

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of CHESLA Special Board Meeting
April 4, 2023

The State of Connecticut Higher Education Supplemental Loan Authority held a special meeting via videoconference on Tuesday, April 4, 2023.¹

The special meeting was called to order at 2:00 p.m. by Mr. Peter W. Lisi, Chair of the CHESLA Board of Directors. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chair
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
Kerry A. Kelley (*Designee for CT State Colleges and Universities President Terrence Cheng*)
Julie B. Savino, Vice Chair
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

ABSENT: Michael Izadi (*Designee for Connecticut OPM Secretary Jeff Beckham*)

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
Kara Stuart, Manager, Administrative Services, CHEFA

GUESTS: Judith Blank, Esquire, Pullman & Comley
Sandra Dawson, Member, Pullman & Comley
Scott Robertson, Vice President, Bank of America, N.A.
Joseph Santoro, Director-Education Finance Team Leader, Bank of America N.A.
Tim Webb, Vice President, Hilltop Securities

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the March 23, 2023 Board of Directors meeting. Ms. Savino moved to approve the minutes and Mr. Budd seconded the motion.

Mr. Budd inquired about the private placement referenced as a potential future financing vehicle for refinance loans as presented in the previous meeting. A brief discussion ensued.

Mr. Budd inquired about further updates from the legislative items presented in the previous meeting. Mr. Giungi stated that no additional actions have been taken regarding the legislative items presented and that all items are still waiting legislative action in their respective chambers.

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

No updates were requested to the minutes.

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	Kerry A. Kelley ²
Laura Baker		
Bettina Bronisz		
Martin L. Budd		
Julie B. Savino		
Jeanette W. Weldon		

Mr. Foster joined the videoconference meeting at 2:08 p.m.

AUTHORIZING RESOLUTION FOR THE 2023 SERIES BONDS

Ms. Weldon introduced the draft Preliminary Official Statement (POS) and related documents regarding the planned Spring financing. Ms. Weldon turned the floor over to Mr. Tim Webb, Vice President of Hilltop Securities, for an overview of the transaction and preliminary cash flows for the 2023 Series B Bonds to fund the In-School loan program. Mr. Webb highlighted the fact that even in the credit stress scenario, there was no projected draw on the special capital reserve fund. Mr. Joseph Santoro, Director – Education Finance Team Leader of Bank of America and Mr. Scott Robertson, Vice President, provided an overview of market conditions. Ms. Carlee Levin, Senior Accountant for CHEFA; Ms. Sandra Dawson, Member from Pullman & Comley; and Mr. Josh Hurlock, Assistant Director for CHESLA also provided commentary.

During the presentation, the floor was opened to questions.

Mr. Budd inquired about the current loan rate, which Mr. Hurlock stated was at 5.49% fixed rate. Mr. Webb reported that the federal PLUS loan rate will be released on May 10, 2023 when the 10-year T-bill will be auctioned. The PLUS loan rate will be set at a 460-basis point spread to the 10-year Treasury. Mr. Webb and Mr. Santoro reported that projections currently estimate 8% for the PLUS rate. Mr. Webb reported that the proposed 6.75% CHESLA loan rate included in the 2023 B cash flows would be a competitive market rate given the available information.

Mr. Budd inquired about the issuer contribution to the transaction. Ms. Weldon reported on the recent resolution passed in the CSLF Board of Directors Meeting, where a \$3 million contribution to CHESLA would be released from the CSLF trust. Ms. Weldon stated that \$750,000 of that \$3 million will become part of CHESLA’S equity contribution to the trust estate and the balance of the equity contribution would come from unrestricted dollars on CHESLA’s operating account balance. Ms. Levin stated that CHESLA currently holds approximately \$2.5 million in unrestricted dollars in its operating account. Ms. Levin clarified that this amount does not include the Board-restricted funds.

Mr. Budd inquired about the current return on the STIF, which Ms. Bronisz confirmed is 4.82%.

² Ms. Kelley abstained from voting as she did not attend the CHESLA Board of Directors meeting held on March 23, 2023.

Mr. Budd inquired about the status of current bond proceeds, which Mr. Hurlock stated that all current bond proceeds have been committed and some loans are being committed from CHESLA cash on its balance sheet.

Mr. Budd inquired about the 4.8% earnings in the SCRF, which Mr. Webb confirmed stays in the SCRF.

Mr. Budd inquired about the timing of the bond pricing, as well as on the communication to the Board on the updated cash flows and equity contributions after pricing. A discussion ensued.

Ms. Savino inquired about the pricing of other student loan competitors. A brief discussion ensued.

Mr. Lisi inquired about the default rate, and Mr. Webb confirmed the statistics presented earlier by Mr. Hurlock of approximately 6% for a gross default rate and approximately a net default rate of 2% after recoveries. Mr. Webb reported that this net 2% default rate is very competitive in the industry.

Ms. Weldon concluded the presentation by highlighting the hard work of the financing team throughout the process.

Mr. Budd requested that the reference to the issuance of bonds on a federally taxable basis be removed from Paragraph 2 of the Authorizing Resolution. Ms. Dawson stated that the language is generally left in the resolution to provide flexibility; however, there is confidence that the bonds will be issued on a federally tax-exempt basis.

Mr. Lisi requested a motion for approval of the up to \$29,965,000 for the 2023 Series B Bonds (Authorizing Resolution #2023-03) with the minor change noted above. Mr. Budd moved for approval 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		
Kerry A. Kelley		
Julie B. Savino		
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 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
Kerry A. Kelley
Julie Savino
Jeanette W. Weldon

The special meeting adjourned at 2:54 p.m.

Respectfully submitted,



Jeanette W. Weldon
Executive Director