

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
September 23, 2008
CT Department of Higher Education – 3rd Floor Conference Room
Hartford, Connecticut

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Delores Graham; Mary Johnson (for Michael Meotti); 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; Judith Blank and Edmund See, Day Pitney (General and Bond Counsel); Joe Popevis, Firstmark Services (Loan Servicer); Elizabeth Hammer, U.S. Bank (Trustee); Julie Gillespie, Rocco Guerrera and Patrick Reynolds, Simione Macca & Larrow (Auditor); Christine Doyle, PFM (Financial Advisor)

Authority Advisory Committee Members Present: Cathy Boone; Martin L. Budd, Esq.; Frank R.A. Resnick

A quorum being present, the Chairman called the meeting to order at 10:00 a.m. The minutes of the June 17, 2008 meeting were approved unanimously.

Ms. Ragosta presented the Executive Director's report. She reported that the Authority had \$7.5 million (gross) available to lend. Ms. Ragosta noted that Collection Company of America (CCA) had collected approximately \$13.6 million through June 2008 (first placement collection rate decreased by 0.01% to 73.08%; second placement collection rate increased by 0.52% to 72.36%). Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta reported that the overall Federal cohort default rate was 5.2%. She noted that CHESLA's net default rate for June 2008 was 2.44% (down from 2.64% in June 2007) and well below the federal rate.

Ms. Ragosta reported that Firstmark provided CHESLA with a cost estimate for setting up the 2008 loan fund and reporting requirements. She indicated that the cost was \$7,500 and that Board approval was required. Mr. Mengacci made a motion authorizing payment of \$7,500 to Firstmark Services for programming costs related to the 2008 loan fund. Seconded by Dr. Pizzuto, the motion passed unanimously.

Ms. Ragosta reported on the arbitrage rebate and loan yield calculations for 2008. She noted that the 1996 Series A (\$922,159 liability); 1998 Series A&B (\$474,358 liability); and 2006 Series (\$172,208 liability) calculations were above the 2% loan yield. She indicated that the Authority did not expect the IRS to rule on a blended yield and that she would convene a meeting of the 2% yield committee to decide on an option for dealing with the excess yields.

Ms. Ragosta indicated that the year-to-date budget summary was included in the Board packet. She indicated that the budget was in line with projections.

Ms. Ragosta reviewed the agenda item listing CHESLA's marketing activities for the past year.

Ms. Ragosta reported that the Connecticut Association of College Admissions Officers (CACAO) had asked CHESLA to sponsor a guidance counselor bus tour. She noted that CHESLA had contributed \$2,000 in past years and that CT FELP material would be distributed to the counselors along with mention of CHESLA's sponsorship in the invitations and brochures. Dr. Pizzuto made a motion to authorize a payment of \$2,000 from the operating fund to sponsor CACAO's guidance counselor bus tour. Seconded by Ms. Savino, the motion passed unanimously.

Ms. Ragosta reported that on September 10th she participated in a joint Banks and Higher Education Committee forum at the State Capital. She noted that the forum focused on the sub-prime mortgage crisis and student lending. Ms. Ragosta indicated that Commissioner Meotti spoke and outlined the issues in Connecticut explaining that the state was not in a "crisis mode" and students were able to access loan funds. He mentioned that CHESLA had a positive story to tell and that CSLF indicated that there were federal loans available for this year. Ms. Ragosta indicated that the Legislature would continue to monitor this issue throughout the session.

Ms. Ragosta reported that the Department of Higher Education had selected four GEAR-UP students to receive the "Morrison Beach Scholarship." She indicated that three of the students were returning grantees (two at UNH and one at SCSU) and one student was a new recipient attending UConn. Ms. Ragosta noted that each student would receive \$2,500 per year for four years if they maintain satisfactory progress and remained enrolled in school.

Ms. Ragosta indicated that the Department of Higher Education developed a fact sheet entitled "Student Loan Advice for College Students & Families" that included information about CHESLA. She noted that a copy of the information was included in the Board packet.

Ms. Ragosta reported that she and Mr. Rush attended the NASFAA conference in July. She noted that many sessions focused on the student loan industry, new restrictions on preferred lenders lists and the availability of student loans. Ms. Ragosta indicated that many private loan rates were still lower than bank loans or lines of credit, however there were fewer lenders in both the federal and private loan markets.

Ms. Ragosta reported that the Connecticut Conference of Independent Colleges (CCIC) was in the process of planning for its next five years. She indicated that Mr. McKeeman would be talking with CCIC regarding the CCIC/CHESLA contract that expires in June 2009. Mr. McKeeman noted that he was open to input and suggestions and that Board members should contact him directly.

Mr. McKeeman thanked Ms. Savino for her service as Vice Chair. Ms. Graham made a motion to re-appoint Ms. Savino to serve for another year as Vice Chair of the Authority. Seconded by Mr. Mengacci, the motion passed unanimously.

Mr. Mengacci thanked the Board members and the staff of Simione, Macca & Larrow for their participation in the Audit Committee meeting. Mr. McKeeman complimented CHESLA and the auditors on the Management Discussion and Analysis section of the audit. Ms. Savino made a motion to approve the FY 2008 CHESLA Financial Statements and Management Discussion Analysis. Seconded by Dr. Pizzuto, the motion passed unanimously.

Ms. Ragosta reviewed the 2008 Annual Report. Ms. Graham made a motion to approve the Annual Report subject to updates. Seconded by Dr. Pizzuto, the motion passed unanimously.

Mr. McKeeman introduced a resolution reestablishing the 2008 Bond Committee. Mr. Mengacci made a motion to ratify the reestablishment of the 2008 Bond Committee with Mr. McKeeman (chair), Mr. Mengacci, Ms. Sanders, and Ms. Savino as committee members and to authorize using up to \$600,000 towards the cost of issuance to help lower the interest rate for CT FELP loans. Seconded by Ms. Graham, the motion passed unanimously.

New Business

No new business.

Public Participation

No public participation.

The meeting adjourned at 11:20 a.m.