reasonable care and due diligence in the collection of Loans made by the Authority and shall utilize collection practices no less extensive and rigorous than those generally in use by commercial lenders for loans of comparable amounts. The Servicer

shall use such collection practices as are set forth in the Servicing Agreement between the Authority and the Servicer.

CONNECTICUT HIGHER EDUCATION

SUPPLEMENTAL LOAN AUTHORITY

CHESLA Refi CT

LOAN PROGRAM MANUAL

ADOPTED MAY 16, 2016
AMENDED OCTOBER 31, 2019
AMENDED APRIL 30, 2020

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GUIDELINES

A. PURPOSE

The Connecticut Higher Education Supplemental Loan Authority is a quasi-public agency of the State of Connecticut established for the purpose of providing lower cost financial assistance for Connecticut residents attending colleges and universities within the United States of America and its possessions and for out-of-state students attending colleges and universities within Connecticut.

In accordance with the policy and provisions of Chapter 187b of the Connecticut General Statutes, as amended, the CHESLA Refinance Loan Program seeks to provide long-term financing for Borrowers who are seeking to refinance their Eligible Education Debt. The CHESLA Refinance Loan may also be used by parents.

B. DEFINITIONS

Unless otherwise expressly stated herein or unless the context otherwise requires, the following definitions shall apply with respect to this Manual:

"Act" means the Connecticut Higher Education Supplemental Loan Authority Act, being Chapter 187b of the General Statues of Connecticut, Sections 10a-221 through 10a-246, inclusive, as heretofore amended and as further amended from time to time.

"Applicant" means any individual who applies for a Program Loan, as a Borrower or a Cosigner, whether or not eligible for such Program Loan.

"Application" means an application for a Program Loan submitted to the Authority in the form prescribed by the Authority from time to time, together with such supporting information and documentation as the Authority may reasonably require prior to a final determination with respect thereto.

"Approval Disclosure Statement" means the closed-end disclosure statement provided to the Applicant at the time the Program Loan is approved as required by the federal Truth-in-Lending Act, or as otherwise required by law.

"Authority" means the Connecticut Higher Education Supplemental Loan Authority, a body politic and corporate of the State of Connecticut, constituting a public instrumentality created by the Act.

"Bonds" means (1) any bonds issued by the Authority the proceeds of which are used to fund Program Loans and (2) any bonds secured by Program Loans.

"Borrower" means an Eligible Borrower who receives a Program Loan.

"Capitalized Interest" means accrued and unpaid interest added to the principal balance of the Loan. The sum is thereafter considered the principal, and interest will accrue on the new principal balance.

“CHESLA Refinance Loan” means a loan made under this program to Borrowers who are seeking to refinance their Eligible Education Debt. The CHESLA Refinance Loan may also be used by parents to refinance Eligible Education Debt.

“Cosigner” means an individual who along with the Borrower is liable for payment of a Program Loan.

“Cumulative Principal Balance” means the cumulative outstanding balance on a Borrower’s Program Loans.

“Defaulted Loans” means all Program Loans for which payment is one hundred and twenty (120) days or more past due.

“Disbursement Date” means the date on which the Program Loan is disbursed on behalf of the Borrower to pay Eligible Education Debt.

“Eligible Borrower” means, subject to eligibility and underwriting criteria: (1) with respect to outstanding CHESLA Loans, a current CHESLA loan borrower and any co-borrower and (2) a student loan beneficiary of Eligible Education Debt who is a Connecticut resident and such student’s parent borrowers.

“Eligible Education Debt” means a loan that is in repayment and (A) may be either (1) a CHESLA loan(s) or (2) a loan(s) made by any other private lender or governmental lender to a student loan beneficiary who is a Connecticut resident, and such student’s parent borrowers, to finance attendance at a Program School and (B) for which there is provided by or on behalf of the Borrower to CHESLA evidence to CHESLA’s satisfaction that at the time of origination the amount of the loan(s) did not exceed the difference between the total cost of attendance and other forms of student assistance for which the student beneficiary was then eligible. [By way of example, the school certification obtained in connection with the origination of CHESLA loans and Parent Loans to Undergraduate Students (PLUS) would satisfy the requirement of (B) above.] For purposes of this definition, “private lender” means a bank, credit union or other commercial lender, and does not mean a natural person. The definition of “Eligible Education Debt” may be limited by the Authority in order to assure or maintain the tax-exempt status of any Bonds.

“Final Disclosure Statement” means the closed-end disclosure statement provided to the Borrower before Loan proceeds are disbursed as required by the federal Truth-in-Lending Act, or as otherwise required by law.

“Hardship Forbearance” At the sole discretion of the Authority, the borrower may be eligible for Hardship Forbearance. Any such forbearance period duration will be approved by the Authority and administered by the Servicer. In the event the Borrower is not required to make monthly interest payments during this period, any accrued and unpaid interest will be capitalized and added to the principal balance of the Loan and such interest will become Capitalized Interest. If forbearance is granted, the Loan maturity will not extend beyond the maturity date listed on the

Final Disclosure Statement. These provisions may be modified at the discretion of the Executive Director of the Authority.

“Loan” means the loan described in the Final Disclosure Statements accepted by the Borrower, plus (1) interest on the principal amount(s) thereof, (2) interest on any Capitalized Interest, and (3) any other charges and fees that may become due as provided in the Promissory Note.

“Loan Amount Requested” means the dollar amount of the Program Loan requested at the time of the Application necessary to pay the outstanding balance of the Eligible Education Debt being refinanced.

“Loan Program” means the CHESLA Refinance Loan Program described herein.

“Military Forbearance” is available any time a Borrower is called to active military service. The Borrower may request a Military Forbearance and any such forbearance, including any modification of the terms of the Loan, will be made in accordance with Servicemembers Civil Relief Act, if applicable, or as otherwise required by law. In the event the Borrower is not required to make monthly interest payments during this period, any accrued and unpaid interest will be capitalized and added to the principal balance of the loan and such interest will become Capitalized Interest. If a forbearance is granted, the loan maturity will not extend beyond the maturity date listed on the Final Disclosure Statement.

