

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting

March 23, 2010

UConn Waterbury Campus – 2nd Floor Conference Room, 230E

99 East Main Street Waterbury, Connecticut

Authority Members Present: Michael E. McKeeman, Chair (via conference call); Julie Savino, Vice Chair; Delores Graham; John Mengacci (for Robert L. Genuario); William Pizzuto; Sarah Sanders (for Denise Nappier)

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); Elizabeth Hammer, U.S. Bank (Trustee, via conference call); Christine Doyle and Robert Guadagno, PFM (Financial Advisor, via conference call); Joe Popevis, Firstmark Services (Loan Servicer, via conference call); Anthony Santore, Beers & Hamerman (Accountant, via conference call); Joe Santoro, Merrill Lynch/Bank of America (Co-managing Underwriter); Julie Gillespie, Simone, Mecca & Larrow (Auditor)

A quorum being present, the Chairman called the meeting to order at 10:30 a.m. The minutes of the December 15, 2009 meeting were unanimously approved.

Ms. Ragosta requested approval of \$2,000 (to be paid from bond funds) for the cost of obtaining Firstmark's current SAS70 report for CHESLA's annual independent audit. Ms. Graham made a motion to approve the authorization of \$2,000 to pay for the Firstmark's SAS70 report. Seconded by Dr. Pizzuto, the motion passed unanimously.

Mr. Santore reviewed the FY 2010 Second Quarter Financial Statements. He indicated the financials were in good condition and that there were no significant issues.

Ms. Ragosta requested approval of an invoice for programming several new federal disclosures to the CHESLA application process. The \$25,750 invoice (to be paid from bond funds) to Firstmark Services. Dr. Pizzuto made a motion to approve the \$25,750 invoice for the cost of programming the new Federal disclosure requirements. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Ragosta presented a draft of proposed changes to CHESLA's vacation policy. She indicated that the changes would allow staff to carry forward ten vacation days from one fiscal year to the next and that exceptions to the policy would require the approval of the Executive Director. Dr. Pizzuto made a motion approving the revised vacation policy. Seconded by Ms. Sanders, the motion passed unanimously.

Ms. Ragosta reported on the status of CHESLA's State Audit. She indicated that the audit had concluded and the auditors were drafting their report.

CHESLA

Ms. Ragosta presented requests from Sacred Heart University and the Connecticut State University System (CSU) for advertising opportunities for their scholarship dinners. Mr. Mengacci made a motion to authorize \$1,500 for Sacred Heart and \$500 for CSU from the marketing budget to purchase ads for their scholarship programs. Seconded by Dr. Pizzuto, the motion passed with one abstention (Ms. Savino).

Ms. Ragosta presented the executive director's report. She indicated that the Authority had \$19.3 million (gross) available to lend and \$700,000 in the pipeline. Ms. Ragosta reported that Collection Company of America (CCA) had collected approximately \$15.2 million through December 2009. Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta gave a legislative update on proposed bills that could affect CHESLA. She indicated that House Bill 5391 "AAC Quasi-Public Agency Compliance Audits" would change the timing of the state audit from every year to every two years. Ms. Ragosta noted that she testified against Senate Bill 57 "AAC Education Loans" because it would change the terms of the promissory note for students who were still in school and also in default. The bill was also opposed by OPM since it could affect the SCRF. The Banks Committee amended the bill with substitute language that was significantly different and became less of an issue. However, Ms. Ragosta indicated that she would continue to work to "kill" the bill.

Ms. Ragosta indicated that CHESLA carried \$15 million forward from its FY 2009 Private Activity Bond allocation to use for the next bond deal. She requested an additional \$30 million from OPM for a total of \$45 million for the 2010 bond deal.

Ms. Ragosta reviewed the year-to-date budget. She reported that expenses were in line with the budget projections.

Ms. Ragosta reported that the Board packet included an updated calculation of the 2% yield for the two issues with reduced interest rates. She indicated that the calculations show that the interest reductions were helping to reduce the yield liability on the loans. Ms. Ragosta noted that the calculations are done quarterly and reported that Amtec would be working on the next quarterly report.

Ms. Ragosta reported that on March 12th the CHESLA bond committee members, staff and advisors met in New York with the three rating agencies (Fitch, Standards and Poor and Moody's) to discuss CHESLA and its loan program. She indicated that the meetings went well and that the rating agencies had a positive reaction to the presentation. Ms. Ragosta noted that Mr. Wagner reviewed some new bond scenarios with the rating agencies. The Authority will be reconvening the bond committee to work on the next bond deal.

New Business

Ms. Ragosta reported that the Board would discuss the succession plan for CHESLA in June.

Public Participation – No public participation.

The meeting adjourned at 11:42 a.m.