

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of 2% Loan Yield Working Group Meeting

Tele-Conference April 24, 2012

CHESLA

21 Talcott Notch Rd, Suite 1 Farmington, Connecticut

Authority Members Present: Steve Kitowicz (for Ben Barnes) and Michael E. McKeeman

Authority Staff and Advisors Present: Judith B. Greiman, Executive Director; Samuel E. Rush, Deputy Director; Judith Blank and Linda D'Onofrio, Day Pitney (General and Bond Counsel); Christine Doyle and Christopher Harris, PFM (Financial Advisor); Reed Risteen, BlumShapiro (Auditor); Raymond Bentley, Arbitrage and Rebate Analyst (AMTEC)

Public/Other: Jeanette Weldon, Cynthia Peoples and Paula Herman (CHEFA)

A quorum being present, Steve Kitowicz called the meeting to order at 10:32 a.m.

Mr. Harris reviewed PFM's analysis of flexible SCRF investment options for the 2012A refunding series. He indicated that in the short term, PFM recommends investment in a highly rated money market fund now and to review further options in November after the 1999B and 2000B series bonds are paid in full. Mr. Harris stated that PFM also recommends investing in a fixed income securities or money market fund for the 2012A revenue and debt service accounts. Mr. McKeeman made a motion to adopt PFM's SCRF investment recommendation for the 2012A series. Seconded by Mr. Kitowicz, the motion passed unanimously.

Ms. D'Onofrio reported that the 2012 refunding brings with it certain yield restrictions and that further transfers in May will likely result in another need to review the 2012A series. Mr. Bentley reviewed the portfolio analysis used to determine the interest rate reduction for the 2001A loans. He recommended the 2001A loans be reduced effective April 27th from 6.7% to 4.85% to reduce the portfolio's blended yield rate below the allowable yield. Mr. McKeeman made a motion to reduce the interest rate of 2001A loans from 6.7% to 4.85% as described in AMTEC's memo. Seconded by Mr. Kitowicz, the motion passed unanimously (a copy of the AMTEC memo is permanently attached to these minutes).

The meeting adjourned at 11:11 a.m.



TAX-EXEMPT COMPLIANCE

April 23, 2012

Ms. Judith B. Greiman
Executive Director
Connecticut Higher Education
Supplemental Loan Authority
21 Talcott Notch Road, Suite 1
Farmington, CT 06032

Re: Borrower Interest Rate Reduction for the Connecticut Higher Education Supplemental Loan
Authority: 1999A, 2001A, 2001B to 2012A

Dear Ms. Greiman:

The Connecticut Higher Education Supplemental Loan Authority ("CHESLA") has requested that AMTEC determine the borrower interest rate reduction, if necessary, to yield restrict the blended loan portfolios (1999A, 2001A and 2001B) to the 2012A bond yield, plus the 2% permitted spread, upon transfer on April 27, 2012. For the purpose of this analysis, we relied on the following:

1. 2012A allowable loan yield equals 4.056184% (bond yield plus 2%).
2. Deduction of \$261,224.18 upfront – equal to 2% of 2012A issue price.
3. Outstanding loan portfolios as of March 31, 2012, per CHESLA:
 - a. 1999 Series A (7.50%) – \$1,489,372.87.
 - b. 2001 Series A (6.70%) – \$3,989,093.75.
 - c. 2001 Series B (4.99%) – \$2,188,627.02.
4. Level principal payments on June 1 and December 1 each year, through maturity.
5. Six-month gather rule of interest and principal on June 1 and December 1, through maturity.

Upon blending the projected loan cash flows, we computed the overall loan yield to be 4.943302%, which was in excess of the allowable 4.056184% (see pgs. 2-3).

Subsequently, we determined that by **reducing the 2001A borrower interest rate from 6.70% to 4.85%**, the yield of the blended loan portfolios (4.053119%) will be less than the allowable yield (see pgs. 7-8). Please note that the results are estimated and will change upon receipt of actual payments.

Thank you and should you have any questions, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in blue ink that reads "Raymond H. Bentley".

Raymond H. Bentley
President

\$13,085,000
 Connecticut Higher Education Supplemental Loan Authority
 Revenue Refunding Bonds
 (CHESLA Loan Program)
 2012 Series A
 Projected Loan Cash Flows - Consolidated

