

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
June 17, 2008
Day Pitney – Pennington Conference Room
Hartford, Connecticut

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Delores Graham; Kathleen Woods; Mary Johnson (for Michael Meotti); John Mengacci (for Robert L. Genuario);

Authority Staff and Advisors Present: Gloria F. Ragosta, Executive Director; Samuel E. Rush, Deputy Director; Susan Harlan, Loan Portfolio Analyst; Judith Blank, Day Pitney (General and Bond Counsel); Joe Popevis, Firstmark Services (Loan Servicer) via conference call; Christine Doyle, PFM (Financial Advisor); Akhil Garg, Goldman Sachs (Underwriter) via conference call

Authority Advisory Committee Members Present: Cathy Boone (via conference call); Martin L. Budd, Esq.; Frank R.A. Resnick

A quorum being present, the Chairman called the meeting to order at 10:09 a.m. The minutes of the March 25, 2008 meeting were approved unanimously.

Ms. Ragosta presented the executive director's report. She indicated that the Authority had \$26.5 million (gross) available to lend and \$4.2 million in the pipeline. Ms. Ragosta reported that Collection Company of America (CCA) had collected approximately \$13.5 million through March 2008 (first placement collection rate decreased by 0.86% to 73.19%; second placement collection rate increased by 1.58% to 71.84%). Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta gave an update on new legislation. She indicated that the following bills passed: SB 25, CHESLA's bill increasing the Authority's SCRF volume cap from \$170 million to \$300 million; PA 08-4, allowing blind or physically disabled state or quasi-public employees to use accumulated sick leave for guide dog training; and HB 5123 eliminating financial aid directors from the CSLF Board.

Ms. Ragosta reported that the federal student loan interest rates for 2008 were included in the Board packets. She indicated that the 8.5% PLUS loan rate was still higher than CT FELP. The following federal fixed-interest rates would go into effect on July 1, 2008: Subsidized Stafford Loan (Undergraduate Students) - 6.0 %; Subsidized Stafford Loan (Graduate Students) - 6.8%; Unsubsidized Stafford Loan - 6.8%; FFEL PLUS Loan - 8.5%; and Direct PLUS Loan - 7.9%.

Ms. Ragosta noted that the 2007 draft state auditor's report was clean with no recommendations. She indicated that final report would be issued soon.

Ms. Ragosta indicated that the Firstmark Services 2007 SAS-70 report was available for a \$2,000 fee. She noted that the Authority's auditor used the SAS-70 report in compiling CHESLA's annual audit. Ms. Savino made a motion to authorize the payment of \$2,000 to Firstmark for the 2007 SAS-70 report to be paid from the Authority's Bond Revenue accounts. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Ragosta reported that on May 15th CHESLA redeemed \$500,000 in 1998 A series bonds; \$225,000 in 1999 A series bonds; \$800,000 in 2000 A series bonds; \$685,000 in 2001 A series bonds; and \$800,000 in 2005 A series bonds.

Ms. Ragosta noted that CHESLA received approval for an additional \$15 million allocation from the Private Activity Bond contingency fund for a total of \$45 million for the 2008 bond deal.

Ms. Ragosta indicated that she met with the Connecticut Attorney General's office as part of its investigation into possible bid rigging by the GIC investment providers and brokers. She noted that the AG's office had requested information from the state quasi-agencies regarding all investments of bond proceeds made in the last ten years. Ms. Ragosta noted that CHESLA supplied the information and that she was then asked to meet with Attorneys Chris Haddad and Michael Cole to explain CHESLA's GIC bidding process.

Ms. Ragosta reported that the 2006 loan fund had approximately \$400,000 remaining from cancelled loan proceeds. She noted that if recycling was needed Firstmark provided a quote of \$3,750 for programming a servicing portfolio for these funds. Ms. Savino made a motion authorizing the expense of \$3,750 from the Authority's Bond Revenue accounts for programming cost if the Authority chooses to recycle the remaining 2006 loan funds. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Ragosta reported that CSLF inquired if CHESLA would like to partner in underwriting a publication entitled "Parent Guide to Financial Aid." She indicated that the current publication only includes CSLF and its Susie Mae partner and that CHESLA would have its information included if it joins as a partner. Ms. Ragosta noted that 7,300 copies were previously printed for approximately \$9,700 and that plans call for increasing the copies to 8,500 and bidding out the printing job. She indicated that CSLF would like the CHESLA Board to approved \$5,000 and CSLF would give CHESLA a supply of the guides for its own use. After discussion, the Board decided not to partner with CSLF to avoid confusion regarding the identity of the two agencies.

Ms. Ragosta presented the FY 2008 Third Quarter Financial Statements. She noted that Mr. Santore indicated that the financials were in good condition.

Mr. Mengacci introduced a resolution ratifying the Auditor Selection Committee's recommendation to reappoint Simone Macca & Larrow, LLP to serve as the Authority's audit firm for one year and to RFP for auditing services for the following year. Ms. Savino made a motion to approve the resolution. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Ragosta introduced a draft proposal to make adults with Bachelor's degrees seeking teacher certification through the Dept. of Higher Education's Alternative Route to Certification (ARC) program eligible for CT FELP loans. Ms. Graham made a motion to approve the eligibility of ARC students to borrower from CT FELP. Seconded by Ms. Woods, the motion passed unanimously.

Mr. McKeeman introduced a resolution ratifying the Bond and Legal Counsel Selection Committee recommendation to reappoint Day Pitney, LLP to serve as the Authority's bond counsel for \$140,000 per bond issue and legal counsel for a fixed annual rate of \$90,000. Ms. Johnson made a motion to approve the resolution. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Ragosta reported that Governor Rell had reappointed Mr. McKeeman to the CHESLA Board for another six-year term.

Ms. Savino made a motion to go into executive session to discuss personnel items included in the proposed FY 2009 budget. Seconded by Mr. Mengacci, the motion passed unanimously. The Authority went into executive session at 11:32 a.m. The following individuals were present during executive session: Ms. Graham, Ms. Johnson, Mr. Mengacci, Mr. McKeeman, Ms. Ragosta, Ms. Savino and Ms. Woods. The regular meeting resumed at 11:41 a.m.

Mr. Mengacci made a motion to approve the proposed CHESLA Budget and Plan of Operations for FY 2009. Seconded by Ms. Woods, the motion passed unanimously.

Public Participation – No public participation.

The meeting adjourned at 11:43 a.m.