

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of CHESLA Board Meeting
January 26, 2023

The State of Connecticut Higher Education Supplemental Loan Authority held a meeting via videoconference at 11:30 a.m. on Thursday, January 26, 2023.¹

The meeting was called to order at 11:31 a.m. by Mr. Peter W. Lisi, Chair of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Peter W. Lisi, Chair
Laura M. Baker (*Designee for Chief Workforce Officer Kelli-Marie Vallieres*)
Bettina Bronisz (*Designee for Connecticut State Treasurer Erick Russell*)
Martin L. Budd
Andrew Foster
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

Absent: Michael Izadi (*Designee for Connecticut OPM Secretary Jeff Beckham*)
Kerry A. Kelley (*Designee for CT State Colleges and Universities President Terrence Cheng*)
Julie B. Savino, Vice Chair

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

Guests: Sandee Stallings, Chief Operating Office & Managing Director, BLX Group

APPROVAL OF MINUTES

Mr. Budd requested a change to the minutes prior to the meeting under the Inducement Resolution section, which was already corrected by Staff.

Mr. Lisi requested a motion to approve the meeting minutes of the November 15, 2022 Board of Directors meeting with the changes presented in the minutes. Mr. Budd moved to approve the minutes and Mr. Lisi seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	Bettina Bronisz ²
Laura Baker		

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

² Ms. Bronisz abstained from voting as she did not attend the Board of Directors meeting held on November 15, 2022.

Martin L. Budd
Andrew Foster
Jeanette W. Weldon

Mr. Budd noted that Staff's calculations for the Refi program would be presented to the Board in March 2023, which Mr. Lisi confirmed would be added to the next agenda.

SCHOLARSHIP PROGRAM MEMO & ALLOCATION

Mr. Hurlock reported that the fourth 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 171 students out of 183 qualified applicants, disbursing a total of \$486,000.
- For the certificate scholarship program, 24 certificate scholarships have been disbursed totaling \$30,000 and the scholarship period has closed as of January 16, 2023. In the prior year, the \$30,000 of certificate scholarships were not fully disbursed until May 2022. Most certificate scholarships have been for students pursuing healthcare certificate programs, such as phlebotomy.
- An in-person award event for all recipients was held on August 4, 2022 in the Yard Goats Club at Dunkin' Donuts Park in Hartford. Thea Montañez, Chief Operating Officer of the City of Hartford, was the keynote speaker. The event was well-received.
- 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.

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

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, 2023 and will remain open until June 2024, 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 \$465,000 earmarked for the degree-granting programs and \$35,000 for certificate programs. 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 and \$3,000 for full-time students. CHESLA also intends to keep the awards for certificate programs at \$1,250. The \$35,000 allocation would result in 28 award recipients, compared to 24 recipients in the previous year.

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

Mr. Lisi requested a motion to approve the Scholarship Program Allocation as presented. Mr. Budd moved for approval and Mr. Foster seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura Baker		
Bettina Bronisz		
Martin L. Budd		
Andrew Foster		
Jeanette W. Weldon		

RESOLUTION REGARDING MITIGATION OF LOAN YIELD LIABILITY

Ms. Weldon reported on the loan-yield liability associated with CHESLA’s 2013 Series bonds that must be resolved by May 15, 2023. Ms. Weldon stated that the law limits the loan yield to be no more than 2 points greater than the bond yield. Ms. Weldon also stated that if the loan yield is greater than 2 points above the bond yield, then a liability is created which must be reconciled, either through loan forgiveness or IRS payment, before the final payment of the bond. Staff has opted for loan forgiveness to reconcile the loan yield liability and has collaborated with a working group consisting of BLX Group as rebate consultants, Pullman & Comley as bond counsel, and Hilltop Securities as financial advisor.

Ms. Sandee Stallings, Chief Operating Officer and Managing Director of BLX Group, reported on the loan yield analysis provided to CHESLA. Ms. Stallings stated that the loan yield excess is approximately \$230,000 to \$240,000 as of November 1, 2022. Ms. Stallings stated that the exact amount of the loan yield excess is continually changing due to payments received until May 15, 2023.

Mr. Budd inquired about the current outstanding principal on the 2013 Series bonds, which Mr. Hurlock stated is \$5.4 million.

Mr. Budd inquired about the strategic plan of the loan forgiveness, and a brief discussion ensued. Ms. Stallings, Mr. Hurlock, and Ms. Weldon summarized the actions as a multi-stage process for principal reductions with UAS and the loan holders. Mr. Hurlock stated the notice to loan holders has been approved by the working group, and Ms. Weldon stated that the principal reductions would be on a pro-rata basis across the portfolio.

Mr. Hurlock reported that 631 loans totaling \$5.4 million are outstanding and based on the current calculations, the principal reductions would range from \$11 to \$1900.

Mr. Budd moved for approval of the Mitigation of Loan Yield Liability plan (Resolution 2023-01), and Mr. Lisi seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura Baker		
Bettina Bronisz		
Martin L. Budd		
Andrew Foster		
Jeanette W. Weldon		

APPOINTMENT OF CHAIR AND MEMBERS OF CONSULTANT/VENDOR COMMITTEE

Mr. Lisi stated that he will accept the position as Interim Chair of the Consultant/Vendor Committee and the other Consultant/Vendor Committee members recommended for appointment are:

- Bettina Bronisz
- Kerry A. Kelley

Mr. Lisi requested a motion to approve the Chair and Members of the Consultant/Vendor Committee as presented. Mr. Foster moved for approval and Mr. Budd seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura Baker		
Bettina Bronisz		
Martin L. Budd		
Andrew Foster		
Jeanette W. Weldon		

ADJOURNMENT

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

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Laura Baker		
Bettina Bronisz		
Martin L. Budd		
Andrew Foster		
Jeanette W. Weldon		

The meeting adjourned at 11:59 a.m.

Respectfully submitted,



Jeanette W. Weldon
Executive Director