



# CONNECTICUT STUDENT LOAN FOUNDATION

## MINUTES OF THE BOARD OF DIRECTORS

**September 20, 2021**

**A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Monday, September 20, 2021 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  
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)  
Kelli-Marie Vallieres

### **Members Absent:**

None

### **Other Attendees:**

Jeanette Weldon, Executive Director, CHEFA/CHECLA  
Denise Aguilera, General Counsel, 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, Managing Director, CHEFA  
Shannon Reynolds, Portfolio Assistant, CHESLA  
Kara Stuart, Administrative Services Assistant, CHEFA  
Yesenia Torres-Rivera, Program Coordinator, CHESLA  
Andrea Lenox, Vice President, Goal Structured Solutions, LLC  
Jacob Lin, Senior Financial Reporting Manager, 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  
Kristen Brown, CPA, Director CohnReznick  
Melissa Ferrucci, CPA, Partner, CohnReznick  
Josh Labonte, CPA, Senior Associate, CohnReznick  
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 12:05 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 June 24, 2021 meeting.

The motion passed with the support of all board members except Mr. Beckham and Ms. Vallieres, both abstaining as they did not attend the June 24, 2021 meeting.

**III. Executive Directors Report**

Ms. Weldon said that there were no new activities to report on. In addition, she briefly summarized for the new board members that CSLF is a separate entity that exists for as long as its bond liability is still outstanding. The portfolio, which consists mostly of federal loans, is no longer making new loans and has always been managed by an outside entity, currently Goal Solutions.

**IV. Audit Report**

Ms. Peoples noted that the board had approved the audited financials for CHEFA, which includes CSLF, in the previous meeting and that this presentation was meant to provide the information for CSLF only. Ms. Ferrucci introduced the team present from CohnReznick and gave a brief overview of what was covered in the prior meeting and introduced Ms. Brown to review Form 990.

Ms. Brown showed that despite few minor changes, CSLF's Form 990 looks similar to last year. She also noted that the change in the CSLF bylaws that occurred during the year is referenced in the form's supporting schedules. Additionally, in the balance sheet section, Ms. Brown clarified that while previously net assets have been divided into two categories, this year they reported all of CSLF's net assets in the Retained Earnings line. Ms. Brown also confirmed that CSLF still qualified as a tax-exempt organization and that there were no compliance issues in the AUP report.

Mr. Budd moved to approve the audited financials for June 30, 2021 as presented, which was seconded by Mr. Barnes. The motion passed unanimously.

Mr. Budd then made a motion to approve the filing of IRS Form 990, which was also seconded by Mr. Barnes. The motion passed unanimously.

**V. Bond Redemption Report**

Ms. Lenox reviewed the bond activity for the quarter ended June 30, 2021 and indicated that \$2.25 million in 2006 A-1 bonds and \$3.0 million 2006 A-2 bonds were redeemed. Total for the quarter equaled \$5.25 million, compared to \$3.10 million last quarter, totaling \$121.825 million in outstanding bond balance.

Ms. Lenox noted that loan interest rates continued to rise during the quarter as they did during the previous period. The Weighted Average Coupon (WAC) increased by 5 basis points from 6.25% to 6.30% and the Weighted Average Remaining Maturity (WARM) of the portfolio also increased slightly from 166.04 months to 166.97 months. Both portfolios continued to experience decreases

in forbearance rates, with the FFELP portfolio decreasing from 15.30% to 11.49% and the private loan portfolio decreasing from 1.02% to zero loans in forbearance.

Additionally, Ms. Lenox shared that on August 11, S&P affirmed their AAA ratings on the senior notes and AA+ rating on the subordinate notes. Factors into this affirmation included (1) stable or improving credit enhancement levels (most notably relatively high senior and total parity levels of 139.73% and 118.10% respectively, an increase since their last review in April 2020), (2) collateral profiles with highly seasoned portfolio that is predominantly FFELP, and (3) available liquidity with the rate of principal paydown on notes being enough to expect that the notes will be paid in full by legal final maturity date in June 2046.

**VI. Trust Cash Flows**

Mr. Webb, Financial Advisor to CSLF, provided comments and an explanation of the trust cash flows, which has been done periodically to analyze the liquidity of the trust. This analysis was performed using the 3/31 bond and loan balances as well as the respective collateral ratios. Mr. Webb pointed out that these ratios will continue to rise as senior bonds get paid down, which will slowly build CSLF's equity of the trust overtime. Mr. Webb also confirmed that the trust can still release collateral for scholarships as desired provided the parity ratio stays above the required limits (no rating affirmation needed). Expense models for the cash analysis assumed a base rate for trustee expenses along with a fixed trust admin fee and the same annual CHESLA scholarship.

The interest rate on the bonds continues to be set at the 91-day T-Bill plus 120 basis points, with the T-Bill averaging 4.8 basis points over the last year (thus 1.25% bond rate). Mr. Budd asked for further explanation on how the coupon rates and yields are calculated. Mr. Webb clarified that while students could be paying fixed interest rates, the yield for the lender can vary based on delinquency rates, income-based repayment (IBR) use, and historical FFELP rebate changes, which all affect the cash inflow for the trust.

Several different cash flows were ran in the analysis, with assumptions ranging from a base case with minimal IBR utilization (higher cash inflow) to a more extreme 30% IBR (slower cash inflow). Mr. Webb indicated that even under both scenarios, the trust should have no problems making debt service payments, and given the conditions under the base case, all bond obligations could be paid by July 1, 2030, well ahead of the legal maturity date. Mr. Webb emphasized that because these models are based on assumptions, any unforeseen real-life event could have an impact on the cash flows. He encouraged the continuation of period cash flow modeling so that the board could reassess its liquidity position if needed as the dynamics shift.

**VII. Adjournment**

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

The motion passed unanimously, and the meeting was adjourned at 12:38 p.m.

Respectfully Submitted by:

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Jeanette Weldon, Executive Director