“Minimum Payment” means the higher of 1) the consecutive equal monthly installments of principal and interest, calculated to be the amount necessary to amortize the unpaid principal balance (including any Capitalized Interest) of the loan over the months remaining in the Repayment Period, or 2) $50.00.

“Originator” means any qualified entity with whom the Authority contracts for the purpose of providing loan origination and disbursement of Program Loans.

“Program Loan” means a CHESLA Refinance Loan.

“Program School” means any non-profit or governmental degree granting educational institution within the United States of America and its possessions.

“Promissory Note” means the note signed by a Borrower and any Cosigner promising to pay the Authority and evidencing a Loan, in the form prescribed by the Authority from time to time.

“Repayment Period” means the period beginning on the Disbursement Date and continuing for the number of months the Borrower selected in the Application process and shown on the Final Disclosure Statement, up to a maximum of one hundred eighty (180) months.

“Servicer” means the entity with whom the Authority contracts for the purpose of providing loan servicing of Program Loans.

C. OVERVIEW OF THE CHESLA Refi CT LOAN PROGRAM

1. Amount. The minimum Program Loan principal amount is $5,000. The maximum Program Loan principal amount is $125,000. An Applicant may not apply for a loan in a principal amount that exceeds the sum of the Eligible Education Debt payoff balance(s) and accrued and unpaid interest of the Eligible Education Debt to be refinanced. The payoff balance will be evidenced in accordance with requirements established by the Authority. At no point may any Borrower borrow proceeds that would result in the Borrower's Program Loans having a Cumulative Principal Balance in excess of $125,000.

2. Interest Rate. Loans shall bear interest at such rate or rates and in such manner as the Authority shall determine from time to time and as disclosed to the Applicant in the Final Disclosure Statement.

3. Other Charges. Loans shall bear late charges or any other fee, at such rate or rates and in such manner as the Authority shall determine from time to time and as disclosed to the Applicant in the Final Disclosure Statement.

4. Repayment Term and Schedule. The initial monthly payment will be due thirty (30) to forty-five (45) days from the Disbursement Date. Consecutive monthly installments of principal and interest, calculated to be the amount necessary to amortize the unpaid principal balance of the Loan over the months remaining in the Repayment Period will be required. However, the monthly payment shall not be less than fifty dollars ($50). All Loans must be repaid in full on or prior to their maturity date. Loans may be prepaid in full, or in part, with no prepayment penalty.

   The Repayment Period will be determined by the Applicant up to a maximum of one hundred eighty (180) months.

5. Promissory Note. Each Loan will be evidenced by a Promissory Note executed by the Borrower and Cosigner (if any). A Promissory Note will be delivered to the Borrower and any Cosigner for execution upon approval of the Application by the Originator as authorized by the Authority.

6. Nondiscrimination. The Authority shall not discriminate on the basis of the location within the United States and its possessions of the Program School or on the basis of the residency of Eligible Borrowers.

7. Borrowers not to Acquire Bonds. Each Borrower shall agree that neither the Borrower, the cosigner, nor any person who is a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, has or will acquire any of the Bonds in an amount related to any Loan received by such Borrower.

D. APPLICATION PROCESS

1. Obtaining the Application. The Authority shall make Applications available, on its internet website and in such other manner as the Authority may determine from time to time.

2. Submitting the Application. An Applicant seeking a Loan must be a U.S. citizen or a Permanent Resident and submit a completed Application. An Application is complete when the Applicant furnishes all required documentation and information on the Application.

3. Application Notices. The Borrower will be notified of important facts about how refinancing their student loans may affect their rights as it relates to any federal loans included in their Refinance Application, and as to other matters, as required by law.

E. LOAN ORIGINATION

1. Application Processing performed by the Originator. Upon receipt of a completed Application, the Originator shall:
    a. Check for completeness of the Application, including all necessary attachments. If an Application is incomplete or otherwise rejected, the Originator may return the document or send a form for correction or completion of information contained in the document, to the Applicant or Cosigner, as appropriate, for missing information;
    b. Verify Applicant income;
    c. Verify employment status of the Applicant in such manner as the Authority may prescribe from time to time;
    d. Request and review the credit report of the Applicant and investigate any derogatory information contained therein to the extent deemed necessary;
    e. Review the credit reports according to the following guidelines: judgments, liens, bankruptcies by or against the Applicant and defaults by the Applicant on installment loans of any type, including other education loans, to the extent deemed necessary in order to make the recommendation required;
    f. Review to determine that the Applicant and the Program Loan, if made, would meet the requirements of the Program.
    g. Review to determine that the Applicant is of a legal age to commit to a contract.
    h. Confirm the Applicant's Eligible Education Debt balances in a manner agreed to by the Authority and the Originator.

2. Debt-to-Income-Determination by Originator.
The Originator shall calculate a debt-to-income ratio based on information provided on the Application. Total monthly debt obligations plus the total monthly housing expense (rent or mortgage payments) may not exceed 43% of the stable gross monthly income. If the debt-to-income ratio is satisfactory, the Originator will complete the credit analysis. If the debt-to-income ratio exceeds the amount permitted in this Section, the Originator will follow the procedures under Section F.1 or F.2.

3. Credit Override. The credit status of a qualified Cosigner may be relied upon to override an Applicant's credit denial in the event the Applicant does not meet the minimum Debt-to-Income Requirement.

4. Credit Analysis. The Originator performs a credit analysis in keeping with normal industry standards and shall consider such factors as it shall mutually agree upon with the Authority from time to time.

5. Credit History. The Originator shall obtain a written credit report prepared by a commercial credit reporting agency with respect to each Application. In addition to the criteria described herein, Applicants must meet minimum FICO scores established by the Authority from time to time.
    a. To be eligible, no Applicant may have any record of an education loan default.
    b. The Originator shall review the credit report to determine:
        i. That no more than one account is rated ninety (90) or more days delinquent in the past twelve (12) months
        ii. That no collection or charged off accounts exist in the past twelve (12) months
        iii. That there is no record of a bankruptcy, foreclosure, repossession, wage garnishments, unpaid tax liens, or unpaid judgments or suits, or other unpaid negative public record items in the past five (5) years.

