



MINUTES OF THE BOARD OF DIRECTORS

April 26, 2011

A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Tuesday, April 26, 2011 at 2:00 p.m., at the office of the Connecticut Department of Higher Education, 61 Woodland Street, Hartford, Connecticut 06105.

Members Present in Person:

Michael P. Meotti (Commissioner of the Connecticut Department of Higher Education) Chairman of the Board, Sarah K. Sanders (designee of Denise Nappier, State Treasurer), Frank W. Ridley (Chairman of the Board of Governors of the Connecticut Department of Higher Education)

Members Absent:

None

Other Attendees:

Nancy A. D. Hancock, Esquire – Pullman & Comley, LLC
Darlene H. Dimitrijevs – Education Solution Partners, LLC
Randall M. Behm – Education Solution Partners, LLC
Edward Sullivan – Whittlesey & Hadley, P.C.
Jean Callan – Whittlesey & Hadley, P.C.
Jeff E. Jackson – Ramirez & Co., Inc.

I. Call to Order:

Mr. Meotti called the meeting to order at 2:34 p.m.

II. Approval of Minutes:

A motion was made by Mr. Ridley and seconded by Ms. Sanders that the Board of Directors of the Connecticut Student Loan Foundation approves the minutes of January 26, 2011 as presented. The motion passed unanimously.

III. Audited Financials, September 30, 2010:

Mr. Sullivan presented the Audited Financial Report for CSLF as of September 30, 2010, the end of the 2009-10 fiscal year. He noted that numerous major changes to the operations of CSLF occurred during the fiscal year covered by this financial report. Among them included:

- Transfer of the loan guarantee function to Educational Credit Management Corporation

- Hiring of Education Solution Partners, LLC as the Administrative Agent
- Releasing all remaining employees
- Reducing the bonds outstanding by \$233 million
- Transferring a major portion of the loan servicing from Granite State Management & Resources to EdFinancial Services
- Dissolution of the two subsidiaries of CSLF – Kissystems, Inc. and First Rate Marketing, Inc.

He noted that because of the actions taken by CSLF, the financial strength of the organization improved dramatically. Net Assets increased \$13 million during the fiscal year and Unrestricted Net Assets improved from a negative \$2 million at September 30, 2009 to a positive \$3.2 million at September 30, 2010.

Mr. Sullivan indicated that the going forward financial condition of CSLF looked good and that Whittlesey & Hadley, P.C. would be providing an unqualified opinion on the financial reports of CSLF.

Finally, Mr. Sullivan noted that his firm would also be providing the Form 990 Federal Income Tax document and the Attestation Report required by the U.S. Department of Education, based upon the approval of the audited financials, in time for their respective filings in August and June. It is anticipated that the Form 990 will be reviewed at the July Board of Directors meeting prior to its filing.

Mr. Meotti left the meeting at this point – 2:45 p.m.

A motion was made by Ms. Sanders and seconded by Mr. Ridley that the Board of Directors of the Connecticut Student Loan Foundation accepts the report of the external auditors for the fiscal year ended September 30, 2010 and approves the release of the audited financials for the fiscal year ended September 30, 2010 as presented. The motion was unanimously approved by those Directors present, and subsequently approved by Mr. Meotti upon his return to the meeting.

Mr. Sullivan and Ms. Callan left the meeting at this point – 2:50 p.m.

IV. Proposed Tender Offer:

Mr. Jackson presented a proposed Tender Offer for the repurchase of some of the outstanding bonds of CSLF. He provided background information on a prior Tender Offer by CSLF as well as recent discreet discounted repurchases of bonds, noting that CSLF's recent improved performance on its bonds (including a rating upgrade and higher parity level) compared to other education loan bond transactions, will likely make the discounts obtainable on this Tender Offer lower.

Mr. Jackson stressed that the primary purpose of this Tender Offer is to utilize cash that has been building with the trust estate. He provided various alternative scenarios for utilizing that cash and the Board discussed these various options and concurred with the Tender Offer proposal.

