APPROVED: July 3, 2012

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Meeting
June 5, 2012
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; Martin Budd; Delores Graham; Steve Kitowicz (for Ben Barnes); William Pizzuto; and Sarah Sanders (for Denise Nappier)
Authority Staff and Advisors Present:	Judith B. Greiman, Executive Director; Samuel E. Rush, Deputy Director; Joshua Hurlock, Portfolio and Marketing Assistant; Judith Blank, Day Pitney (General and Bond Counsel); Christine Doyle, PFM (Financial Advisor); Robert Guadagno, PFM (Financial Advisor – via conference call); Elizabeth Hammer, U.S. Bank (Trustee); Jeffrey Wagner and Gary Wolfe, RBC Capital markets (Underwriter – via conference call); Joseph Santoro, Merrill Lynch/Bank of America (Co-managing Underwriter – via conference call); Joe Popevis, Firstmark Services (Loan Servicer – via conference call)
Advisory Committee Members Present:	Frank R.A. Resnick, via conference call
Guest/Members of the Public Present:	Jeanette Weldon, Managing Director (CHEFA); Intern (Office of the Treasurer)

A quorum being present, the Chairman called the meeting to order at 9:02 a.m. Mr. McKeeman expressed appreciation to the Board, staff and advisors for their work with the Authority. The minutes of the March 13, 2012 meeting were approved unanimously.

Mr. Rush reviewed the quarterly marketing data.

Ms. Greiman presented the executive director's report. She reported that the legislature passed the CHESLA/CHEFA merger bill and that staff is working with CHEFA on transition matters. Ms. Greiman indicated that the state and annual independent audits are in process. She noted that the 2012 refinance deal was completed and that the staff and advisors have been engaged in 2% loan yield and universal cap issues. Ms. Greiman indicated that CHESLA was a featured participant and sponsor of the Latino Expo in East Haven and that the University of Hartford has again placed CHESLA on its preferred lenders list following an RFI process. She urged the Board to visit the revised CHESLA web site. Ms. Greiman reported that Mr. Hurlock had moved to full time work status in May as he had taken on more work as contemplated when he was originally hired.

Ms. Greiman reported that the Authority had $19 million (gross) of 2010 loan funds available to lend at 5.95% and that the Collection Company of America (CCA) collected approximately $13.7 million (net) through fiscal month end March 2012. She noted that the Authority had redeemed $900,000 in 2007A bonds on May 15th and

$560,000 in 1998A bonds and $2,295,000 in 2000A bonds on May 21st as part of its biannual redemption process.

Ms. Greiman reported that all members of the Board have filed the annual ethics report with the State Ethics Enforcement Commission and thanked them for their diligence.

Ms. Greiman presented the FY 2012 Third Quarter Financial Statements. She noted that Mr. Santore indicated that the financials are in good condition and that he had reconfigured how unrealized gains from treasury investments are reported in an effort to make the financials clearer.

Mr. McKeeman introduced a resolution to ratify the 2012 Bond refunding deal (Attachment 1). Ms. Greiman reported that refinancing the 1999A and 2001A bonds resulted in a present value savings that more than met the Board's goal of 3%. Mr. Budd made a motion to ratify the 2012 Bond refunding deal. Seconded by Ms. Graham, the motion was unanimously passed.

Mr. McKeeman introduced a resolution to ratify the 2% Loan Yield Committee actions regarding the reorganization of the 1990 resolution portfolio, the approval of additional expenses for AMTEC for data calculations and the reduction of loan interest rates for the 2001 loan portfolio (Attachment 2). Ms. Blank provided an overview of the IRS rules pertaining to loan yields and universal cap issues. Mr. Kitowicz thanked the working group of Mr. Rush, Ms. Blank, Ms. D'Onofrio, Ms. Doyle and Mr. Bentley for assisting him and Mr. McKeeman with the information necessary to make decisions on this matter. Mr. Budd made a motion to ratify the actions of the 2% Loan Yield Committee. Seconded by Dr. Pizzuto, the motion was unanimously passed.

Mr. McKeeman introduced a resolution to approve the Accountant contract (Attachment 3). Ms. Greiman reported that at CHEFA's request the RFP was issued for a six month engagement ending December 31, 2012 and that Beers Hamerman & Company, P.C. was the only firm to respond. Mr. Budd made a motion to appoint Beers Hamerman & Company, P.C. as accountant to the Authority for a period of six months expiring December 31, 2012. Seconded by Dr. Pizzuto, the motion was unanimously passed.

