

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
June 21, 2011
Mandell Jewish Community Center
Bloomfield, Connecticut

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Delores Graham; Kathleen Woods; Nancy Brady (for Michael Meotti); Steve Kitowicz (for Ben Barnes); William Pizzuto - via conference call; and Sarah Sanders - via conference call (for Denise Nappier)

Authority Staff and Advisors Present: Judith B. Greiman, Executive Director; Samuel E. Rush, Deputy Director; Susan Harlan, Loan Portfolio Analyst; Judith Blank and Adam Kasowitz, Day Pitney (General and Bond Counsel); Christine Doyle, PFM (Financial Advisor); Elizabeth Hammer, U.S. Bank (Trustee ó via conference call); Joseph Santoro, Merrill Lynch/Bank of America (Co-managing Underwriter)

Authority Advisory Committee Members Present: Martin Budd and Frank R.A. Resnick

A quorum being present, the Chairman called the meeting to order at 10:10 a.m. The minutes of the March 29, 2011 meeting were approved unanimously with one correction.

Mr. Rush reviewed the quarterly marketing data.

Ms. Greiman presented the executive director's report. She reported that the Authority had \$37.6 million (gross) of 2010 loan funds available to lend. Ms. Greiman indicated that Collection Company of America (CCA) had collected approximately \$13.0 million (net) through fiscal month end March 2011 (first placement collection rate of 72.8%; second placement collection rate of 76.6%).

Ms. Greiman reported that the 2011/2012 Federal student loan interest rates will be fixed at 3.4% for subsidized undergraduate loans; fixed at 6.8% for unsubsidized undergraduate loans; fixed at 6.8% for subsidized and unsubsidized Stafford graduate loans (through 2013); and fixed at 7.9% for PLUS loans. The CHESLA fixed rate is 5.95%.

Ms. Greiman reported that staff has been working on automating a few internal reports with CCA and that she is in the midst of updating CHESLA's personnel manual. Ms. Greiman thanked those who participated in the recent Finance workshop and indicated that workshops and meetings focusing on parity issues, CERC market analysis and a bond deal strategy session will be scheduled.

Ms. Greiman reported that she and Mr. Rush visited the University of Connecticut's Financial Aid Director to discuss the program and issues experienced by the university that has hindered its promotion of CHESLA to its students. Ms. Greiman indicated that the meeting proved beneficial to both sides and that visits to other schools will be scheduled throughout the current borrowing season.

Ms. Greiman reported that a press release announcing the availability of loan funds at 5.95% was issued and that she had also sent copies to state legislators and encouraged them to include the information in their end of session newsletters to constituents.

Ms. Greiman reported that all members of the Board have filed the required ethics reports with the state and that a certificate of recognition was presented to the Authority.

Ms. Greiman reported on the following May 15th redemptions: \$270,000 in 2003A series bonds; \$180,000 in 2005A series bonds; \$550,000 in 2006A series bonds; and \$1,485,000 in 2007A series bonds.

Ms. Greiman reported that AMTEC provided its quarterly 2% Loan Yield calculations on the 1998 and 1996 portfolios. She indicated that the 1996 loan principal outstanding is \$1,292,443 with a blended rate liability of \$409,859, and that the 1998 loan principal outstanding is \$2,325,461 with a yield liability of \$427,114. Ms. Greiman stated that no action is needed at this time on these portfolios.

Ms. Greiman presented the FY 2011 Third Quarter Financial Statements. She noted that Mr. Santore indicated that the financials are in good condition. The Board requested information on what comprises the cash and investment figures.

Mr. McKeeman introduced a resolution to approve the General and Bond Counsel Selection Committee's recommendation of Day Pitney as provider for General and Bond Counsel for a three-year contract. Ms. Graham made a motion to approve Day Pitney as provider for General and Bond Counsel for a three-year contract. Seconded by Ms. Brady, the motion was approved unanimously.