Credit reports that list any of the above conditions may result in a rejection of the Applicant's application.

Errors in the credit report may be corrected upon submission of appropriate documentation by the Applicant.

F. LOAN APPROVAL/DENIAL

1. Limited Review of Applications Exceeding the Debt-to-Income Ratio. On a limited basis, the Originator may submit to the Authority Applications which exceed the debt-to-income ratio or otherwise do not meet the credit criteria, and the Authority, in its sole discretion, may approve the Loan. The Executive Director and CHESLA authorized officers are authorized to approve the making of such Loan, subject to the limitations set forth in any resolution of the Authority.

2. Notice of Adverse Determination. If the Originator determines that the Applicant does not meet the Authority's standards or if the Applicant is rejected for any other reason the Originator shall send an adverse action notice as required by law advising the Applicant of the reasons for rejection.

3. Time Period for Approval/Disapproval. The Originator shall approve or deny a Loan upon receipt of a completed Loan Application, and the Originator shall thereafter process all additional loan documentation. The time period within which such actions

shall occur shall be as agreed upon by the Authority and the Originator from time to time and will not exceed any time periods required by law.

4. Loan Disbursement Process. For each approved Loan, the Originator shall:
   Deliver to the approved Applicant, a Promissory Note to be signed by the Borrower and any Cosigner. The Applicant may sign the Application/Promissory Note manually and return the application with all supporting loan documents. The Applicant may also choose to e-sign the Application/Promissory Note and provide all supporting loan documents (via fax, regular mail or secure email via the application portal), to the Originator. Applications will be considered complete when the Applicant submits all necessary documents.

   i. Upon receipt of an executed Promissory Note, notify the Authority of loan approvals. The Originator shall maintain the Application and the evidence of loan origination including a copy of the Promissory Note for safekeeping.

   ii. The Originator will remit the loan payoff amounts on behalf of CHESLA for credit to the Borrower's Eligible Education Debt. The loan servicers of the refinanced Eligible Education Debt will be responsible for processing any overpayments or underpayments according to their operating policies. Any underpayment of the refinanced Eligible Education Debt will result in continued billing by the loan servicer of the refinanced Eligible Education Debt until the loan is paid in full, and the Borrower shall remain liable for all such payments.

   iii. The Originator will provide the Servicer will all loan information necessary to service the Loan.

G. LOAN SERVICING AND REPAYMENT

Loans will be serviced by the Servicer in accordance with the following:

1. Monthly Statements. The Servicer will, with respect to Loans, within a period of forty-five (45) days after the disbursement of funds, commence, and continue monthly throughout the Repayment Period, to deliver statements to the Borrower.

2. Processing of Payments Received. The Servicer, on behalf of Authority, will receive payments on the Loans, and will transfer such payments into an account maintained by the Trustee, on such basis as the Servicer and the Authority shall agree. Such payments shall be deemed held in trust for the Authority and the holders of any Bonds. The Authority and the Trustee shall be responsible for negotiating the terms of said account with respect to fees, interest and transfers therefrom. The Servicer shall prepare a report monthly with respect to payments received, identifying (to the extent ascertainable) the Borrower with respect to each payment and shall deliver such report to the Authority.

3. Application of Loan Payments. Payments of Loans will be applied, to the extent sufficient, in the following order of priority: (a) late fees and other charges, (b) interest and (c) principal.

4. Loan Repayment. Level monthly payments of principal and interest shall be due for a period not exceeding one hundred (180) months, or until the loan is paid in full, and, except for the final payment, shall not be less than fifty dollars ($50.00) per month.

5. Prepayments. A loan may be prepaid in full or in part at any time.

6. Credit Bureau Reporting. The Servicer shall notify the major credit bureaus of the making and status of each Borrower's and any Cosigner's obligation to the Authority.

H. LOAN COLLECTION PROCESS

1. Servicing of Delinquent Loans. The Servicer must responsibly service Delinquent Loans so as to enable, to the maximum extent possible, payment in full of such Loans on their respective repayment schedules. For accounts which continue to be delinquent, the Servicer must notify the Borrower and any Cosigner of the delinquency. If any payment is one hundred twenty (120) days delinquent, the Servicer will notify the Authority.

2. Delinquency Requirements. The Servicer will send delinquency notices and make contact with the Borrower and any Cosigner in accordance with the Servicing agreement or such other process agreed to by the Authority from time to time.

3. Defaults. The Authority, upon the 120th day of delinquency, will consider the Loan to be in default. The Authority may then begin collection proceedings against the Borrower and any Cosigner.

4. Death of Borrower or Cosigner. If at any time, the Servicer is notified or otherwise becomes aware of the death of a Borrower or a Cosigner it shall notify the Authority immediately.

5. Loan Discharge - Borrower Death. Loans may be discharged due to a Borrower's death in accordance with the Servicing Agreement or such other manner prescribed by the Authority.

6. Bankruptcy. If a Borrower or a Cosigner is adjudicated bankrupt and has liability for a Loan discharged, the other obligor(s) shall remain liable for unpaid principal and interest. The Authority and its counsel shall consult with respect to the filing of a claim in any bankruptcy proceeding of a Borrower or Cosigner.

7. Due Diligence. The Servicer will exercise reasonable care and due diligence in the collection of Loans made by the Authority and shall utilize collection practices no less extensive and rigorous than those generally in use by commercial lenders for loans of comparable amounts. The Service shall use such collection practices as set

forth in the Servicing Agreement between the Authority and the Servicer from time to time.