[REDACTED]

A motion was made by Ms. Sanders to adopt the resolution included as Appendix A to these minutes. The motion was seconded by Mr. Ridley. The motion was unanimously approved by those Directors present, and subsequently approved by Mr. Meotti upon his return to the meeting.

V. Financial Report:

Ms. Dimitrijevs presented the balance sheet and income statement of CSLF as of March 30, 2011.

Within the balance sheet Ms. Dimitrijevs reported that the unrestricted assets total just over \$4.0 million and continue to increase at an average rate of just over \$100,000 per month. She also noted the accrual of \$742,369 as a receivable from ECMC for the quarter ended December 31, 2010 as a result of the agreement that transferred the guarantee operations.

Ms. Dimitrijevs reported that CSLF had net income of \$1,299,630 for the 6 months ended March 31, 2011. This was \$726,548 higher than the budget. The primary differences were the Gain on Redemption (\$104,500) and Collection Retention from ECMC (\$862,732) which were not budgeted and therefore represent increased income for CSLF. Offsetting this was the amortization of the Bond Discount, which has been returned to the books of CSLF after having been initially written off in September 2010. In addition Late Fee income is significantly below plan. Ms. Dimitrijevs explained that in the portfolio transfer from Granite State to EdFinancial, a number of late charges previously accrued by Granite State were deemed inappropriate or uncollectable. She also noted that all expenses were essentially at or below their budgeted levels.

Mr. Behm then reported on the funds management within the trust estate versus the CSLF policy targets. He noted that all targets were being met as of March 31, 2011. Specifically all Cash & Cash Equivalent ratios ranged from 6.71% to 9.63% (target between 2.00% and 15.00%) and the Senior Parity Ratio was 122.83% (targeted to exceed 121.00%). Mr. Behm indicated that the increase in the Cash & Cash Equivalent ratios is also a reflection of the cash being retained inside the trust estate that was discussed as part of the Tender Offer. He also noted that the Parity Ratio was estimated at 3.28%. The exact parity ratio is subject to receipt of final reports and funds from the U.S. Department of Education.

Mr. Meotti returned to the meeting at this point – 3:38 p.m. After discussion, he indicated his vote in favor of the motions presented under topics III (Audited Financials, September 30, 2010) and IV (Proposed Tender Offer) of these minutes.

VI. Executive Session:

Mr. Meotti asked if any Board members had a need for an Executive Session. A motion was made by Mr. Ridley to enter Executive Session and was seconded by Ms. Sanders. The motion was passed unanimously.

Mr. Jackson left the meeting at this point and the Board entered Executive Session at 3:42 p.m.

The Board exited Executive Session at 3:45 p.m.

VII. Adjournment

Mr. Meotti then asked whether there was any other business properly brought before the Board, and there was none. Mr. Meotti requested a motion for adjournment. Mr. Ridley moved that the meeting be adjourned, Ms. Sanders seconded the motion and it was unanimously passed at 3:46 p.m.

Respectfully Submitted for the
Board of Directors by:

Frank W. Ridley, Secretary

Appendix A

CONNECTICUT STUDENT LOAN FOUNDATION RESOLUTION PROPOSED FOR ADOPTION

APRIL 26, 2011

RESOLUTION AUTHORIZING THE IMPLEMENTATION OF AN INVITATION TO OFFER BONDS TO REDUCE THE OUTSTANDING PRINCIPAL AMOUNT OF STUDENT LOAN REVENUE BONDS AS AUCTION RATE CERTIFICATES

WHEREAS, the Connecticut Student Loan Foundation (the "Corporation") is a nonprofit corporation established and created under the provisions of Chapter 187a of the Connecticut General Statutes, as amended (the "State Authorizing Act"); and

