



CONNECTICUT STUDENT LOAN FOUNDATION

MINUTES OF THE BOARD OF DIRECTORS

November 7, 2019

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Thursday, November 7, 2019 at 12:00 p.m., at the Office of the Connecticut Health and Educational Facilities Authority, 10 Columbus Boulevard, Hartford, Connecticut 06106.

Members Present:

Peter Lisi, Chair of the Board
Benjamin Barnes (designee of the President of Connecticut State Colleges and Universities)
Martin L. Budd
Andrew Foster
Steven Kitowicz (designee of the Secretary of the Office of Policy and Management)
Sheree Mailhot (designee of the State Treasurer)
Julie Savino, Vice-Chair of the Board

Members Absent:

Other Attendees:

Jeanette Weldon, Executive Director, CHEFA/CHESLA
Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, CHEFA
Debrah Galli, Manager of Administrative Services, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Sr. Accountant, CHEFA/CHESLA
JoAnne Mackewicz, Controller, CHEFA
Cynthia Peoples, Managing Director, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Natalia Rozio, Portfolio Administrative Assistant, CHESLA
Judith Blank, Esq., Day Pitney LLP
Joseph Santoro, Director-Education Finance Team Leader, BofA Securities, Inc.
Thomas H. Webb, Vice President, Hilltop Securities N.A. *
Andrea Lenox, Structured Finance Director, Goal Structured Solutions, Inc. *
Ian Meade, Senior Financial Reporting Manager, Goal Structured Solutions, Inc. *
Jacob Lin, Senior Financial Reporting Manager, Goal Structured Solutions, Inc. *

* Participated in the meeting via conference telephone that permitted all parties to hear each other

I. Call to Order

Mr. Lisi called the meeting to order at 1:01 p.m.

II. Administrative Actions

Approval of Minutes:

A motion was made by Mr. Budd and seconded by Mr. Kitowicz that the Board of Directors of the Connecticut Student Loan Foundation approves the minutes of the September 19, 2019 meeting.

The motion was passed, with abstentions by Mr. Lisi and Mr. Barnes.

III. Ethics Training

Ms. Weldon noted that the board received the ethics training at the CHESLA Board meeting earlier in the day.

IV. Executive Director's Report

Ms. Weldon noted that there was nothing specific to discuss during the current meeting.

V. Financial Report

A. September 30, 2019

Mr. Barry shared the following updates on the financial performance of CSLF as of September 30, 2019:

CSLF 2019 operations resulted in a decrease in net position of \$2.2M. Operating revenues were \$2.4M, as compared to \$2.7M in the prior year, and was budgeted at \$2.3M. Mr. Barry stated that 98% of the revenues were generated from student loan interest and the remaining 2% of revenues was comprised of service income on the not for profit portfolio. Mr. Barry noted that the Not for Profit Program was recently discontinued, and the servicing income ended October 2019.

Operating expenses decreased by \$300K over last year, primarily due to the paydown of bond principal resulting in decreased bond interest paid as well as a decrease in servicing fee expenses including consolidation fees and CHEFA support services.

Mr. Barry noted that total operating income was on par with last year at \$600K. The CHESLA initiatives account for the change in net position variance as compared to last year.

As of September 2019, year over year, the balance sheet has decreased from \$218M total assets to \$188M; this reflects payments received from students on their outstanding loans as well as an increase in bad debt allowance. Excess funds were used to redeem \$28.8M in bonds since September 2018, reflecting the change in trust liabilities from \$218M to \$188M

Mr. Barry noted that the restricted net position totals \$4.6M which is on par with the prior year of \$4.5M, also noting that the unrestricted net position is \$17M. Total net position for CSLF as of September 30, 2019 was \$22M compared to \$22M last year.

B. Bond Redemption Report

Ms. Lenox noted the quarterly trustee report for the quarter ending September 30, 2019 could be found beginning on page 16 of the board package. During the quarter, \$4.7 million of senior bonds from the 2006 A-1 tranche were redeemed while another \$1.4 million of senior bonds from the 2006 A-2 tranche were also redeemed. Bond redemptions for the quarter totaled \$6.1 million (vs. \$6.575 million in redemptions from last quarter). This resulted in a total bond outstanding balance of \$165.525 million. Excluding funds reserved for the CHESLA scholarship fund, this quarter's activity aligns with the agreed upon strategy to utilize excess cash to prepay the bonds, alternating payments between the senior 2006 A-1 and senior 2006 A-2 tranches.

For the quarter-end loan portfolio characteristics, the Weighted Average Coupon (WAC) increased from 6.30% to 6.36%, with the biggest increases in coupon coming from Subsidized and Unsubsidized Stafford loans that were up 15 bps and 10 bps, respectively. Similar to prior quarters, the Weighted Average Remaining Term (WARM) of the portfolio increased from approximately 147 months to 150 months as the overall portfolio continues to extend in term with consolidation loans, which have longer maturities, representing a majority (or 65%) of the total portfolio.

VI. Servicer Review

Mr. Meade introduced the annual servicer review starting on page 21 of the board package.

During September GS2 performed the Annual Servicer Review of EdFinancial for the period of September 1, 2018 through August 31, 2019. This year's review was completed remotely which is consistent from last year. The review was conducted with the same methodologies as prior years and there were no significant changes in EdFinancial's business or operations over the past year.

Mr. Meade noted that he performed testing on certain types of loans, those are listed on page 23 of the board package. The testing included uninsured accounts, cure accounts, rejected claims, and any private loans with graduation dates beyond 2020. Mr. Meade also noted that he reviewed various EdFinancial documents and financials. All the testing was satisfactory and any exceptions that were noted, GS2 was provided support and there were no significant issues.

During last year's review it was noted that most of the servicing standards were not being contractually met by Edfinancial. During May 2019, the Servicing Agreement between EdFinancial and CSLF was amended to better align the standards with DOE requirements and industry standards.

This year's servicing standards review was positive, and no exceptions were noted based on the amended agreement. On average, Edfinancial was exceeding the new standards.

VII. 2020 Meeting Schedule

Ms. Weldon presented the 2020 Board Meeting schedule and notes that the schedule is based off of the CHESLA Board meeting schedule.

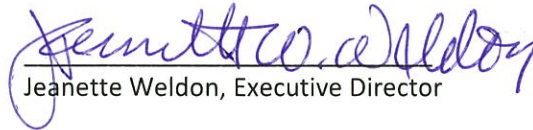
Ms. Savino moved to approve the schedule and Mr. Barnes seconded. The motion passed unanimously.

VIII. Adjournment

Mr. Kitowicz made a motion, which was seconded by Ms. Mailhot, to adjourn the meeting.

The motion passed unanimously, and the meeting was adjourned at 1:12 p.m.

Respectfully Submitted by:


Jeanette Weldon, Executive Director