

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY  
Minutes of Special CHESLA Board Meeting  
January 27, 2022

The State of Connecticut Higher Education Supplemental Loan Authority held a special telephonic meeting at 9:30 a.m. on Thursday, January 27, 2022.<sup>1</sup>

The special meeting was called to order at 9:32 a.m. by Mr. Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Peter W. Lisi, Chair  
Laura Baker (*Designee for Chief Workforce Officer Kelli-Marie Vallieres*)<sup>2</sup>  
Benjamin B. Barnes (*Designee for CT State Colleges and Universities President*)  
Jeffrey R. Beckham (*Designee for Connecticut OPM Secretary*)  
Martin L. Budd  
Andrew A. Foster  
Darrell V. Hill (*Designee for Connecticut State Treasurer Shawn T. Wooden*)<sup>3</sup>  
Julie B. Savino, Vice Chair  
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

Also Present: Denise Aguilera, General Counsel, CHEFA  
Kevin Barry, Accountant, CHEFA  
Jessica Bishop, Administrative Services Assistant, CHEFA  
Daniel Giungi, Communication and Legislative Affairs Specialist, CHEFA  
Josh Hurlock, Assistant Director, CHESLA  
Carlee Levin, Sr. Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Cynthia D. Peoples-H., Managing Director, Operations & Finance, CHEFA  
Julia Pollano, Operations Reporting Analyst  
Shannon Reynolds, Portfolio Assistant, CHESLA  
Kara Stuart, Manager, Administrative Services, CHEFA  
Yesenia Torres-Rivera, Program Coordinator, CHESLA

Guests: Judith Blank, Esq., Pullman & Comley LLC  
Sandra Dawson, Member, Pullman & Comley LLC  
Brian Kares, Vice President, RBC Capital Markets  
William Kotkosky, AVP & Relationship Manager, U.S. Bank, N.A.  
Hing Loi, Director, RBC Capital Markets  
Rakchhya Poudel, Analyst, RBC Capital Markets  
Joseph Santoro, Director-Education Finance Team Leader, BofA Securities, Inc.  
Jeff Wagner, Managing Director, RBC Capital Markets  
Tyler Walsh, Associate, RBC Capital Markets  
Thomas H. Webb, Director, Hilltop Securities N. A.  
Gary Wolf, Director, RBC Capital Markets

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

<sup>2</sup> Ms. Baker joined the teleconference meeting at 10:01 a.m.

**APPROVAL OF MINUTES**

Mr. Lisi requested a motion to approve the meeting minutes of the November 10, 2021 Board of Directors annual meeting. Mr. Budd moved to approve the minutes and Mr. Foster seconded the motion.

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

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

**CSLF CONTRIBUTION TO REFI CT LOAN PROGRAM (#RESOLUTION 2022-01)**

Resolution #2022-01 would allow for a transfer of funds from CSLF to make Refi CT loans in the event that demand exceeds the currently available balance in the loan fund of \$1 million. In the past quarter Refi CT volume has increased. Volume could increase further with the renewed focus on the Connecticut tax credit, effective January 1, 2022, for employers that make CHESLA refi loan payments on behalf of employees. There could also be additional Refi CT volume as a result of the Alliance District Teacher Loan Subsidy Program parameters. The transfer of funds from CSLF could bridge the Authority in the event additional Refi CT loan funding is needed prior to a Spring bond issue.

The floor was opened to questions.

Mr. Budd inquired how the money would be invested while the Authority is holding it. Ms. Weldon stated that the money would be invested, for existing operating funds of CHESLA, in Government Money Markets and or the State’s Short Term Investment Fund (STIF), consistent with the investment policy that was previously adopted.

Mr. Barnes inquired what the anticipated contribution amount would be from CSLF. Ms. Weldon stated that the requested transfer is for up to \$2 million. Mr. Foster inquired what would happen if the full \$2 million was not needed and/or used after the transfer. Ms. Weldon stated that the funds could be held until they were needed and used over the coming months, into 2023, serving as a source of ongoing Refi CT loans over the months ahead. A discussion ensued.

