

## **MINUTES OF THE BOARD OF DIRECTORS**

**June 13, 2023**

**A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Tuesday, June 13, 2023 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  
Michael Izadi (designee of the Connecticut OPM Acting Secretary)  
Kerry A. Kelley (designee of the President of Connecticut State Colleges and Universities)  
Julie B. Savino, Vice Chair  
Jeanette Weldon, Executive Director, CHEFA/CHESLA

### **Members Absent:**

Andrew Foster

### **Other Attendees:**

Denise Aguilera, General Counsel, CHEFA  
Kevin Barry, Accountant, CHEFA  
Dan Giungi, Government Relations and Communications Specialist,  
CHEFA  
Rebecca Hrdlicka, Administrative Services Assistant, CHEFA  
Joshua Hurlock, Assistant Director, CHESLA  
Carlee Levin, Senior Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Shannon Reynolds, Portfolio Specialist, CHESLA  
Kara Stuart, Manager of Administrative Services, CHEFA  
Yesenia Torres-Rivera, Program Coordinator, CHESLA  
Robert Johnson, Accounting Analyst II, Goal Structured Solutions, LLC  
Andrea Lenox, Vice President, Structured Finance, Goal Structured Solutions, LLC  
Justin Schwartz, Financial Reporting Manager, 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 1:05 p.m.

II. **Approval of Minutes:**

Ms. Savino moved to approve the minutes of the March 23, 2023 meeting, which was seconded by Ms. Bronisz. The motion passed unanimously, with abstentions from Mr. Izadi and Ms. Kelley.

III. **Executive Directors Report**

Ms. Weldon provided an update on the FFELP portfolio servicing transfer, which was completed at the beginning of June.

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 \$9,000 allowance decrease for the FFELP portfolio and a \$123,000 decrease for the private loan portfolio.

Ms. Savino moved to approve the loan loss reserve as presented, which was seconded by Ms. Kelley. The motion passed unanimously.

V. **Budget**

Mr. Schwartz discussed the budget proposal for the upcoming fiscal year 2023-2024. 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 2023 loan receivable balance is \$9.7 million, well below the budgeted amount. Similarly, June 2023 estimated bonds payable is underbudget by about \$10.3 million. This variation is almost entirely due to the increased rate of refinances that occurred in the months following the federal student loan forgiveness announcement.

On the income statement, loan interest income for the current year is expected to be \$6.4 million, which is \$2.7 million above the budgeted amount. For the upcoming year, interest income is estimated at \$5.0 million, which represents a \$1.4 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 \$4.2 million, which is slightly above 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 came in at \$1.2 million, which exceeds the current year budget by \$3.1 million. This variance is largely the result of loan interest income coming in well above budget. Extraordinary items in the current year are the \$500,000 scholarship program release and the \$3.75 million refi program release. The only budgeted extraordinary item for the upcoming year is the annual \$500,000 release for the CHESLA scholarship program.

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

VI. **Financial Report**

A. **March 31, 2023**

Mr. Barry reviewed the financial statements for the most recent quarter-end. Operating revenue for the period was \$4.8 million, which exceeded both the \$2.9 million budgeted amount and the \$3.4 million actuals from this period last year. Mr. Barry noted that 98% of revenues come from student loan interest receivable. Operating expenses were \$4.2 million for the period, which was above the \$2.3 million from this time last year but under the \$4.4 million budgeted amount. About 73% of these expenses derive from interest paid on the outstanding bonds payable. Mr. Barry also explained that CSLF was overbudget for support services, primarily due to the additional work needed on the FFELP portfolio servicing transfer. Overall change in net position for the current fiscal year is an increase of about \$500,000, compared to an \$1.1 million increase at this point last year.

Total assets declined from \$131.8 million last year to \$102.6 million, as student loans continue to pay down. Liabilities also declined from \$107 million to \$79 million due to bond paydowns. Net position at the end of the period is \$23.5 million down from \$24.3 million in the prior fiscal year.

B. **Bond Redemption Activity**

Mr. Schwartz reviewed the bond activity for the quarter ended March 31, 2023. Total redemptions for the quarter equaled \$9.6 million, compared to \$5.1 million last quarter. This consisted of \$800,000 for the 2006 A-1 tranche and \$8.8 million for the 2006 A-2 tranche. The outstanding bond balance at the end of the quarter stood at approximately \$78.4 million, representing a 11% decline from the prior quarter.

The Weighted Average Coupon (WAC) increased from 6.73% to 6.81% and the Weighted Average Remaining Maturity (WARM) of the portfolio increased from 198 months to 207 months. Forbearance rates in the FFELP portfolio decreased from 15.63% to 6.24%. Overall, the percentage of FFELP loans in repayment increased from 81.23% to 90.34%

VII. **Adjournment**

Mr. Budd made a motion, which was seconded by Ms. Baker, to adjourn the meeting. The motion passed unanimously, and the meeting was adjourned at 1:23 p.m.

Respectfully Submitted by:

  
Jeanette Weldon, Executive Director