

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Board Annual Meeting
November 19, 2013

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Tuesday, November 19, 2013.

The meeting was called to order at 11:34 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*)
Paul Mutone¹
Sarah K. Sanders (*Rep. for Honorable Denise L. Nappier*)
Julie B. Savino, Vice-Chair

Absent: Richard Bishop (*Rep. for Board of Regents for Higher Education*)
Dr. Peter W. Lisi

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

¹ Mr. Mutone attended the meeting via telephone.

Guests:

Judith Blank, Esq., Day Pitney
Jane A. Ciarleglio, Executive Director, State of Connecticut, Office of
Higher Education
Mark E. French, Director of Student Financial Aid, State of
Connecticut, Office of Higher Education
Elizabeth Hammer, Vice President, U. S. Bank
Joseph Santoro, Director, Bank of America Merrill Lynch
Jeffrey Wagner, RBC Capital Markets²
Gary Wolf, RBC Capital Markets³
Tim Webb, Vice President, FirstSouthwest⁴

MINUTES

Ms. Rubin requested a motion for approval of the minutes of the September 17, 2013 Board of Directors meeting. 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

Jeffrey Asher
Martin Budd
Steven Kitowicz
Sarah Sanders
Julie Savino

NAYS

None

ABSTENTIONS

Paul Mutone⁵
Barbara Rubin⁶

OVERVIEW OF THE GOVERNOR’S SCHOLARSHIP PROGRAM AND THE OFFICE OF HIGHER EDUCATION

Ms. Ciarleglio introduced herself along with Mr. French. They are both from the State of Connecticut, Office of Higher Education.

Mr. French provided an overview of the Governor’s Scholarship Program, which was primarily created to replace existing programs and help meet the new focus on student retention and completion of college by students in Connecticut.

A discussion ensued.

² Mr. Wagner attended the meeting via telephone.

³ Mr. Wolf attended the meeting via telephone.

⁴ Mr. Webb attended the meeting via telephone.

⁵ Mr. Mutone abstained from voting as he did not attend the September 17, 2013 Board Meeting.

⁶ Ms. Rubin abstained from voting as she did not attend the entire September 17, 2013 Board Meeting.

Ms. Rubin thanked Ms. Ciarleglio and Mr. French for their presentation on the Governor's Scholarship Program.

ELECTION OF VICE CHAIRMAN AND COMMITTEE APOINTMENTS

Ms. Rubin nominated Ms. Julie Savino as Vice Chair of the CHESLA Board of Directors. Mr. Budd seconded her motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Jeffrey Asher Martin Budd Steven Kitowicz Paul Mutone Sarah Sanders Julie Savino	None	None

Mr. Budd moved to re-appoint Mr. Kitowicz as Chair of the Audit-Finance/HR Committee and to reappoint Committee members Mr. Jeffrey Asher, Ms. Julie Savino, Mr. Paul Mutone and Ms. Barbara Rubin. Ms. Savino seconded his motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Jeffrey Asher Martin Budd Steven Kitowicz Paul Mutone Sarah Sanders Julie Savino	None	None

Mr. Budd nominated Ms. Sarah Sanders as Chair of Consultant Vendor Committee and moved to reappoint Committee members Mr. Steven Kitowicz, Ms. Julie Savino, and Ms. Barbara Rubin. Ms. Savino seconded his motion.

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

AYES

Barbara Rubin
Jeffrey Asher
Martin Budd
Steven Kitowicz
Paul Mutone
Sarah Sanders
Julie Savino

NAYS

None

ABSTENTIONS

None

APPROVAL OF PROPOSED MEETING DATES FOR FY 2014

Mr. Budd moved to approve the proposed 2014 meeting schedule with amended changes to the proposed date of the March meeting from March 18 to March 25 and the proposed date of the June meeting from June 17 to June 10.