Mr. Lisi requested a motion to approve the CSLF Contribution to Refi CT Loan Program (Resolution #2022-01). Mr. Budd moved for approval and Ms. Savino seconded the motion.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Peter W. Lisi	None	None
Laura Baker		
Benjamin B. Barnes		

Jeffrey R. Beckham  
Martin L. Budd  
Andrew A. Foster  
Darrell V. Hill  
Julie B. Savino  
Jeanette W. Weldon

**TRANSFER OF FUNDS FOR REFI CT LOAN PROGRAM (RESOLUTION #2022-02)**

Ms. Weldon stated that a portion of the Refi CT Loan Program consists of loans held outside the trust and the associated revenue fund holds dollars derived from the repayment of those Refi CT loans.

Ms. Weldon stated that management is seeking the ability to periodically move excess dollars from that revenue fund over to the Refi CT loan fund, allowing for new loans. Ms. Weldon stated that previously this was done on a case by case basis but the resolution would give management the flexibility to do so when feasible.

Mr. Budd moved to approve the Transfer of Funds for Refi CT Loan Program (Resolution #2022-02) and Mr. Foster seconded the motion.

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

**AYES**

Peter W. Lisi  
Laura Baker  
Benjamin B. Barnes  
Jeffrey R. Beckham  
Martin L. Budd  
Andrew A. Foster  
Darrell V. Hill  
Julie B. Savino  
Jeanette W. Weldon

**NAYS**

None

**ABSTENTIONS**

None

**SCHOLARSHIP PROGRAM MEMO & ALLOCATION**

Mr. Hurlock reported that the third year of the CHESLA administered need-based scholarship program was a great success. Mr. Hurlock reported:

- For the undergraduate scholarship, CHESLA was able to award 185 students out of 261 qualified applicants. This is an increase from the number of scholarships awarded in FY 2021, which was 165 students out of 318 qualified applicants.
- The increase in number of awards is attributable to the CHESLA scholarship account holding unused proceeds from schools and earned interest from prior years.
- The EFC requirement for the CHESLA certificate scholarship was removed.
- For the current FY 2022, 14 certificate scholarships have disbursed totaling \$17,500 and there are another 5 applications in the pipeline awaiting enrollment verification. In comparison, FY 2021 disbursed 7 certificate scholarships totaling \$8,750.
- Based on scholarship application volume, it is expected that CHESLA will utilize all certificate scholarship funding by the end of this fiscal year.

- Most certificate scholarships have been for students pursuing advanced manufacturing programs
- For the upcoming year, CHESLA will continue using Foundant for its applications and the certificate program scholarship will remain on a first-come, first-serve basis until funds run out.
- In lieu of a live scholarship award event, due to the pandemic, Shannon Reynolds put together a CHESLA video recognizing the recipients. The video was very well received.

Mr. Hurlock turned the floor over to Ms. Torres-Rivera to report on the application period and allocation for scholarship programs.

Ms. Torres-Rivera reported that CHESLA plans to open applications for the degree-granting programs on March 1st and that the application window will close on May 1st with recipients being notified in July. Ms. Torres-Rivera reported that the application for certificate programs will open July 1st for enrollment in programs starting on or after July 1, 2021 and will remain open until June 2023, or until funds run out.

Ms. Torres-Rivera reported that Staff has marketed the scholarship for certificate programs through financial aid directors, certificate program directors, state workforce boards, social media, and quarterly CHESLA newsletters. Ms. Torres-Rivera reported that monthly scholarship reminders to community colleges have made a significant impact and that these efforts will continue.

Ms. Torres-Rivera reported that of the \$500,000 determined as a feasible level of annual scholarship awards, CHESLA proposes \$470,000 earmarked for the degree granting programs and \$30,000 for certificate programs and that any unused certificate program funds will continue to be available in the scholarship account. Ms. Torres-Rivera reported that CHESLA intends to keep the individual awards for degree-granting programs at \$1,500 for half-time students, \$3,000 for full-time students and \$1,250 for certificate programs. The \$30,000 allocation would result in 24 award recipients.

