

# CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

## Minutes of Authority Special Board Meeting

August 21, 2018

The State of Connecticut Higher Education Supplemental Loan Authority met at 2:30 p.m. on Tuesday, August 21, 2018.

The special meeting was called to order at 2:31 p.m. by Dr. Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Martin L. Budd<sup>1</sup>  
Steven Kitowicz (*Designee for Benjamin Barnes, OPM Secretary*)<sup>2</sup>  
Dr. Peter W. Lisi, Chair<sup>3</sup>  
Sheree Mailhot, (*Designee for Denise Nappier, State Treasurer*)<sup>4</sup>  
Julie Savino<sup>5</sup>  
Erika Steiner (*Designee. for Mark Ojakian, President, Connecticut State Colleges & Universities*)<sup>6</sup>  
Jeanette Weldon

Absent: Paul H. Mounds, Jr.

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  
Natalia Rozio, Administrative Intern, CHESLA

Guests: Judith Blank, Esq., Day Pitney LLP<sup>7</sup>  
Joseph Santoro, Director, Merrill Lynch, Pierce, Fenner & Smith, Inc.,  
Bank of America, N.A.  
Timothy Webb, Vice President, Hilltop Securities<sup>8</sup>

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

<sup>2</sup> Mr. Kitowicz joined the meeting at 2:37 p.m. and participated via conference telephone that permitted all parties to hear each other.

<sup>3</sup> Dr. Lisi participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>4</sup> Ms. Mailhot participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>5</sup> Ms. Savino participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>6</sup> Ms. Steiner participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>7</sup> Ms. Blank participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>8</sup> 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 July 25, 2018 Special Board of Directors meeting minutes. Mr. Budd moved to approve the minutes and Ms. Savino seconded the motion.

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

### **AYES**

Dr. Peter Lisi  
Sheree Mailhot  
Jeanette Weldon  
Julie Savino  
Martin Budd

### **NAYS**

None

### **ABSTENTIONS**

Erika Steiner<sup>9</sup>

## **APPROVAL OF SERIES 2018A BOND TRANSACTION**

Mr. Webb presented a summary of the CHESLA bond transaction, Series 2018A, authorizing an issuance not to exceed \$20 million. The transaction is expected to be brought to market in early September. He stated that CHESLA has received the ratings on the bonds from Fitch and Moody's. The anticipation is to have the offering document released on August 27, 2018 with pre-pricing on September 10, 2018 and a pricing date on September 11, 2017. The closing is expected to take place on September 17, 2018. The bond issue will be issued under the 1990 Indenture. Based on the projections from the Authority, the issue has been sized at \$10 million (par amount). Based on a structure similar to what has been done in the past, the non-callable locked out bonds are expected to be sold at a premium and the non-locked out bonds at a discount. Overall, the Authority expects to have a net premium between a \$200,000 and \$300,000 range. The Authority is not looking to put any equity into this transaction from its balance sheet. There are enough funds currently in the SCRF to provide for a SCRF allocation for the 2018 Series A Bonds.

Mr. Kitowicz joined the meeting at 2:37 p.m.

Mr. Webb explained the two sets of cash flows and responded to questions.

Mr. Budd asked Ms. Weldon how long the \$10 million of bond proceeds would last from an origination standpoint. Ms. Weldon indicated that it should provide enough funds to put the Authority back on its regular bond issuance schedule in May of 2019. She explained that issuing an amount now that would provide for all of next year would create too much negative arbitrage. Additionally, the Authority would like to begin issuing future debt under a new indenture with updated covenants and the ability to issue taxable debt for the refinance program. Mr. Webb added that one of the reasons the Authority would want to issue out of a new indenture is that in the 1990 Indenture, the Authority is not permitted to remove excess equity until all the bonds have been redeemed. A discussion ensued.

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<sup>9</sup> Ms. Steiner abstained from voting as she was not present at the July 25, 2018 Special Board Meeting.

Ms. Weldon pointed out that Section 9 of the draft resolution, states the Authority's intent to reimburse itself from bond proceeds for any amounts it advances to fund loans.  
A discussion ensued.

Dr. Lisi requested a motion to approve the Series 2018A Bond transaction, Resolution #2018-03. Mr. Budd moved to approve Resolution #2018-03 and Ms. Savino seconded the motion.

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>
Steven Kitowicz Dr. Peter Lisi Sheree Mailhot Julie Savino Erika Steiner Jeanette Weldon Martin Budd	None	None

#### **AUTHORIZE USE OF BOARD DESIGNATED FUNDS TO ORIGINATE STUDENT LOANS**

Ms. Weldon presented the resolution included in the Board meeting materials on Page 114, authorizing CHESLA to use up to \$2 million of CHESLA Board Designated funds to originate student loans at the 4.95% rate between now and the time that the bond transaction closes on September 17, 2018. As previously discussed, when the Authority closes on the new bond deal, those dollars will be reimbursed.  
A discussion ensued.

Dr. Lisi requested a motion to authorize the use of Board Designated Funds to originate student loans, Resolution #2018-04. Mr. Budd moved to approve Resolution #2018-04 and Ms. Savino seconded the motion.

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>
Steven Kitowicz Dr. Peter Lisi Sheree Mailhot Julie Savino Erika Steiner Jeanette Weldon Martin Budd	None	None

**ADJOURNMENT**

There being no further business, Mr. Kitowicz moved to adjourn the meeting at 2:58 p.m. and Ms. Savino seconded the motion.

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

**AYES**

**NAYS**

**ABSTENTIONS**

Steven Kitowicz  
Dr. Peter Lisi  
Sheree Mailhot  
Julie Savino  
Erika Steiner  
Jeanette Weldon  
Martin Budd

None

None

Respectfully submitted

Jeanette W. Weldon  
Executive Director