

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Special Board Meeting

April 26, 2016

The State of Connecticut Higher Education Supplemental Loan Authority met at 4:30 p.m. on Tuesday, April 26, 2016.

The meeting was called to order at 4:31 p.m. by Ms. Barbara Rubin, Chair of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Barbara Rubin*, Chair
Martin L. Budd*
Steven Kitowicz* (*Rep for Honorable Benjamin Barnes*)
Dr. Peter W. Lisi*
Sarah K. Sanders* (*Rep. for Honorable Denise L. Nappier*)
Julie B. Savino*, Vice-Chair
Erika Steiner* (*Rep. of President, Board of Regents for Higher Education*)
Jeanette Weldon

Absent: Paul Mutone

Also Present: Paula L. Herman, General Counsel, CHEFA
Joshua Hurlock, Portfolio and Marketing Associate, CHESLA
Carlee Levin, Sr. Accountant, CHEFA/CHESLA
Debra M. Pinney, Manager of Administrative Services, CHEFA

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 America, N.A.
William W. Veronda, Director, Merrill Lynch, Pierce, Fenner & Smith Inc.,
Bank of America, N.A.*
Tim Webb, Vice President, Hilltop Securities*

*Participated in the meeting via conference telephone that permitted all parties to hear each other.

MINUTES

Ms. Rubin requested a motion to approve the minutes of the March 22, 2016 Board of Directors meeting, with the correction previously circulated on Page 9 thereof. Mr. Budd moved to approve the minutes with the referenced correction and Mr. Kitowicz 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 Erika Steiner Jeanette Weldon	None	Barbara Rubin ¹ Sarah Sanders ²

2016 Series A Bonds Authorizing Resolution

.Ms. Weldon indicated that the Authorizing Resolution would approve issuance of up to \$18 million of 2016 Series A Bonds. Management hopes to achieve a maximum loan rate to students of 4.95%. A separate resolution would authorize lengthening the interest only period for in-school borrowers from five years to eight years. Both of these goals are factored into the cash flows presented. Ms. Weldon stated that CHESLA is still in the public comment period with respect to lengthening the interest-only period beginning with the 2016 series of loans. She indicated that the 2016 transaction on a standalone basis with the current assumptions and including a conservative default rate is slightly less than break even with a 4.95% loan interest rate. Historically, CHESLA has used a 12% default rate in the stress test assumption. Ms. Weldon asked Mr. Webb to comment on the positive impact of using more realistic default levels. Ms. Weldon added that next year CHESLA will have the ability to refinance the 2003 trust and bring substantial equity into the 1990 trust. A discussion ensued.

Mr. Webb asked Ms. Blank if she had any comments concerning the Preliminary Official Statement. She indicated that the document is close to final but some things are subject to change. Ms. Blank stated that in light of the current State budget situation there may be material changes that need to be made with respect to the State disclosure. Further discussion ensued as to when the transaction might price.

Mr. Budd introduced Resolution #2016-02 and moved to amend the resolution previously distributed to the Board with respect to 2016 Series A bond transaction to authorize a student loan interest rate not to exceed 5.1%. Mr. Kitowicz seconded the motion.

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

¹ Ms. Rubin abstained from voting as she was not present at the March 22 meeting.

² Ms. Sanders abstained from voting as she was not present at the March 22 meeting.

AYES

Martin Budd
Steven Kitowicz
Dr. Peter Lisi
Barbara Rubin
Sarah Sanders
Julie Savino
Erika Steiner
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

PROGRAM MANUAL AMENDMENT RESOLUTION

Ms. Weldon indicated that staff propose to extend the interest only period for in-school borrowers from five years to eight years beginning with the 2016 loan pool, assuming that there are no material comments received during the public comment period.

Mr. Budd moved to amend the program manual with the above-mentioned condition. Mr. Kitowicz seconded the motion.

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

AYES

Martin Budd
Steven Kitowicz
Dr. Peter Lisi
Barbara Rubin
Sarah Sanders
Julie Savino
Erika Steiner
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

ADJOURNMENT

There being no further business, at 5:10 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

Martin Budd
Steven Kitowicz
Dr. Peter Lisi
Barbara Rubin
Sarah Sanders
Julie Savino
Erika Steiner
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director