Ms. Torres-Rivera opened the floor to questions and a discussion ensued.

Mr. Budd moved to approve the scholarship program memo and allocation and Mr. Foster seconded the motion.

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

**AYES**

Peter W. Lisi

Laura Baker

Benjamin B. Barnes

Jeffrey R. Beckham

Martin L. Budd

Andrew A. Foster

Darrell V. Hill

Julie B. Savino

Jeanette W. Weldon

**NAYS**

None

**ABSTENTIONS**

None

**OUTREACH UPDATE**

Ms. Reynolds reported on the no-cost, virtual financial aid presentations CHESLA is offering to all of the high schools across Connecticut.

- CHESLA reached out to over 150 high schools in Connecticut during November and December via email, mail, and phone.
- CHESLA hosted virtual presentations for Greenwich High School, Brookfield High School, and Plainfield High School in January; attendees included Juniors, Seniors, and their parents.
- CHESLA is currently working with the Supervisor of Counseling/College & Career Readiness for CREC to schedule a mass virtual presentation for all of the CREC Magnet schools in the beginning of March 2022.

Ms. Reynolds stated that the goal is to connect with as many students and families as possible to help with the financial aid process and understanding of award letters.

**ALLIANCE DISTRICT TEACHER LOAN SUBSIDY PROGRAM**

Ms. Weldon stated that the same law that created the Alliance District Teacher Loan Subsidy Program provided for the creation of a working group to take a look at ways CHESLA might expand access to its loan programs and examine the private student loan industry in Connecticut. Ms. Weldon reported that this working group was co-chaired by herself and State Representative Jason Doucette, House Chair of the Banking Committee, and also included Julie Savino, representatives from the Student Borrower Protection Center and other organizations. Ms. Weldon reported that this working group had its final meeting earlier in the week and put together some general recommendations focused on increasing State aid for scholarships, potential State aid for loan programs, enhancing financial literacy programs, and information gathering with regard to private student loan lending activity in Connecticut and the rate of increase in college tuition and fees.

Mr. Budd inquired about how long the report is. Ms. Weldon stated that it is approximately 10 pages. Mr. Budd requested that a copy of the report be circulated to the Board. Ms. Weldon stated that the report would be sent out.

**Memorandum of Agreement with CSDE (Resolution #2022-03)**

Ms. Weldon presented the Memorandum of Agreement to be entered into by the State Department of Education and CHESLA. It was drafted by Ms. Aguilera and shared with the Department of Education for input and agreement. Ms. Weldon stated that Mr. Hurlock has communicated extensively with CHESLA's loan originator and servicer and, as needed, the input of the Authority's outside consumer finance council was solicited. Ms. Weldon reported that:

Funding for the program will come from the State.

The State Bond Commission approved \$7 million of funding in December, which the Authority expects to receive in advance of a Springtime launch date.

Ms. Weldon turned the floor over to Ms. Aguilera to present the Memorandum of Agreement and Program Manual and stated that Mr. Hurlock would be available to answer any questions regarding the mechanics of the program.

Ms. Aguilera stated that the legislation authorizing the establishment of the program requires CHESLA and the Department of Education to enter into a Memorandum of Agreement that sets forth the eligibility criteria and guidelines for the program. Ms. Aguilera reported that the legislation requires the Memorandum of Agreement to include applicant eligibility, interest rate subsidies and

principle limits on the loans, the employment verification process for applicants, and the requirement that an interest rate subsidy terminate for a subsidy recipient who ceases to meet the employment requirements. Ms. Aguilera stated that to summarize, the program is a student loan refinance loan program for Alliance teachers that provides a 3 percentage point interest rate subsidy on a loan while the teacher is employed at an Alliance District school.

