Agenda Item 2

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Special Board Meeting
March 5, 2009
342 North Main Street, West Hartford, Connecticut
Conference Call - (877) 674-2487 pass code 507 349

Authority Members Present:	Michael E. McKeeman, Chairman; Julie Savino, Vice Chairman; Sarah Sanders; Delores Graham; Mary Johnson (for Michael Meotti); John Mengacci (for Robert L. Genuario); and Kathleen Woods
Authority Staff and Advisors Present:	Gloria F. Ragosta, Executive Director; Samuel E. Rush, Deputy Director; Judith Blank, Day Pitney LLP (General and Bond Counsel); Julie Gillespie and Rocco Guerrera, Simione, Macca & Larrow (Auditor); Christine Doyle and Robert Guadagno, PFM (Financial Advisor)

A quorum being present, the Chairman called the meeting to order at 1:08 p.m.

Ms. Ragosta reported that the purpose of the meeting was to approve the recommendations of the 2% yield committee to temporarily reduce the interest rate on the 1996 loans from 8.1% to 0% and the 1998 loans from 7.5% to 2%.

Ms. Ragosta indicated that the following letter would go out to the borrowers in each of the loan series.

> The Connecticut Higher Education Supplemental Loan Authority (CHESLA) is pleased to advise you that the rate of interest on certain of its Connecticut Family Education Loan Program loans is being reduced as of _____, 2009. This change will not impact any previous payments or the accrual of interest on such loans prior to that date. Your loan previously bearing interest at the rate of (8.10% or 7.50% inserted by programming) is one of these loans. Please understand that not all CHESLA loans qualify for this reduction and that unless you are notified otherwise the rate on other CHESLA loans remains unchanged. Also, please know that this reduction may be temporary, and that the interest rate may be increased at a future date, however, it will never be increased above the original loan interest rate of (8.10% or 7.50% inserted by programming).

The letter would accompany a revised invoice to 1996 and 1998 borrowers who are either current on their loan at Firstmark or in collections with CCA. She indicated that accounts with court ordered judgments would not be eligible for the interest reductions.

Ms. Ragosta reported that AMTEC would provide revised yield calculations quarterly to evaluate whether the excess yield was resolved or whether principal should be reduced as well.

Ms. Ragosta indicated that Goldman Sachs ran 1998 series cash flows that indicated that the 1998 bond deal would be fine as a stand-alone deal. Goldman will report back to CHESLA when it completes the review of the 1996 portfolio and its impact on the 2006 bonds.

Ms. Blank noted that a notice of material event would be filed with the information clearinghouses and that the rating agencies would also receive notification of the rate reductions. She indicated that CHESLA did not need MBIA or rating agency approval to reduce the loan rates in accordance with the Tax Compliance Agreement.

Ms. Ragosta reported that the cost of programming quoted by Firstmark to implement the rate reductions on its system includes: 36 Hours at $128.75 per hour for programming ($4,635.00) and approximately 1,109 letters to borrowers at $0.57 ($632.13).

Mr. Mengacci made a motion authorizing the Authority to temporarily reduce the interest rate on the 1996 loans from 8.1% to 0% and the 1998 loans from 7.5% to 2% as part of the 2% loan yield remedy. Seconded by Ms. Graham, the motion passed unanimously.

Ms. Savino made a motion authorizing the payment of approximately $5,267.13 to Firstmark Services, from the 1996 and 1998 revenue accounts, for programming and mailing the correspondence for the temporary interest rate reductions. Seconded by Mary Johnson, the motion passed unanimously.

The meeting adjourned at 1:25 p.m.