

# CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

## Minutes of Authority Special Board Meeting

May 20, 2015

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Wednesday, May 20, 2015.

The meeting was called to order at 11:34 a.m. by Mr. Jeffrey Asher, board member and Executive Director of the Connecticut Health and Educational Facilities Authority. Those present and absent were as follows:

Present: Barbara Rubin, Chair<sup>1</sup>  
Jeffrey A. Asher  
Martin L. Budd \*  
Steven Kitowicz \* (*Rep. for Secretary Benjamin B. Barnes*)  
Dr. Peter W. Lisi  
Paul Mutone  
Sarah K. Sanders \*<sup>2</sup> (*Rep. for Honorable Denise L. Nappier*)\*  
Julie B. Savino \*<sup>3</sup>, Vice-Chair

Absent: Erika Steiner (*Rep. for Board of Regents for Higher Education*)

Also Present: Jeanette Weldon, Executive Director  
Paula L. Herman, General Counsel, CHEFA  
Joshua Hurlock, Portfolio and Marketing Associate  
Carlee Levin, Sr. Accountant, CHEFA/CHESLA  
JoAnne N. Mackewicz, Controller, CHEFA  
Cynthia D. Peoples, Assistant Director, CHEFA  
Debra M. Pinney, Manager of Administrative Services, CHEFA  
Norberto Ramirez, CIAF, CHEFA  
Samuel E. Rush, Deputy Director

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

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<sup>1</sup> Ms. Rubin joined the meeting at 11:35 a.m.

<sup>2</sup> Ms. Sanders joined the meeting via telephone at 11:59 a.m. and all parties could hear each other.

<sup>3</sup> Ms. Savino joined the meeting via telephone at 11:44 a.m. and all parties could hear each other.

Guests: Judith Blank, Esq., Day Pitney \*  
Jeffrey Wagner, Managing Director, RBC Capital Markets  
Tim Webb, Vice President, FirstSouthwest Company, LLC  
Gary Wolf, RBC Capital Markets

**MINUTES**

Ms. Rubin requested a motion to approve the amended minutes of the March 19, 2015 Board of Directors meeting. Mr. Mutone moved for approval of the minutes and Mr. Budd seconded his 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>
Jeffrey Asher Martin Budd Steven Kitowicz Dr. Peter Lisi Paul Mutone	None	None

Ms. Rubin joined the meeting at this time.

**2015 EQUITY CONTRIBUTION SUPPLEMENTAL RESOLUTION**

Ms. Weldon reported that House Bill 6907, which is the bill that would have imposed a loan rate cap on CHESLA student loans, has been amended. The amended version, passed by the House, removes the loan rate cap and any reference to CHESLA reserve fees. A requirement has been added for a report to be made by the CHESLA Board of Directors Chair to the Banking and Higher Education Committees no later than February 1, 2016. The report is required to contain a progress report on four different items, all with a goal of helping students and lowering the loan rate. The four areas are lowering the loan rate through equity contributions from the Connecticut Student Loan Foundation (CSLF), offering scholarships, relaxing the debt to income ratio requirements so that more students will qualify for loans, and deferring repayment of undergraduate loans for graduate students. Ms. Weldon acknowledged the efforts of Ms. Sanders, Ms. Savino and Mr. Kitowicz in bringing this amendment to fruition. They met with key leaders last week and the meeting was extremely productive. As a result, CHESLA has been able to accelerate its new bond issue. The new proposed sale date is June 4, 2015. Ms. Weldon expects CHESLA to post the POS next week.

CHESLA has had numerous discussions on the timing of taking new loan applications. Ms. Weldon stated that Mr. Rush made a suggestion to reopen loan applications immediately at the existing 6.75% rate. When CHESLA gets its new loan rate, all of the new applications that have been received since CHESLA reopened applications will be revised to the new loan rate, if it is lower, which is expected to be the case. This would allow students to access funds as soon as possible.

Ms. Weldon stated that with the equity contribution of approximately \$2 million released from the 2003 indenture upon refunding of the Series 2003 and 2005 bonds and the \$2 million

contribution from CSLF, CHESLA expects that the loan rate will be lower than the 6.75% rate. A discussion ensued.

Further discussion ensued. Ms. Savino joined the meeting at this time.

Mr. Webb reviewed the structure of the proposed bond transaction. He added that CHESLA is looking at issuing \$20-\$23 million, a combination of new money and refunding of the 2003 and 2005 bonds. The total issuance is projected to be \$21.4 million at this point and he added that that figure is subject to change as the pricing approaches. CHESLA will be transferring the equity that is built up within the 2003 trust in connection with the refunded bonds to the 1990 trust. The parity level in the 2003 trust, prior to the refunding, will be at the same level post-refunding.

A discussion ensued.

Ms. Rubin pointed out that at some point, funding from CSLF will be exhausted and CHESLA should consider strengthening the trust so that there is funding available in the future to lower the loan rates for the students. Ms. Weldon stated that in 2017, everything that remains in the 2003 indenture is callable. There continues to be equity available in the 2003 indenture which could additionally come over in 2017. Further discussion ensued.

Ms. Rubin introduced Resolution #2015-1, a resolution providing for the creation of certain funds and accounts under the revenue bond resolution of CHESLA adopted June 12, 1990, as supplemented and amended, which resolution was included in the Board materials. Mr. Budd moved for adoption of Resolution #2015-1 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>
Barbara Rubin Jeffrey Asher Martin Budd Steven Kitowicz Dr. Peter Lisi Paul Mutone Julie Savino	None	None

Ms. Sanders joined the meeting at this time.

Ms. Rubin introduced Resolution #2015-2, a resolution authorizing the issuance of not exceeding \$25 million CHESLA revenue and revenue refunding bonds (CHESLA Loan Program 2015 Series A), adopting the 2015 Series A supplemental revenue bond resolution, a tax regulatory agreement, and an official statement for such bonds; and authorizing the sale of such bonds, which resolution was included in the Board materials. Mr. Budd moved for adoption of Resolution #2015-2 and Mr. Asher seconded the motion.

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

**AYES**

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

**NAYS**

None

**ABSTENTIONS**

None

**ADJOURNMENT**

There being no further business, at 12:05 p.m., Mr. Asher moved to adjourn the meeting and Mr. Mutone seconded the motion.

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

**AYES**

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

**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,

Jeanette W. Weldon  
Executive Director