Ms. Aguilera provided the following as it pertains to Section I of the Memorandum of Agreement:

- “Alliance District” is defined by the Connecticut General Statutes as a school district for a town that is among the towns with the 30 lowest accountability index scores, as calculated by the Department of Education; or was previously designated as an Alliance District by the Commissioner of Education for the Fiscal Years ending in 2013-2017. The Accountability Index score that is used to determine Alliance District status results from multiple student, school, and district level measures as weighed by the Department of Education. The measures must include a performance index score as calculated by the Department of Education using mastery test data of record assigned to student subgroups, schools or district schools, high school graduation rates, and may also include academic growth over time, attendance and chronic absenteeism, post-secondary education career readiness, and physical fitness. There are currently 33 Alliance Districts. Mr. Budd asked where the Alliance Districts are located. Ms. Aguilera stated that a list would be provided.
- Ms. Aguilera stated that the definition of “Alliance District School” needed to be modified in the MOA and the modification has been agreed to by the Department of Education. The change is to clarify that State Charter Schools do not fall under the umbrella of an Alliance District, therefor an “Alliance District School” will be defined as “an Alliance District public school”.
- “Alliance Refi Loan” is a loan made under the Program to an Alliance teacher to refinance eligible education debt. This debt is limited to CHESLA loans and other private education loans. Federal loans are excluded from the definition as teachers may be eligible for public service loan forgiveness.
- “Alliance Refi Loan Pricing Matrix” means the interest rate matrix approved by CHESLA applicable to loans issued under the Alliance Teacher Refi Loan Program, in the absence of an Interest Rate Subsidy.
- “Alliance Refi Loan Interest Rate” means the interest rate on an Alliance Refi Loan, based on the Alliance Refi Loan Pricing Matrix, in the absence of an Interest Rate Subsidy.
- “Alliance Refi Loan Application and Agreement” means an application and agreement, submitted to CHESLA by a Borrower who previously separated from service from an Alliance District School, including a section for the Human Resource/Talent Office of an Alliance District to certify that the Borrower has been reemployed as an Alliance Teacher, for reinstatement of an Interest Rate Subsidy on an Alliance Refi Loan.
- “Employment Certification Form” is a form the applicant will be required to submit and upload with an application, for purposes of certifying their employment as an Alliance Teacher; there will be a section on the form for the Alliance District Human Resource Office to verify employment.
- “Alliance District Employment Verification Form” means a form developed by CHESLA, in consultation with the CSDE, that is completed and submitted to CHESLA three times a year by each Alliance District Human Resource/Talent Office for purposes of verifying that Subsidy Recipients are employed as Alliance Teachers.
- “Initial Interest Rate” is the rate that will apply to the loan at the time of loan origination, which is the Alliance Refi interest rate reduced by a 3 percentage point interest rate

subsidy. The interest rate subsidy applies to a loan while a borrower is employed as an Alliance teacher.

Ms. Aguilera provided the following as it pertains to Section II of the Memorandum of Agreement:

- To be eligible for a loan an applicant must submit an application, be an Alliance teacher with current Connecticut Educator Certification, have a minimum FICO score of 580, and a debt to income ratio of less than or equal to 50%.
- The minimum loan amount is \$5,000 and the cumulative principal amount that a borrower can have on all Alliance Refi loans is capped at \$25,000.  
The initial interest rate at origination will be the Alliance Refi rate minus the 3 percentage point interest rate subsidy. Borrowers can also receive a one-quarter percent interest rate reduction if monthly payments are made via ACH.
- The promissory note will require borrowers to notify CHESLA no less than 14 days prior to separation of an Alliance District school.
- Employment verification will be conducted 3 times a year in October, February, and June; in each of these months the Human Resource Department of the Alliance District will submit the employment verification form to CHESLA. After receipt of the form, CHESLA will notify the servicer of any borrower that is no longer employed by an Alliance District and the servicer will then terminate the 3% interest rate subsidy in advance of the next billing period and the Alliance Refi interest rate will then apply to the loan going forward.
- The repayment period for a loan can be 5, 10, or 15 years as selected by the applicant. Past interest rate subsidies will not be recouped from borrowers who no longer qualify for an interest rate subsidy.
- The forbearance provisions for the program mirror those of the CHESLA Refi program provisions; a loan will be considered in default if it is 120 days or more past due.
- The loan will be eligible for discharge upon the death or permanent and total disability of the borrower.