CHESLA™
Connecticut Higher Education Supplemental Loan Authority

Exhibit E – FY 2024 Operating Budget

CHESLA Budget
Budget for the Twelve Months Ending June 30, 2024

	FYE June 30, 2019 Actual	FYE June 30, 2020 Actual	FYE June 30, 2021 Actual	FYE June 30, 2022 Budget	FYE June 30, 2022 Actual	FYE June 30, 2023 Budget	FYE June 30, 2023 Proj Actual *	FYE June 30, 2024 Budget
Revenues								
Admin Fee Income								
In-school product	$ 908,971	$ 904,266	$ 896,630	$ 890,512	$ 832,625	$ 1,209,286	$ 1,223,381	**$ 1,205,489**
Refinance product	$ 39,272	$ 55,443	$ 52,508	$ 52,895	$ 49,203	$ 79,883	$ 98,764	**$ 122,929**
Investment Income	$ 88,559	$ 53,942	$ 3,865	$ 3,000	$ 8,866	$ 21,000	$ 111,830	**$ 80,000**
Misc Income & Recovery	$ 0	$ 611	$ 84	$ -	$ -	$ 0	$ 0	**$ 0**
Total Revenues	$ 1,036,803	$ 1,014,261	$ 953,087	$ 946,407	$ 890,694	$ 1,310,169	$ 1,433,975	**$ 1,408,418**
Expenses								
Compensation	$ 136,341	$ 192,129	$ 217,991	$ 239,274	$ 248,954	$ 256,122	$ 250,472	**$ 276,264**
Employee Benefits	$ 50,216	$ 54,605	$ 82,842	$ 81,084	$ 83,634	$ 93,689	$ 87,326	**$ 97,036**
General and Administrative	$ 256,031	$ 224,459	$ 264,044	$ 307,868	$ 314,568	$ 349,037	$ 339,809	**$ 452,450**
Depreciation/Amortization	$ 206	$ 206	$ 206	$ 206	$ 204	$ 206	$ 204	**$ 206**
Business Education, Board and Reimbursable	$ 7,279	$ 5,826	$ 3,304	$ 11,150	$ 7,883	$ 8,000	$ 5,277	**$ 9,100**
Membership Dues	$ 13,826	$ 16,599	$ 16,659	$ 16,650	$ 16,929	$ 19,610	$ 17,384	**$ 17,860**
CHEFA Support Services	$ 201,212	$ 126,053	$ 132,072	$ 135,000	$ 109,807	$ 125,300	$ 111,110	**$ 137,700**
Outside Services	$ 44,388	$ 64,542	$ 36,630	$ 53,631	$ 52,233	$ 33,286	$ 33,286	**$ 35,100**
Total Expenses	$ 709,497	$ 684,418	$ 753,748	$ 844,862	$ 834,213	$ 885,250	$ 844,868	**$ 1,025,716**
Excess Revenue from Operations	$ 327,305	$ 329,843	$ 199,339	$ 101,545	$ 56,481	$ 424,919	$ 589,107	**$ 382,702**
Non Operating Income								
Proceeds from CSLF	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	**$ 0**
Non Operating Expenses								
Bond Issuance Costs & Amortization & Transfer to Trust	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	**$ 0**
Transfer between Operating & Trust	$ 1,015,657	$ 17,461	$ 1,000,000	$ 0	$ 0	$ 0	$ 161,415	**$ 0**
Refinance Program Costs Funded at Start-up	$ 52,569	$ 35,341	$ 0	$ 0	$ 0	$ 0	$ 0	**$ 0**
Total Excess Revenue	**$ (740,921)**	**$ 277,041**	**$ (800,661)**	**$ 101,545**	**$ 56,481**	**$ 424,919**	**$ 427,692**	**$ 382,702**

Benefit % to Compensation	**36.83%**	**34.25%**	**38.00%**	**33.89%**	**33.59%**	**36.58%**	**34.86%**	**35.12%**

* Projected Actual is based on Actual Financials as of April, 2023, plus 2 months of projected amounts.

CHESLA Salary & Benefits Expense
Budget for the Twelve Months Ending June 30, 2024

	FYE June 30, 2019 Actual	FYE June 30, 2020 Actual	FYE June 30, 2021 Actual	FYE June 30, 2022 Budget	FYE June 30, 2022 Actual	FYE June 30, 2023 Budget	FYE June 30, 2023 Proj Actual	FYE June 30, 2024 Budget
Staff Compensation	$ 136,341	$ 192,129	$ 217,991	$ 239,274	$ 230,220	$ 248,622	$ 248,472	**$ 261,338**
Discretionary Awards	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,500	$ 2,000	**$ 7,500**
One Time COLA	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0	**$ 7,426**
Temporary Salaries	$ 0	$ 0	$ 0	$ 0	$ 18,734	$ 0	0	**$ 0**
Total Compensation	$ 136,341	$ 192,129	$ 217,991	$ 239,274	$ 248,954	$ 256,122	$ 250,472	**$ 276,264**
Payroll Taxes	$ 11,015	$ 15,646	$ 16,975	$ 18,667	$ 18,466	$ 19,714	$ 19,188	**$ 20,932**
Medical & Life Insurance								
Medical	$ 8,059	$ 10,362	$ 15,009	$ 15,953	$ 21,274	$ 29,915	$ 30,820	**$ 31,734**
Deductible Funding HSA (CHEFA)	$ 5,250	$ 4,200	$ 6,300	$ 8,250	$ 9,450	$ 10,875	$ 7,200	**$ 8,438**
Less: Employee Co-insurance	$ (1,220)	$ (1,550)	$ (2,859)	$ (3,368)	$ (4,386)	$ (6,237)	$ (6,597)	**$ (6,983)**
Net Medical Insurance	$ 12,088	$ 13,012	$ 18,450	$ 20,835	$ 26,338	$ 34,553	$ 31,424	**$ 33,189**
CHEFA Alternative Insurance	$ 0	$ 1,938	$ 2,800	$ 0	$ 646	$ 0	$ 0	**$ 0**
Life Insurance	$ 696	$ 1,026	$ 1,161	$ 1,239	$ 1,185	$ 1,224	$ 1,224	**$ 1,302**
Dental	$ 1,088	$ 988	$ 1,471	$ 3,264	$ 2,613	$ 3,264	$ 1,268	**$ 3,003**
Less: Dental Co-Insurance	$ (29)	$ (63)	$ (141)	$ (294)	$ (259)	$ (272)	$ (68)	**$ (1,136)**
Total Medical, Life Insurance & Other	$ 13,842	$ 1,951	$ 23,741	$ 25,044	$ 30,523	$ 38,769	$ 33,848	**$ 36,358**
Pension								
Contributions	$ 11,147	$ 17,045	$ 21,470	$ 23,927	$ 21,948	$ 24,862	$ 26,518	**$ 26,134**
Administrative Fee	$ 2,596	$ 4,154	$ 3,750	$ 4,500	$ 3,000	$ 3,000	$ 597	**$ 4,500**
Total Pension	$ 13,743	$ 21,198	$ 25,220	$ 28,427	$ 24,948	$ 27,862	$ 27,115	**$ 30,634**
457 Plan	$ 2,596	$ 4,154	$ 3,750	$ 4,500	$ 3,000	$ 3,000	$ 3,000	**$ 4,500**
Vacation	$ 4,821	$ 4,588	$ 5,798	$ 2,000	$ 4,575	$ 2,100	$ 2,100	**$ 2,000**
Disability Insurance - Long Term	$ 498	$ 697	$ 847	$ 957	$ 917	$ 965	$ 965	**$ 1,045**
Disability Insurance - Short Term	$ 559	$ 760	$ 902	$ 1,020	$ 748	$ 549	$ 548	**$ 594**
CT PFMLA	$ 0	$ 0	$ 0	$ 706	$ 631	$ 1,511	$ 1,344	**$ 1,555**
Less: Employee Co-insurance	$ 0	$ 0	$ 0	$ (598)	$ (536)	$ (1,281)	$ (1,143)	**$ (1,318)**
Total CT PFMLA	$ 0	$ 0	$ 0	$ 108	$ 95	$ 230	$ 201	**$ 237**
Workers Compensation	$ 842	$ 611	$ 609	$ 361	$ 360	$ 500	$ 360	**$ 736**
Tuition	$ 2,300	$ 5,000	$ 5,000	$ 0	$ 0	$ 0	$ 0	**$ 0**
Total Employee Benefits	$ 50,216	$ 54,605	$ 82,842	$ 81,084	$ 83,634	$ 93,689	$ 87,326	**$ 97,036**
Total Employment	$ 186,557	$ 257,926	$ 300,833	$ 320,358	$ 332,588	$ 349,811	$ 337,798	**$ 373,300**

