

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting

March 29, 2011

UConn Waterbury Campus – 2nd Floor Conference Room, 230E

99 East Main Street Waterbury, Connecticut

Authority Members Present: Michael E. McKeeman, Chair; Julie Savino, Vice Chair; Delores Graham; Michael Meotti; William Pizzuto; Sarah Sanders (for Denise Nappier); Kathleen Woods

Authority Staff and Advisors Present: Judith B. Greiman, Executive Director; Samuel E. Rush, Deputy Director; Susan Harlan, Loan Portfolio Analyst; Judith Blank, Day Pitney (General and Bond Counsel); Elizabeth Hammer and Melanie Moir, U.S. Bank (Trustee); Christine Doyle, PFM (Financial Advisor); Robert Guadagno, PFM (Financial Advisor, via conference call); Anthony Santore, Beers & Hamerman (Accountant); Joe Santoro, Merrill Lynch/Bank of America (Co-managing Underwriter); Jeffrey Wagner, RBC Capital Markets (Underwriter, via conference call)

Authority Advisory Committee Members Present: Martin Budd

Guest/Members of the Public Present: Nancy Brady (CT DHE)

A quorum being present, the Chairman called the meeting to order at 10:30 a.m. The minutes of the December 14, 2010 meeting were unanimously approved.

Ms. Greiman presented the executive director's report. She indicated she has received word that Ann Foley would be named as the CHESLA designee from the Office of Policy and Management (OPM). Ms. Greiman reported that her transition has been moving along well with the assistance of staff. She indicated that she is taking the opportunity to review the operating processes to determine whether changes and improvements need to be made to better serve the customers of the Authority.

Ms. Greiman reported that she and staff have been working with the University of Connecticut to resolve issues pertaining to the loan origination process with Firstmark. She indicated that problems of which she is aware have been addressed and resolved.

Ms. Greiman reported that CHESLA is in need of a marketing plan for the program. She indicated that she expects to have ongoing board conversations regarding marketing and industry changes and how they impact student lending.

Ms. Greiman reported that a few cost of issuance invoices that were not paid during the 2010 Bond deal have been paid through the Authority's contingency line item totaling \$1,616.44 for printing and TEFRA hearing postings in newspapers. These bills came to light after the trustee had closed the cost of issuance account.

CHESLA

Ms. Greiman reported that a handbook for CHESLA Board members was produced based on the good work of Ms. Graham and Ms. Woods in reviewing CHESLA operations. She indicated that both Ms. Graham and Ms. Woods spent time with staff and management to see what goes on in the operation and to help them create a guide to assist fellow Board members.

Ms. Greiman reported that the 2009 loan fund pipeline has slowed down. She indicated that the higher rate of interest on those funds and lack of an active marketing plan might be a part of the problem. Ms. Greiman noted that she and staff would meet with the Authority's advisors to discuss the issue and see what can be done with the remaining 2009 loan funds to allow access to the lower rate 2010 as soon as possible.

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 \$1,361,239 with a blended rate liability of \$417,090, and that the 1998 loan principal outstanding is \$2,421,502 with a yield liability of \$440,421. Ms. Greiman stated that no action is needed at this time on these portfolios.

Mr. Rush reviewed the quarterly marketing data.

Ms. Greiman reported on State Treasurer Nappier's February 21st letter to the U.S. Securities and Exchange Commission pertaining to rules on municipal advisors. She credited Ms. Sanders with organizing the effort to get Connecticut's quasi-public agencies to sign on to the letter. Ms. Greiman and Ms. Doyle stated that they would keep the Board apprised of further developments on this issue.

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

Mr. Santore reviewed the FY 2011 Second Quarter Financial Statements. He indicated the financials were in good condition and that there were no significant issues.

Ms. Greiman requested approval to add \$800 to the accounting services contract to allow Beers & Hamerman to take on the responsibility of creating the Authority's quarterly Federal and State tax reporting and annual W-2 forms. Dr. Pizzuto made a motion to approve \$800 for additional accounting services from Beers & Hamerman for quarterly Federal and State tax reports and annual W-2 forms. Seconded by Ms. Woods, the motion passed unanimously.

Mr. McKeeman introduced a resolution to approve the Arbitrage Rebate/Loan Yield Calculation Selection Committee's recommendation of AMTEC as provider for Arbitrage Rebate and Loan Yield Calculations for a three-year contract. Ms. Graham made a motion to approve AMTEC as provider for Arbitrage Rebate and Loan Yield Calculations for a three-year contract. Seconded by Dr. Pizzuto, the motion was approved unanimously.

Mr. McKeeman introduced a resolution to approve the Audit Selection Committee's recommendation of Blum Shapiro as provider for Audit services for a three-year contract. Ms. Woods made a motion to approve Blum Shapiro as provider for Audit services for a three-year contract. Seconded by Dr. Pizzuto, the motion was approved unanimously.

Mr. McKeeman introduced a resolution to approve the Collection Company Selection Committee's recommendation of EOS-CCA as provider for Collection services for a three-year contract. Ms. Graham noted that the committee interviewed four firms and found EOS-CCA best qualified to continue collecting defaulted accounts on behalf of the Authority. Dr. Pizzuto made a motion to approve EOS-CCA as provider for Collection services for a three-year contract. Seconded by Ms. Woods, the motion was approved unanimously.

Ms. Greiman reported that the Authority did not have a marketing plan or marketing material to hand out to schools. She stated that she and Mr. Rush have met with Kristy Sullivan at CERC to discuss formulating a target marketing strategy for the program. Ms. Greiman noted that there is approximately \$16,000 budgeted for marketing and Early Awareness that has not been used and should be used to market the 2010 loan funds. Following Board discussion, Ms. Greiman indicated that she would look at the state requirements and lists to determine if a Request for Proposal would be needed to conduct a market analysis and planning work.

Ms. Savino reported on the status of the Management Planning Committee. She indicated that the committee met on March 8th to continue some due diligence discussions and to review the list of possible providers the Authority could solicit for management services. Ms. Savino noted that input was needed from OPM and there is no solid recommendation at this point.

Mr. Santoro provided a market update on the Student Loan Finance Market.

Public Participation – No public participation.

The meeting adjourned at 12:32 p.m.