Mr. Barnes inquired whether teachers who teach at inter-district schools would be eligible for the program. Ms. Aguilera stated that the matter would be discussed with the Connecticut State Department of Education to to reach agreement.

Mr. Lisi requested a motion to approve the Memorandum of Agreement with CSDE (Resolution #2022-03). Mr. Budd moved for approval and Ms. Savino seconded the motion.

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

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

**ALLIANCE TEACHER REFI LOAN PROGRAM – PROGRAM MANUAL (RESOLUTION #2022-04)**

Ms. Aguilera stated that the program was patterned after the CHESLA Refi manual with the only material difference being the inclusion of the criteria and guidelines contained in the Memorandum of Agreement that the Board just approved and the relevant definitions that are specific to the Alliance Teacher Refi Loan Program. Ms. Aguilera reported that the same definition change made in the MOA to “Alliance District School” needs to be made to the program manual ( “Alliance District School” means an Alliance District public school).

Mr. Budd moved for approval of the Alliance Teacher Refi Loan program manual with revised definition page for “Attachment A” (Resolution #2022-04), and Mr. Foster seconded the motion.

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

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

**EXECUTIVE SESSION**

- a. **TRADE SECRET – ALLIANCE REFI LOAN PRICING MATRIX**
- b. **ATTORNEY CLIENT PRIVILEGED COMMUNICATION – CO-BORROWER RELEASE**

Mr. Lisi requested a motion to go into Executive Session at 10:18 a.m. for trade secret and attorney client privilege discussion. Ms. Savino moved to go into Executive Session and Mr. Barnes seconded the motion.

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

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

At 10:18 a.m. Ms. Weldon, Ms. Aguilera, Ms. Peoples, Mr. Hurlock and all CHESLA Board members left the telephonic meeting to attend the Executive Session via a separate telephonic meeting room.



Ms. Weldon, Ms. Aguilera, Ms. Peoples, Mr. Hurlock and all CHESLA Board members returned to the telephonic meeting at 10:35 a.m. and the meeting reconvened. Mr. Lisi stated that no votes were taken during Executive Session.

**ALLIANCE REFI LOAN PRICING MATRIX**

Mr. Barnes moved to approve the Alliance Refi Pricing Matrix and Ms. Savino seconded the motion.

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

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

**AMENDMENT TO CHESLA LOAN PROGRAM – PROGRAM MANUAL (RESOLUTION #2022-05)**

Ms. Aguilera provided, for reference, the amendment to the CHESLA Loan Program Manual in connection with the release of co-borrowers. Ms. Aguilera reported that the attachment to the resolution sets forth the amendment which will exclude co-borrowers that are residents of Colorado and Maine from the co-borrower release provisions in connection with education loans originated on or after March 10, 2022. Ms. Aguilera reported that this is in response to recently enacted Colorado and Maine legislation regarding co-signer release provisions.

Mr. Budd inquired for clarification of the effective date. Ms. Aguilera stated that March 10, 2022 is the effective date as it relates to the program manual amendment date because the Authority has to publish the change for 30 days.

Mr. Barnes moved to approve the amendment to the CHESLA loan program manual (Resolution #2022-05) and Ms. Savino seconded the motion

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

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

**ADJOURNMENT**

There being no further business, at 10:42 a.m., Mr. Hill moved to adjourn the meeting and Mr. Foster seconded the motion.

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

**AYES**

Peter W. Lisi  
Laura Baker  
Benjamin B. Barnes  
Jeffrey R. Beckham  
Martin L. Budd  
Andrew A. Foster  
Darrell V. Hill  
Julie B. Savino  
Jeanette W. Weldon

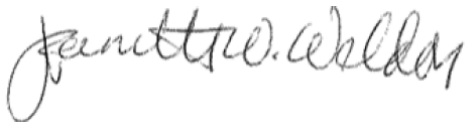
**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,



Jeanette W. Weldon  
Executive Director