

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
September 27, 2011
Day Pitney, LLP
242 Trumbull Street Hartford, Connecticut
Harriet Beecher Stowe Conference Room

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Michael Meotti; Delores Graham; Steve Kitowicz (for Ben Barnes); Sarah Sanders ó via conference call (for Denise Nappier)

Authority Staff and Advisors Present: Judith b. Greiman, Executive Director; Samuel E. Rush, Deputy Director; Josh Hurlock, Portfolio and Marketing Assistant; Judith Blank, Day Pitney (General and Bond Counsel); Reed Risteen, Blum Shapiro (Auditor); Christine Doyle, PFM (Financial Advisor); Joseph Santoro, Bank of America/Merrill Lynch (Co-Managing Underwriter)

Authority Advisory Committee Members Present: Frank R.A. Resnick

Others Present: Alissa DeJonge and Kristiana Sullivan, Connecticut Economic Resource Center, Inc.

A quorum being present, the Chairman called the meeting to order at 10:05 a.m. The minutes of the June 21, 2011 meeting were approved unanimously.

Mr. Rush reviewed the quarterly marketing data.

Ms. Greiman presented the executive director's report. She reported that the Authority had \$22.1 million (gross) of 2010 loan funds available to lend. Ms. Greiman indicated that Collection Company of America (CCA) had collected approximately \$13.2 million (net) through fiscal month end June 2011 (first placement collection rate of 71.7%; second placement collection rate of 76.9%).

Ms. Greiman reported that AMTEC provided its quarterly 2% Loan Yield calculations. She indicated that the 2007 Series A loans now have a liability in the amount of \$191,476.39 and that it will be tracked along with the 1996 and 1998 liabilities and that no action is needed at this time.

Ms. Greiman reviewed the final FY2011 and new FY2012 budget summaries. She reported that the first quarter of administrative fees had been received and that the budget is in line with projections. Ms. Greiman indicated that the new IT company and auditors agree that computer hardware and software are in need of upgrades. She noted that Mr. McKeeman has approved the upgrades and that ratification by

the full Board will follow under other business. Ms. Greiman reported that some salary and benefit savings had been achieved during the first quarter of the fiscal year due to the retirement of Susan Harlan.

Ms. Greiman reported that the Bond Committee met prior to the Board meeting to discuss an opportunity to refinance some bond series within the 1990 resolution to provide cost savings to the trust. She noted that further comments on this matter would be discussed under agenda item 8.

Ms. Greiman reported that she and Mr. Rush had the opportunity to meet with high school guidance counselors during a workshop held at the Hartford Club. She indicated that our marketing efforts and presentation of CHESLA's new flyers were well received.

Ms. Greiman introduced Mr. Hurlock to the Board. She indicated that he has joined the staff on a temporary part-time basis until it is decided what role and functions adequately fit the Portfolio and Marketing Assistant's position.

Ms. Greiman reported that WebSolutions, Inc. has been contracted to update and host CHESLA's web page.

Ms. Greiman reported that despite the economic environment CHESLA continues to see lower net default rates. She indicated that the year-end default rate dropped from 2.37% to 2.32% for FY2011.

Ms. Greiman reported that she, Mr. Rush and Ms. Blank met with UConn Health Center staff to provide insight about CHESLA and to offer assistance with their proposed medical student loan repayment program. She indicated that UConn will likely be interested in creating a stand-alone loan product for its medical and dental students and that she will keep the Board informed of further developments.

Ms. Greiman introduced Ms. DeJonge and Ms. Sullivan from Connecticut Economic Resource Center to report on the findings of its marketing analysis of CHESLA's 2007 and 2009 loan originations. She thanked CERC for its analysis and indicated the data provides CHESLA needed direction to build its marketing efforts.

Ms. Greiman reported that the meeting package included an updated list of Board Committee assignments. Ms. Graham made a motion to approve the updated Board Committee assignments. Seconded by Ms. Savino, the motion passed unanimously.

Mr. Kitowicz reported that the Audit Committee met with the staff of Blum Shapiro. He indicated that the audit was clean with no management letter and that the Committee recommended Board approval of the audit. Mr. McKeeman thanked the CHESLA staff and the auditors for their work. Ms. Savino made a motion to approve the FY2011 Audit, with identified corrections. Seconded by Mr. Kitowicz, the motion passed unanimously.

Mr. McKeeman reported that Ms. Woods had reached the end of her term with the Authority and acknowledged her contributions to CHESLA by reading a resolution dedicated in her honor.

Mr. McKeeman reported that the Bond Committee had met earlier in the morning to discuss refinancing opportunities for some 1990 Trust Resolution bonds presented by RBC. He indicated that more work needs to be done to help the committee with the framework of the deal and that there is the likelihood that an equity contribution from the Authority of up to \$150,000 would be needed. Ms. Savino made a motion authorizing the Bond Committee to adopt a supplemental revenue refunding bond resolution not to exceed \$17,500,000 with a Cost of Issuance contribution from the Authority not to exceed \$150,000. Seconded by Ms. Graham, the motion passed unanimously.

Other Business

Ms. Greiman reported that a new server and computers were needed to help enhance security and software upgrades stemming from recent IT and audit reviews provided to the Authority. She indicated that up to \$18,000 would be required to complete CHESLA's half of the upgrades. Ms. Greiman noted that budget savings have been achieved in the salary and benefit line item to support the computer costs. She further noted that Board Chair McKeeman had approved the expenditure in accordance with CHESLA policy and that this approval needed to be ratified by the full Board. Ms. Graham made a motion to ratify the approval of up to \$18,000 for computer, software and server upgrades. Seconded by Mr. Kitowicz, the motion passed unanimously.

Ms. Savino reported on the status of the Management Planning Committee. She indicated that there were no new meetings scheduled as of yet and that the committee would be at work again soon to work on long range management goals.

Public Participation

No public participation.

The meeting adjourned at 11:23 a.m.