

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting

December 14, 2010

Meeting Room C – Harry Gray Conference Center
University of Hartford – West Hartford, Connecticut

Authority Members Present: Michael E. McKeeman, Chairman; Julie Savino, Vice Chairman; Scott Ciecko (for Michael Meotti); Delores Graham; John Mengacci (for Brenda Sisco); William Pizzuto; Sarah Sanders (for Denise Nappier) and Kathleen Woods

Authority Staff and Advisors Present: Gloria F. Ragosta, Executive Director; Samuel E. Rush, Deputy Director; Susan Harlan, Loan Portfolio Analyst; Judith Blank and Ted See, Day Pitney LLP (General and Bond Counsel); Robert Guadagno, PFM (Financial Advisor via conference call); Elizabeth Hammer, U.S. Bank (Trustee); Joseph Santoro, Merrill Lynch/Bank of America (Underwriter/Co-Manager); Joseph Popevis and Christy Philips, Firstmark Services (Loan Servicer)

Authority Advisory Committee Members Present: Martin Budd; Frank R.A. Resnick, Arthur Shahverdian

Guest/Members of the Public Present: Judith B. Greiman, President (Connecticut Conference of Independent Colleges)

A quorum being present, the Chairman called the meeting to order at 10:35 p.m. The minutes of the September 21, 2010 Board meeting and November 18, 2010 Special Board meeting were unanimously approved with corrections.

Ms. Ragosta introduced Ms. Greiman to the Board. She indicated that it has been a pleasure to serve the Authority and that it would be in good hands with Ms. Greiman as the next Executive Director. Ms. Ragosta presented the executive director's report. She reported that in accordance with the 2009 Bond Resolution the loan fund balance had to be below \$5 million by November 15, 2010. She indicated that the Authority is required to call bonds for any excess funds on January 14, 2011 and that U.S. Bank would call approximately \$980,000 in accordance with the resolution.

Ms. Ragosta reported that the Authority had \$4.9 million (gross) available to lend and a pipeline of approximately \$3 million. Ms. Ragosta noted that Collection Company of America (CCA) had collected approximately \$15.6 million through September 2010 (first placement collection rate increased to 72.8% from 72.7%, second placement collection rate increased to 76.3% from 73.1% in March 2010). Ms. Ragosta noted that that the authority collected \$193,357 from CT income tax intercepts from defaulted borrowers. Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta reported that AMTEC provided its quarterly 2% Loan Yield calculations on the 1998 and 1996 portfolios. She indicated that the 1996 loan principal outstanding is \$1,592,580 with a blended rate liability of \$523,966.84, and that the 1998 loan principal outstanding is \$2,297,895 with a yield liability of \$456,021. Ms. Ragosta stated that no action is needed at this time on these portfolios.

Ms. Ragosta indicated that the year-to-date budget was included in the meeting packet. She reported that the budget was in line with projections and that it was too early to predict if there would be any major changes in the projections.

Ms. Ragosta reported that some changes under consideration on the Federal level include talk of a 5% risk retention proposal on bond deals and possibly doing away with tax-exempt bonds. She indicated that these types of changes would impact a private lender's ability to operate and that she is proposing that the Board increase its restricted funds from \$1 million to \$1.6 million as a way of protecting the authority in the unlikely event that regulatory changes force it to close down operations in the future. Following Board discussion Mr. McKeeman indicated that it would be good to try to cost out what the potential ongoing costs would be to manage outstanding bonds and loans if CHESLA were ever forced to cease its lending operation. Dr. Pizzuto made a motion to authorize the increase of CHESLA's restricted funds from \$1 million to \$1.6 million. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Ragosta reported that she did not request additional Private Activity Bond Cap for 2011 from OPM because the new 2010 loan funds will be available for at least the next year or year and a half.

Mr. McKeeman presented the Authority's slate for proposed 2011 Advisory Committee members. Dr. Pizzuto made a motion to approve the 2011 Advisory Committee members. Seconded by Ms. Graham, the motion passed unanimously. (A copy is attached to and becomes a permanent part of these minutes.)

