

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Board Meeting

November 15, 2016

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Tuesday, November 15, 2016.

The meeting was called to order at 11:30 a.m. by Dr. Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Martin L. Budd
Steven Kitowicz (*Rep for Honorable Benjamin Barnes, OPM Secretary*)
Dr. Peter W. Lisi, Chair
Sarah K. Sanders (*Rep. for Honorable Denise L. Nappier, State Treasurer*)
Julie B. Savino, Vice Chair
Jeanette Weldon

Absent: Erika Steiner (*Rep. for Honorable Mark Ojakian, President, Connecticut State Colleges & Universities*)

Also Present: Denise Aguilera, General Counsel, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Sr. Accountant, CHEFA/CHESLA
JoAnne Mackewicz, Controller, CHEFA
Debra M. Pinney, Manager of Administrative Services, CHEFA
Samuel E. Rush, Deputy Director, CHESLA

Guests: Randy Behm, Principal, Education Solution Partners, LLC
Judith Blank, Esq., Day Pitney LLP
Darlene Dimitrijevs, Principal, Education Solution Partners, LLC
Joseph Santoro, Director, Merrill Lynch, Pierce, Fenner & Smith, Inc., Bank of American, N.A.
Thomas H. Webb, Vice President, Hilltop Securities¹

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

MINUTES

Dr. Lisi requested a motion to approve the minutes of the September 20, 2016 Board of Directors meeting. Ms. Sanders moved to approve the minutes and Ms. Savino seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Dr. Peter Lisi Sarah Sanders Julie Savino Jeanette Weldon	None	Martin Budd ² Steven Kitowicz ³

Dr. Lisi requested a motion to approve the minutes of the June 16, 2014 Board of Directors Consultant/Vendor Committee meeting. Mr. Kitowicz moved to approve the minutes and Ms. Savino seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Steven Kitowicz Dr. Peter Lisi Sarah Sanders Jeanette Weldon	None	Martin Budd ⁴ Julie Savino ⁵

ANNUAL ETHICS TRAINING

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

PROPOSED BUDGET MODIFICATIONS

Ms. Weldon pointed out that included in the board packet were budget modifications for items that were previously approved last year, but were inadvertently not included in the 2017 budget. When the Board approved \$6 million for the CT Refinance Pilot Program, \$500,000 was allocated for start-up costs. When FY 2016 was audited, the auditors required that the \$500,000 be shown as revenue in the FYE June 30, 2016 projected column. Ms. Weldon stated that some of the start-up costs are now falling into the FY 2017 year, although the revenue was recognized in FY 2016. CHESLA has expensed approximately \$250,000 of the \$500,000 to date. These

² Mr. Budd abstained from voting as he did not attend the September 20 Board meeting.

³ Mr. Kitowicz abstained from voting as he did not attend the September 20 Board meeting.

⁴ Mr. Budd abstained from voting as he did not attend the June 16, 2014 Committee Meeting.

⁵ Ms. Savino abstained from voting as she did not attend the June 16, 2014 Committee Meeting.

expenses are proposed to be shown as a separate line item in the CHESLA budget for the 12 months ending June 30, 2017.

Ms. Weldon added that there is another budget modification in which CHESLA is proposing to increase the General and Administrative budget from \$93,842 to \$118,842 to reflect the \$25,000 approved by the Board on March 22, 2016 to create the Student Aid Financial Literacy Web Portal.

Mr. Budd moved for approval of the budget modifications; Ms. Savino 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 Steven Kitowicz Dr. Peter Lisi Julie Savino Sarah Sanders Jeanette Weldon	None	None

FINANCIAL REPORT

Ms. Levin provided a report on the CHESLA financial statements for the quarter ended September 30, 2016.

Ms. Weldon mentioned that CHESLA will be using an additional \$55,000 of start-up expenses for the CT Refi Program for marketing and enhancing digital search capabilities.

Mr. Budd inquired if Staff could send out a copy of the Management Letter pertaining to the Audited Financial Statements; Ms. Weldon agreed.

EXECUTIVE DIRECTOR’S REPORT

Deceased Borrower Policy

Ms. Weldon stated that the Deceased Borrower Policy has been revised to make it apply to the death of the borrower at any time, as opposed to the current policy that forgives the loans of a deceased student borrower only if the borrower dies while enrolled in a college or university.

Ms. Aguilera provided some background information on the initial deceased borrower policy which was approved by the Board in June of 2012. Ms. Weldon pointed out that that this new policy would only apply to the in-school program without regard to the financial status of any co-borrower and without regard to whether the borrower was enrolled in a college or university at the time of the death.

A discussion ensued.

Mr. Budd recommended that the following disclosures be added to the CT Refi Program: (1) If the borrower dies after refinancing his or her student loans, the loans are not forgiven (2) If the borrower became permanently disabled, his or her student loans are not forgiven. Ms. Weldon agreed.

