



CONNECTICUT STUDENT LOAN FOUNDATION

MINUTES OF THE BOARD OF DIRECTORS

November 17, 2015

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Thursday November 17, 2015 at 12:00 p.m., at the office of the Connecticut Health and Educational Facilities Authority, 10 Columbus Boulevard, Hartford, Connecticut 06106.

Members Present:

Barbara Rubin, Chair of the Board
Sarah Sanders (designee of the Honorable Denise Nappier), Vice Chair of the Board (via telephone*)
Martin Budd
Dr. Peter Lisi
Erika Steiner (designee of the President of Board of Regents for Higher Education)
Jeanette Weldon, Executive Director

Members Absent:

Steven Kitowicz (designee of the Honorable Benjamin Barnes)
Paul Mutone
Julie Savino

Other Attendees:

Paula Herman, General Counsel, CHEFA
Darlene Dimitrijevs, Principal, Education Solution Partners, LLC
Randy Behm, Principal, Education Solution Partners, LLC
Rick Buggy, Office Managing Partner, Crowe Horwath, LLP
Todd Thiesfeldt, Audit Partner, Crowe Horwath, LLP
Ryan Deming, Audit Manager, Crowe Horwath, LLP
Joshua Hurlock, Portfolio and Marketing Associate, CHESLA
Cynthia Peoples, Managing Director, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Carlee Levin, Sr. Accountant, CHEFA
Tim Webb, Vice President, FirstSouthwest
Judith Blank, Esquire, Day Pitney, LLP
Joe Santoro, Director – Education Finance, Bank of America Merrill Lynch
Bill Veronda, Bank of America Merrill Lynch (via telephone*)
Jeff Wagner, Managing Director, RBC Securities (via telephone*)
Gary Wolf, Director, RBC Capital Markets (via telephone*)

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

I. Call to Order:

Ms. Rubin called the meeting to order at 12:57 p.m.

II. Approval of the September 17, 2015 Minutes:

A motion was made by Dr. Lisi and seconded by Ms. Sanders that the Board of Directors of the Connecticut Student Loan Foundation approves the minutes of the September 17, 2015 meeting as presented.

The motion was passed unanimously, with abstentions by Mr. Budd and Ms. Steiner who were absent from the September 17, 2015 meeting.

III. 2016 Meeting Dates

Potential meeting dates for 2016 were presented by Ms. Weldon. It was noted that the meetings are scheduled to immediately follow the CHESLA Board meeting. There was some concern expressed about the date of the January CHESLA and CSLF meetings relative to the proximity of those meeting to the CHEFA Board meeting.

IV. Annual Ethics Training

Ms. Herman was asked to provide an overview of the ethics responsibilities of each of the Board members and officers of CSLF. She referenced the Ethics training that had occurred during the CHESLA Board meeting earlier in the day, as the membership of both boards are identical.

V. Executive Director's Report

Ms. Weldon indicated that a technical issue had been discovered in the Indenture for the CSLF Bonds. Ms. Herman explained that the Indenture references a President position and provides that position with the authority to act on behalf of CSLF. Since that position no longer exists and its duties and responsibilities have been replaced by the Executive Director position, it would be prudent to formally recognize that the Executive Director is authorized to take, and to direct, all actions delegated to the President by the Indenture documents.

Ms. Steiner made a motion, which was seconded by Mr. Budd for the following resolution:

WHEREAS, on July 23, 2014, this Board adopted amended and restated By-Laws of the Foundation that included a provision authorizing the Executive Director to execute certain orders, contracts and instruments without a resolution of this Board for administrative matters and to execute any other orders, contracts and instruments as authorized by such a resolution; and

WHEREAS, it is desirable to clarify the application of this provision to the Executive Director's authority to take, and to cause to be taken, actions that are reserved to the Foundation pursuant to the Indenture of Trust dated as of October 1, 2014, to the supplemental indentures and to the bonds secured thereby;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Executive Director is hereby authorized to take, and to direct, all such actions pursuant to the Indenture of Trust dated as of October 1, 2004 (the "2004 General Indenture") between the Foundation and The Bank of New York Mellon, as successor trustee, to any

supplemental indentures to the 2004 General Indenture (collectively, with the 2004 Indenture, the "Indenture") or to any Foundation bonds secured by the Indenture as may be taken or directed under the Indenture by an "Authorized Officer" or by the "President" of the Foundation, as such terms are defined for purposes of the Indenture; provided, that any such action or direction to effect the issuance of bonds, the application of funds held under the Indenture to the redemption or purchase for cancellation of bonds or to the financing of loans or the release of such funds from the lien of the Indenture shall be in accordance with a separate resolution of this Board or with a policy approved by such a resolution.

2. All actions heretofore taken or directed by the Executive Director pursuant to the Indenture are hereby approved and ratified.

The motion was passed unanimously.

VI. Auditor's Reports

Mr. Rick Buggy, Mr. Todd Thiesfeldt and Mr. Ryan Deming of Crowe Horwath, LLP, external auditors for CHEFA and its component units CHESLA and CSLF, joined the meeting at this point.