Mr. McKeeman presented the Authority's proposed 2011 meeting schedule. The Board agreed to hold the March 29th meeting at UConn's Waterbury campus. Mr. Mengacci made a motion to approve the 2011 Authority meeting dates. Seconded by Ms. Woods, the motion passed unanimously. (A copy is attached to and becomes a permanent part of these minutes.)

Ms. Ragosta presented the FY 2011 First Quarter Financial Statements. Ms. Ragosta noted that Mr. Santore said that the financials were in good condition.

Mr. McKeeman introduced a resolution to authorize the issuance of an RFP for Collection Agency services. Ms. Ragosta noted that the current contract expires February 2011. Ms. Savino made a motion to authorize the issuance of the RFP for Collection Agency services and the appointments of Ms. Graham (chair), Ms. Woods and Dr. Pizzuto as members of the Collection Agency Selection Committee. Seconded by Dr. Pizzuto, the motion was approved unanimously.

Mr. McKeeman introduced a resolution to authorize the issuance of an RFP for Arbitrage Rebate/Loan Yield Calculations. Ms. Ragosta noted that the current contract expires May 2011. Ms. Savino made a motion to authorize the issuance of an RFP for Arbitrage Rebate/Loan Yield Calculations and the appointments of Ms. Woods (chair), Ms. Graham and Dr. Pizzuto as members of the Arbitrage Rebate/Loan Yield Selection Committee. Seconded by Dr. Pizzuto, the motion was approved unanimously.

Mr. McKeeman introduced a resolution to authorize the issuance of an RFP for General and Bond Counsel. Ms. Ragosta noted that the current contract expires June 2011. Mr. Mengacci made a motion to authorize the issuance of an RFP for General and Bond Counsel and the appointments of Mr. McKeeman (chair), Ms. Savino, Ms. Sanders and Mr. Mengacci as members of the General and Bond Counsel Selection Committee. Seconded by Dr. Pizzuto, the motion was approved unanimously.

Mr. McKeeman introduced a resolution ratifying the 2010 Bond Deal. He noted that the deal produced a successful outcome and he thanked the staff and professionals involved for their work. Ms. Savino made a motion to ratify the 2010 Bond Deal. Seconded by Dr. Pizzuto, the motion was approved unanimously.

Public Participation

Ms. Blank presented a certificate of honor and appreciation to Ms. Ragosta for her years of dedication to the Authority.

The meeting adjourned at 12:53 p.m.

Connecticut Higher Education Supplemental Loan Authority
Proposed Advisory Committee Members - 2011

The membership of the Advisory Committee includes representatives from specific groups and agencies, as follows:

Financial Aid Community

- **One from a public four-year institution** – Richard Savage, Retired Director of Financial Aid, Eastern

High School Guidance Counselor Community

- **One from a public institution** – Arthur Shahverdian, former Counselor, Manager, Early Awareness CSLF
- **One from an independent institution** –

Higher Education Finance Field

- **One from a public institution** –
- **One from an independent institution** –
- **Student Loan Finance Provider/Service** –
 - **Higher Education Finance** - Frank R.A. Resnick, CFO Mandell Greater Hartford Jewish Community Center
- **Student Loan Finance Provider/Service** – Joe Popevis, Manager, Firstmark Services

Department of Higher Education

- **One representative** –

CHESLA Alumni members

- **One representative** - Catherine Boone
- **One representative** - Martin L. Budd

Connecticut Higher Education Supplemental Loan Authority

Approved Meeting Dates for 2011
(REVISED)

| <u>Meeting Date</u> | <u>Time</u> | <u>Location</u> |
|-----------------------------|--------------------------|---|
| Tuesday, March 29 2011 | 10:00 a.m. to 11:30 a.m. | Waterbury UConn |
| Tuesday, June 21, 2011 | 10:00 a.m. to 11:30 a.m. | Mandell Greater Hartford Jewish Community Center Bloomfield Ave. West Hartford |
| Tuesday, September 27, 2011 | 10:00 a.m. to 11:30 a.m. | Dept. of Higher Education 61 Woodland St. Hartford, CT |
| Tuesday, December 20, 2011 | 10:30 a.m. to 1:00 p.m. | University of Hartford |