Mr. McKeeman introduced a motion to approve changes in the Personnel Manual related to the acceptance of gifts. Ms. Greiman reported that the proposed change in the gift section of the manual would bring that section in line with state statute. Ms. Graham made a motion to approve changes in the Personnel Manual related to the acceptance of gifts. Seconded by Dr. Pizzuto, the motion was unanimously passed.

Mr. McKeeman introduced a resolution to approve a policy on deceased borrowers (Attachment 4). Ms. Greiman reported that this has become a national issue affecting all student lenders. She noted that:

- The federal government and most, if not all, national lenders have adopted policies that discharge loans in the event of the death of the student borrower.
- Colleges are now asking whether the lender has such a policy when they issue RFIs. CHESLA is trying to get on as many lender lists as possible and will be at a disadvantage particularly at a time in which the national lenders have announced that they will offer fixed rate products. The treatment of deceased borrowers should not serve as a factor that takes CHESLA out of contention for these lists.
- The policy would amend the Program Manual and is not expected to impact bondholders. Generally, there are one to two of these cases per year.

- Currently, the Executive Director is able to discharge loans that are deemed to be uncollectible. The current policy is that affected families must provide a death certificate, tax return and affidavit indicating that it would be a hardship to pay the student's loan. The proposed policy would do away with the need to prove financial hardship. This is how other lenders handle these cases.

Ms. Graham made a motion to approve the policy of forgiving the loans of deceased student borrowers without regard to the financial status of any co-borrower. Seconded by Ms. Savino, the motion was unanimously passed.

Mr. McKeeman introduced a resolution regarding the merger of CHESLA into CHEFA as a subsidiary (Attachment 5). Ms. Weldon provided a comparison of the CHESLA/CHEFA benefits. The Board voted to go into executive session to discuss personnel matters. Upon resumption of the regular meeting, Mr. Budd asked that the following clause be added to the resolution:

"RESOLVED, that the Board of Directors requests that prior to June 30, 2012, the outgoing Executive Director prepare a detailed performance evaluation of Authority employees for FY2012, and that she submit the performance evaluations along with recommendations for employee compensation for the next fiscal year to the incoming Executive Director for consideration in conjunction with establishment of the Authority's FY2013 budget." Ms. Graham made a motion to approve the resolution as amended regarding the merger of CHESLA into CHEFA as a subsidiary. Seconded by Dr. Pizzuto, the motion was unanimously passed.

New Business:

Ms. Sanders presented gifts and certificates to Ms. Greiman (Executive Director), Mr. McKeeman (Chairman) and Ms. Savino (Vice Chairman) in recognition of their service to the Authority on behalf of the members of the Board.

Public Participation – No public participation.

The meeting adjourned at 10:50 a.m.

APPROVED: July 3, 2012

Attachment 1

RESOLUTION OF THE BOARD OF DIRECTORS
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
JUNE 5, 2012

WHEREAS, by resolution of the Authority adopted September 27, 2011, the Authority's Bond Committee was authorized and directed to take all actions necessary or appropriate to complete the sale and delivery of revenue refunding bonds of the Authority, including but not limited to, approving and distributing a Preliminary Official Statement and a final Official Statement, and approving a Bond Purchase Agreement; and

WHEREAS, by resolution of the Authority, acting by and through the Bond Committee, adopted March 14, 2012, the Authority determined to issue its Revenue Refunding Bonds (CHESLA Loan Program) 2012 Series A Bonds (the "2012 Series A Bonds"), and adopted the 2012 Series A Supplemental Revenue Bond Resolution (the "2012 Supplemental Resolution"), pursuant to which the 2012 Series A Bonds were issued;

NOW THEREFORE BE IT RESOLVED, that all actions taken by the Bond Committee and the Executive Director with respect to the 1990 Revenue Bond Resolution and the 2012 Supplemental Resolution and all aspects of the offer, sale, issuance and delivery of the 2012 Series A Bonds, including, but not limited to, the Preliminary Official Statement and the final Official Statement, the Bond Purchase Agreement, the Tax Compliance Agreement, the Post-issuance Compliance Procedures, the Continuing Disclosure Agreement, and the termination of certain guaranteed investment agreements ("GIC's"), as required by their terms, and the transfer of some GIC's from one Series of Bonds to another, as permitted or not prohibited by their terms, are hereby ratified and approved; and be it further

RESOLVED, that the Executive Director is hereby authorized to make the determinations and to execute, on behalf of the Authority, Authority Orders with respect to the use and application of moneys held under, and as set forth in and in accordance with, the 1990 Revenue Bond Resolution and the 2012 Supplemental Resolution.