Mr. Thiesfeldt provided the board with complete copies of the audited financials of CHEFA which included its component units CHESLA and CSLF. He indicated that this report had already been reviewed with the CHEFA Audit Committee and that his comments to the CSLF board would mainly focus on CHESLA and CSLF.

Mr. Thiesfeldt reviewed his firm's Opinion Letter which indicated that the financial statements present fairly, in all material respects, the financial positions of CHEFA, CHESLA and CSLF. He then reviewed the specific balance sheets and statements of net change in position of CHESLA and CSLF (both as of June 30, 2015). He noted that the balance sheet was rearranged from the prior year to display CHESLA and CSLF as component units of CHEFA rather than as a single consolidated balance sheet. In addition, he indicated that Investment Income for CHESLA had been moved to the non-operating section of the Statement of Net Change in Position.

Next he reviewed the Loan Loss Reserve as discussed in Note 3. He indicated that the Loan Loss Reserve methodology for CHESLA had been changed to include a reserve for in-school loans. This resulted in an increase to the Loan Loss Reserve for CHESLA. He also noted that the methodologies for CHESLA and CHEFA are different which reflects the differences in the loan portfolios (federal versus private loans) and that CHESLA continues to originate new loans whereas CSLF has not originated a loan since February 2010. There ensued a general discussion of the Loan Loss Reserve.

Mr. Thiesfeldt next directed the Board's attention to Note 5 (Bonds Payable) to indicate that while CHESLA has bond maturities every year through 2036, CSLF has only two maturity dates (June 1, 2034 and June 1, 2046).

Mr. Thiesfeldt then proceeded to the Agreed-Upon Procedures report. In response to a question from Ms. Rubin, Mr. Behm indicated that this report is an annual requirement of the U.S. Department of Education for any holder of federally-guaranteed education loans. Mr. Thiesfeldt indicated that they had reviewed the report provided by KraftCPAs PLLC with respect to the loan servicing and reporting performed by EdFinancial Services, LLC (the loan servicer for the CSLF portfolio). He indicated that a

couple of minor items had been identified by KraftCPAs, which had already been corrected by EdFinancial prior to the report being issued by KraftCPAs. Crowe Horwath was able to provide a clean review.

Finally, Mr. Buggy reviewed the IRS Form 990 for the fiscal year ended June 30, 2015. He noted that this form was filed historically by CSLF because it is a 501(c)(3) charitable organization. With its new status as a quasi-public agency, CSLF may not be required by the IRS to file Form 990, even while retaining its 501(c)(3) status. However, as a federal education loan holder CSLF is currently required to annually provide the Form 990 to the U.S. DOE. Further analysis would need to be conducted to determine if CSLF could stop completing the Form 990 in future years

Mr. Buggy indicated that due to the fiscal year change of CSLF, this filing with the IRS only covered a nine-month period (October 1, 2014 through June 30, 2015).

Mr. Buggy, Mr. Thiesfeldt and Mr. Deming exited the meeting at this point.

VII. Financial Report

Ms. Dimitrijevs reviewed the financial status of CSLF as of September 30, 2015. She presented the Balance Sheet on a consolidated basis, a comparison of the Funds Management ratios to the policy guidelines, the Net Change in Position, the Balance Sheet by fund and information on the current bonds outstanding.

On the Balance Sheet she indicated the Loans Receivable stood at \$317.8 million as of September 30, 2015 which was \$53 million below prior year, but essentially on budget. Bonds Payable were \$302.3 million compared to \$352.4 million the prior year and a budget of \$297.1 million.

Ms. Dimitrijevs noted that the trust Parity Ratio as of September 30, 2015 stood at 110.24% and the Senior Parity Ratio was 147.50%. As of September 30, 2015, assets within the Trust exceed the Funds Management Policy by \$19.1 million. However, nearly all of this was in the form of loan balances exceeding bonds outstanding. She also indicated that all of the ratios monitored under the Funds Management Policy were in compliance with that policy.

Ms. Dimitrijevs indicated that the Net Change in Position for CSLF was a positive \$1.1 million for the three month period. This was essentially on budget (negative variance of \$33,797).

She then reviewed the bond activity for the three month period. She indicated that \$9.8 million of bonds had been redeemed in the quarter. In addition, \$15.5 million of bonds would be redeemed in the next quarter.

VIII. Executive Session

Mr. Budd made a motion, which was seconded by Ms. Steiner, to enter Executive Session for the purposes of a discussion involving trade secrets.

The motion was passed unanimously.

Ms. Rubin requested that staff of CHEFA and CHESLA, and the representatives of FirstSouthwest and Education Solution Partners, remain during the Executive Session.

The Board entered Executive Session at 2:04 p.m.

The Board exited Executive Session at 2:43 p.m.

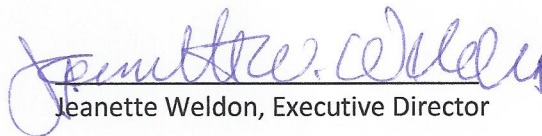
Ms. Rubin stated that no actions or votes were taken during the Executive Session.

IX. Adjournment

Mr. Budd made a motion, which was seconded by Ms. Rubin, to adjourn the meeting.

The motion passed unanimously and the meeting was adjourned at 2.44 p.m.

Respectfully Submitted by:



Jeanette Weldon, Executive Director