CHESLA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2024

Exhibit I

	FYE June 30, 2019 Actual	FYE June 30, 2020 Actual	FYE June 30, 2021 Actual	FYE June 30, 2022 Budget	FYE June 30, 2022 Actual	FYE June 30, 2023 Budget	FYE June 30, 2023 Proj Actual	**FYE June 30, 2024 Budget**
Lease & Storage								
Lease - Office Space	$ 20,013	$ 20,461	$ 20,910	$ 21,562	$ 21,455	$ 22,011	$ 21,808	**$ 10,998**
Lease - Taxes/CAM fees	$ 1,590	$ 0	$ 715	$ 120	$ 702	$ 730	$ 815	**$ 0**
Lease - Office Copiers (previously included in maintenance	$ 711	$ 1,071	$ 1,519	$ 1,640	$ 1,047	$ 1,680	$ 1,178	**$ 1,680**
Offsite Storage & One Drive	$ 133	$ 272	$ 162	$ 250	$ 221	$ 250	$ 296	**$ 310**
Total Lease & Storage	$ 22,446	$ 21,804	$ 23,306	$ 23,572	$ 23,425	$ 24,671	$ 24,096	**$ 12,988**
Business Insurance								
Office Package	$ 606	$ 627	$ 646	$ 993	$ 993	$ 992	$ 992	**$ 1,180**
Cyber Policy	$ 4,095	$ 3,780	$ 3,291	$ 3,887	$ 3,099	$ 3,045	$ 3,045	**$ 3,350**
Fiduciary & Performance Bond & Terrorism	$ 264	$ 265	$ 293	$ 483	$ 483	$ 186	$ 496	**$ 527**
Directors and Officers Liability / Public Officials	$ 15,649	$ 17,603	$ 17,792	$ 19,000	$ 18,256	$ 20,603	$ 20,100	**$ 20,602**
Total Business Insurance	$ 20,614	$ 22,274	$ 22,022	$ 24,363	$ 22,831	$ 24,826	$ 24,633	**$ 25,659**
Office Supplies and Non Capital Equipment								
General Office Expense and Supplies	$ 1,999	$ 1,160	$ 102	$ 1,500	$ 645	$ 1,500	$ 604	**$ 1,000**
Non-Capital furniture, Equipment & Software Licensing	$ 2,531	$ 5,455	$ 607	$ 9,245	$ 13,268	$ 3,280	$ 2,336	**$ 2,860**
Total Office Supplies and Non Capital Equip	$ 4,530	$ 6,615	$ 709	$ 10,745	$ 13,913	$ 4,780	$ 2,940	**$ 3,860**
Communications: Telephone & Internet								
Phone, Data Svc & Conferencing	$ 3,327	$ 1,955	$ 4,931	$ 5,455	$ 5,606	$ 3,420	$ 5,220	**$ 3,420**
Email (Trend Micro Email & Security)	$ 0	$ 0	$ 0	$ 56	$ 0	$ 585	$ 365	**$ 585**
Website Development & Hosting	$ 0	$ 722	$ 104	$ 1,305	$ 918	$ 940	$ 95	**$ 81,020**
Total Communications: Phone & Internet	$ 3,327	$ 2,677	$ 5,035	$ 6,816	$ 6,524	$ 4,945	$ 5,680	**$ 85,025**
Postage Expense								
Postage & Courier Expense	$ 1,688	$ 1,431	$ 82	$ 1,000	$ 475	$ 1,000	$ 55	**$ 300**
Maintenance Contracts	$ 5,720	$ 10,669	$ 9,924	$ 14,797	$ 14,838	$ 21,986	$ 16,773	**$ 28,189**
Publications & Resource Materials	$ 68	$ 68	$ 162	$ 175	$ 225	$ 230	$ 176	**$ 230**
Marketing Costs	$ 82,511	$ 159,038	$ 201,466	$ 225,000	$ 230,880	$ 265,000	$ 264,844	**$ 295,000**
Miscellaneous	$ 115,839	$ 954	$ 1,338	$ 1,400	$ 1,458	$ 1,600	$ 612	**$ 1,200**
Total General and Administrative Expenses	$ 256,031	$ 224,459	$ 264,044	$ 307,868	$ 314,568	$ 349,037	$ 339,809	**$ 452,450**
*** Refinance Program Costs Funded at Start-up (used for Marketing as of 7/1/2017)**	$ 52,569	$ 35,341	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

