

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Board Meeting

November 6, 2018

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Tuesday, November 6, 2018.

The meeting was called to order at 11:32 a.m. by Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Martin Budd¹
Andrew Foster
Steven Kitowicz (*Designee for Benjamin Barnes, OPM Secretary*)
Peter W. Lisi, Chair
Sheree Mailhot, (*Designee for Denise Nappier, State Treasurer*)²
Julie Savino
Jeanette Weldon

Absent: Paul H. Mounds, Jr.

Also Present: Denise Aguilera, General Counsel, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Sr. Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA³
Cynthia Peoples, Managing Director, CHEFA
Debra M. Pinney, Manager of Administrative Services, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Natalia Rozio, Administrative Intern, CHESLA

Guests: Judith Blank, Esq., Day Pitney LLP
Matt Osmond, Director of Customer Service, Firstmark
Lisa Cohen, VP of Trust Admin, Controller & Treasurer, Goal Structured Solutions, Inc.⁴
Ian Meade, Sr. Financial Reporting Manager, Goal Structured Solutions, Inc.⁵
Nancy S. Nicolescu, Director of Education & Communications, Office of State Ethics

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

² Ms. Mailhot joined the meeting at 11:34 a.m. participated in the meeting via conference telephone that permitted all parties to hear each other.

³ Ms. Mackewicz joined the meeting at 11:35 a.m.

⁴ Ms. Cohen joined the meeting at 12:00 p.m. and participated in the meeting via conference telephone that permitted all parties to hear each other.

⁵ Mr. Meade joined the meeting at 12:00 p.m. and participated in the meeting via conference telephone that permitted all parties to hear each other.

Christy Phillips, Managing Director, Consumer Loans & Client Services,
Firstmark
Irina Smith, Account Manager, Firstmark
Jeffrey Wagner, Managing Director, RBC Capital Markets⁶
Timothy Webb, Vice President, Hilltop Securities⁷
Gary Wolf, RBC Capital Markets⁸

MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the September 20, 2018 Annual Board meeting. Mr. Budd moved to approve the board meeting minutes and Ms. Savino seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Martin Budd
Peter Lisi
Julie Savino
Jeanette Weldon

NAYS

None

ABSTENTIONS

Steven Kitowicz⁹
Andrew Foster¹⁰

ANNUAL ETHICS TRAINING

Ms. Nicolescu provided a handout on Necessary Expenses and Gifts to the State, in addition to a copy of the Top Ten Ethics Rules for Public Officials and State Employees.

Ms. Nicolescu provided ethics training, in accordance with the requirements of the Authority’s Ethics Statement and Policies.

Ms. Nicolescu encouraged the Board members to contact her if they had any questions.

FIRSTMARK SERVICES COMMENTARY AND DISCUSSION

Ms. Weldon introduced three individuals from Firstmark, CHESLA’s loan originator and servicer for its in-school loan product: Ms. Christy Phillips, Ms. Irina Smith and Mr. Matt Osmond.

⁶ Mr. Wagner participated in the meeting via conference telephone that permitted all parties to hear each other.

⁷ Mr. Webb participated in the meeting via conference telephone that permitted all parties to hear each other.

⁸ Mr. Wolf participated in the meeting via conference telephone that permitted all parties to hear each other.

⁹ Mr. Kitowicz abstained from voting as he did not attend the September 20, 2018 Board meeting.

¹⁰ Mr. Foster abstained from voting as he did not attend the September Board meeting.

Ms. Phillips presented the following topics:

- Nelnet business overview
- Servicing business overview
- Firstmark Servicing
 - Governance Model
 - Customer Service Review
 - Training
 - Quality
 - Performance
- Technology Overview

After a question and answer period, Mr. Hurlock and board members requested a more detailed monthly report on the servicing/origination service levels specific to CHESLA. Ms. Phillips agreed to provide those reports moving forward.

Mr. Lisi thanked the Firstmark representatives for their presentation and they left the meeting at 12:43 p.m.

