

MINUTES OF THE BOARD OF DIRECTORS

November 14, 2023

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Thursday, November 14, 2023 at 12:30 p.m., virtually via video conference. *

Members Present:

Dr. Peter Lisi, Chair of the Board
Laura M. Baker (designee of the Connecticut Chief Workforce Officer)
Bettina Bronisz (designee of the Connecticut Treasurer)
Martin L. Budd
Andrew Foster
Michael Izadi (designee of the Connecticut OPM Acting Secretary)
Kerry A. Kelley (designee of the President of Connecticut State Colleges and Universities)
Julie B. Savino, Vice Chair
Jeanette Weldon, Executive Director, CHEFA/CHESLA

Members Absent:

None

Other Attendees:

Denise Aguilera, General Counsel, CHEFA
Charles Bodie, Managing Director of Finance and Operations, CHEFA
Daniel Giungi, Government Relations & Communications Specialist, CHEFA
Rebecca Hrdlicka, Administrative Services Assistant, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Senior Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Kara Stuart, Manager, Administrative Services, CHEFA
Yesenia Torres-Rivera, Program Coordinator, CHESLA
Andrea Lenox, Vice President, Structured Finance, Goal Structured Solutions, LLC
Justin Schwartz, Financial Reporting Manager, 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 1:21 p.m.

II. Approval of Minutes:

Mr. Foster pointed out that his name is missing from the list of the attendees from the prior meeting and requested that he be added.

Mr. Budd moved to approve the minutes, which was seconded by Mr. Foster. The motion passed unanimously to approve the minutes as amended, with Ms. Savino abstaining since she was not present at that meeting.

III. Ethics Training

It was noted that all CSLF board members attended the annual ethics training from the Office of State Ethics.

IV. Executive Directors Report

Ms. Weldon referred to Mr. Schwartz to elaborate on an instance during the quarter where cash levels were temporarily below the board's 2% reserve policy as a result of a large bond redemption. Mr. Schwartz explained that the current cash management policy specifically outlines that cash within that 2% threshold cannot be used for discretionary redemptions. Regarding the 9/29 redemption, a calculation error resulted in a larger recommendation than what was appropriate. Consequently, the cash reserves dipped to around \$1.0 million, which was below the \$1.4 million required amount at that time. This shortage lasted from 9/29 to 10/10 (12 days total) and the reserves have since returned to compliant levels.

Mr. Schwartz further noted that upon discovering the error, Goal alerted Ms. Weldon's team at CSLF, which led to a Zoom call where Goal explained what occurred and the steps taken to ensure it won't happen again. Mr. Webb also clarified that no bond covenants were breached with this incident.

V. Review of Trust Cash Flows

Mr. Webb reviewed the updated trust cash flow analysis, which used data as of June 30, 2023, that was provided by PHEAA. The purpose of this analysis is to examine the ability for future cash releases to CHESLA, in addition to the annual \$500,000 scholarship program contribution. Mr. Webb explained the various liquidity assumptions held in the analysis, as well as the estimated expenses and debt service payments.

Mr. Budd asked for clarification on the trust parity requirements. Mr. Webb confirmed that the required ratios are 102.50% overall parity and 105.00% senior parity. The Board also has a policy in which no releases shall occur if parity is below 104.00%. It was also pointed out that no modifications were made to move the spot cap rate from LIBOR to SOFR.

Mr. Webb summarized the results of the analysis, which indicated that the trust has the ability to release an additional \$500,000 each year for the next six years, provided the assumptions hold true. In response, Mr. Budd recommended to the Board that the cash flows should continue to be conducted annually so that the Board can stay aware of any changes that may occur. Mr. Webb concurred, while also clarifying that in the event the portfolio pays down quicker than assumed, the excess cash would result in a faster reduction of the outstanding bond liability.

VI. Financial Report

A. September 30, 2023

Ms. Mackewicz informed the board that the September financials were not complete as of this meeting but indicated they should be ready by Friday, November 17. She will provide these to the Board once available along with any relevant supporting information.

B. Bond Redemption Activity

Mr. Schwartz reviewed the bond activity for the quarter ended September 30, 2023. Total redemptions for the quarter equaled \$6.85 million, compared to \$2.5 million last quarter. This consisted of \$3.8 million for the 2006 A-1 tranche and \$3.05 million for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at approximately \$69.0 million, representing a 9% decline.

The Weighted Average Coupon (WAC) increased from 6.75% to 7.14% and the Weighted Average Remaining Maturity (WARM) of the portfolio increased from 207.52 months to 213.85 months. Forbearance rates slightly increased from 10.13% to 10.52% and loans in repayment decreased from 87.19% to 86.39%.

VII. 2024 Meeting Schedule

Mr. Budd asked about a strategic plan for CSLF, to which Ms. Weldon noted that CSLF is not included in strategic planning since it is a runoff portfolio. Ms. Weldon also stated that any initiatives for CSLF would be included as part of CHESLA strategic planning.

Ms. Savino moved to approve the meeting schedule as presented, which was seconded by Ms. Bronisz. The motion passed unanimously.

VIII. Adjournment

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

The motion passed unanimously, and the meeting was adjourned at 1:44 p.m.

Respectfully Submitted by:

Jeanette Weldon, Executive Director