

MINUTES OF THE BOARD OF DIRECTORS

September 22, 2022

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

Members Present:

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

Members Absent:

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

Other Attendees:

Rebecca Ablett, Administrative Services Assistant, CHEFA
Denise Aguilera, General Counsel, 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, Portfolio Assistant, CHESLA
Kara Stuart, Manager of Administrative Services, CHEFA
Yesenia Torres-Rivera, Program Coordinator, CHESLA
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 II, Goal Structured Solutions, LLC
Tim Webb, Vice President, Hilltop Securities N.A

* 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 1:25 p.m.

II. **A. Approval of Minutes:**

Mr. Budd noted that the word “exceeded” should be substituted to “less than” in section IV paragraph II of the June 17 meeting minutes. Provided this update was made, Mr. Budd moved to approve the minutes, which was seconded by Mr. Lisi. The motion passed unanimously to approve the minutes as corrected.

B. Election of Vice Chair:

Ms. Savino has accepted the renomination to serve as Vice Chair to the Board. Mr. Budd made a motion to approve the nomination that was seconded by Mr. Lisi. The motion passed unanimously.

III. **Executive Directors Report**

Ms. Weldon detailed how the recent student loan forgiveness declaration would impact the CSLF loan portfolio. Since CSLF consists of FFEL loans, borrowers need to consolidate or refinance their loans as Direct loans to qualify for the program. However, Ms. Weldon noted that CSLF is continuing to monitor whether eligibility changes to include FFEL loans directly.

In terms of cash flow analysis, Mr. Webb explained that the forgiveness amounts would have similar impact as regular borrower prepayments, which increase cash flow in the short term. This cash could then reduce the current bond liability, freeing up capital for more cash releases in the future. While Mr. Webb cautioned that the analysis is limited to the assumptions used, the overall impact may be relatively negligible in the long run. However, there is still much uncertainty around how the forgiveness program will play out.

Mr. Budd asked more specifically about how \$20,000 of loan forgiveness will be applied to the CSLF portfolio. Mr. Webb clarified that the full amount would only go to Pell Grant recipients under a certain income threshold, but since specific information was not available during the cash flow analysis, a more generic process was used. Mr. Budd also asked whether the US government would be putting forward funds directly towards lenders. Ms. Weldon indicated that more information is needed, and an update would be provided at the next board meeting.

IV. **Auditor’s Report**

Ms. Peoples noted that in the previous meeting, the Board approved the audited financials for CHEFA, which includes CSLF. Ms. Peoples added that action was needed on three items specifically related to CSLF. Ms. Peoples then thanked the CHEFA audit team for their work throughout this process.

Mr. Budd moved to approve the first resolution to approve the audited financials, provided the language was updated from “as presented” to “as it affects CSLF”. Ms. Savino seconded the motion, which then passed unanimously.

Mr. Budd then moved to approve the IRS Form 990 as presented, which was seconded by Ms. Savino. The motion passed unanimously.

Lastly, Mr. Budd moved to approve the Report on Management's Assertion, which will be filed with the U.S. DOE, with the language updated to state "as pertains to CSLF". Ms. Savino seconded the motion, which passed unanimously.

V. Bond Redemption Activity

Mr. Schwartz reviewed the bond activity for the quarter ended June 30, 2022. Total redemptions for the quarter equaled \$4.35 million, compared to \$2.6 million last quarter. This consisted of \$1.75 million for the 2006 A-1 tranche and \$2.6 million for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at approximately \$102 million, representing a 4% decline.

The Weighted Average Coupon (WAC) increased from 6.38% to 6.43% and the Weighted Average Remaining Maturity (WARM) of the portfolio increased from 181.87 months to 185.95 months. Forbearance rates in the FFELP portfolio went up from 9.78% to 10.93% and the private portfolio decreased from 0.78% to 0.18%.

Mr. Budd inquired if the forbearance rates had any impact on the overall parity ratio, to which Mr. Schwartz clarified that the effect is minimal.

VI. Executive Session

Ms. Savino moved to go into Executive Session to discuss the Attorney-Client Privileged Communication of the EdFinancial Notice. Mr. Lisi seconded the motion. The motion passed unanimously.

At 1:45 p.m., all Board members, Ms. Aguilera, Ms. Mackewicz, and Ms. Peoples left the videoconference meeting to attend the Executive Session via a separate videoconference room.

All Board members, Ms. Aguilera, Ms. Mackewicz, and Ms. Peoples returned to the videoconference at 2:00 p.m. It was stated that no votes were taken during Executive Session.

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 2:01 p.m.

Respectfully Submitted by:


Jeanette Weldon, Executive Director