WHEREAS, the statutory purposes of the Corporation include lending money and acquiring loans made to persons to assist them in meeting the expenses of education upon such terms and conditions as the members of the board of directors of the Corporation (the "Board") may prescribe ("Loans") and providing appropriate services incident to the administration of programs established to improve educational opportunities; and

WHEREAS, the State Authorizing Act provides that the Corporation is authorized to issue its bonds, notes or other obligations ("Obligations") in such principal amounts as in the opinion of the Corporation shall be necessary to provide sufficient funds for carrying out such purposes with respect to Loans including the payment, funding or refunding of any Obligations issued by it, the establishment of reserves and all other expenditures of the Corporation incident to, and necessary or convenient to carry out, such purposes; and

WHEREAS, the State Authorizing Act provides that the Corporation shall have the power to purchase Obligations out of any funds available therefor and, subject to and in accordance with any applicable agreements with the holders thereof, to hold, cancel or resell such Obligations; and

WHEREAS, the Corporation has heretofore issued its Student Loan Revenue Bonds Senior Series 2004A-1, Senior Series 2004A-2, Senior Series 2004A-3, Senior Series 2004A-4, Senior Series 2004A-5, Senior Series 2004A-6, Senior Series 2004A-7, Subordinate Series 2004B, Senior Series 2006A-1, Senior Series 2006A-2, Subordinate Series 2006B, Senior Series 2007A-1, Subordinate Series 2007B and Senior Series 2007A-3 (each a "Series of Bonds" and, collectively, the "Bonds") pursuant to an indenture of trust dated as of October 1, 2004, as amended by a First Supplemental Indenture dated as of October 1, 2004, a Second Supplemental Indenture dated as of July 1, 2006, a Third Supplemental Indenture dated as of July 1, 2007, a Fourth Supplemental Indenture dated as of December 1, 2007, a Fifth Supplemental Indenture dated as of December 28, 2007 and a Sixth Supplemental Indenture dated as of January 23, 2008 (as so amended and supplemented, the "Indentures"; capitalized terms used but not defined herein are used, respectively, in connection with each Series of Bonds as defined for purposes of the Indentures applicable to such Series); and

WHEREAS, each Series of Bonds was issued as auction rate certificates; and

WHEREAS, the market for auction rate certificates, the market for Loans and the yield upon Loans have all changed dramatically since the date of issuance of the Bonds; and

WHEREAS, there has been presented to this meeting draft forms of: (i) an Invitation to Offer Bonds (the "Invitation") to be circulated to Bondholders with respect to a public invitation by the Corporation to purchase Bonds (the "Public Invitation"); and (ii) a Depository Agreement to be entered into by the Foundation and The Bank of New York Mellon Trust Company, N.A., (the "Depository Agreement") as Dissemination Agent, Paying Agent and Tender Agent in connection with the Public Invitation; and;

WHEREAS, the members of the Board of Directors of the Corporation find it is advisable to authorize either of the Chairman of the Board and the Vice Chairman of the Board, (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), acting singly, to approve the final form of the Invitation and of the Depository Agreement, the distribution of the Invitation and the purchase of Bonds pursuant thereto in order to effect a reduction in the principal amount of Bonds outstanding as auction rate certificates, utilizing [REDACTED] funds that are currently available under the Indenture and allocated, or that are expected to become available under the Indenture and to be allocated, to Bonds other than the Subordinate Series 2007B-2 Bonds (collectively, the "Taxable Bonds" and the "Taxable Funds") and [REDACTED] funds that are currently available under the Indenture and allocated, or that are expected to become available under the Indenture and to be allocated, to the Subordinate Series 2007B-2 Bonds (the "Tax-Exempt Bonds" and the "Tax-Exempt Funds");

NOW THEREFORE, BE IT RESOLVED by the Members of the Board of Directors of the Connecticut Student Loan Corporation as follows:

Section 1. The application of [REDACTED] Taxable Funds to the purchase of Taxable Bonds, and of [REDACTED] Taxable Funds and of Tax-Exempt Funds to the purchase of Tax-Exempt Bonds, pursuant to a Public Invitation is hereby approved. All actions heretofore taken by the Authorized Officers or by Education Solutions Partners, LLC on behalf of the Corporation preliminary to such a Public Invitation are hereby ratified and approved.