APPROVED: July 3, 2012

Attachment 2

RESOLUTION OF THE BOARD OF DIRECTORS
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
JUNE 5, 2012

WHEREAS, the Connecticut Higher Education Supplemental Loan Authority has outstanding one or more bond issues for which the loan yield has been calculated to exceed the bond yield by more than the 2% spread permitted under the Internal Revenue Code (the “Code”) for qualified student loan bonds such as those of the Authority;

WHEREAS, compliance with the provisions of the Code and the Tax Compliance Agreements of the Authority executed in connection with each such bond issue require the Authority to implement a program to reduce the loan yield to no more than 2 percentage points above the bond yield;

WHEREAS, the Board of Directors of the Connecticut Higher Education Supplemental Loan Authority appointed a 2% Loan Yield Working Group to address the issues of excess loan yield in connection with certain Series of the Authority’s outstanding Bonds, and the reallocation of loans amongst the various Series of Bonds in order to comply with provisions of federal law so as to maintain the tax-exempt status of the Authority’s Bonds; and

WHEREAS, having engaged American Municipal Tax-Exempt Compliance Corp. (AMTEC) to calculate the loan yields in connection with each of the Authority’s outstanding Series of Bonds, and having reviewed with Bond Counsel and its Financial Advisor the Excess Loan Yield Liability computations prepared by AMTEC and the reallocation of loans amongst the various Series of Bonds in order to comply with the universal cap provisions of the Internal Revenue Code, the Committee has directed the reallocation of loans and directed that the interest rate borne by loans originated with proceeds of the Series 2001 A Bonds be reduced from 6.7% to 4.85.

NOW THEREFORE, BE IT RESOLVED, the reallocation of loans amongst the various Series of Bonds in order to comply with the universal cap provisions of the Internal Revenue Code and the reduction in the interest rate borne by loans originated with proceeds of the Series 2001 A Bonds from 6.7% to 4.85 are hereby ratified and confirmed; and

BE IT FURTHER RESOLVED, that the Executive Director and Deputy Director are hereby authorized to make all necessary arrangements with, Firstmark, the Servicer of the loans, and the collection company, for the reduction in the interest rate and the sending of all necessary notices in connection therewith, and all actions previously taken by such officers to effect such reallocation of loans and interest rate reduction are hereby ratified and confirmed.; and

BE IT FURTHER RESOLVED, that there is hereby approved payment to AMTEC of an amount not in excess of $3200 for the additional computational services in connection with such analysis related to the 1990 Master Resolution and an amount not in excess of $4500 for additional computational services in connection with the universal cap analysis of the 2003 Master Resolution.

APPROVED: July 3, 2012

Attachment 3

RESOLUTION OF THE BOARD OF DIRECTORS
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
JUNE 5, 2012

WHEREAS, the Operating Procedures of the Connecticut Higher Education Supplemental Loan Authority provide that the Authority shall solicit proposals for professional services at least once every three years; and

WHEREAS, the Authority's contract with the firm providing accounting services expires on June 30, 2012; and

WHEREAS, the Authority issued a request for proposals from firms to serve as accountant to the Authority; and

WHEREAS, having reviewed such proposals and made other investigation, it is recommended to the Board that the firm of Beers, Hamerman & Company, P.C. be appointed to serve as accountant to the Authority for a six month period ending December 31, 2012 for an amount not to exceed $15,140.

NOW THEREFORE, BE IT RESOLVED, that the Authority appoints the firm of Beers, Hamerman & Company, P.C. to serve as accountant to the Authority for a six month period ending December 31, 2012; and

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to negotiate and enter into a contract with said firm for such period substantially in accordance with the terms set forth in the Request for Proposal and the response thereto submitted by said firm.

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Attachment 4

RESOLUTION OF THE BOARD OF DIRECTORS
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
JUNE 5, 2012

WHEREAS, it has been the policy of the Connecticut Higher Education Supplemental Loan Authority to discharge a loan for a deceased student borrower only in the event such loan has been determined to be uncollectible, or payment would create undue hardship upon the surviving co-borrower; and

WHEREAS, there is much public concern about the treatment of the families of deceased student borrowers and the refusal of lenders to forgive their outstanding loans and changes in the student loan industry related to deceased borrowers; and

WHEREAS, the Executive Director of the Authority has the authority to discharge a loan deemed to be uncollectible, and may use her discretion to do so in the case of a deceased student loan borrower; and

WHEREAS, competing student loan programs have adopted policies to forgive the loans of deceased student borrowers, and colleges and universities have begun to include in their evaluation of lenders such lenders' policies regarding the treatment of the loans of deceased student borrowers, and it is in the interest of the Authority to adopt a policy that does not require a finding of financial hardship in order to forgive the loan of a deceased student borrower.

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby approves the policy of forgiving the loans of deceased student borrowers without regard to the financial status of any co-borrower.

