

# CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

## Minutes of Authority Special Board Meeting November 13, 2012

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Tuesday, November 13, 2012.

The meeting was called to order at 11:33 a.m. by Barbara Rubin, Chair of the Board of Directors of the Authority. Those present and absent were as follows:

Present: Barbara Rubin, Chair  
Jeffrey A. Asher  
Martin L. Budd  
Steven Kitowicz (*Rep. for Secretary Benjamin B. Barnes*)  
Sarah K. Sanders (*Rep. for Honorable Denise L. Nappier*)  
Julie B. Savino

Absent: Richard Bishop (*Rep. for Dr. Robert A. Kennedy*)  
Peter W. Lisi  
Paul Mutone

Also Present: Jeanette Weldon, Executive Director  
Paula L. Herman, General Counsel, CHEFA  
Joshua Hurlock, Portfolio and Marketing Assistant  
Carlee Levin, Accountant, CHEFA  
JoAnne N. Mackewicz, Controller, CHEFA  
Debra M. Pinney, Manager of Administrative Services, CHEFA  
Samuel E. Rush, Deputy Director  
Jennifer Smyth, Legal Specialist, CHEFA

Guests: Judith Blank, Esq., Day Pitney  
Lee Donner, Managing Director, FirstSouthwest<sup>1</sup>  
Elizabeth Hammer, Vice President, U. S. Bank  
Jeffrey Wagner, RBC Capital Markets<sup>2</sup>  
Tim Webb, Vice President, FirstSouthwest<sup>3</sup>

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<sup>1</sup> Mr. Donner attended the meeting via telephone.

<sup>2</sup> Mr. Wagner attended the meeting via telephone.

<sup>3</sup> Mr. Webb attended the meeting via telephone.

## **MINUTES**

Ms. Rubin requested a motion for approval of the minutes of the September 14, 2012 Board of Directors meetings. Mr. Budd moved for approval of the minutes, which was seconded by Mr. Kitowicz.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Barbara Rubin Jeffrey A. Asher Martin L. Budd Steven Kitowicz Sarah K. Sanders Julie B. Savino	None	None

Ms. Rubin requested a motion for approval of the minutes of the September 19, 2012 Board of Directors meetings. Mr. Budd moved for approval of the minutes, which was seconded by Mr. Kitowicz.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Barbara Rubin Jeffrey A. Asher Martin L. Budd Steven Kitowicz Sarah K. Sanders Julie B. Savino	None	None

Ms. Rubin requested a motion for approval of the minutes of the September 27, 2012 Board of Directors meetings. Mr. Budd moved for approval of the minutes, which was seconded by Mr. Kitowicz.

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

**AYES**

Barbara Rubin  
Jeffrey A. Asher  
Richard Bishop  
Martin L. Budd  
Steven Kitowicz  
Paul Mutone

**NAYS**

None

**ABSTENTIONS**

Sarah K. Sanders<sup>4</sup>  
Julie B. Savino<sup>5</sup>

**2013 BOARD MEETING SCHEDULE**

Mr. Budd requested a change of the March board meeting date from March 19, 2013 to March 26, 2013. All board members were in agreement.

Ms. Rubin requested a motion to approve the amended 2013 board meeting schedule. Mr. Budd moved for approval, which was seconded by Mr. Kitowicz.

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

**AYES**

Barbara Rubin  
Jeffrey A. Asher  
Martin L. Budd  
Steven Kitowicz  
Sarah K. Sanders  
Julie B. Savino

**NAYS**

None

**ABSTENTIONS**

None

**RESOLUTION REGARDING ADOPTION OF WRITTEN PROCEDURES**

Ms. Weldon reported that at the last meeting, Ms. Herman presented proposed revised written procedures. The notice of written procedures was published in the Connecticut Law Journal on October 16, 2012 and a public hearing has been scheduled. Staff is requesting approval from the Board of the written procedures, conditioned upon there being no adverse comments received at or before the public hearing, which will be held on November 19, 2012. Assuming that there are no adverse comments received, the written procedures would become effective on December 1, 2012. A discussion ensued.

