



# CONNECTICUT STUDENT LOAN FOUNDATION

## MINUTES OF THE BOARD OF DIRECTORS

**June 17, 2022**

**A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Wednesday, June 17, 2022 at 11:30 a.m., virtually via video conference. \***

### **Members Present:**

Dr. Peter Lisi, Chair of the Board  
Laura M. Baker (designee for Chief Workforce Officer Kelli-Marie Vallieres)  
Martin L. Budd  
Andrew Foster  
Darrell V. Hill (designee for Connecticut State Treasurer)  
Julie Savino, Vice-Chair of the Board  
Jeanette Weldon, Executive Director, CHEFA/CHESLA

### **Members Absent:**

Benjamin Barnes (designee of the President of Connecticut State Colleges and Universities)  
Michael Izadi (designee of the Connecticut OPM Acting Secretary)

### **Other Attendees:**

Rebecca Abblett, Administrative Services Assistant, CHEFA  
Denise Aguilera, General Counsel, CHEFA  
Kevin Barry, Accountant, CHEFA  
Daniel Giungi, Communications and Government Affairs Specialist, CHEFA  
Joshua Hurlock, Assistant Director, CHESLA  
Carlee Levin, Senior Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Cynthia Peoples-H., Managing Director, Operations & Finance, CHEFA  
Kara Stuart, Manager of Administrative Services, CHEFA  
Yesenia Torres-Rivera, Program Coordinator, CHESLA  
Andrea Lenox, Vice President, Structured Finance, Goal Structured Solutions, LLC  
Rachel Intfen, Director, Financial Reporting, Goal Structured Solutions, LLC  
Justin Schwartz, Senior Accounting Analyst II, Goal Structured Solutions, LLC  
Tim Webb, Vice President, Hilltop Securities N.A.  
Judith Blank, Esq., Pullman & Comley LLC  
Sandra Dawson, Member, Pullman & Comley LLC  
William Kotkosky, AVP & Relationship Manager, U.S. Bank N.A.  
Joseph Santoro, Director-Education Finance Team Leader, Bank of America Securities, Inc.  
Brian Kares, Vice President, RBC Capital Markets  
Jeff Wagner, Managing Director, RBC Capital Markets  
Rakchhya Poudel, Analyst, RBC Capital Markets  
Tyler Walsh, Associate, RBC Capital Markets

\* 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 11:48 a.m.

II. **Approval of Minutes:**

A motion was made by Mr. Budd and seconded by Mr. Foster that the Board of Directors of the Connecticut Student Loan Foundation approves the minutes of the April 19, 2022 special board meeting. The motion passed unanimously.

III. **Executive Directors Report**

Ms. Weldon noted that there are no items to currently address.

IV. **Loan Loss Reserve Analysis**

Mr. Schwartz explained that the Loan Loss Reserve Analysis was conducted in a manner like the prior year, which involved looking at both portfolios to determine the change in the loss allowance for each. The results of the analysis recommended a \$19,000 allowance increase for the FFELP portfolio and a \$73,000 increase for the private loan portfolio.

Mr. Budd asked for clarification on why the \$3.7 million in claims filed exceeded the \$3.9 million claim payments received. No reasoning could be obtained at the time of the meeting.<sup>1</sup>

Mr. Budd moved to approve the increase in loan loss reserve, which was seconded by Ms. Savino. The motion passes unanimously.

V. **Budget**

Mr. Schwartz discussed the budget proposal for the upcoming fiscal year 2022-2023. The main drivers of this forecast were the estimated amount of loan paydowns and the estimated total redemption of bonds. For the most part, the same methodology was used as the previous year by examining recent trends in portfolio performance and carrying them out over the next year. However, Mr. Schwartz noted that the bond interest rate assumption was determined using the Bloomberg estimated 91-day T-Bill rate for the next 12 months along with a 1.2% spread. Mr. Schwartz emphasized the need for this method change due to the current interest rate environment.

On the balance sheet, projected June 2022 loan receivable balance is \$2.8 million below the budgeted amount due to loans paying down quicker than anticipated as they came out of deferment periods. June 2022 bonds payable is roughly on par with what was budgeted last year. For the upcoming fiscal year, \$15.7 million in bonds are expected to be redeemed, resulting in an estimated \$86 million bond balance in June 2023. Mr. Schwartz pointed out that under the previous methodology, the bond paydown forecast would've been \$2.0 million more, which illustrates the impact of the higher bond interest rate assumption.

On the income statement, loan interest income for the current year is expected to be \$4.5 million, slightly above budget, with \$3.7 million projected for the next fiscal year. This decline is expected as the loans continue to pay down overtime. Bond interest expense this year exceeded budget by about \$460,000. For the upcoming year, bond interest is projected to increase by \$2.2 million

<sup>1</sup> The higher claim collections were a result of prior period payments in-transit that were received in the current quarter, a fact determined after the meeting adjourned.

under the assumptions stated earlier. Overall a \$1.8 million change in net position is forecasted for next year, with the decrease primarily coming from the increase in bond interest rates.

Mr. Lisi moved to approve the budget as presented. Mr. Foster seconded, and the motion passed unanimously.

**VI. Financial Report**

**A. March 31, 2022**

Mr. Barry pointed out a new income statement line item occurring this month for the interest income on the STIF investment account that was opened in March 2022.

Operating revenues totaled \$3.4 million, a decrease from \$3.8 million in the same period last year, which overall equals the budgeted amount of \$3.4 million. All revenue continues to come from student loan interest. Operating expenses were \$2.3 million, down from \$2.7 million last year. This decline in expenses is due to both lower interest costs as the bonds continue to pay down and decreased servicing and administrative fees. Operating change in net position totaled \$1.1 million, not including the March cash release for the CHESLA ReFi Program.

Year-over-year assets decreased from \$152 million to \$132 million as student loans continue to pay down. \$20.5 million in bonds were redeemed since this period last year, reducing trust liabilities from \$128 million to \$107 million. Restricted net position sits at \$3.0 million, a decrease from \$3.6 million last year, with the main driver being the funding release for the ReFi Program. Overall, the net position in March 2022 was \$24.3 million, compared to \$24.2 million at this point in 2021.

**B. Bond Redemption Activity**

Mr. Schwartz reviewed the bond activity for the quarter ended March 31, 2022. Total for the quarter equaled \$2.6 million, compared to \$5.7 million last quarter. This consisted of \$1.8 million redeemed for the 2006 A-1 tranche and \$800,000 for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at \$106.625 million, representing a 2.4% decline.

The Weighted Average Coupon (WAC) had an increase from 6.37% to 6.38% and the Weighted Average Remaining Maturity (WARM) of the portfolio also increased from 177.34 months to 181.87 months. Forbearance rates in both portfolios decreased during the quarter with FFELP going from 16.63% to 9.78% and private lowering slightly from 0.84% to 0.78%.

**VII. Adjournment**

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

The motion passed unanimously, and the meeting was adjourned at 12:10 p.m.

Respectfully Submitted by:

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Jeanette Weldon, Executive Director