

MINUTES OF THE BOARD OF DIRECTORS

March 11, 2025

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Monday, March 11, 2025 at 12:30 p.m., virtually via video conference. *

Members Present:

Dr. Peter Lisi, Chair of the Board
Andrew Foster
Michael Izadi (designee of the Connecticut OPM Acting Secretary)
Kerry A. Kelley (designee of the President of Connecticut State Colleges and Universities)
Estela Lopez
Kimberly Mooers (designee for Connecticut State Treasurer)
Julie B. Savino, Vice Chair
Jeanette Weldon, Executive Director, CHEFA/CHESLA

Members Absent:

Laura M. Baker (designee of the Connecticut Chief Workforce Officer)
Martin L. Budd

Other Attendees:

Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Senior Accountant I, CHEFA
Charles Bodie, Managing Director of Finance and Operations, CHEFA
Jessica Carducci, Administrative Services Assistant, CHEFA
Dan Giungi, Senior Government Relations and Communications Specialist, CHEFA
Joshua Hurlock, Deputy Director, CHESLA
Carlee Levin, Senior Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Kara Stuart, Manager, Administrative Services, CHEFA
Taylor DeVito, Investment Banking Analyst, Bank of America, N.A.
Justin Schwartz, Financial Reporting Manager, Goal Structured Solutions, LLC
Robert Johnson, Accounting Analyst II, Goal Structured Solutions, LLC
Tim Webb, Vice President, Hilltop Securities N.A

* All attendees 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 1:07 p.m.

II. Approval of Minutes:

Mr. Foster noted that he should be listed as present at the January 21, 2025 meeting and should be listed as an abstention under the approval of the November 19, 2024 minutes.

Mr. Lisi moved to approve the minutes with the proposed edits from the January 21, 2025 special board meeting, which was seconded by Ms. Kelley. The motion passed unanimously, with Ms. Mooers abstaining as she wasn't present at that meeting.

III. Executive Directors Report

Ms. Weldon noted CSLF continues to utilize most of its excess cash to pay down the outstanding bond liabilities.

IV. Financial Report

A. December 31, 2024

Mr. Barry reviewed the financials for the quarter ended December 31, 2024. Unrestricted assets decreased from \$181,000 to \$97,000, primarily due to a \$200,000 transfer to cover operating expenses. Loans receivable decreased by \$22.3 million, due to continued student loan repayments. Bonds payable also decreased by \$26.2 million as CSLF continues to use available trust cash to redeem its liabilities. Total net position was \$21.5 million, up from \$20.2 million the prior fiscal year.

Loan interest income decreased by \$1.2 million due to the natural decline of the principal receivable over time. CSLF is still receiving \$250,000 in quarterly SAP payments from the government, but these are expected to lessen as the loan balance is paid down. Late fee and investment income increased by \$37,000 compared to last year. Bond interest expense decreased by \$1.1 million due partly to slightly lower interest rates but mainly as a result of lower bond balances outstanding. Overall, change in net position was a gain of \$651,000, which is \$83,000 higher than last year.

B. Bond Redemption Activity

Mr. Johnson reviewed the bond activity for the quarter ended December 31, 2024. Total redemptions for the quarter equaled \$3.0 million, compared to \$11.3 million last quarter. This consisted of \$2.4 million for the 2006 A-1 tranche and \$600,000 for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at approximately \$41.2 million, representing a 6.8% decline.

The Weighted Average Coupon (WAC) increased from 7.16% to 7.19% and the Weighted Average Remaining Maturity (WARM) of the portfolio increased from 217 months to 220 months. Combined deferment and forbearance rates slightly increased from 12.6% to 13.2% and loans in repayment decreased slightly from 87% to 86%.

V. Servicer Review

Mr. Schwartz introduced the annual servicer review, which was completed remotely. The review period covered calendar year 2024 for the servicers PHEAA and Launch for the FFELP and Private loan portfolios, respectively.

In terms of PHEAA's review, no material exceptions were found. All contractual servicing metric standards were met, with the exception of the call answer rate in April 2024. No loans were found

to be uninsured due to servicer or lender error. There was one rejected claim due to lack of financial history from the prior servicer, which resulted in 3 accounts being written off for one borrower.

Launch's review was presented next. In terms of servicing metrics, while all payment processing and written correspondence requirements were met, the call answer and abandonment rates missed their targets on several occasions. When asked about these deficiencies, Launch pointed to higher-than-expected call volume that resulted from conversions that occurred during May and August 2024. Launch also noted that during November and December, increased unscheduled absences further contributed to these elevated metrics.

Mr. Foster asked for clarification on the rejected claims found in PHEAA's review. Mr. Schwartz explained that the portfolio's FFELP loans are ultimately insured by the federal government, so when defaults occur, a claim is filed and paid accordingly. However, if any issues should arise, a claim can be rejected. In this particular case, a "first due date" wasn't properly established due to lack of information from the prior servicer, which triggered ineligibility for payment from the guarantor.

VI. Contribution to CHESLA's Scholarship Program

Ms. Weldon introduced the resolution for a \$600,000 contribution to be made in June 2025 to the CHESLA administered scholarship program. Ms. Weldon noted that this amount had already been approved by the board and that this action formally authorizes the cash release. The originally budgeted \$500,000 was increased by another \$100,000 as a result of the findings of the latest cash flow analysis.

Ms. Savino moved to approve the contribution, with Mr. Foster seconding. The motion passed unanimously.

VII. Adjournment

Ms. Savino made a motion, which was seconded by Ms. Lopez, to adjourn the meeting.

The motion passed unanimously, and the meeting was adjourned at 1:27 p.m.

Respectfully Submitted by:

Jeanette Weldon, Executive Director