

# **MINUTES OF THE BOARD OF DIRECTORS**

**June 13, 2024**

**A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Thursday, June 13, 2024 at 12:30 p.m., virtually via video conference. \***

## **Members Present:**

Dr. Peter Lisi, Chair of the Board  
Laura M. Baker (designee of the Connecticut Chief Workforce Officer)  
Bettina Bronisz (designee of the Connecticut Treasurer)  
Martin L. Budd  
Andrew Foster  
Michael Izadi (designee of the Connecticut OPM Acting Secretary)  
Julie B. Savino, Vice Chair  
Jeanette Weldon, Executive Director, CHEFA/CHESLA

## **Members Absent:**

Kerry A. Kelley (designee of the President of Connecticut State Colleges and Universities)  
Estela Lopez

## **Other Attendees:**

Denise Aguilera, General Counsel, CHEFA  
Kevin Barry, Senior Accountant I, CHEFA  
Charles Bodie, Managing Director of Finance and Operations, CHEFA  
Rebecca Hrdlicka, Senior Administrative Services Assistant, CHEFA  
Joshua Hurlock, Deputy Director, CHESLA  
Carlee Levin, Senior Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Shannon Reynolds, Portfolio Assistant, CHESLA  
Kara Stuart, Manager, Administrative Services, CHEFA  
Yesenia Torres-Rivera, Senior Program Coordinator, CHESLA  
Andrea Lenox, Vice President, Structured Finance, Goal Structured Solutions, LLC  
Justin Schwartz, Financial Reporting Manager, 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 1:06 p.m.

**II. Approval of Minutes:**

Ms. Aguilera requested that a typo be changed in the minutes such that the Contribution to CHESLA's Scholarship Program now reads "June 2024" instead of "June 2023".

Ms. Savino moved to approve the corrected minutes from the March 13, 2024, board meeting, which was seconded by Mr. Izadi. The motion passed unanimously, with Mr. Budd abstaining as he was absent at that meeting.

**III. Executive Directors Report**

Ms. Weldon noted that there was nothing specific to discuss during the current meeting.

**IV. Loan Loss Reserve Analysis**

Mr. Schwartz explained that the Loan Loss Reserve Analysis was conducted in a manner like the prior year, which involved looking at both portfolios to determine the change in the loss allowance for each. The results of the analysis recommended a \$61,000 allowance increase for the FFELP portfolio and a \$101,000 decrease for the private loan portfolio.

Mr. Budd moved to approve the loan loss reserve as presented, which was seconded by Mr. Foster. The motion passed unanimously.

**V. Budget**

Mr. Schwartz discussed the budget proposal for the upcoming fiscal year 2024-2025. The main drivers of this forecast were the estimated amount of loan paydowns and the estimated total redemption of bonds. The same methodology was used as the previous year by examining recent trends in portfolio performance and carrying them out over the next year.

On the balance sheet, the projected June 2024 loan receivable balance is slated to be \$2.4 million above the budgeted amount. Meanwhile, the June 2024 estimated bonds payable is slightly over budget by about \$900,000.

On the income statement, loan interest income for the current year is expected to be \$7.0 million, which is \$1.9 million above the budgeted amount. For the upcoming year, interest income is estimated at \$4.4 million, which represents a \$2.5 million decline year over year. This decline is in line with the decrease in the loan receivables balance. Bond interest expense this year is projected to be \$4.5 million, which is slightly below what was budgeted. For the upcoming year, bond interest is expected to decrease as the bonds continue to pay down.

Net change in position before extraordinary items for the current year is looking to come in at \$1.6 million, which exceeds the current year budget by \$1.7 million. This variance is largely the result of loan interest income coming in well above budget. The only extraordinary item in the current year is the \$500,000 scholarship program release. The only budgeted extraordinary item for the upcoming year is the annual \$500,000 release for the CHESLA scholarship program.

Mr. Budd moved to approve the budget as presented. Ms. Savino seconded, and the motion passed unanimously.

**VI. Financial Report**

**A. March 31, 2024**

Mr. Barry reviewed the financials for the quarter ended March 31, 2024. Unrestricted assets decreased by about \$776,000 from this period last year because of funds being transferred to CHESLA initiatives. Loans receivable decreased by \$18.2 million, due to continued student loan repayments. Bonds payable also decreased by \$15.9 million as CSLF continues to use available trust cash to redeem its liabilities. Mr. Barry pointed out that due to additional excess cash being available, the bond paydowns is scheduled to increase in the coming months. Total net position was \$20.5 million, down from \$23.5 million the prior fiscal year, again due primarily to cash releases to CHESLA last year.

Loan interest income was \$5.1 million during the fiscal year, compared to \$4.5 million last year, with the increase attributed to higher interest rates and the quarterly SAP accrual becoming a receivable instead of the usual payable. Bond interest expense was \$3.4 million, up from \$3.1 million last year, also due to interest rate increases. Overall, change in net position was \$983,000, compared to \$543,000 last year.

**B. Bond Redemption Activity**

Mr. Schwartz reviewed the bond activity for the quarter ended March 31, 2024. Total redemptions for the quarter equaled \$4.8 million, compared to \$1.7 million last quarter. This consisted of \$3.5 million for the 2006 A-1 tranche and \$1.3 million for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at approximately \$62.5 million, representing a 7% decline.

The Weighted Average Coupon (WAC) held steady at 7.20% and the Weighted Average Remaining Maturity (WARM) of the portfolio increased slightly from 216.82 months to 218.33 months. Forbearance rates decreased from 10.22% to 8.68% and loans in repayment increased slightly from 86.32% to 87.47%.

**VII. Adjournment**

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

The motion passed unanimously, and the meeting was adjourned at 1:26 p.m.

Respectfully Submitted by:

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Jeanette Weldon, Executive Director