CHESLA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2024

	FYE June 30, 2019 Actual	FYE June 30, 2020 Actual	FYE June 30, 2021 Actual	FYE June 30, 2022 Budget	FYE June 30, 2022 Actual	FYE June 30, 2023 Budget	FYE June 30, 2023 Proj Actual	FYE June 30, 2024 Budget
Depreciation/Amortization	$ 206	$ 206	$ 206	$ 206	$ 204	$ 206	$ 204	**$ 206**
Employee Reimbursable								
Staff business and travel expenses	$ 380	$ 447	$ 0	$ 500	$ 368	$ 500	$ 1,052	**$ 1,200**
Total Employee Reimbursable	$ 380	$ 447	$ 0	$ 500	$ 368	$ 500	$ 1,052	**$ 1,200**
Board Expense								
Board lunches & parking	$ 604	$ 683	$ 0	$ 750	$ 0	$ 500	$ 0	**$ 500**
Board education	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	**$ 0**
Total Board Expense	$ 604	$ 683	$ 0	$ 750	$ 0	$ 500	$ 0	**$ 500**
Conference & Education Expense								
CAPFAA	$ 1,016	$ 2,077	$ 0	$ 2,100	$ 1,267	$ 1,700	$ 1,181	**$ 2,100**
EFC	$ 3,909	$ 2,619	$ 1,880	$ 4,000	$ 6,248	$ 3,000	$ 3,045	**$ 3,000**
EASFAA	$ 1,262	$ 0	$ 0	$ 1,300	$ 0	$ 1,300	$ 0	**$ 1,300**
NASFAA	$ 0	$ 0	$ 99	$ 0	$ 0	$ 0	$ 0	**$ 0**
Other (Conferences and non tuition education)	$ 108	$ 0	$ 1,325	$ 2,500	$ 0	$ 1,000	$ 0	**$ 1,000**
Total Conference & Education Expense	$ 6,295	$ 4,697	$ 3,304	$ 9,900	$ 7,515	$ 7,000	$ 4,225	**$ 7,400**
Total Business Education, Board and Reimbursable	$ 7,279	$ 5,826	$ 3,304	$ 11,150	$ 7,883	$ 8,000	$ 5,277	**$ 9,100**
Memberships Dues	$ 13,826	$ 16,749	$ 16,659	$ 16,650	$ 16,929	$ 19,610	$ 17,384	**$ 17,860**
CHEFA Support Services	$ 201,212	$ 126,053	$ 132,072	$ 135,000	$ 109,807	$ 125,300	$ 111,110	**$ 137,700**

CHESLA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2024

	FYE June 30, 2019 Actual	FYE June 30, 2020 Actual	FYE June 30, 2021 Actual	FYE June 30, 2022 Budget	FYE June 30, 2022 Actual	FYE June 30, 2023 Budget	FYE June 30, 2023 Proj Actual	FYE June 30, 2024 Budget
Consultant Others								
Insurance Consultant	$ 6,300	$ 6,300	$ 6,300	$ 6,300	$ 6,300	$ 6,300	$ 6,300	**$ 6,300**
Human Resources	$ 0	$ 0	$ 0	$ 0	$ 101	$ 0	$ 0	**$ 0**
Economic assessment	$ 212	$ 0	$ 0	$ 17,000	$ 16,500	$ 0	$ 0	**$ 0**
Total Consultant Others	$ 15,762	$ 36,542	$ 6,300	$ 23,300	$ 22,901	$ 6,300	$ 6,300	**$ 6,300**
Independent Auditors	$ 28,625	$ 28,000	$ 30,330	$ 30,331	$ 30,332	$ 26,986	$ 26,986	**$ 28,800**
Total Outside Services	$ 44,388	$ 64,542	$ 36,630	$ 53,631	$ 53,233	$ 33,286	$ 33,286	**$ 35,100**

CHESLA™

Connecticut Higher Education Supplemental Loan Authority

Exhibit F – FY 2022 - 2024 Strategic Plan

CHEFA

Connecticut Health & Educational Facilities Authority

CHESLA™

Connecticut Higher Education Supplemental Loan Authority

CHEFA-CHESLA FY 2022-2024 Strategic Plan

APPROVED BY THE CHEFA BOARD OF DIRECTORS
MAY 19, 2021

Background and Introduction

In our strategic planning sessions for the 2019-2021 strategic plan, CHEFA board, management and staff created a unified strategic plan for both CHEFA and CHESLA for the first time. New Vision, Mission, and Values statements were adopted and five Strategic Pillars were identified. Progress on initiatives associated with each pillar has been ongoing, with annual status reports to the board and many notable achievements. We never considered that the final year of the plan period would be disrupted by a once in a generation global pandemic. Despite that monumental challenge, CHEFA board, management, and staff adapted to a new virtual work environment and our strategic efforts continued and thrived.

The FY 2022-2024 CHEFA/CHESLA Strategic Plan builds on the structure created with our last strategic planning cycle. Our process included a staff session featuring a speaker who presented an aspirational model of what CHEFA and CHESLA could achieve. This was followed by a staff brainstorming session using small breakout groups. The CHEFA and CHESLA boards participated in a joint planning session that elicited thoughts on board functioning and board engagement, provided an industry overview and ended with thought provoking breakouts. Our planning process this cycle was completely virtual, but both board and staff were successfully engaged.

