



CONNECTICUT STUDENT LOAN FOUNDATION

MINUTES OF THE BOARD OF DIRECTORS

November 10, 2021

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Wednesday, November 10, 2021 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
Benjamin Barnes (designee of the President of Connecticut State Colleges and Universities)
Darrell V. Hill (designee for Connecticut State Treasurer)
Jeffrey R. Beckham (designee of the Connecticut OPM Secretary)
Laura Baker (Designee for Chief Workforce Officer Kelli-Marie Vallieres)

Members Absent:

None

Other Attendees:

Jeanette Weldon, Executive Director, CHEFA/CHESLA
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
Cynthia Peoples, Managing Director, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Kara Stuart, Administrative Manager of Administrative Services, CHEFA
Yesenia Torres-Rivera, Program Coordinator, CHESLA
Jacob Lin, Senior Financial Reporting Manager, 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
Joseph Santoro, Director-Education Finance Team Leader, Bank of America

* 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 1:42 p.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 June 24, 2021 meeting. The motion passed unanimously.

III. **Executive Directors Report**

Ms. Weldon explained that the CSLF board members had effectively completed their required ethics training as part of the CHESLA board.

Ms. Weldon also went over the investment policy for CSLF. Like that of CHESLA, the policy covers all relevant funds within the trust portfolio. Currently, all funds are held in an INVESCO money market fund with an AAA rating, which complies with the policy requirements. Ms. Weldon pointed out that there is excess uninvested cash sitting in the agency fund and the goal is to reduce that amount to \$250,000 and investing the rest.

A motion was made by Mr. Budd and seconded by Ms. Savino to approve the CSLF investment policy as presented. The motion passed unanimously.

I. **Financial Report**

A. September 30, 2021

Mr. Barry explained that operating revenue for the quarter was \$1.2 million, down from \$1.3 million in this period last year, consisting primarily of student loan interest proceeds. Operating expenses were \$730,000 for the quarter, on par with this time last year and about \$200,000 under the budgeted amount. Net income for the period was about \$500,000. Mr. Barry noted that while year-over-year assets declined because of decreased outstanding loan principal, \$22.2 million in outstanding bond liability was reduced during the prior year. CSLF's overall net position was \$24 million, on par with \$23 million last year.

B. Bond Redemption Activity

Mr. Lin reviewed the bond activity for the quarter ended September 30, 2021 and indicated that \$3.1 million in 2006 A-1 bonds and \$3.8 million 2006 A-2 bonds were redeemed. Total for the quarter equaled \$6.9 million, compared to \$5.25 million last quarter, totaling \$114.925 million in outstanding bond balance

Mr. Lin stated that the Weighted Average Coupon (WAC) had an increase from 6.30% to 6.32% and the Weighted Average Remaining Maturity (WARM) of the portfolio also increased slightly from 169.97 months to 173.25 months. Forbearance rates in both portfolios increased during the quarter with FFELP going from 11.49% to 14.14% and private rising from 0% to 0.54%.

Mr. Webb added that CSLF plans to look into an increase in income-based repayments, which could have impact cash flows in the trust. The CSLF team has been meeting with EdFinancial occasionally for further clarification. Mr. Budd asked Ms. Weldon to provide an update on this at the next board meeting.

II. Servicer Review

Mr. Lin introduced the annual servicer review. During October 2021, GS2 performed the Annual Servicer Review of EdFinancial for the period September 1, 2020 through August 31, 2021. 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 explained that testing was performed on certain types of loans. Testing included uninsured accounts, cure accounts, and rejected claims. Various EdFinancial documents and financials were also reviewed to complete the report. Mr. Lin reported that all the loan testing during the review was deemed satisfactory. In addition, EdFinancial continued to meet all its contractual servicing standards with one noted exception in July 2021. EdFinancial was able to provide adequate reasoning for this and they have since returned to meeting all standards.

Mr. Budd asked about the nature of the monthly borrower complaints summaries from EdFinancial. Mr. Lin clarified that there are 0-2 complaints per month, usually related to escalated interactions with borrowers. Ms. Weldon added that these complaints have no usual pattern and are often low-level materiality.

Additionally, since the private loan portfolio transferred to a new servicer, Launch Servicing, LLC., in November 2020, GS2 also conducted a separate review of Launch from the transfer date through August 31, 2021. Mr. Lin emphasized that since Launch is a subsidiary of GS2, a potential conflict of interest exists in GS2 performing this review. However, both GS2 and CSLF concluded that the risk was mitigated by the relative materiality of the private loans in the private portfolio and the transparency of the review process. GS2 set up a dedicated meeting with Ms. Weldon and CSLF to supplement the review process and determine if any additional actions were needed.

Like EdFinancial, Launch has several contractual servicing standards that were similarly tested. During the initial months following the transfer, Launch failed to meet two of these standards. However, Launch was able to provide adequate reasoning and detailed the remedies taken, which have resulted in all standards being met since.

Mr. Hurlock asked further about the call answer rate and if there were any concerns about the standard being met going forward. Mr. Lin indicated that the response from Launch had resulted in complete compliance since March 2021 and that no further concern was necessary.

III. 2021 Meeting Schedule

Ms. Weldon presented the 2022 Board Meeting schedule and notes that the schedule is based off of the CHESLA Board meeting schedule.

Mr. Lisi pointed out that the June 2022 board meeting would be moved from June 23 to June 28. Mr. Hill also requested that shared meeting invites be sent so that all members would be notified if any changes occurred.

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

IV. 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 2:10 p.m.

Respectfully Submitted by:

Jeanette Weldon, Executive Director

DRAFT