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

AYES

Barbara Rubin
Jeffrey Asher
Martin Budd
Steven Kitowicz
Paul Mutone
Sarah Sanders
Julie Savino

NAYS

None

ABSTENTIONS

None

ANNUAL ETHICS TRAINING

Ms. Herman presented the annual ethics training for the Board, in accordance with the requirements of the Authority’s Ethics Statement and Policies.

QUARTERLY FINANCIAL REPORT

Ms. Levin provided the report on the quarterly financial statements. Ms. Levin pointed out that on the general fund balance sheet, for bond issuance costs, the Authority is following the audit format and GASB 65 implemented in June. Staff is amortizing the cost of bond insurance premiums on previous CHESLA bond deals, but is not amortizing any other costs of issuance.

Revenues were over expenses by approximately \$35,000 for the first quarter (\$28,500 after amortization of bond insurance premiums). Revenues for this period were \$5,682 over budget and expenses were \$4,857 under budget.

On the Bond Funds Statements of Revenues, Expenses and Change in Net Position, the net position increased by approximately \$537,000 for both resolutions. The 1990 resolution had an

increase of approximately \$270,000 and the 2003 resolution had an increase of approximately \$267,000.

A discussion ensued.

STRATEGIC PLAN UPDATE

Ms. Weldon provided an overview of Mr. Webb's memorandum pertaining to the development of cash flows analyzing the viability of proposed new student loan products. One of the proposed products is for an Undergraduate/Graduate Principal Deferral program where undergraduate borrowers would be able to defer the repayment of principal from their freshman year as an undergraduate through the completion of graduate school. The other cash flow modeled a STEM loan product for borrowers pursuing Science, Technology, Engineering or Math programs. Mr. Webb also analyzed the impact of the release of a co-borrower from a promissory note after five years of on-time repayment if the primary borrower could meet CHESLA's underwriting criteria on his/her own at that time. Mr. Webb indicated that the impact of this would be minimal. Also included in Mr. Webb's memorandum was a suggestion that CHESLA consider a direct loan product for less-creditworthy borrowers if supplemental funds were to become available to underwrite losses. Ms. Weldon turned the floor over to Mr. Webb at this time.

Mr. Webb provided additional explanation and a discussion ensued.

Ms. Rubin suggested that Staff come back to the Board with recommendations on moving forward with any of these products in connection with an upcoming financing.

Ms. Weldon asked Ms. Sanders to provide some feedback on the CSLF (Connecticut Student Loan Foundation) Board Meeting held on October 23. Ms. Weldon, Mr. Rush, Mr. Asher, Ms. Herman and Ms. Rubin attended the meeting. The Board discussed the strategic options for the CSLF. There was also some discussion on the potential uses of the existing funds and future revenue streams from CSLF including possible support for CHESLA programs. A discussion ensued.

EXECUTIVE DIRECTOR'S REPORT

Ms. Weldon reported on the origination trends this year and she added that the Authority has not originated to the levels shown in the cash flows, but has had originations that compare favorably to levels since 2010. Ms. Weldon stated that Staff will be refining the cash flows with their financial advisor. Staff will also meet with FirstSouthwest to review performance relative to all of the cash flows on an annual basis.

Mr. Rush provided some background information on the CHESLA Advisory Committee statute and the Authority's past experience with the Advisory Committee. Mr. Rush is proposing to identify high school guidance counselors and others to be active on the Advisory Committee going forward.

Mr. Budd moved to adopt the proposal as identified in Item III on the CHESLA Advisory Committee document issued to the Board; Mr. Asher seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Jeffrey Asher Martin Budd Steven Kitowicz Paul Mutone Sarah Sanders Julie Savino	None	None

Mr. Budd requested that Staff report on the D & O insurance policy at the next Board meeting. Ms. Weldon concurred.

ADJOURNMENT

Ms. Rubin wished everyone a happy holiday season. There being no further business, at 12:35 p.m., Mr. Asher moved to adjourn the meeting and Mr. Kitowicz seconded his motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Jeffrey Asher Martin Budd Steven Kitowicz Paul Mutone Sarah Sanders Julie Savino	None	None

Respectfully submitted,

Jeanette W. Weldon
Executive Director