

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
March 25, 2008
State Treasurer's Office – 7th Floor Conference Room
Hartford, Connecticut

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Delores Graham; John Mengacci (for Robert L. Genuario); Michael Meotti; William Pizzuto (via conference call); Sarah Sanders (for Denise Nappier); Kathleen Woods

Authority Staff and Advisors Present: Gloria F. Ragosta, Executive Director; Samuel E. Rush, Deputy Director; Susan Harlan, Loan Portfolio Analyst; Judith Blank, Day Pitney (General and Bond Counsel); Elizabeth Hammer, U.S. Bank (Trustee); Julie Gillespie, Simone Macca & Larrow (Auditor); Christine Doyle, PFM (Financial Advisor); Joe Popevis, Firstmark Services (Loan Servicer, via conference call)

Authority Advisory Committee Members Present: Cathy Boone; Frank R.A. Resnick

A quorum being present, the Chairman called the meeting to order at 10:00 a.m. The minutes of the December 18, 2007 meeting were unanimously approved with noted corrections.

Ms. Ragosta presented the executive director's report. She indicated that the Authority had \$31.1 million (gross) available to lend and \$551,538 in the pipeline. Ms. Ragosta reported that Collection Company of America (CCA) had collected approximately \$13.1 million through December 2007 (first placement collection rate decreased by 0.50% to 74.05%; second placement collection rate increased by 2.17% to 71.44%). Mr. Rush reviewed the quarterly marketing data.

Ms. Ragosta requested that the Office of Policy and Management include an increase from \$170 million to \$300 million for CHESLA's Tax Exempt SCRF volume cap in the OPM Bond Bill. She noted that OPM included CHESLA's SCRF cap increase in Senate Bill 25 and that she would continue to monitor its progress. Ms. Ragosta reported that the Government Administration and Elections Committee passed an amendment to House Bill 5029 prohibiting a communicator lobbyist from serving on any state board or commission that receives funding from the state (including quasi-public agencies). She indicated that the provisions did not apply to a current serving member until his/her terms expired and that she would still be able to serve CHESLA. The bill was not expected to pass the legislature.

Ms. Ragosta reported that Attorney General Blumenthal ruled that Mark French could not serve on the CSLF Advisory Committee under the new CT Financial Aid Code of Conduct and therefore, he was unable to serve as a member of CHESLA's Advisory Committee.

Ms. Ragosta reported that she requested \$30 million from the FY 2008 private activity bond allocation. She indicated that she was waiting for approval from OPM. Ms. Ragosta noted that the state had \$81.9 million in the 2008 Private Activity Bond contingency fund. Ms. Ragosta indicated that she would request an additional \$15 million from private activity bond allocation to meet student loan demand and trends.

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Ms. Ragosta reviewed the year-to-date budget. She reported that expenses were in line with the budget allocations.

Ms. Ragosta reported that in December the state auditors began their audit of CHESLA's FY 2007 financials and compliance requirements. She indicated that the audit had just concluded on March 5th and the Authority is waiting for a draft report.

Ms. Ragosta reported that Firstmark had completed programming the CT FELP application documents in compliance with the CT Code of Conduct disclosure requirements. She indicated that the Authority submitted proposals in response to Requests for Information for preferred alternative loan lenders to the University of Connecticut, Quinnipiac University, Connecticut College, University of New Haven and Sacred Heart University. Ms. Ragosta noted that Connecticut College and Quinnipiac have added CHESLA to their lists and the University of New Haven chose to exclude CHESLA. She noted that she had not yet received responses from the University of Connecticut and Sacred Heart.

Ms. Ragosta reported that she had participated in the "KnowHow2GoConnecticut" Campaign in partnership with the Department of Higher Education and the State Department of Education. She indicated that the campaign was launched on January 17th. Ms. Ragosta noted that she and former Commissioner Valerie Lewis participated in the launch which is part of a national campaign to educate middle and high school students about academic requirements for college, the process, opportunities and financing their education. She indicated that CHESLA was one of the links on the website.

Ms. Ragosta reported that along with Mark Valenti from CSLF and Joe Santoro from Bank of America, she would participate in a panel discussion for the Connecticut Association of Professional Financial Aid Administrators (CAPFAA) on April 9th. She indicated that the purpose of the session is to help the financial aid community understand the current issues affecting the student loan market.

Ms. Ragosta reported that she had written to the U.S. Senate Banking Committee to ask that state authorities not be treated the same as private loans in a proposed bill passed by the House. She indicated that she would continue to monitor the progress of this issue.

Mr. Rush reviewed the FY 2008 Second Quarter Financial Statements. He noted that Mr. Santore indicated that the financials were in good condition.

Mr. McKeeman introduced a resolution to appoint the Auditor Selection Committee. Ms. Savino made a motion to approve the resolution establishing the Auditor Selection Committee and the appointments of Mr. Mengacci (chair), Ms. Woods and Ms. Graham to serve as members of the Auditor Selection Committee. Seconded by Ms. Sanders, the motion passed unanimously.

Mr. McKeeman introduced a resolution appointing the Bond and Legal Counsel Selection Committee. Ms. Graham made a motion to approve the resolution establishing the Bond and Legal Counsel Selection Committee and the appointments of Mr. McKeeman (chair), Ms. Sanders, Mr. Mengacci and Ms. Woods to serve as members of the Bond and Legal Counsel Selection Committee. Seconded by Mr. Mengacci, the motion passed unanimously.

Mr. McKeeman introduced a resolution to appoint the Underwriter Selection Committee. Ms. Woods made a motion to approve the resolution establishing the Underwriter Selection Committee and the appointments of Mr. McKeeman (chair), Ms. Sanders, Mr. Mengacci and Ms. Savino to serve as members of the Underwriter Selection Committee. Seconded by Ms. Graham, the motion passed unanimously.

Mr. McKeeman introduced a resolution to appoint the Arbitrage Rebate Selection Committee. Mr. Mengacci made a motion to approve the resolution establishing the Arbitrage Rebate Selection Committee and the appointments of Dr. Pizzuto (chair), Ms. Graham, Mr. Mengacci and Ms. Woods to serve as members of the Arbitrage Rebate Selection Committee. Seconded by Ms. Woods, the motion passed unanimously.

Mr. Mengacci introduced a resolution ratifying the Collection Company Selection Committee recommendation to reappoint Collection Company of America to serve as the Authority's collection agency for a period of three years. Ms. Savino made a motion to approve the resolution. Seconded by Ms. Woods, the motion passed unanimously.

Ms. Doyle made a presentation to the Board concerning the Bond Insurance and Auction Rate markets. She indicated that MBIA insurance might not be an option for CHESLA's next deal. Ms. Doyle noted that there are other insurers, such as FSA, that CHESLA should consider. Ms. Blank noted that the Authority could use the 1996 Master Resolution for the next bond deal since it is not insured by MBIA.

Mr. McKeeman introduced a draft "Strategic Plan for the Succession of CHESLA". He indicated that the options of remaining with the Connecticut Conference of Independent Colleges (CCIC) or creating a stand-alone organization would not change the mission of the Authority. Mr. McKeeman noted that combining CHESLA with CSLF would reflect a significant change and that this option would be driven more by the political climate. He indicated that the review of the draft strategy is an internal exercise that the Board must concern itself with periodically as staffing changes occur.

Public Participation – No public participation.

The meeting adjourned at 12:35 p.m.