

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
September 22, 2009
Connecticut Department of Higher Education
1st Floor Conference Room
Hartford, Connecticut

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Scott Ciecko (for Michael Meotti); Delores Graham; John Mengacci (for Robert L. Genuario); William Pizzuto; Sarah Sanders (for Denise Nappier); Kathleen Woods

Authority Staff and Advisors Present: Gloria F. Ragosta, Executive Director; Samuel E. Rush, Deputy Director; Judith Blank, Day Pitney (General and Bond Counsel); Joe Popevis, Firstmark Services (Loan Servicer); Elizabeth Hammer, U.S. Bank (Trustee); Julie Gillespie, Rocco Guerrera and Patrick Reynolds, Simione Macca & Larrow (Auditor); Christine Doyle and Robert Guadagno, PFM (Financial Advisor)

Authority Advisory Committee Members Present: Cathy Boone; Martin L. Budd, Esq.; Frank R.A. Resnick

A quorum being present, the Chairman called the meeting to order at 10:00 a.m. The minutes of the June 16, 2009 meeting were approved unanimously.

Ms. Ragosta presented the Executive Director's report. She reported that the Authority had \$23.9 million (gross) available to lend and \$8.1 million in the pipeline (includes approx. \$5.9 million in pending loans). Ms. Ragosta reported that all of the 2007 loan funds (including pipeline and pending second disbursements) had been disbursed. She noted that there is approximately \$300,000 remaining in the fund due to loan cancellations, which would be loaned out at the 6.8% rate (total not to exceed \$500,000). Ms. Ragosta indicated that MBIA approval was not required for the 2007 loan recycling. She noted that programming costs for Firstmark to establish a 2007B loan fund would cost \$7,274.38. Ms. Graham made a motion to authorize payment of \$7,274.38 to Firstmark Services for the programming costs related to the 2007B portfolio and the 6.8% recycled loans. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Ragosta noted that Collection Company of America (CCA) had collected approximately \$14.5 million through June 2009 (first placement collection rate increased by 0.44% to 74.79%; second placement collection rate increased by 0.68% to 75.47%). Mr. Rush reviewed the quarterly marketing data. The Board members asked that the income level report be broken out in increments of \$50,000.

Ms. Ragosta reported that OPM would be asking whether CHESLA required any bond cap for 2010. She indicated that the Authority had \$15 million remaining from 2009 to carry forward and that she could request an additional \$30-40 million in 2010 private activity bond funds. The Board agreed that she should request up to \$40 million. Ms. Ragosta noted that the Bond committee would be interviewing underwriters to contract for the next bond deal.

Ms. Ragosta reported that the 2009 loan yield calculations were being processed by AMTEC and that the 2009 arbitrage rebate numbers were in the Board packet.

Ms. Ragosta indicated that the year-to-date budget summary was included in the Board packet. She indicated that the budget was in line with projections.

Ms. Ragosta provided information concerning a partnership between CHESLA and Graduate!CT. She presented a resolution for CHESLA to serve as one of the sponsors of the October 24 and 26 "Return to Learning Career Fair." She indicated that the target audience was adult learners who have some college credit and that the program would encourage them to return to college to complete their undergraduate degree. Ms. Ragosta reported that CHESLA would be a full partner and would be listed as a sponsor on all Graduate!CT materials. She noted that she would make a presentation during the financial aid seminars and have an opportunity to distribute CHESLA marketing materials. Ms. Graham made a motion to approve \$5,000 from the Early Awareness budget line for the sponsorship of Graduate!CT. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Ragosta reported that as of June 2009 CHESLA's net loan default rate was 2.39%, down from 2.44% the prior year. She noted that the 2007 Federal default rate was 6.7% up from 5.2% in 2006.

Ms. Ragosta indicated that the Department of Higher Education had selected four GEAR-UP students to receive the annual "Morrison Beach Scholarship." She indicated that each of the students would receive \$2,500 and that two students attend SCSU; one student attends UConn; and one student attends UNH.

Ms. Ragosta reported that the 2009 Bond Committee Resolution was included in the Board packet. She indicated that the 2009 loan funds were available at a 6.8% rate and that CHESLA had already loaned out \$1.7 million of the new funds. Ms. Ragosta noted that the Bond Resolution needed to be approved to ratify the actions of the Bond Committee. Ms. Savino made a motion to approve the 2009 Bond Committee Resolution. Seconded by Ms. Graham, the motion passed unanimously.

Mr. McKeeman thanked Ms. Savino for her service as Vice Chair. Mr. Mengacci made a motion to re-appoint Ms. Savino as Vice Chair of the Authority. Seconded by Dr. Pizzuto, the motion passed unanimously.

Mr. Mengacci thanked the Board members and the staff of Simone, Macca & Larrow for their participation in the Audit Committee meeting. He indicated that further updates and changes were pending. Mr. McKeeman complimented CHESLA and the auditors on the Management Discussion and Analysis section of the audit. Dr. Pizzuto made a motion to approve the FY 2009 CHESLA Financial Statements and Management Discussion Analysis with the further updates. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Ragosta reviewed the 2009 Annual Report. She indicated that updates to the tables and charts were in process and she noted that the Affirmative Action section had been revised. Ms. Woods made a motion to approve the Annual Report with the updated tables. Seconded by Dr. Pizzuto, the motion passed unanimously.

Mr. McKeeman introduced a resolution to approve the Financial Advisor Selection Committee's recommendation to continue to contract with Public Financial Management (PFM) for two years with an optional 1-year renewal. Ms. Graham made a motion to approve the Financial Advisor Selection Committee's recommendation to retain PFM for two-years with an optional one-year renewal. Seconded by Dr. Pizzuto, the motion passed unanimously.

Ms. Ragosta reported that the renewal of Firstmark's servicing contract was discussed by the rating agencies and CHESLA during the 2009 bond deal. She indicated that the contract was up for renewal in October. Ms. Ragosta indicated that Firstmark would freeze its fees at the current rate for the next 3-years and that the final 2-years may increase up to 3% for inflation. She noted that a copy of the proposed contract was up for approval by the Board. Ms. Savino made a motion to approve the renewal of Firstmark's servicing contract for 5 years. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Ragosta introduced a resolution to approve the Accountant Selection Committee's recommendation to retain Beers Hamerman for another 3-year contract to serve as accountant to the Authority. Dr. Pizzuto made a motion to approve the Accountant Selection Committee's recommendation to retain Beers Hamerman for a 3-year contract to provide accounting services to the Authority. Seconded by Ms. Woods, the motion passed unanimously.

New Business

Mr. McKeeman discussed the need for the Personnel Committee to resume succession-planning strategies for the Authority that would provide options for the Board to review and discuss over the next year. Dr. Pizzuto made a motion to include Ms. Graham and Mr. Ciecko as members of the Personnel Committee. Seconded by Ms. Woods, the motion passed unanimously.

Public Participation

No public participation.

The meeting adjourned at 11:45 p.m.