

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority Board Meeting

November 17, 2015

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Tuesday, November 17, 2015.

The meeting was called to order at 11:33 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
Dr. Peter W. Lisi¹
Sarah K. Sanders (*Rep. for Honorable Denise L. Nappier*)²
Julie B. Savino, Vice-Chair³
Erika Steiner (*Rep. of President of Board of Regents for Higher Education*)
Jeanette Weldon

Absent: Steven Kitowicz (*Rep. for Secretary Benjamin B. Barnes*)
Paul Mutone

Also Present: Paula L. Herman, General Counsel, CHEFA
Joshua Hurlock, Portfolio and Marketing Associate, CHESLA
Carlee Levin, Sr. Accountant, CHEFA/CHESLA
JoAnne N. Mackewicz, Controller, CHEFA
Cynthia Peoples, Managing Director, CHEFA⁴
Debra M. Pinney, Manager of Administrative Services, CHEFA

¹ Dr. Lisi joined the meeting at 12:07 p.m.

² Ms. Sanders participated in the meeting via conference telephone that permitted all parties to hear each other.

³ Ms. Savino participated in the meeting via conference telephone that permitted all parties to hear each other.

⁴ Ms. Peoples joined the meeting at 12:25 p.m.

Guests: Randy Behm, Partner, Education Solution Partners, LLC
 Judith Blank, Esq., Day Pitney
 Darlene Dimitrijevs, Principal, Education Solution Partners, LLC
 Joseph A. Santoro, Director, Education Finance,
 Merrill Lynch, Pierce, Fenner & Smith Inc., Bank of America, N.A.
 William Veronda, Director, Bank of American Merrill Lynch⁵
 Jeffrey Wagner, Managing Director, RBC Capital Markets⁶
 Tim Webb, Vice President, FirstSouthwest Company, LLC
 Gary Wolf, RBC Capital Markets⁷

MINUTES

Ms. Rubin requested a motion to approve the minutes of the September 17, 2015 Annual Board of Directors meeting. Ms. Steiner moved to approve the minutes and Ms. Sanders seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Sarah Sanders Julie Savino Jeanette Weldon	None	Martin Budd Erika Steiner

ANNUAL ETHICS TRAINING

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

VENDOR APPOINTMENTS

Financial Advisor Request for Proposal

Ms. Weldon provided an overview of the financial advisor request for proposal. Three proposals were received and staff recommended reappointing FirstSouthwest Company for a period not to exceed three years.

Mr. Budd moved to approve FirstSouthwest Company as CHESLA’s financial advisor; and Ms. Steiner seconded his motion.

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

⁵ Mr. Veronda participated in the meeting via conference telephone that permitted all parties to hear each other.
⁶ Mr. Wagner participated in the meeting via conference telephone that permitted all parties to hear each other.
⁷ Mr. Webb participated in the meeting via conference telephone that permitted all parties to hear each other.

AYES

Barbara Rubin
Martin Budd
Sarah Sanders
Julie Savino
Erika Steiner
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

Underwriter Request for Proposal

Ms. Weldon provided an overview of the underwriter Request for Proposal. Four proposals were received and staff recommended appointing Bank of America Merrill Lynch and RBC Capital Markets as eligible senior managers for CHESLA transactions and also recommended that Roosevelt & Cross be eligible as co-manager and that RockFleet Financial Services be eligible as a selling group member for a period not to exceed three years. Management will assign firms to individual transactions in any combination that it deems appropriate at its discretion and will not be required to assign all firms.

Mr. Budd moved to approve staff's recommendations for underwriting services, co-manager services and selling group member services; and Ms. Steiner seconded his motion.

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

AYES

Barbara Rubin
Martin Budd
Sarah Sanders
Julie Savino
Erika Steiner
Jeanette Weldon

NAYS

None

ABSTENTIONS

None

Student Loan Consumer Finance Legal Consultant Request for Proposal

Ms. Weldon provided an overview of the student loan consumer finance legal consultant request for proposal. The RFP was sent out to three firms and one proposal was received from McGlinchey Stafford Attorneys at Law. Ms. Weldon explained that this is a new service to provide CHESLA with advice on the contents of CHESLA's promissory note, disclosures, compliance policies and procedures. She pointed out that the firm has excellent references and staff recommended they be hired as their legal consultant for this purpose.