EXCESS LOAN YIELD DETAIL REPORT

DATE	DESCRIPTION	RECEIPTS (PAYMENTS)	FUTURE VALUE @ BOND YIELD OF (4.056184%)
03/28/12	Admin COI	-261,224.18	-361,516.59
04/27/12	99A	-1,489,372.87	-2,054,534.55
04/27/12	01A	-3,989,093.75	-5,502,806.66
04/27/12	01B	-2,188,627.02	-3,019,129.68
06/01/12		76,905.59	105,686.83
06/01/12		146,510.19	201,340.33
06/01/12		55,598.76	76,406.10
12/01/12		252,098.46	339,557.53
12/01/12		189,005.85	254,576.57
12/01/12		492,585.02	663,474.72
06/01/13		185,344.36	244,682.43
06/01/13		479,759.64	633,354.88
06/01/13		244,379.56	322,617.78
12/01/13		468,221.25	605,835.57
12/01/13		237,163.93	306,868.48
12/01/13		182,231.93	235,791.49
06/01/14		455,529.01	577,696.75
06/01/14		178,607.46	226,507.97
06/01/14		229,526.64	291,083.09
12/01/14		443,857.47	551,705.93
12/01/14		175,458.02	218,090.80
12/01/14		222,229.39	276,226.67
06/01/15		431,298.37	525,438.84
06/01/15		171,870.55	209,385.12
06/01/15		214,673.72	261,531.04
12/01/15		207,294.86	247,521.61
12/01/15		419,493.69	500,898.84
12/01/15		168,684.10	201,418.21
01/01/16		33,308.00	39,638.74
06/01/16		407,311.81	476,685.37
06/01/16		165,297.14	193,450.64
12/01/16		395,129.92	453,236.60
12/01/16		161,910.18	185,720.23
06/01/17		382,837.09	430,406.98
06/01/17		158,396.75	178,078.53
10/01/17		247,177.43	274,195.88
12/01/17		155,136.26	170,945.96
06/01/18		151,659.84	163,793.39
12/01/18		148,362.34	157,047.01
06/01/19		144,922.94	150,356.90

\$13,085,000
 Connecticut Higher Education Supplemental Loan Authority
 Revenue Refunding Bonds
 (CHESLA Loan Program)
 2012 Series A
 Projected Loan Cash Flows - Consolidated

EXCESS LOAN YIELD DETAIL REPORT

DATE	DESCRIPTION	RECEIPTS (PAYMENTS)	FUTURE VALUE @ BOND YIELD OF (4.056184%)
12/01/19		141,588.42	143,977.36
05/01/20		115,160.17	115,160.17

05/01/20	TOTALS:	1,208,208.29	272,403.88

ISSUE DATE:	03/28/12	YIELD REDUCTION AMT:	272,403.88
COMP DATE:	05/01/20	NET INCOME:	1,208,208.29
BOND YIELD:	4.056184%	TAX INV YIELD:	4.943302%

\$13,085,000
Connecticut Higher Education Supplemental Loan Authority
Revenue Refunding Bonds
(CHESLA Loan Program)
2012 Series A
1999 Series A (7.50%)

EXCESS LOAN YIELD DETAIL REPORT

DATE	DESCRIPTION	RECEIPTS (PAYMENTS)	FUTURE VALUE @ BOND YIELD OF (4.056184%)
04/27/12	99A	-1,489,372.87	-2,054,534.55
06/01/12		76,905.59	105,686.83
12/01/12		252,098.46	339,557.53
06/01/13		244,379.56	322,617.78
12/01/13		237,163.93	306,868.48
06/01/14		229,526.64	291,083.09
12/01/14		222,229.39	276,226.67
06/01/15		214,673.72	261,531.04
12/01/15		207,294.86	247,521.61
01/01/16		33,308.00	39,638.74

05/01/20	TOTALS:	228,207.28	136,197.23

ISSUE DATE:	03/28/12	YIELD REDUCTION AMT:	136,197.23
COMP DATE:	05/01/20	NET INCOME:	228,207.28
BOND YIELD:	4.056184%	TAX INV YIELD:	7.514844%

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Connecticut Higher Education Supplemental Loan Authority
Revenue Refunding Bonds
(CHESLA Loan Program)
2012 Series A
2001 Series A (6.70%)

EXCESS LOAN YIELD DETAIL REPORT

DATE	DESCRIPTION	RECEIPTS (PAYMENTS)	FUTURE VALUE @ BOND YIELD OF (4.056184%)
04/27/12	01A	-3,989,093.75	-5,502,806.66
06/01/12		146,510.19	201,340.33
12/01/12		492,585.02	663,474.72
06/01/13		479,759.64	633,354.88
12/01/13		468,221.25	605,835.57
06/01/14		455,529.01	577,696.75
12/01/14		443,857.47	551,705.93
06/01/15		431,298.37	525,438.84
12/01/15		419,493.69	500,898.84
06/01/16		407,311.81	476,685.37
12/01/16		395,129.92	453,236.60
06/01/17		382,837.09	430,406.98
10/01/17		247,177.43	274,195.88

05/01/20	TOTALS:	780,617.14	391,464.05

ISSUE DATE:	03/28/12	YIELD REDUCTION AMT:	391,464.05
COMP DATE:	05/01/20	NET INCOME:	780,617.14
BOND YIELD:	4.056184%	TAX INV YIELD:	6.710883%

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Connecticut Higher Education Supplemental Loan Authority
Revenue Refunding Bonds
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2012 Series A
2001 Series B (4.99%)