Ms. Rubin introduced Resolution #2012-03, authorizing, which resolution was included in the materials distributed to the Board. Mr. Budd moved to adopt the Resolution #2012-03, and Mr. Kitowicz seconded his motion. All were in favor.

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

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<sup>4</sup> Ms. Sanders abstained from voting because she did not attend the September 27 Board Meeting.  
<sup>5</sup> Ms. Savino abstained from voting because she did not attend the September 27 Board Meeting.

**AYES**

Barbara Rubin  
Jeffrey A. Asher  
Martin L. Budd  
Steven Kitowicz  
Sarah K. Sanders  
Julie B. Savino

**NAYS**

None

**ABSTENTIONS**

None

**RESOLUTION REGARDING RECYCLING OF SERIES 2009 A EXCESS LOAN REPAYMENTS**

Ms. Weldon reported that the Series 2009 A bonds have \$1.195 million of excess loan repayments that are in the revenue account and the documents allow for those excess amounts to be recycled into new loans. The amount of the excess is determined after looking at the upcoming debt service payments and other expense that have to be paid and building in a cushion, so the excess has been very conservatively been determined to be the \$1.195 million. Staff would like to recycle that amount and those dollars will be available to fund loans until the Authority closes its Series 2013A transaction in the spring. Ms. Weldon added that the documents require a rating confirmation from Moody's, which has been received. Staff is recommending approval of this recycling.

A discussion ensued.

Ms. Rubin introduced Resolution #2012-04, authorizing, which resolution was included in the materials distributed to the Board. Mr. Budd moved to adopt the Resolution #2012-04, and Ms. Sanders seconded his motion. All were in favor.

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

**AYES**

Barbara Rubin  
Jeffrey A. Asher  
Martin L. Budd  
Steven Kitowicz  
Sarah K. Sanders  
Julie B. Savino

**NAYS**

None

**ABSTENTIONS**

None

**RESOLUTION REGARDING AUTHORIZATION OF STAFF TO MAKE PROGRAM RELATED DECISIONS**

Ms. Weldon provided an overview of the resolution to authorize staff to make program related decisions. She provided examples of the different types of authorizations that could occur within the constraints of the bond documents.

Mr. Budd asked who would be included as authorized officers. Ms. Herman responded that Ms. Weldon and the officers of CHEFA would be included as authorized officers. A discussion ensued.

Mr. Budd requested that the resolution be amended to provide that authorized officers report at the next Board meeting any non-routine action taken by the authorized officers pursuant to the Authority granted by the resolution. Ms. Rubin also recommended that authorized officers should only include Ms. Weldon, Mr. Asher and Ms. Herman. Ms. Herman confirmed that a definition could be added to the resolution identifying the authorized officers.

Ms. Rubin introduced Resolution #2012-05, authorizing, which resolution was included in the materials distributed to the Board, as amended. Mr. Asher moved to adopt the amended Resolution #2012-05, and Ms. Savino seconded his motion. All were in favor.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Barbara Rubin Jeffrey A. Asher Martin L. Budd Steven Kitowicz Sarah K. Sanders Julie B. Savino	None	None

**AUTHORIZATION TO CONSULTANT/VENDOR COMMITTEE REGARDING SELECTION OF UNDERWRITERS**

Ms. Weldon stated that the Authority is required to send out a request for proposals for underwriters every three years and the Committee plans to interview qualified firms on December 5, 2012. Ms. Weldon recommended that the Board delegate authority to the Consultant/Vendor Committee to select the underwriters on behalf of the Board.

Ms. Rubin requested a motion to authorize the Consultant/Vendor Committee regarding the selection of CHESLA underwriters. Mr. Budd moved for approval, which was seconded by Mr. Asher.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Barbara Rubin Jeffrey A. Asher Martin L. Budd Steven Kitowicz Sarah K. Sanders Julie B. Savino	None	None

## **FY 2013-1015 STRATEGIC BUSINESS PLAN**

Ms. Weldon provided an overview of the draft strategic business plan for FY 2013-2015 and pointed out that she, Mr. Rush, and Mr. Hurlock identified the goals and measures in the plan and provided some examples of measures.