Ms. Greiman presented a proposed recommendation to revise the job descriptions and reclassify the functions of CHESLA staff. She thanked Ms. Graham and Ms. Woods for their assistance and research and indicated that the proposal would more accurately document what Mr. Rush does and what the Analyst position can do going forward. Ms. Greiman noted that she had done extensive research into similar positions with the State of Connecticut and at the other quasi-public authorities to compare both job responsibilities and salaries. She further noted that the 2005 Quasi-Public Compensation Review Panel's report is currently used by the quasi-public agencies as a guide to compensation and benefit policies. The report outlines a process whereby the agency personnel committees are to review annually performance evaluations and compensation policies and to make recommendations to the full board for changes to policies. She explained that a thorough review of current and desired job duties was conducted along with an analysis of similar functions and salaries at the quasi-public agencies and various state agencies. Draft job descriptions and salary ranges were then created and two joint meetings were held with the members of the Compensation Committee and the Affirmative Action Committee. Committee members reviewed the information and voted unanimously to recommend that the full Board adopt the job descriptions, salary ranges and salary reclassification as proposed. Ms. Savino made a motion to approve the revised staff job descriptions and reclassification of the functions. Seconded by Ms. Graham, the motion passed with Ms. Brady, Mr. Kitowicz and Ms. Sanders opposing.

Dr. Pizzuto made a motion to go into executive session to discuss personnel items included in the proposed FY 2012 budget. Seconded by Ms. Woods, the motion passed unanimously. The Authority went into executive session at 10:40 a.m. The following individuals were present during executive session: Ms. Brady, Mr. Kitowicz, Ms. Graham, Ms. Greiman, Mr. McKeeman, Dr. Pizzuto, Ms. Sanders, Ms. Savino and Ms. Woods. The regular meeting resumed at 10:57 a.m.

Ms. Savino made a motion to approve the proposed reclassified staff salary ranges of \$80,000-\$105,000 for the Deputy Director and \$48,000-\$63,000 for the Portfolio & Marketing Assistant. The motion was seconded by Ms. Graham. There was discussion about the fact that state employees are not getting raises this year and that reclassifications are on hold. The motion passed with Ms. Brady, Mr. Kitowicz and Ms. Sanders opposing.

During executive session, Ms. Greiman recommended the addition to the budget of a line item for COBRA payments to be received from Ms. Harlan for healthcare. CHESLA will pay the COBRA cost and Ms. Harlan will reimburse the Authority. Ms. Greiman indicated that expenses would be held down, noting that while the overall budget showed an increase of 4.2%, it would have only been 2% absent the COBRA expense. Ms. Greiman stated that marketing funds would be used to promote the loan program and revamp the website. She indicated that CHESLA would award Morrison Beach scholarships directly instead of funding Department of Higher Education GEAR Up recipients and noted that she had confirmed with Department staff that CHESLA did not have any outstanding scholarship promises to students that needed to be funded.

Ms. Greiman indicated that the proposed FY 2012 budget does not propose general staff raises or bonuses but that it does include money to meet the requirements of the staff salary reclassification as approved by the Personnel and Affirmative Action Committees. Ms. Woods made a motion to approve the proposed CHESLA Budget and Plan of Operations for FY 2012. Seconded by Ms. Graham, the motion passed with Ms. Brady, Mr. Kitowicz and Ms. Sanders opposing.

Public Participation ó No public participation.

Ms. Greiman reported the requirement of the Authority to appoint members to the Audit Committee charged to select auditors and to discuss the initial tasks and resulting findings of the audits with the auditing firm. Ms. Graham made a motion to authorize the appointments of Mr. Kitowicz (chair), Dr. Pizzuto and Ms. Woods to the Audit Committee. Seconded by Ms. Woods the motion passed unanimously.

Mr. McKeeman presented the proposed Authority objectives and responsibilities of the Audit Committee. Ms. Savino made a motion to approve the objectives and responsibilities description for the Audit Committee. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Savino reported on the status of the Management Planning Committee. She indicated that the committee has reviewed various options regarding future management plans for CHESLA. Ms. Savino noted that the committee recommends that the Authority review the management plan for another year, reporting back in 2012, and that the Board exercise its option to add an additional year to the contract with CCIC, through 2013, while it determines its long range management goals. Ms. Savino made a motion to authorize Mr. McKeeman to negotiate a 1-year contract extension with CCIC through June 2013. Seconded by Mr. Kitowicz, the motion passed unanimously.

New Business:

Ms. Doyle indicated that the issue of rules pertaining to municipal advisors is still under review by the U.S. Securities and Exchange Commission. Ms. Greiman and Ms. Doyle stated that they would keep the Board apprised of further developments on this issue.

Ms. Greiman thanked Ms. Harlan for her years of service and dedication to the Authority and presented her with a gift on behalf of the Authority. Mr. McKeeman concurred with Ms. Greiman's sentiments and read a special resolution to mark Ms. Harlan's retirement from the Authority.

The meeting adjourned at 11:30 a.m.