EXCESS LOAN YIELD DETAIL REPORT

DATE	DESCRIPTION	RECEIPTS (PAYMENTS)	FUTURE VALUE @ BOND YIELD OF (4.056184%)
04/27/12	01B	-2,188,627.02	-3,019,129.68
06/01/12		55,598.76	76,406.10
12/01/12		189,005.85	254,576.57
06/01/13		185,344.36	244,682.43
12/01/13		182,231.93	235,791.49
06/01/14		178,607.46	226,507.97
12/01/14		175,458.02	218,090.80
06/01/15		171,870.55	209,385.12
12/01/15		168,684.10	201,418.21
06/01/16		165,297.14	193,450.64
12/01/16		161,910.18	185,720.23
06/01/17		158,396.75	178,078.53
12/01/17		155,136.26	170,945.96
06/01/18		151,659.84	163,793.39
12/01/18		148,362.34	157,047.01
06/01/19		144,922.94	150,356.90
12/01/19		141,588.42	143,977.36
05/01/20		115,160.17	115,160.17

05/01/20	TOTALS:	460,608.05	106,259.20

ISSUE DATE:	03/28/12	YIELD REDUCTION AMT:	106,259.20
COMP DATE:	05/01/20	NET INCOME:	460,608.05
BOND YIELD:	4.056184%	TAX INV YIELD:	4.995934%

2001 Series A - Reduced to 4.85%

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04/27/12	01A	-3,989,093.75	-5,502,806.66
04/27/12	01B	-2,188,627.02	-3,019,129.68
06/01/12		76,905.59	105,686.83
06/01/12		139,433.65	191,615.46
06/01/12		55,598.76	76,406.10
12/01/12		252,098.46	339,557.53
12/01/12		189,005.85	254,576.57
12/01/12		456,706.03	615,148.44
06/01/13		185,344.36	244,682.43
06/01/13		447,421.99	590,664.32
06/01/13		244,379.56	322,617.78
12/01/13		439,069.56	568,115.95
12/01/13		237,163.93	306,868.48
12/01/13		182,231.93	235,791.49
06/01/14		429,881.90	545,171.37
06/01/14		178,607.46	226,507.97
06/01/14		229,526.64	291,083.09
12/01/14		421,433.10	523,832.89
12/01/14		175,458.02	218,090.80
12/01/14		222,229.39	276,226.67
06/01/15		412,341.81	502,344.59
06/01/15		171,870.55	209,385.12
06/01/15		214,673.72	261,531.04
12/01/15		207,294.86	247,521.61
12/01/15		403,796.64	482,155.68
12/01/15		168,684.10	201,418.21
01/01/16		33,308.00	39,638.74
06/01/16		394,978.40	462,251.33
06/01/16		165,297.14	193,450.64
12/01/16		386,160.17	442,947.79
12/01/16		161,910.18	185,720.23
06/01/17		377,261.63	424,138.73
06/01/17		158,396.75	178,078.53
10/01/17		245,682.47	272,537.51
12/01/17		155,136.26	170,945.96
06/01/18		151,659.84	163,793.39
12/01/18		148,362.34	157,047.01
06/01/19		144,922.94	150,356.90

2001 Series A - Reduced to 4.85%

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12/01/19		141,588.42	143,977.36
05/01/20		115,160.17	115,160.17

05/01/20	TOTALS:	992,664.75	-942.76

ISSUE DATE:	03/28/12	YIELD REDUCTION AMT:	-942.76
COMP DATE:	05/01/20	NET INCOME:	992,664.75
BOND YIELD:	4.056184%	TAX INV YIELD:	4.053119%

2001 Series A - Reduced to 4.85%

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 (CHESLA Loan Program)
 2012 Series A
 2001 Series A (4.85%)

EXCESS LOAN YIELD DETAIL REPORT

DATE	DESCRIPTION	RECEIPTS (PAYMENTS)	FUTURE VALUE @ BOND YIELD OF (4.056184%)
04/27/12	01A	-3,989,093.75	-5,502,806.66
06/01/12		139,433.65	191,615.46
12/01/12		456,706.03	615,148.44
06/01/13		447,421.99	590,664.32
12/01/13		439,069.56	568,115.95
06/01/14		429,881.90	545,171.37
12/01/14		421,433.10	523,832.89
06/01/15		412,341.81	502,344.59
12/01/15		403,796.64	482,155.68
06/01/16		394,978.40	462,251.33
12/01/16		386,160.17	442,947.79
06/01/17		377,261.63	424,138.73
10/01/17		245,682.47	272,537.51

05/01/20	TOTALS:	565,073.60	118,117.41

ISSUE DATE:	03/28/12	YIELD REDUCTION AMT:	118,117.41
COMP DATE:	05/01/20	NET INCOME:	565,073.60
BOND YIELD:	4.056184%	TAX INV YIELD:	4.857050%