Ms. Rubin recommended that the draft plan be edited to include some of the Board discussion points and approval of the plan be considered at the next board meeting. The Board members concurred.

## **EXECUTIVE DIRECTOR'S REPORT**

Ms. Weldon stated that Staff is in the early planning stages for a Series 2013 A Bond Issue and has had initial conference calls with the financial advisor, underwriter, bond counsel and others and has submitted a request for allocation of excess 2012 private activity cap to OPM. The requests had to be submitted by November 1, 2012.

A brief discussion ensued. Ms. Weldon reported that the Authority's excess cap allocation request totals approximately \$44 million, including approximately \$4 million of CHESLA carry forward. The request was assuming approximately \$23 million for new student loans, \$12 million to refinance Series 2003 A & B and \$6 million for the SCRF and capitalized interest. Board approval of the proposed Series 2013 A bond issue will be sought at the Board meeting in March 2013. Further discussion ensued.

Ms. Weldon stated that the Authority could have a special telephonic meeting held in early March if it was necessary, instead of waiting until the March 26, 2013 Board meeting.

Ms. Weldon stated that the IRS is currently examining the 2001 Series A bonds. This is a random selection of those bonds by the IRS, as they are in the process of looking at the student loan industry. The Authority is working with Day Pitney on this audit and the deadline for the response is December 6, 2012.

Ms. Weldon pointed out that included in the board packet was the quarterly financial package prepared by Beers Hamerman. She stated that Beers Hamerman does not historically include a budget comparison, so Ms. Levin did a comparison of the operating account to the budget. Ms. Weldon added that the line items in the budget are not exactly the same line items as used by Beers Hamerman in the quarterly financials. The December financials will be prepared by CHEFA staff and will be more comparable. A brief discussion ensued.

Ms. Weldon turned the floor over to Mr. Rush. Mr. Rush provided an update on the Portfolio Fact Sheet since his last report at the board meeting in September. Significant to point out was that the overall net default has decreased to 2.28% which is attributable to the collection payments received. He reported that collection revenues increased by approximately \$132,000 for the quarter. State of Connecticut income taxes that had been garnished for defaulted borrowers were increased by \$6,684.

Mr. Rush added that in the loan disbursement data, \$8.5 million in loans were disbursed and Staff anticipates that \$8.7 million will be disbursed by December 14<sup>th</sup>. He stated that the average aggregate total CHESLA debt per CHESLA borrower upon graduation is \$20,441.67.

Mr. Rush turned the floor over to Mr. Hurlock. Mr. Hurlock provided a marketing update. On November 10<sup>th</sup>, Ms. Weldon and Mr. Hurlock attended Quest Summit 2012 held at Southern Connecticut State University. Quest is run by the National Society of Hispanic MBA's. This was an education summit for Hispanic and minority high school students.

Mr. Hurlock commented that he, along with Ms. Weldon and Mr. Rush, will also be attending the Connecticut Association of Professional Financial Aid Administrators (CAPFAA) Winter Conference on December 10 and 11, 2012.

Ms. Weldon stated that redemptions from excess revenues will occur in November and she will report at the March Board meeting.

Ms. Rubin wished everyone a happy holiday season.

## **ADJOURNMENT**

There being no further business, at 1:07 p.m. Mr. Kitowicz moved to adjourn and Ms. Sanders seconded his motion.

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

### **AYES**

Barbara Rubin  
Jeffrey A. Asher  
Martin L. Budd  
Steven Kitowicz  
Sarah K. Sanders  
Julie B. Savino

### **NAYS**

None

### **ABSTENTIONS**

None

Respectfully submitted,

Jeanette W. Weldon  
Executive Director