



MINUTES OF THE BOARD OF DIRECTORS

May 8, 2012

A special meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Tuesday, May 8, 2012 at 10:00 a.m., at the office of the Connecticut Board of Regents for Higher Education, 39 Woodland Street, Hartford, Connecticut 06105.

Members Present in Person:

Michael P. Meotti (designee of Dr. Robert Kennedy, Interim President of the Connecticut Board of Regents for Higher Education) Chairman of the Board.

Members Present via Telephone:

Sarah K. Sanders (designee of Denise Nappier, State Treasurer) Vice-Chairman and Lewis J. Robinson, Esquire (Chairman of the Connecticut Board of Regents for Higher Education)

Other Attendees:

Nancy A. D. Hancock, Esquire – Pullman & Comley, LLC
Darlene H. Dimitrijevs – Education Solution Partners, LLC
Randall M. Behm – Education Solution Partners, LLC

I. Call to Order:

Mr. Meotti called the meeting to order at 10:02 a.m. Mr. Meotti noted that the special meeting had been called for a single agenda item regarding a possible sale of education loans.

II. Sallie Mae Loan Sale Proposal:

Mr. Behm reviewed the material provided to the Board concerning a proposal from Sallie Mae to purchase the loans that Sallie Mae currently services for CSLF. He provided the background that these loans had been originated by Sallie Mae on behalf of CSLF and had been intended to be sold to Sallie Mae prior to the disruption of the financial markets in 2008. Sallie Mae had cancelled its sale agreement in 2008 and these are the loans that were caught in the pipeline.

Mr. Behm noted that the portfolio is slightly less than \$16 million. A financial analysis of the proposal had been prepared by Ramirez & Co. that indicated that the Sale Price was above the current market (acknowledging that the market is not active). Considering costs associated with this sale (a fee to ESP

and legal expenses) the sale of these loans according to the financial analysis creates a loss to CSLF of around \$13,000. Mr. Behm noted that these loans also have a Borrower Benefit of reducing 3.3% - 5.0% of the principal after 33 on-time payments. This benefit, which creates an expense of \$3,000 - \$4,000 per quarter, was not included in the analysis.

Mr. Meotti noted that this sale also eliminates a small portfolio that is serviced separately. If CSLF desires to sell its entire loan portfolio in the future, this small portfolio could become an obstacle. Eliminating it now at minimal cost avoids that problem.

Mr. Behm also noted that the Indenture requires that loans be released for a price of par plus 50 basis points. In addition any interest receivable for the U.S. Department of Education for Special Allowance Payments must be deposited into the trust for the loans to be released. These requirements mean that CSLF will need to deposit approximately \$73,000 of unrestricted cash into the trust. However, it was noted that since the Parity Level in the trust exceeds the minimum, such funds could be released by the Board from the trust. Such action was not recommended.

A motion was made by Ms. Sanders and seconded by Mr. Robinson to approve the resolution presented as Attachment A to these minutes.

Ms. Sanders asked about the loans greater than 210 days delinquent, which Sallie Mae will not be buying. Mr. Behm explained that these would have claims filed and CSLF would be paid over the next several months by the guarantor. Ms Sanders then asked if moving the loans to EdFinancial had been considered. Mr. Behm indicated that the deconversion fee at Sallie Mae would cost over \$90,000.

The motion was passed unanimously.

III. Executive Session:

Mr. Meotti asked if any Board members had a need for an Executive Session. No Board members indicated a need for an Executive Session.

IV. Adjournment

Mr. Meotti then asked whether there was any other business properly brought before the Board, and there was none. Mr. Meotti requested a motion for adjournment.

Mr. Robinson moved that the meeting be adjourned, Ms. Sanders seconded the motion and it was unanimously passed at 10:11 a.m.

Respectfully Submitted for the
Board of Directors by:

Lewis J. Robinson, Secretary

ATTACHMENT A

CONNECTICUT STUDENT LOAN FOUNDATION Resolutions Proposed for Adoption May 8, 2012

Resolutions Authorizing Sale of Loans

WHEREAS, the Connecticut Student Loan Foundation (the "Foundation") is a not-for-profit corporation established and created under the provisions of Chapter 187(a) of the Connecticut General Statutes, as amended (the "State Authorizing Act"); and

WHEREAS, the State Authorizing Act provides that the statutory purposes of the Foundation include lending money and acquiring loans made to persons to assist them in meeting the expenses of education and further provides that the Foundation has the power to acquire and sell loans upon such terms and conditions as the Board of Directors of the Foundation (the "Board") may prescribe ("Loans"); and

WHEREAS, the State Authorizing Act provides that the Foundation is authorized to issue its bonds, notes and other obligations ("Obligations") in such principal amounts as in the opinion of the Foundation shall be necessary to provide sufficient funds for carrying out its purposes; and