Ms. Savino left the meeting at 11:49 a.m.

Mr. Budd moved to approve staff's recommendation for the student loan consumer finance legal consultant and Ms. Steiner seconded his motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Martin Budd Sarah Sanders Erika Steiner Jeanette Weldon	None	None

Student Loan Refinance Program Loan Originator Request for Proposal

Ms. Savino rejoined the meeting at this time.

Mr. Behm from Education Solution Partners provided an overview of the student loan refinance program loan originator request for proposal. Eight entities received the RFP and five proposals were submitted. All of the respondents indicated they could support a spring product launch provided a vendor selection was made in November. Mr. Behm explained that after a thorough review of the proposals, staff recommends that CampusDoor be selected as the originator for the CHESLA Education Loan Refinance Program. A discussion ensued.

Dr. Lisi joined the meeting at this time.

Mr. Budd requested that he have the opportunity to review the program manual once it has been finalized.

Mr. Budd moved to approve staff’s recommendation for the student loan refinance program loan originator and Ms. Steiner seconded his motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Martin Budd Dr. Peter Lisi Sarah Sanders Julie Savino Erika Steiner Jeanette Weldon	None	None

Student Loan Refinance Program Loan Servicer Request for Proposal

Mr. Behm provided an overview of the student loan refinance program loan servicer request for proposal. At least 13 different entities received the RFP of which seven executed a nondisclosure agreement with CHESLA in order to receive the draft Program Manual and related materials. All of the respondents indicated they could support a spring product launch provided a vendor selection was made in November. Mr. Behm provided background

information on ECMC Servicing and UAS, (University Accounting Services) and further explained the proposed fees.

Mr. Behm recommended that the Board of Directors delegate to CHESLA management the authority to select as the servicing entity for the CHESLA Refinance Loan Program either ECMC Servicing or UAS for a period not to exceed three years. He pointed out that additional information has been requested and references will need to be verified for each entity.

Mr. Budd moved to approve staff's recommendation and Ms. Steiner seconded his motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Martin Budd Dr. Peter Lisi Sarah Sanders Julie Savino Erika Steiner Jeanette Weldon	None	None

Ms. Savino and Ms. Sanders left the meeting at 12:18 p.m.

FINANCIAL REPORT

Ms. Levin provided a report on the CHESLA financial statements for the quarter ended September 30, 2015.

Ms. Peoples joined the meeting at this time.

EXECUTIVE DIRECTOR'S REPORT

Mr. Hurlock provided an update on CHESLA's marketing initiatives, loan disbursements and loan originations.

Ms. Sanders rejoined the meeting at 12:38 p.m.

Mr. Hurlock reported on the loan disbursement data for the period ending September 30, 2015. Mr. Webb suggested that marketing the loan rate before the holidays would be advantageous. Ms. Weldon concurred and plans to use an additional \$5,000 toward marketing of the loan rate for the second semester of next year.

Ms. Weldon reported that the IRS issued new guidelines which clarify that CHESLA can issue tax-exempt bonds to fund loans to refinance student loans.

The Student Aid Financial Literacy Working Group was formed and has representatives from the Office of Higher Education and the CHET Program, etc. They had their third meeting and hope to put together a portal to serve Connecticut students.

Ms. Weldon is a member of the Planning Commission for Higher Education's Student Financial Aid Working Group, a subgroup of the Higher Education and Employment Advancement Committee, chaired by Roberta Willis and Senator Danté Bartolomeo.

CHESLA will be providing a report to the legislature by February 1st and Ms. Weldon will provide a report to the Board of Directors on CHESLA's progress on that report at the January Board meeting.

Ms. Weldon stated the CHESLA's strategic plan will be developed after the CHEFA strategic plan has been presented and approved by the CHEFA Board of Directors in January 2016.

OTHER BUSINESS

Ms. Weldon pointed out that the Board should review the 2016 Board meeting dates.

ADJOURNMENT

Ms. Rubin wished everyone Happy Holidays.

There being no further business, at 12:44 p.m. Mr. Budd moved to adjourn the meeting and Ms. Steiner seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Barbara Rubin Martin Budd Dr. Peter Lisi Sarah Sanders Erika Steiner Jeanette Weldon	None	None

Respectfully submitted,

Jeanette W. Weldon
Executive Director