EXECUTIVE SESSION

Ms. Savino moved to go into executive session at 12:44 p.m. to discuss attorney-client privileged communication regarding the Firstmark contract. Mr. Kitowicz seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Martin Budd	None	None
Andrew Foster		
Peter Lisi		
Sheree Mailhot		
Julie Savino		
Jeanette Weldon		

All meeting participants remained in the room with the exception of Ms. Pinney and Ms. Reynolds. Mr. Budd, Ms. Mailhot and Mr. Webb remained on the telephone and all other callers left the meeting at this time.

The meeting reconvened at 1:07 p.m. No votes were taken during Executive Session.

EXECUTIVE DIRECTOR'S REPORT

Authority Updates

Ms. Weldon reported that staff is considering submitting proposed legislation to allow the Authority to potentially fund the SCRF with a Letter of Credit rather than funding it with cash from bond proceeds. A discussion ensued. The possibility of the State backing the bonds through contract assistance (e.g., a direct State guaranty) was also raised. Ms. Mailhot reiterated that that would also require legislation. Ms. Weldon will follow up with Ms. Mailhot on both options.

Portfolio and Marketing Updates

Mr. Hurlock provided an update on the following items:

- Portfolio Fact Sheet
- CCA Default Collections and CT Income Tax Intercepts through September 2018
- Loan disbursement data
- Market segment data
- Loan origination comparison to cash flow assumptions
- Refi CT disbursement data
- Refi CT portfolio analysis
- Strategic Plan dashboard with marketing highlights
- CT Dollars and Sense Google Analytics

Mr. Hurlock displayed the commercial produced for the RefiCT Program which included a testimonial by a CHEFA employee, Ms. Krista Johnson.

Financial Report

Ms. Levin reported on the quarterly financial statements as of September 30, 2018.

ADOPTION OF AMENDED AND RESTATED MONEY PURCHASE AND 457 PLANS

Ms. Weldon stated that this item will be tabled until the January 24, 2019 Board Meeting.

COMMITTEE REPORT – Consultant Vendor Committee

Mr. Kitowicz reported that the Committee met to discuss the appointments of the following: consumer finance attorney, financial advisor and underwriters. Based on the proposals submitted from the recent Requests for Proposals, staff recommended the following appointments:

Consumer Finance Attorney
Financial Advisor
Underwriters

Ballard Spahr LLP
Hilltop Securities
BofA Merrill Lynch and RBC Capital Markets

Mr. Kitowicz stated that the Committee approved staff's recommendations for the proposed firms. Mr. Kitowicz moved to accept the Committee's recommendations on these appointments and Ms. Foley seconded his motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

AYES

NAYS

ABSTENTIONS

Martin Budd
Andrew Foster
Peter Lisi
Sheree Mailhot
Julie Savino
Jeanette Weldon

None

None

APPROVAL OF BOARD AND COMMITTEE MEETING DATES - 2019

After a brief discussion, the Board agreed on the following 2019 Board and Committee meeting dates/times:

Thursday, January 24

- ◆ Board Meeting, 11:30 a.m.

Tuesday, March 5

- ◆ Consultant/Vendor Committee, 11:00 a.m. (*Originations/Service RFP*)
- ◆ Board Meeting, 11:30 a.m.

Thursday, June 20

- ◆ Audit-Finance/HR Committee, 10:30 a.m.
- ◆ Board Meeting, 11:30 a.m.

Thursday, September 19 - (*Annual Meeting*)

- ◆ Board Meeting, 11:30 a.m.

Thursday, November 7

- ◆ Board Meeting, 11:30 a.m.

Dr. Lisi moved to approve the changes to the meeting schedule for 2019 and Ms. Weldon seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

AYES

Martin Budd
Andrew Foster
Peter Lisi
Sheree Mailhot
Julie Savino
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

ADJOURNMENT

There being no further business, at 1:32 p.m., Mr. Kitowicz moved to adjourn the meeting and Ms. Mailhot seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Martin Budd
Andrew Foster
Peter Lisi
Sheree Mailhot
Julie Savino
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

Respectfully submitted

Jeanette W. Weldon
Executive Director