

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Board Meeting

May 16, 2016

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:00 a.m. on Monday, May 16, 2016.

The meeting was called to order at 11:02 a.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 *

Julie B. Savino *, Vice-Chair¹
Erika Steiner * (*Rep. of President, Board of Regents for Higher Education*)
Jeanette Weldon

Absent: Paul Mutone
Sarah K. Sanders (*Rep. for Honorable Denise L. Nappier*)

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*
Tim Webb, Vice President, Hilltop Securities*

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

¹ Ms. Savino joined the meeting at 11:04 a.m.

MINUTES

Ms. Rubin requested a motion to approve the amended minutes of the April 26, 2016 Special Board of Directors meeting, that were previously distributed to Board members. Mr. Budd moved to approve the amended minutes and Ms. Steiner seconded the motion.

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

AYES

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

NAYS

None

ABSTENTIONS

None

Update on Loan Refinance Program Manual

Ms. Rubin stated that she had some questions on the loan refinance program manual. She asked if it is typical that there is no balloon payment option. Ms. Weldon stated that the possible term of the loan is 5, 10 or 15 years and there is no balloon payment.

Ms. Rubin inquired as to how much is the typical loan amount. Mr. Behm indicated that it was estimated to be somewhere in the \$25,000 to \$30,000 range, and the range can go up to \$100,000 total. The loans are fully amortized and there is no balloon payment. A discussion ensued.

Ms. Rubin inquired about the definition of “eligible education debt”. The meaning of eligible education debt may be limited by the Authority in order to assure or maintain the tax-exempt status of any bonds. CHESLA is working with bond counsel on the outstanding tax issues in terms of which of the programs would qualify.

A discussion ensued on whether to amend the definition further to clarify that loans must be school certified. Ms. Weldon explained the proposed process for determining an eligible education loan. She stated that the plan is to only refinance loans that do not exceed the cost of education, less other available financial aid. Further discussion continued on private and governmental loans.

Mr. Behm clarified by stating that the word ‘private’ in the definition of eligible education debt does not mean a loan by a private individual; it means a loan by a private commercial lender. Mr. Behm recommended adding a definition of “private lender” to the manual.

Ms. Rubin requested a motion to approve the amendments as noted above to the loan refinance program manual. Mr. Budd move to approve the amended manual 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 Barbara Rubin Julie Savino Erika Steiner Jeanette Weldon	None	None

APPROVAL OF PRODUCT PRICING MODEL FOR THE REFI CT LOAN PILOT PROGRAM

Mr. Behm explained the pricing model for the Refi CT Loan Program and indicated that the model is based on fixed rate loans, the term of the loan, the credit of the borrower and cosigner, along with credit scores. Mr. Behm reviewed the various costs in the model. A discussion ensued.

Mr. Budd moved to approve the pricing model for the Refi CT Loan Pilot Program 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>
Martin Budd Steven Kitowicz Dr. Peter Lisi Barbara Rubin Julie Savino Erika Steiner Jeanette Weldon	None	None

EXECUTIVE DIRECTOR’S REPORT

Ms. Weldon pointed out that the proposed timeline for the Pilot Program was included in the Board package. CHESLA is making progress in launching the product next month and she added that a great deal of work was completed in developing a logo and marketing strategies.

Also included in the board meeting materials was a copy of Moody's Credit Report on CHESLA's Series 2016 A Bond Issue. The tentative schedule to price the bonds is June 2, with a closing date of June 30, 2016.

ADJOURNMENT

Ms. Rubin thanked the staff and consultants for all the work and effort put into the refinance loan pilot program.

There being no further business, at 11:49 a.m., Mr. Budd moved to adjourn the meeting and Dr. Lisi seconded his motion.

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

AYES

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

NAYS

None

ABSTENTIONS

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director