

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Board Meeting April 16, 2014

The State of Connecticut Higher Education Supplemental Loan Authority met at 3:00 p.m. on Wednesday, April 16, 2014.

The meeting was called to order at 3:02 p.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*)
Dr. Peter W. Lisi¹
Paul Mutone
Sarah K. Sanders (*Rep. for Honorable Denise L. Nappier*)
Julie B. Savino, Vice-Chair²
Erika Steiner (*Rep. for Board of Regents for Higher Education*)³

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

Guests: Judith Blank, Esq., Day Pitney
Joseph Santoro, Director, Bank of America Merrill Lynch
William W. Veronda, Director, Bank of American Merrill Lynch⁴
Tim Webb, Vice President, FirstSouthwest⁵

¹ Dr. Lisi attended the meeting via telephone.

² Ms. Savino attended the meeting via telephone.

³ Ms. Steiner joined the meeting at 3:12 p.m.

⁴ Mr. Veronda attended the meeting via telephone.

⁵ Mr. Webb attended the meeting via telephone.

MINUTES

Ms. Rubin requested a motion for approval of the minutes of the March 25, 2014 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:

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

APPROVAL OF 2014 SERIES A BOND ISSUE

Ms. Weldon presented the 2014 Series A bond issue. In the draft POS, the not to exceed amount of the bond issue is shown as \$25 million. That figure will be finalized next week. The transaction will be fixed-rate bonds with 20 serial maturities, 2015 through 2029. The TEFRA hearing was yesterday. The pricing of the bond issue will take place on May 7, 2014. The Authority chose that date because the PLUS rate is based on the 10-year Treasury as of that day. Ms. Weldon explained the redemption features of the proposed bond issue. Further discussion ensued.

Ms. Weldon also reported that there is approximately \$4 million of the 5.99% funds remaining and available to lend that will be used before lending proceeds of the new issue.

A discussion ensued on the magnitude of the Authority’s equity contribution needed to assure a loan rate lower than the federal PLUS Loan rate. Mr. Santoro and Mr. Webb commented on the preliminary cash flows associated with the proposed transaction and the impact of the equity contribution on the loan rate.

Ms. Steiner joined the meeting at this time.

Ms. Weldon stated that she is comfortable with a \$300,000 contribution because that will leave us with \$2 million on the operating fund balance sheet.

Mr. Mutone asked what was available in the unrestricted asset account. Ms. Weldon stated that the Authority has two accounts: a board designated account balance of approximately \$1 million and \$1.3 million in an unrestricted account.

Ms. Sanders inquired if the Authority will have a retail order period and if there will be any other underwriters on the transaction. Ms. Weldon stated RBC Capital Markets will be the co-

manager. Mr. Santoro recommended having a morning retail order period and an afternoon institutional order period.

Ms. Rubin inquired about the average cost of funds bond rate. Mr. Santoro stated it is estimated to be approximately 130 basis points over MMD, which is similar to last year.

Ms. Weldon stated there is a co-borrower release feature implemented with this transaction. The Authority is not implementing the graduate school deferment of principal feature with this loan transaction because of the need to do a more detailed review on the potential impact.

Mr. Budd recommended an amendment to Section 8 of the proposed authorizing resolution included in the board packet to read as follows ...

8. That each Authorized Officer, individually, is hereby authorized and directed to take all actions necessary or appropriate to complete the sale and delivery of such Bonds, including but not limited to: setting the interest rate on Loans to be made with proceeds of such Bonds ("the Loans") and determining the amount of proceeds of such Bonds which may be used to make Loans not meeting the debt-to-income ratio or otherwise not meeting the credit criteria, as set forth in Section F.1 of the Program Manual; approving the costs of issuance and providing for the payment thereof in part from proceeds of the sale of such Bonds and, in part, in an amount from the Authority's agency account not in excess of \$300,000, provided however that such officer is authorized to provide up to an additional \$200,000 from the Authority's agency account (for an aggregate contribution of up to \$500,000) if such officer deems it necessary in her sole discretion to assure that the interest rate on the Loans shall be at least 25 basis points lower than the interest rate on federal PLUS loans; and, on behalf of the Authority, supplementing the Program Manual and related documents, as shall be deemed appropriate in connection with such.

Ms. Rubin introduced Resolution #2014-05, including amendments as noted above. Mr. Budd moved for adoption of the amended Resolution #2014-05, which was seconded by Mr. Mutone.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Jeffrey Asher	None	None
Martin Budd		
Steven Kitowicz		
Dr. Peter Lisi		
Paul Mutone		
Barbara Rubin		
Sarah Sanders		
Julie Savino		
Erika Steiner		

OTHER BUSINESS

Ms. Weldon reported that she met with the Advisory Committee on Monday and the Committee provided positive feedback on the co-borrower release feature.

Ms. Weldon indicated that if the bill passes on the Connecticut Student Loan Foundation, we would need to have a Board Meeting in July. Ms. Sanders stated that the CSLF Board is scheduled to have a Board Meeting on July 22, 2014. Ms. Weldon stated that if the bill passes, we could provide a 30 day notice to the Office of the Secretary of State to change the meeting date.

Ms. Herman reminded the Board members of the need to complete and file a Statement of Financial Interest by May 1, 2014.

ADJOURNMENT

There being no further business, at 3:59 p.m., Mr. Budd moved to adjourn the meeting and Mr. Mutone seconded his motion.

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

AYES

NAYS

ABSTENTIONS

Jeffrey Asher
Martin Budd
Steven Kitowicz
Dr. Peter Lisi
Paul Mutone
Barbara Rubin
Sarah Sanders
Julie Savino
Erika Steiner

None

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director