WHEREAS, the Foundation has heretofore issued its currently outstanding Student Loan Revenue Bonds Senior Series 2004A-1,, Senior Series 2004A-3, Senior Series 2004A-4, Senior Series 2004A-5, Senior Series 2004A-6, Senior Series 2004A-7, Subordinate Series 2004B, Senior Series 2006A-1, Senior Series 2006A-2, Subordinate Series 2006B, Senior Series 2007A-1 and Senior Series 2007A-3 (each a "Series of Bonds" and, collectively, the "Bonds") pursuant to an indenture of trust dated as of October 1, 2004 (the "General Indenture"), as amended by a First Supplemental Indenture dated as of October 1, 2004, a Second Supplemental Indenture dated as of July 1, 2006, a Third Supplemental Indenture dated as of July 1, 2007, a Fourth Supplemental Indenture dated as of December 1, 2007, a Fifth Supplemental Indenture dated as of November 28, 2007 and a Sixth Supplemental Indenture dated as of January 23, 2008 (as so amended and supplemented, the "Indentures"; capitalized terms used but not defined herein are used, respectively, in connection with each Series of Bonds as defined for purposes of the Indentures applicable to such Series); and

WHEREAS, the Indentures provide that all loans financed pursuant to the Indentures (the "Indenture Loans") shall be credited to the Loan Account established thereunder and be subject to the lien of the Trust Estate established under the Indentures; and

WHEREAS, under the terms of the Indentures, the Foundation may at any time sell, assign, transfer or otherwise dispose of and effect the release from the Trust Estate of Loans credited to the Loan Account upon compliance with the applicable limitations

set forth in Section 6.8(C) of the General Indenture, including the deposit to the Trust Estate of certain specified amounts; and

WHEREAS, under the terms of a Exportsse Agreement dated December 1, 2004, among Sallie Mae, Inc. ("Sallie Mae"), SLM Education Credit Finance Corporation ("Purchaser") and Connecticut Student Loan Foundation (the "SLM Origination and Servicing Agreement"), Sallie Mae originated and currently services a portfolio of Loans within the Trust Estate (the "Sallie Mae Loans"); and

WHEREAS, the Foundation wishes to transfer certain of the Indenture Loans, consisting of the Sallie Mae Loans, to the Foundation's principal portfolio held by it outside of the Trust Estate, subject to further assignment by the Foundation to thirdparties; and

WHEREAS, the Sallie Mae Loans and certain related documentation are currently serviced by, and held in the custody of, Sallie Mae pursuant to the SLM Origination and Servicing Agreement; and

WHEREAS, the Foundation has determined that it would be consistent in all respects with the provisions of the Indentures and with sound banking practices and principles for the Foundation to accept the offer from the Purchaser to purchase the Sallie Mae Loans from the Foundation at a purchase price equal to the face amount as each such Loan, plus 13 basis points, as set forth on Exhibit A attached hereto and incorporated by this reference into this preamble and resolutions; and

WHEREAS, the Foundation has determined that it is in the best interest of the Foundation to eliminate the additional administrative costs associated with maintaining Sallie Mae as a servicer of this portion of the Foundation's Loan portfolio and to receive a premium of 13 basis points for the purchase of the Sallie Mae Loans;

NOW THEREFORE, BE IT RESOLVED, by the Members of the Board of Directors of the Foundation as follows:

RESOLVED, that the Foundation accept the offer of Purchaser to purchase the Sallie Mae Loans from the Foundation, consisting of all of the Loans within the Trust Estate that are currently serviced by Sallie Mae pursuant to the SLM Origination and Servicing Agreement (other than certain Sallie Mae Loans that are over 210 days delinquent), for a purchase price of approximately \$16.0 million principal amount (plus accrued borrower interest and federal interest subsidy payments, as applicable)(the "Sallie Mae Loan Sale"); and be it further

RESOLVED, that in compliance with Section 6.8(C) of the Indentures, the Foundation shall effect the release of the Sallie Mae Loans from the Trust Estate by depositing to the Trust Estate an amount equal the principal amount thereof (plus accrued borrower interest and federal interest subsidy payments, as applicable) by an amount that shall equal or exceed the product of (x) the aggregate principal amount of the Loans so

released and (y) .0050 (fifty-one hundredths of 1%); and be it further

RESOLVED, that each of the authorized officers of the Foundation (collectively, the "Authorized Officers"), consisting of each of the Chair of the Board of Directors and the Vice Chair of the Board of Directors and the Administrative Agent, be and hereby is, acting singly (but with the signatures of both of the managers of the Administrative Agent required in order for the Administrative Agent to act), authorized and empowered to execute and deliver such documents, to execute and approve the distribution of such documents, and to take all such other actions, as each such Authorized Officer may, in his or her sole discretion, deem necessary or beneficial to the Foundation, to effect the release of the Sallie Mae Loans from the Trust Estate and to effectuate the Sallie Mae Loans Sale; and be it further

RESOLVED, that each of the Authorized Officers is hereby further authorized to do all acts and things and to execute, deliver, file and record all documents, instruments, contracts, deeds, assignments and other documents as he or she may, in his or her sole discretion, deem necessary, required or convenient to carry out the actions authorized by the preamble and these resolutions.