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Attachment 5

RESOLUTION OF THE BOARD OF DIRECTORS
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
JUNE 5, 2012

WHEREAS, pursuant to P.A. 12-149 (the "Act"), effective July 1, 2012, CHESLA will be statutorily consolidated with CHEFA as a subsidiary of CHEFA;

WHEREAS, CHESLA has entered into an Agreement For Services with CCIC dated as of July 1, 2009 (as amended and modified to date, the "CCIC Agreement") pursuant to which the services of Judith Greiman, an employee of CCIC, are made available to CHESLA to serve as Executive Director of CHESLA until the stated termination date of the CCIC Agreement on June 30, 2013;

WHEREAS, pursuant to the Act, as of the Effective Date, the Executive Director of CHESLA is required to be an employee of CHEFA;

WHEREAS, pursuant to Section 5(c) of the CCIC Agreement, CHESLA may terminate the CCIC Agreement upon 90 days' notice to CCIC in the event of a fundamental change in the operations of CHESLA, and the consolidation of CHESLA with CHEFA by making CHESLA a subsidiary of CHEFA constitutes such a fundamental change in the operations of CHESLA;

WHEREAS, CHESLA has entered into a Sublease Agreement with CCIC dated as of March 13, 2009 (as amended and modified to date, the "Sublease"), the term of which is coterminous with the CCIC Agreement;

WHEREAS, it is the intention of CHESLA that a notice of termination be given to CCIC effective July 1, 2012 regarding both the CCIC Agreement and the Sublease and that both the CCIC Agreement and the Sublease be terminated at the expiration of the 90-day notice period, in no event later than September 28, 2012;

WHEREAS, there has been a request by CHEFA that CHESLA not adopt a budget for FY2013, but rather that CHESLA approve an extension of the current CHESLA FY2012 budget, and continued operation of CHESLA thereunder, until July 31, 2012; and

WHEREAS, in order to effect the orderly transition of CHESLA from its present status to a subsidiary of CHEFA, the Chairman on behalf of CHESLA, along with CCIC and CHEFA have entered into a Memorandum of Understanding which addresses the role of each party during the transition period, including the period prior to June 30, 2012, and the period beginning on July 1, 2012 and ending upon the expiration of the CCIC Agreement and the Sublease.

WHEREAS, it is in the interest of CHESLA that CHESLA authorize the Chairman and CHESLA staff to take certain steps necessary to effect the orderly transition of CHESLA to a subsidiary of CHEFA.

NOW THEREFORE BE IT RESOLVED, that the Chairman is hereby authorized and directed to provide not less than 90 days' notice effective July 1, 2012 to CCIC of the termination of both the CCIC Agreement and the Sublease, such termination date in no event to be later than September 28, 2012; and be it further

APPROVED: July 3, 2012

RESOLVED, that the Board of Directors requests that prior to June 30, 2012, the outgoing Executive Director prepare a detailed performance evaluation of Authority employees for FY2012, and that she submit the performance evaluations along with recommendations for employee compensation for the next fiscal year to the incoming Executive Director for consideration in conjunction with establishment of the Authority's FY2013 budget.

RESOLVED, that that the Chairman is hereby authorized and directed to accept the resignation of Judith Greiman as Executive Director of CHESLA effective as of the close of business June 30, 2012; and be it further

RESOLVED, that Jeanette Weldon, Managing Director of CHEFA, is hereby appointed Executive Director of CHESLA effective as of July 1, 2012; and be it further

RESOLVED, that effective July 1, 2012, the Executive Director of CHESLA, and the Executive Director, the General Counsel and any Assistant Director of CHEFA shall each be authorized officers of CHESLA ("Authorized Officers") with full power and authority to execute and deliver documents and papers and act in the name of and on behalf of CHESLA; and be it further

RESOLVED, that that the execution by the Chairman of the Memorandum of Understanding is hereby ratified and approved; and be it further

RESOLVED, that an extension of the current CHESLA FY2012 budget, and continued operation of CHESLA thereunder, until July 31, 2012 is hereby approved; and be it further

RESOLVED, that the Authorized Officers are hereby authorized to adopt on behalf of CHESLA any specific form of resolution required by any financial institution at which CHESLA maintains an account in order to authorize and grant signatory powers with respect to such account to Authorized Officers and to require that any check written on such account be signed by two Authorized Officers.

RESOLVED, that the Board of Directors requests that prior to June 30, 2012, the outgoing Executive Director prepare a detailed performance evaluation of Authority employees for FY2012, and that she submit the performance evaluations along with recommendations for employee compensation for the next fiscal year to the incoming Executive Director for consideration in conjunction with establishment of the Authority's FY2013 budget.