For this three-year cycle, we continue to believe that our Vision, Mission, Values and five Strategic Pillars (Collaboration; Economic and Workforce Development for the Public Good; Technology; Innovation; and Public Engagement and Accountability) provide a strong foundation for the work that CHEFA and CHESLA will undertake going forward. We learned over the past three years that many of our initiatives are not siloed by pillar, and a single initiative can relate to multiple pillars. For that reason, our approach for the FY 2022 – 2024 Strategic Plan is to aggregate our initiatives for the plan period, with specific activities identified for each initiative. We believe that this approach will provide for more efficient monitoring by management and result in more streamlined reporting to the board.

The FY 2022-2024 Strategic Plan reflects the ideas, effort and dedication of Staff, Management and the CHEFA and CHESLA Boards. Our results to date and our plans for the future would not be possible without their hard work and dedication.

Table of Contents

CHEFA Vision & Mission

Vision

Enhance the welfare
and prosperity
of the citizens of the
State of Connecticut
by being leaders
in public finance

Mission

Provide financial assistance
to educational institutions, healthcare
providers, childcare providers and other
eligible not-for-profit entities,
and expand educational opportunities for
Connecticut students through CHEFA's
subsidiary, the Connecticut Higher Education
Supplemental Loan Authority

CHEFA
Connecticut Health & Educational
Facilities Authority

CHESLA Vision & Mission

Vision

Serve as Connecticut’s leading resource for students as they plan for their post-secondary education by providing financing, information and tools for students to make informed decisions; enhance the competitiveness of Connecticut educational institutions by providing grants and additional financing options; encourage interest in post-secondary education to help the State meet its workforce needs; and support economic development through innovative post-secondary education programs

Mission

Expand post-secondary educational opportunities and enhance the State’s economic and workforce development through post-secondary education by providing cost-effective education financing programs and information resources to Connecticut students, alumni and their families

CHESLA™
Financing Your Future Begins Here

Values

Excellent Service Timely, responsive and effective service to the public and to our clients, both external and internal

Respect
Recognition through our attitudes and actions of the value of diversity, equity and inclusion and the worth and dignity of all, including the public, our clients and one another

Can-Do Attitude
A creative, leading-edge, open-minded approach to meeting the needs of the public and of our clients in a constantly changing environment

Transparency
Openness and accountability with respect to all aspects of the Authority and its operations

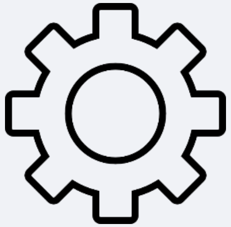
Professionalism
A commitment to teamwork, to expertise and to personal behavior that projects a positive image of the Authority

Integrity
Maintenance of an internal culture that reinforces the message that personal integrity and ethical behavior are valued and rewarded by the Authority

Strategic Pillars

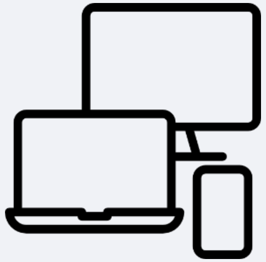
Pillar I. Collaboration

Work externally and internally with others to identify opportunities and resolve challenges in optimal ways that allow us to share and build on each other's expertise



Pillar II. Economic and Workforce Development for the Public Good

Enhance the State's economy and develop and broaden its workforce through nonprofit financing, grants and programs to finance post-secondary education



Pillar III. Technology

Use technology as a tool to create operating efficiencies, inform and educate the public about CHEFA/CHESLA initiatives, and enhance customer service

Part IV. Innovation

Work creatively to move toward our Vision, inspiring development of new ideas, approaches, products, and services that will impact the citizens of Connecticut

Pillar V. Public Engagement and Accountability

Reach out to all CHEFA and CHESLA constituencies to build awareness, understanding, and confidence in the capability and integrity of our organizations so that we are better positioned to sustainably achieve our Mission

Pillar I. Collaboration

OBJECTIVES

❖*Broaden the understanding and impact of our work throughout the state*

❖*Create synergy between CHEFA and its subsidiaries in ways that will enhance our products*

Pillar II. Economic and Workforce Development for the Public Good

OBJECTIVES

❖*Demonstrate our value to the State through measurable economic impacts*

❖*Increase the pool of in-state qualified applicants for in demand jobs*

❖*By supporting nonprofits throughout the State, help ensure the availability of needed services for CT citizens*

❖*Enhance opportunities for new entrants to the workforce in Connecticut, including supporting non-traditional types of post-secondary education that will help address diverse workforce needs (adult learners, certificate programs, community colleges, and vo-tech programs)*

Pillar III. Technology

OBJECTIVES

- *Keep our customers informed and engaged; inform and educate the public about the roles of CHEFA and CHESLA*

- *Improve customer service by streamlining and automating processes*

Pillar IV. Innovation

OBJECTIVES

❖*Be visionary in developing our products and services, focusing not only on what is needed, but on what can be done to make things better/easier/more efficient, now and in the future*

❖*Motivate others to take action through energetic and engaging outreach*

Pillar V. Public Engagement and Accountability

OBJECTIVES

- *Be well run and respected organizations*
- *Communicate effectively to increase awareness of what we do*
- *Increase legislative support for our activities*
- *Maintain ethical standards*

Initiative #1

Collaborate with the state, other quasi-public agencies, and other stake holders to develop financing solutions to help address critical state issues

1. Take a leading role in identifying and offering new, innovative or underutilized financial tools to fund project/programs that have economic as well as social impact (NMTC, Health Equity Trust, and Child Care Guaranteed Loan Fund, are current examples but new or different tools may emerge during the FY 2022 – 2024 period)

   Indicators of Success:

   a) *At least one such CHEFA/CHEFA CDC new program implemented and operational by end of plan period*

2. Develop targeted student loan, loan refinance, or other education finance products that serve students and help address the state's workforce needs

   a) Continue to seek passage and implementation of Alliance District Teacher Loan Subsidy Program in conjunction with State Department of Education

   b) Research certificate program financing options and seek to implement

   c) Assess feasibility of using loan rate discounts to encourage financial literacy

