

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
June 16, 2009
Mandell Jewish Community Center
Bloomfield, 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); William Pizzuto (via conference call); and Sarah Sanders (via conference call for Denise Nappier)

Authority Staff and Advisors Present: Gloria F. Ragosta, Executive Director; Samuel E. Rush, Deputy Director; Edmund See and Judith Blank, Day Pitney (General and Bond Counsel); Joe Popevis, Firstmark Services (Loan Servicer) via conference call; Christine Doyle, PFM (Financial Advisor); Elizabeth Hammer, U.S. Bank (Trustee)

Authority Advisory Committee Members Present: Martin L. Budd, Esq.; Frank R.A. Resnick, William Savage, and Art Shahverdian

Members of the Public Present: Joseph Santoro (Merrill Lynch/Bank of America)

A quorum being present, the Chairman called the meeting to order at 10:03 a.m. The minutes of the March 24, 2009 meeting were approved unanimously.

Ms. Ragosta presented the executive director's report. She congratulated Ms. Graham on her reappointment by the Governor to the Board until July 1, 2015. Ms. Ragosta reported that the Authority had \$3.9 million (gross) available to lend and \$3.6 million in the pipeline. Ms. Ragosta indicated that Collection Company of America (CCA) had collected approximately \$14.4 million through March 2009 (first placement collection rate increased by 0.73% to 74.35%; second placement collection rate increased by 0.34% to 74.79%). Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta reported that Ed Below resigned from the Advisory Committee on March 27th due to the Connecticut Code of Conduct policy prohibiting a university employee from serving on a student lender Advisory Committee.

Ms. Ragosta provided an update on legislative issues that could impact the Authority. She noted that she was successful in maintaining CHESLA's \$1.7 million operating account (including its \$1 million restricted funds) that had been targeted for a possible transfer to the state's general fund. Ms. Ragosta reported that a bill allowing CHEFA to guarantee student loans made by credit unions and a bill concerning state contracting nondiscrimination requirements passed. She indicated that given the new statutory language added to the state's contracting requirements, the Authority would need to update its Affirmative Action policy. The Board agreed to have the executive director make the necessary changes to the policy.

Ms. Ragosta reported that interest rates remained the same for Federal student loan programs disbursed on or after July 1, 2009. The Federal loan rates as of July 1, 2009 are: Subsidized Stafford Loan (undergraduate students) - 6.0 percent; Subsidized Stafford Loan (graduate students) - 6.8 percent; Unsubsidized Stafford Loan - 6.8 percent; FFEL PLUS Loan - 8.5 percent; and FDL PLUS Loan - 7.9 percent

Ms. Ragosta indicated that the draft FY2007 state audit was clean with two minor recommendations that have been resolved. She indicated that the final report should be available soon.

Ms. Ragosta reported on the following May 15th redemptions: \$250,000 in 1998A series bonds; \$125,000 in 1999A series bonds; \$285,000 in 2000A series bonds; \$575,000 in 2001A series bonds; \$650,000 in 2003A series bonds; \$700,000 in 2005A series bonds; \$1,855,000 in 2006A series bonds; and \$600,000 in 2007A series bonds.

Ms. Ragosta chairs a subcommittee of the "Graduate Connecticut" project. The subcommittee is planning an October two day return to learning college fair. The project focuses on encouraging and providing resources for adults with some college credits to return to college and complete an undergraduate degree. Ms. Ragosta suggested that CHESLA use some of its early awareness funds to be a sponsor of Graduate Connecticut. The college fair would include presentations on financial aid and it would provide attendees with resources available to help fund their return to college. CHESLA would be listed on all of the program materials and have a table to market its materials at the fair. The adult learners would be a new market for CHESLA loans. Ms. Ragosta was asked to bring a specific proposal to the next Authority meeting.

Ms. Ragosta requested a time change for the December 15th Board meeting from 10:00 a.m. to 12:00 p.m. due to a meeting conflict. The Board members agreed to reschedule the meeting for noon.

Ms. Ragosta reported that the rating agencies were seeking additional parity data concerning the bond portfolios. She noted that information had been provided annually to the rating agencies, however Fitch was seeking additional data. Ms. Ragosta indicated that programming would be required for Firstmark to modify a report at a cost of \$1,900. Ms. Savino made a motion authorizing the expenditure of \$1,900, from the bond revenue accounts to pay Firstmark for programming cost to modify CHESLA's parity data. Seconded by Ms. Graham the motion passed unanimously.

Ms. Ragosta presented the FY 2009 Third Quarter Financial Statements. She noted that Mr. Santore indicated that the financials were in good condition.

Mr. McKeeman introduced a resolution ratifying the Bond Committee's recommendation to select Merrill Lynch/Bank of America as co-managing underwriter for the 2009 bond deal. Ms. Graham made a motion to approve the resolution. Seconded by Ms. Woods, the motion passed unanimously.

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 two years. Ms. Savino made a motion to approve the resolution. Seconded by Ms. Johnson, the motion passed unanimously.

Ms. Doyle provided a market update and summary of details pertaining to the 2009 Bond deal. A copy of Ms. Doyle's presentation is attached to and becomes a part of the minutes for June 16, 2009.

Mr. Mengacci made a motion to go into executive session to discuss personnel items included in the proposed FY 2010 budget. Seconded by Ms. Johnson, the motion passed unanimously. The Authority went into executive session at 11:24 a.m. The following individuals were present during executive session: Ms. Graham, Ms. Johnson, Mr. Mengacci, Mr. McKeeman, Dr. Pizzuto, Ms. Ragosta, Ms. Sanders, Ms. Savino and Ms. Woods. The regular meeting resumed at 11:30 a.m.

Ms. Graham made a motion to approve the proposed CHESLA Budget and Plan of Operations for FY 2010. Seconded by Dr. Pizzuto, the motion passed unanimously.

Public Participation – No public participation.

The meeting adjourned at 11:35 a.m.