



CONNECTICUT STUDENT LOAN FOUNDATION

MINUTES OF THE BOARD OF DIRECTORS

March 24, 2022

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Wednesday, March 24, 2022 at 12:30 p.m., virtually via video conference. *

Members Present:

Dr. Peter Lisi, Chair of the Board
Julie Savino, Vice-Chair of the Board
Martin L. Budd
Andrew Foster
Darrell V. Hill (designee for Connecticut State Treasurer)
Michael Izadi (designee of the Connecticut OPM Secretary)
Jeanette Weldon, Executive Director, CHEFA/CESLA

Members Absent:

Benjamin Barnes (designee of the President of Connecticut State Colleges and Universities)
Kelli-Marie Vallieres

Other Attendees:

Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, CHEFA
Jessica Bishop, Administrative Services Assistant, 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
Shannon Reynolds, Marketing and Portfolio Assistant, CHESLA
Kara Stuart, Administrative Manager of Administrative Services, CHEFA
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
Robert Johnson, Accounting Analyst, 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.

* 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 1:06 p.m.

II. **Approval of Minutes:**

A motion was made by Mr. Budd and seconded by Mr. Lisi that the Board of Directors of the Connecticut Student Loan Foundation approves the minutes of the January 27, 2022 meeting. The motion passed unanimously.

III. **Executive Directors Report**

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

IV. **Financial Report**

A. December 31, 2021

Mr. Barry explained that the year-over-year trust assets decreased from \$155 million to \$135 million, as students continue to pay down their loans. As a result, the trust bond liabilities have been reduced from \$131 million to \$110 million. Restricted net position increased by \$1.0 million from 2021 (\$3.6 million to \$4.6 million) with overall net position at \$25 million compared to \$24 million last year. Mr. Barry also noted that CSLF's parity ratio exceeds the indenture's required amount by 19% as well as exceeds that of the funds management policy by 17%, which is an overall increase from the last fiscal year.

Operating revenues totaled \$2.3 million, a decrease from \$2.6 million in the same period in 2021, which overall exceeds the budgeted amount of \$2.2 million. Mr. Barry indicated that all revenue continues to come from student loan interest. Operating expenses were \$1.5 million, down from \$1.8 million last year. In contrast to revenues, expenses were underbudget by about \$200,000. 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 \$800,000, which is on par with the prior year.

B. Bond Redemption Activity

Mr. Schwartz reviewed the bond activity for the quarter ended December 31, 2021. Total for the quarter equaled \$5.7 million, compared to \$6.9 million last quarter. This consisted of \$1.5 million redeemed for the 2006 A-1 tranche and \$4.2 million for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at \$109.225 million, representing a 5% decline.

The Weighted Average Coupon (WAC) had an increase from 6.32% to 6.37% and the Weighted Average Remaining Maturity (WARM) of the portfolio also increased from 173.25 months to 177.34 months. Forbearance rates in both portfolios increased during the quarter with FFELP going from 14.14% to 16.63% and private rising from 0.54% to 0.84%.

Mr. Schwartz also provided statistics related to Income Based Repayment (IBR) within the portfolio, which was brought up in the November meeting. As of December 31, 50% of the loan portfolio was in some form of IBR. Of that 50%, 47% were in partial financial hardship and 38% were partial financial hardship with \$0 payments.

Mr. Webb reminded the board that IBR does slow down repayment rates, despite a potential asset increase from loans continuing to earn interest. He explained that the main concern is the potential for the percentage of non-payment IBR loans to grow so much that the trust no longer receives sufficient cash to make debt payments. As of this point, the trust is still generating plenty of revenue, which is mainly being used to pay down outstanding bonds, keeping the net position well above the required levels.

V. Contribution to CHESLA's Scholarship Program

Ms. Weldon introduced the resolution for a \$500,000 contribution to be made in June to the CHESLA administered scholarship program in 2022. Ms. Weldon noted that this amount had already been budgeted and that this action formally authorizes the cash release. Mr. Webb explained that this contribution was factored into the cash flow analysis presented at a prior meeting. This analysis also considered the additional \$2.0 million release scheduled this year for the CHESLA ReFi CT Program.

Mr. Budd moved to approve the motion, which was seconded by Ms. Savino.

VI. CSLF Alternative Loan Death Discharge Policy

Ms. Weldon introduced the resolution to adopt a loan death discharge policy for the alternative loan portfolio. It clarifies that upon the death of a borrower, the loan is ultimately discharged. This policy is similar to one that is already in place at CHESLA.

Mr. Budd moved to approve the motion, which was seconded by Mr. Foster.

VII. Adjournment

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

The motion passed unanimously, and the meeting was adjourned at 1:24 p.m.

Respectfully Submitted by:


Jeannette Weldon, Executive Director