   Indicators of Success:

   a) *Implementation of 2 new programs by end of plan period*

Initiative #1 (continued)

Collaborate with the state, other quasi-public agencies, and other stake holders to develop financing solutions to help address critical state issues

3. Maintain and develop relationships by increasing interaction with entities such as:
    - NACUBO, CHA, CAPFAA, CAIS, EFC
    - Alliance for Nonprofits
    - Connecticut Council for Philanthropy and its related organizations such as ECFC and Workforce Affinity Group
    - Governor's Workforce Council and Office of Workforce Strategy
    - Community Foundations/Other philanthropic entities
    - Governor's Office, State agencies (for example SDE and DECD), Legislators

Indicators of Success:

a) Collaborative efforts or programs offered

Initiative #2

Broaden, assess, and communicate CHEFA's impact on the not-for-profit sector

1. Pursue legislative changes that will allow us to better serve new and existing clients

   Indicators of Success:

   a) *Annual approval by CHEFA/CHESLA boards of legislative agenda including relevant proposals*
   b) *At least one new proposal/program enacted into law by end of plan period*

2. Conduct structured client and prospect outreach effort to determine client needs and gather feedback and build awareness of CHEFA products, both existing and proposed

   Indicators of Success:

   a) *Annual schedule of client meetings tied to client budget cycles created and implemented*
   b) *Client survey conducted in year 1 of plan period*
   c) *Summary of client needs, and feedback completed in year 1 of plan cycle*
   d) *New program or modifications to existing programs implemented by end of plan cycle*

3. Continue to offer impactful grant programs consistent with strategic priorities to support non-profit entities in CT

   Indicators of Success:

   a) *Favorable results reflected in impact measures*

Initiative #2 (continued)

Broaden, assess, and communicate CHEFA's impact on the not-for-profit sector

4. Offer educational programming that meet CHEFA constituent needs and create opportunities for engagement

   Indicators of Success:

   a) *Webinar series, Non-profit Forum, and client conference conducted on regular basis*

5. Develop and implement comprehensive approach to gathering impact data on CHEFA programs, including bond and loan programs, grant programs, and CHEFA CDC programs, and including enhanced tools for data collection (e.g., client portal)

   Indicators of Success:

   a) *Information collection tool developed and improved client portal launched by end of plan period*

6. Develop comprehensive communications approach to build awareness of CHEFA services and impact (e.g., newsletter, blog, email alerts, published opinion pieces, social media, news reports, website traffic)

   Indicators of Success:

   a) *New website launched in year 1 of plan period*
   b) *New communication tools launched in years 1 and 2*

Initiative #3

Broaden, assess, and communicate CHESLA's impact on post-secondary education

1. Determine approach and undertake CHESLA workforce impact study; publicize study results

   Indicators of Success:

   a) *Study launched in year 1 of plan period; results publicized after study completion*

2. Publicize the Alliance District Teacher Loan Rate Subsidy Program, if it becomes law

   Indicators of Success:

   a) *Relevant press achieved through coordinated effort with Administration*

3. Work with the Governor's Workforce Council and Office of Workforce Strategy to finance post-secondary education in targeted careers; consider the use of income share agreements or other products where appropriate and work with DOB and DCP to ensure participant protections as needed

   Indicators of Success:

   a) *New program implemented by end of plan period*

Initiative #3 (continued)

Broaden, assess, and communicate CHESLA's impact on post-secondary education

4. Increase awareness of and broaden use of the CT Dollars and Sense financial literacy portal by partnering with youth programs through organizations such as Urban League of Greater Hartford, Hartford YWCA and other organizations

Indicators of Success:

a) At least one new partnership in place by end of plan period

Initiative #4

Continue to broaden use of technology to streamline operations and create efficiencies

1. Identify and build on pandemic responses that have future value
   a) Develop an approach to integrating live and virtual components for staff, board and clients, including hybrid staffing approach

   Indicators of Success:

   a) Approach identified and implemented in year 1 of plan period

2. Maximize the use of document sharing technologies to minimize creation of redundant documents and reduce need for creating paper copies

   Indicators of Success:

   a) Reduce copy paper costs annually

3. Embrace use of cloud services in hybrid fashion, including for telecom services

   Indicators of Success:

   a) Phone system upgraded to a cloud platform and integrated for virtual and continuity purposes

4. Create comprehensive client portal to provide all CHEFA clients with the ability to provide on-line reporting

   Indicators of Success:

   a) Portal implemented by end of plan period

Initiative #5

Promote adherence to organizational identity and culture (e.g., organizational values and ethical standards)

1. Promote a culture of DEI internally and throughout our programs (e.g., encourage use of diverse professional service providers, for ourselves and our clients)

   Indicators of Success:

   a) *Relevant staff trainings and increased use of diverse service providers by end of plan period*

2. Conduct Annual Day of Service for staff

   Indicators of Success:

   a) *Strong staff engagement in service days*

3. Maintain a culture of professionalism and adherence to high ethical standards

   Indicators of Success:

   a) *Annual ethics training for staff and board*

4. Provide at least 3 CHEFA board education programs and 2 CHESLA board education programs annually

   Indicators of Success:

   a) *Favorable feedback from Board that educational needs are being addressed*

Initiative #6

Maintain sustainable organization

1. Continued focus on Business Continuity Planning, including succession planning for senior management positions

   Indicators of Success:

   a) *Implementation of outstanding internal audit business continuity recommendations in year 1 of plan period*
   b) *Annual business continuity testing*
   c) *Approach for succession planning determined during plan period*

2. Be focused on our impact on the environment e.g., reduce use of paper and printing; explore efforts to support environmental priorities of our clients through e.g., Green Bonds

   Indicators of Success:

   a) *Annual reduction in paper costs*

3. Explore options for CHEFA and CHESLA to develop sources of capital

   a) CHESLA explores innovative ways to leverage CSLF during plan period

   b) CHEFA explores opportunities to work with CDFIs or other entities during plan period

   Indicators of Success:

   a) *At least one additional source of capital identified for CHEFA or CHESLA by end of plan period*