



CONNECTICUT STUDENT LOAN FOUNDATION

MINUTES OF THE BOARD OF DIRECTORS

November 5, 2020

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Thursday, November 5, 2020 at 12:00 p.m., virtually via video Conference.

Members Present:

Dr. Peter Lisi, Chair of the Board
Julie Savino, Vice-Chair of the Board
Steven Kitowicz (designee of the Secretary of the Office of Policy and Management)
Martin L. Budd
Andrew Foster
Darrell V. Hill (designee for Connecticut State Treasurer)

Members Absent:

Benjamin Barnes (designee of the President of Connecticut State Colleges and Universities)

Other Attendees:

Jeanette Weldon, Executive Director, CHEFA/CHESLA
Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, CHEFA
Debra Galli, Manager, Administrative Services, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Senior Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Cynthia Peoples, Managing Director, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Natalia Rozio, Portfolio Administrative Assistant, CHESLA
Kara Stuart, Administrative Services Assistant, CHEFA
Andrea Lenox, Structured Finance Director, Goal Structured Solutions, Inc.
Jacob Lin, Senior Financial Reporting Manager, Goal Structured Solutions, Inc.
Robert Johnson, Accounting Analyst, Goal Structured Solutions, Inc.
Judith Blank, Esq., Day Pitney LLC

I. Call to Order

Mr. Lisi called the meeting to order at 12:58 p.m.

II. Approval of Minutes:

Mr. Budd noted that the word “million” was missing from the outstanding bond amount in section five of the previous meeting minutes. Additionally, Mr. Hurlock pointed out that Natalia Rozio’s position title should be corrected to “Portfolio Administrative Assistant, CHESLA”.

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 September 17, 2020 meeting.

The motion passed unanimously, providing that the corrections are made.

III. Executive Directors Report

Ms. Weldon discussed the completion of an ethics review but noted that the board had already been briefed during the earlier CHESLA meeting. Ms. Weldon then referred to Ms. Lenox to provide an update on the private loan servicing transfer from EdFinancial to Launch. Ms. Lenox explained that the transfer occurred on Monday, November 2, with no incidents to report. 640 loans were transferred with a principal balance of \$6.4 million. 335 of those are performing loans (non-defaulted) with a principal balance of \$3.0 million. The remaining defaulted loans, while still being serviced by Launch, will also continue to be placed at NES. There were no changes to FFELP portfolio, which will continue to be serviced by EdFinancial. Mr. Budd asked why the loans needed to be transferred and Ms. Lenox reminded the Board this was at the request of EdFinancial due to increasing compliance-related costs.

IV. Financial Report

A. September 30, 2020

Mr. Barry explained that operating revenue for the quarter was \$1.3 million, down from \$2.4 million in this period last year primarily due to a decrease in interest rates and revenue. Operating expenses decreased by about \$1.0 million from this period in 2019 also due to the decrease in interest rates. Mr. Barry noted that while year-over-year assets declined because of decreased outstanding loan principal and increase in bad debt allowance, \$28.4 million in outstanding bond liability was reduced during the prior year. CSLF’s overall net position was \$23 million, on par with \$22 million last year.

B. Bond Redemption Activity

Ms. Lenox reviewed the bond activity for the quarter ended September 30, 2020 and indicated that \$1.6 million in 2006 A-1 bonds and \$5.1 million 2006 A-2 bonds were redeemed. Total for the quarter equaled \$6.7 million, compared to \$6.1 million last quarter, totaling \$137.125 million in outstanding bond balance.

Ms. Lenox stated that the Weighted Average Coupon (WAC) had a notable decrease from 6.38% to 6.19% and the Weighted Average Remaining Maturity (WARM) of the portfolio also increased slightly from 158.34 months to 159.70 months. The FFELP portfolio experienced a decrease in forbearances from 22.11% to 13.18%, despite the uptick last quarter. Conversely, the private loan portfolio had an increase in forbearances from 7.85% to 9.39%. Ms. Lenox noted that the forbearance decrease FFELP portfolio was accompanied by an increase in delinquencies from

7.19% to 11.44%. Similarly, the private portfolio experienced a decline in delinquencies from 7.08% to 4.62% despite the increase in forbearances.

V. Servicer Review

Mr. Lin introduced the annual servicer review starting on page 19 of the board package. During September and October 2020, GS2 performed the Annual Servicer Review of EdFinancial for the period September 1, 2019 through August 31, 2020. The review was completed remotely, which was consistent with those in the past. The methodology used was the same as previous years and there were no significant changes in EdFinancial's business or operations during the last year. Mr. Lin noted that the private loan transfer occurred after this period, so this was not considered during the review.

Mr. Lin explained that testing was performed on certain types of loans, which are listed on page 21 of the board package. Testing included uninsured accounts, cure accounts, rejected claims, and any private loans with graduation dates beyond 2021. Mr. Lin also reviewed various EdFinancial documents and financials to complete the report. In addition, Mr. Lin noted that after the report was distributed, EdFinancial provided a new SOC1 report covering July 2019 through June 2020, which was reviewed, and no material issues arose.

Mr. Lin reported that all the loan testing was satisfactory and in the case of a few exceptions, EdFinancial provided adequate support. Mr. Lin indicated that the servicing standards review was positive with no major issues in EdFinancial's performance and even exceeding expectations in some areas.

VI. 2021 Meeting Schedule

Ms. Weldon presented the 2021 Board Meeting schedule and notes that the schedule is based off of the CHESLA Board meeting schedule.

Mr. Budd moved to approve the motion and Mr. Kitowicz seconded. The motion passed unanimously.

VII. Adjournment

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

The motion passed unanimously, and the meeting was adjourned at 1:18 p.m.

Respectfully Submitted by:

Jeanette Weldon, Executive Director