

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting

March 24, 2009

Department of Higher Education – 3rd Floor Conference Room

61 Woodland Street Hartford, Connecticut

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

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); Christine Doyle, PFM (Financial Advisor, Robert Guadagno via conference call); Joe Popevis, Firstmark Services (Loan Servicer, via conference call)

Authority Advisory Committee Members Present: Cathy Boone; Frank R.A. Resnick; Richard Savage; Arthur Shaverdian

A quorum being present, the Chairman called the meeting to order at 10:06 a.m. The minutes of the December 16, 2008 meeting were unanimously approved.

The minutes of the March 5, 2009 Special Board meeting (regarding the 2% yield committee's recommendation to temporarily reduce the interest rates of the 1996A and 1998AB loans and the programming fee with Firstmark for the changes) were unanimously approved.

Ms. Ragosta presented the executive director's report. She indicated that the Authority had \$8.78 million (gross) available to lend and \$1 million in the pipeline. Ms. Ragosta reported that Collection Company of America (CCA) had collected approximately \$14.1 million through December 2008 (first placement collection rate increased by 0.32% to 73.62%; second placement collection rate increased by 1.25% to 74.45%). Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta indicated that CHESLA carried over \$45 million from the FY 2008 Private Activity Bond allocation for its 2009 bond deal. She noted that Agenda item 3B contained a list of proposed legislative bills that could affect the Authority.

Ms. Ragosta reported that the Federal Economic Stimulus Plan included a temporary repeal of the Alternative Minimum Tax (AMT) on new private activity bonds issued during the calendar years 2009 and 2010. She noted that this should help lower rate and improve the sale of CHESLA bonds.

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

CHESLA

Ms. Ragosta indicated that the state auditors began their audit of financials and compliance requirements in December. She indicated that the audit had just concluded on March 13th and the Authority was waiting for a draft report.

Ms. Ragosta noted that the Authority received Requests for Information (RFI) proposals from Quinnipiac and Sacred Heart Universities for alternative loan lender lists. CHESLA responded to the RFIs and will continue to do so as they arrive from other institutions.

Ms. Ragosta reported that CCIC and CHESLA would be moving their office on March 27th from West Hartford to Farmington (21 Talcott Notch Road, Suite 1, phone number is 860-678-7788). She noted that the Authority would be saving money on the rent. It was necessary to purchase some new/used furniture for two of the staff offices since the current built in furniture could not be reused. Ms. Ragosta noted that Chairman McKeeman had reviewed and approved the moving costs to be paid from the contingency and office expense line items.

Ms. Ragosta attended the Annual Education Finance Council (EFC) Conference. She noted that the major issue facing the student loan market was the federal proposal to use the direct lending program as the single source for federal student loans. If passed, it would eliminate all FFELP lenders and would leave private loans as the only other loan option for students. Ms. Ragosta reported that the conference also focused on the two-year elimination of the Alternative Minimum Tax and that there is wide support to make this law permanent. Ms. Ragosta noted that several presenters at the conference mentioned a CHESLA like program was being reviewed in some states in response to changes in the student loan industry.

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. There was unanimous consensus from the Board to approve payment of \$2,000 for the report.

Ms. Ragosta reported on a marketing and advertisement opportunity received from Firstmark and its Student Marketing Group. Mr. Popevis provided a synopsis of the marketing program. Ms. Ragosta noted that the marketing option was available to the Authority. Mr. McKeeman cautioned against email advertisements and marketing.

Ms. Ragosta provided an update regarding a meeting held with the Attorney General and his staff pertaining to consumer complaints concerning the CHESLA program. She indicated borrowers who had defaulted on their loans filed the complaints. The Attorney General's office suggested that the Authority offer a deferment or forbearance policy to assist borrowers in these cases. Ms. Ragosta indicated that she would share the suggestions with the Board and its Bond committee to determine if some portion of the portfolio could allow for deferment or forbearance could be included in the cash flows of future bond deals.

Ms. Ragosta reported that Moody's upgraded the 1990 bond resolution rating to the State of Connecticut bond rating.

The FY 2009 Second Quarter Financial Statements were reviewed and it was noted that Mr. Santore indicated the financials were in good condition.

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Mr. McKeeman introduced a resolution to approve the renewal of the CCIC/CHESLA Personal Service Agreement & Sublease. Mr. McKeeman noted that the agreement would be for three-years and that the parties would sit down in advance to determine if the agreement would be renewed prior to its expiration. He indicated that the agreement would also include a ninety-day cancellation clause. Ms. Savino made a motion to approve the renewal of the CCIC/CHESLA Personal Service Agreement & Sublease as proposed for three-years. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Ragosta requested approval for Firstmark's estimated fee of \$14,625 (to be paid from bond fund accounts) for programming the 2009 loan fund and program name change. Ms. Johnson made a motion to approve the estimated \$14,625 fee to program the 2009 loan fund and changing the name of the loan program to "CHESLA Loan Program." Seconded by Ms. Woods, the motion passed unanimously.

Public Participation – No public participation.

The meeting adjourned at 11:34 p.m.