Dr. Lisi introduced Resolution #2016-04, Modifications to the Deceased Borrower Policy, which resolution was included in the Board handouts at the meeting. Mr. Budd moved for adoption of the modifications to the Deceased Borrower Policy, Resolution #2016-04, and 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>
Martin Budd Steven Kitowicz Dr. Peter Lisi Julie Savino Sarah Sanders Jeanette Weldon	None	None

Disabled Borrower Policy

Ms. Aguilera introduced Resolution #2016-05, which authorizes the forgiveness of student loans for borrowers who are permanently and totally disabled without regard as to whether the borrower is enrolled in a college or university. The resolutions also authorizes the Executive Director to establish the guidelines and process for determining whether a student loan borrower is totally and permanently disabled for purposes of forgiving the borrower’s student loan. The U.S. Department of Education discharges student loans of borrowers who are totally and permanently disabled. Documentation would need to be submitted to provide validation that the borrower is totally and permanently disabled.

Mr. Budd moved for adoption of Resolutions #2016-05, authorizing the forgiveness of loans of Permanently and Totally Disabled Borrower Policy, which was distributed as a handout at the Board meeting. 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>
Martin Budd Steven Kitowicz Dr. Peter Lisi Julie Savino Sarah Sanders Jeanette Weldon	None	None

Mr. Rush provided a report on CHESLA portfolio facts and loan disbursement data. Mr. Webb pointed out the volume in the number of loans and originations. Ms. Savino indicated that it would be interesting to see how many of the loans are for Connecticut residents and how many are for out-of-state residents. Mr. Rush stated he would look into obtaining that information from CHESLA's loan servicer.

Mr. Hurlock provided an update on the CHESLA's marketing notes and loan originations. The CHESLA Scholarship Program has disbursed \$600,250 to 15 schools thus far. Many of those schools have requested two disbursements and their first disbursements have been mailed. Mr. Hurlock provided a report on the marketing events which have occurred over the past month and the marketing efforts that are planned for Refi CT. On October 13, CHESLA participated in ECMC's financial presentation at Naugatuck High School. On October 25th, Mr. Rush participated in a luncheon hosted by the Northwest Connecticut Chamber of Commerce. Representatives Matthew Lesser of Middletown and Michelle Cook of Torrington also attended. On October 26, Mr. Hurlock attended Enfield's College Fair night at Enfield High School and on November 2, Ms. Weldon participated in a financial presentation at Norwich Free Academy.

Mr. Hurlock reported that applications are slow for the Refi CT Program. As of November 7, there were 203 total applications representing 170 unique individuals. He stated that at this point in time, 22 loans have been disbursed totaling approximately \$1.1 million.

Mr. Budd inquired if the Board could obtain data on the Refi CT Program similar to the data he receives on the loan program. Mr. Hurlock stated that he will provide that information at each meeting moving forward, starting with the March 2017 Board meeting. Mr. Hurlock stated that, currently, the average loan size is approximately \$52,000.

Mr. Hurlock added that CHESLA will utilize WNPR approximately one month per quarter to market the Refi CT Program.

Maier Advertising will continue marketing through media and develop search engine marketing to elevate CHESLA's brand awareness. Maier will also be shooting a video at the CHESLA office to promote the Refi CT Program. The video will include Ms. Weldon and a testimonial from a Refi CT borrower. Mr. Hurlock stated that the video will be posted on the CHESLA website and will also be formatted in the event CHESLA decides to use it as a television ad in the future.

Mr. Hurlock provided a demonstration of CHESLA's website refresh and displayed a screen print layout of the Financial Literacy portal entitled *CT Dollars and Sense*. CHESLA is working with Maier Advertising to advance this initiative into production.

Ms. Savino inquired if there was anything on the site pertaining to resources on outside scholarship options. Mr. Hurlock stated that there was not but believes there is a scholarship search through iGrad that will appear on the website. Ms. Savino recommended there be a constant block dedicated to scholarships. Ms. Weldon concurred and also stated that the Office of Higher Education block should also include information on scholarships. Ms. Sanders recommended displaying the content on the site based on what the student specifically needs, such as borrowing, saving, etc. Ms. Weldon agreed.

Ms. Weldon pointed out that Mr. Hurlock has put a great deal of work into this initiative and the first rollout will be to promote the site to high school guidance counselors, in addition to press releases, etc.

OTHER BUSINESS

Dr. Lisi asked the Board to review the 2017 Board and Committee meeting dates and notify Staff if there are any conflicts with the meeting schedule for 2017.

ADJOURNMENT

There being no further business, at 12:40 p.m., Mr. Budd moved to adjourn the meeting and Mr. Kitowicz seconded his motion.

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

AYES

NAYS

ABSTENTIONS

Martin Budd
Steven Kitowicz
Dr. Peter Lisi
Julie Savino
Sarah Sanders
Jeanette Weldon

None

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director