Section 2. The retention of Samuel A. Ramirez & Co., as Dealer Manager, and of The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent, Paying Agent and Tender Agent, for such Public Invitation is hereby approved.

Section 3. Each of the Invitation and the Depository Agreement is hereby approved in substantially the form presented to this meeting with, however, such additions, deletions and other changes as may be approved by an Authorized Officer: (i) with respect to the Invitation, (x) to cause the Invitation to not contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading and (y) to be in the best interests of the Corporation, consistent with the intent of this Resolution; and (ii) with respect to the Depository Agreement, to be in the best interest of the Corporation, consistent with such intent.

Section 4. Each of the Authorized Officers, acting singly, is authorized to execute and deliver the Depository Agreement (if required by the Dissemination Agent, Paying Agent and Tender Agent), to execute and approve distribution of the Invitation and to take all such other actions to

implement the Public Invitation and purchase, as either of such Authorized Officers may deem to be necessary and appropriate, to effect: (i) a reduction in the principal amount of the Taxable Bonds outstanding as auction rate certificates, using [REDACTED] Taxable Funds, for such reduction (provided, that the aggregate principal amount of Taxable Bonds so retired and accrued interest thereon exceeds the aggregate amount of such funds used for such reduction); and (ii) a reduction in the principal amount of the Tax-Exempt Bonds outstanding as auction rate certificates, using [REDACTED] Tax-Exempt Funds and [REDACTED] Taxable Funds (provided, that the aggregate principal amount of Tax-Exempt Bonds so retired and accrued interest thereon exceeds the aggregate amount of funds used for such reduction); provided, in each case, (x) that any such reduction shall be implemented in accordance with the applicable provisions of the Indentures and (y) that Tax-Exempt Funds shall be used only to reduce the principal amount of Tax-Exempt Bonds outstanding.

Section 5. Each of the Authorized Officers is further authorized to determine the specific allocation of funds to purchase Bonds and the timing, pricing and other terms of any purchase of Bonds pursuant to the Public Invitation; subject, however, to the requirements of Section 4 of this Resolution.

Section 6. Each of the Authorized Officers is hereby authorized to take all such action to effect the Public Invitation and purchase, or of any contractual obligation of the Corporation relative thereto, as he or she may, in his or her sole discretion, deem necessary or beneficial to the Corporation.

Section 7. Each of the Authorized Officers is hereby further authorized to do all acts and things and to execute, deliver, file and record all documents, instruments, contracts, deeds, assignments and other documents as he or she may, in his or her sole discretion, deem necessary, required or convenient to carry out the actions authorized by this Resolution.

Section 8. The Corporation shall, to the fullest extent allowed by law, indemnify the members of the Board and all officers and employees of the Corporation with respect to all actions taken pursuant to this Resolution, including without limitation the implementation of the Public Invitation and purchase, and with respect to any contractual obligations entered into by or on behalf of the Corporation in connection therewith, and shall, to the full extent consistent with applicable law, undertake the defense of, or provide for the costs of defending, any such person in connection with any actions arising with respect thereto.

Section 9. All approvals and determinations delegated to any of the Authorized Officers pursuant to this Resolution may be made upon the advice of counsel, of the Dealer Manager or of the Dissemination Agent, Paying Agent and Tender Agent and may be based upon consideration of non-monetary as well as monetary terms and conditions. Any such approval or determination shall be conclusively established by the execution and delivery by an Authorized Officer of the document or documents affected thereby.

Section 10. This Resolution shall take effect immediately.

Adopted: April 26, 2011