



# CONNECTICUT STUDENT LOAN FOUNDATION

## MINUTES OF THE BOARD OF DIRECTORS

**July 23, 2014**

**A meeting of the Connecticut Student Loan Foundation's Board of Directors was held on Wednesday, July 23, 2014 at 3:00 p.m., at the office of the Connecticut Health and Educational Facilities Authority, 10 Columbus Boulevard, Hartford, Connecticut 06106.**

### **Members Present:**

Barbara Rubin Chairman of the Board  
Julie B. Savino<sup>1</sup>  
Jeffrey A. Asher  
Steven Kitowicz (designee of the Honorable Benjamin Barnes)  
Martin L. Budd  
Erika Steiner<sup>2</sup> (designee of Dr. Gregory Gray)  
Dr. Peter W. Lisi  
Paul Mutone  
Sarah Sanders (designee of the Honorable Denise Nappier)

### **Other Attendees:**

Jeanette Weldon, Managing Director CHEFA, Executive Director CHESLA  
Paula Herman, General Counsel, CHEFA  
Nancy A. D. Hancock, Esquire – Pullman & Comley, LLC  
Darlene H. Dimitrijevs – Education Solution Partners, LLC  
Joshua Hurlock, Portfolio and Marketing Associate, CHESLA  
Debra M. Pinney, Manager of Administrative Services, CHEFA  
Norberto Ramirez, Internal Auditor/Compliance, CHEFA  
Eileen MacDonald, Sr. Transaction Specialist, CHEFA  
Cynthia Peoples, Assistant Director, CHEFA  
JoAnne N. Mackewicz, Controller, CHEFA

<sup>1</sup>joined the meeting at 3:15

<sup>2</sup>joined the meeting at 3:05

### **I. Call to Order:**

Ms. Rubin called the meeting to order at 3:00 p.m.

### **II. Approval of April 24, 2014 Minutes:**

A motion was made and seconded by Ms. Sanders that the Board of Directors of the Connecticut Student Loan Foundation approves the minutes of the April 24, 2014 meeting as presented. The following members were not members of the Board of Directors on April 24, 2014 therefore they abstained from the vote: Ms. Rubin, Mr. Asher, Mr. Kitowicz, Mr. Budd, Ms. Steiner, Dr. Lisi, and Mr. Mutone.

The motion passed.

**III. Consolidation Legislation:**

Ms. Herman provided an overview of Public Act No. 14-217 reconstituting the Connecticut Student Loan Foundation as a subsidiary of the Connecticut Health and Educational Facilities Authority. She noted the Connecticut Student Loan Foundation shall be subject to suit and liability solely from the assets, revenues and resources of the Connecticut Student Loan Foundation and without recourse to the general funds, revenues, resources or any other assets of the Connecticut Health and Educational Facilities Authority or any other subsidiary of the Connecticut Health and Educational Facilities Authority. Ms. Herman further noted that Section 39(c) provides indemnification to the newly created board of directors for Connecticut Student Loan Foundation. Additionally Section 40(y) allows expenses to be paid to Connecticut Health and Educational Facilities Authority on behalf of the Connecticut Student Loan Foundation for operation and management of the organization.

Public Act No. 14-47 was also reviewed outlining the obligations of Connecticut Student Loan Foundation to transfer \$4.4 million to the CHET Baby Scholars fund, \$19.0 million to the Connecticut Board of Regents for Higher Education for Transform CSU, and \$1.6 million to the Office of Higher Education, for Governor's Scholarship.

**IV. CSLF Organizational Changes**

**(a) Approval of Bylaws and Ethics Policy**

Mr. Budd made the motion in Exhibit 1, which was seconded by Mr. Mutone.

The motion passed unanimously.

**(b) Election of Vice Chairperson**

Ms. Rubin made the following motion, which was seconded by Mr. Budd:

The Board of Directors of the Connecticut Student Loan Foundation elects Sarah Sanders as Vice Chair of the Board of Directors of the Connecticut Student Loan Foundation.

The motion passed unanimously.

**(c) Appointment of Executive Director and Authorized Officers**

Mr. Budd made the following motion, which was seconded by Mr. Kitowicz:

The Board of Directors of the Connecticut Student Loan Foundation appoints Jeanette Weldon as Executive Director of the Connecticut Student Loan Foundation.

The motion passed unanimously.

Mr. Budd made the following motion, which was seconded by Mr. Kitowicz:

The Board of Directors of the Connecticut Student Loan Foundation appoints Jeanette Weldon, Jeffrey Asher and Paula Herman as Authorized Officers of the Connecticut Student Loan Foundation.

The motion passed unanimously.

**(d) Approval of Meeting Dates**

Mr. Budd made the following motion, which was seconded by Mr. Kitowicz:

The Board of Directors of the Connecticut Student Loan Foundation hereby cancels the meeting on October 23, 2014 and adds the following regular meetings:

September 16, 2014	1:00 p.m.
November 18, 2014	1:00 p.m.

The Board of Directors of the Connecticut Student Loan Foundation will conduct its Board Meetings until further notice at:

Office of the Connecticut Health and Educational Facilities Authority  
10 Columbus Boulevard  
Hartford, CT 06106

The motion passed unanimously.

**(e) Approval of Fiscal Year Change**

Mr. Budd made the following motion, which was seconded by Mr. Kitowicz:

The Board of Directors of the Connecticut Student Loan Foundation approves a change in the fiscal year, effective October 1, 2014. The fiscal year shall run from October 1, 2014 through June 30, 2015, a period of nine (9) months. Thereafter, subsequent fiscal years shall begin on July 1 of each fiscal year and end on June 30 of the following calendar year. The Executive Director is authorized to execute any and all documents required to effect such change.

The motion passed unanimously.

**(f) Designation of Authorized Signers on Financial Accounts**

Ms. Sanders made the following motion, which was seconded by Mr. Kitowicz:

The Board of Directors of the Connecticut Student Loan Foundation designates the Chairman, the Executive Director, the Authorized Officers and the two Principals of Education Solution Partners, LLC (as Administrative Agent for CSLF) to be authorized signers on all financial accounts of the Connecticut Student Loan Foundation. The Executive Director is further authorized to execute any and all documents required to implement this Board Action.

The motion passed unanimously.

Further discussed ensued regarding organization functions and activities of CSLF.

**V. Executive Director's Report**

Ms. Weldon introduced Darlene Dimitrijevs and Randy Behm (absent) from Education Solution Partners, LLC as Administrative Agents on behalf of Connecticut Student Loan Foundation. Nancy Hancock from

Pullman & Comley, LLC was also introduced as general counsel for Connecticut Student Loan Foundation. Ms. Weldon also mentioned other entities that support CSLF including Cohn Reznik LLP as the auditor, Ken Roberts from Hawkins Delafield & Wood as bond counsel, and EdFinancial Services as the loan servicer.

## **VI. Overview of CSLF**

Ms. Dimitrijevs provided an Overview of CSLF. The only “new” activity engaged in by the company is the Not-for-Profit Servicer contract with the U.S. Department of Education (U.S. DOE). CSLF participates in the program in a teaming arrangement with 9 other entities. The teaming arrangement is serviced by EdFinancial. The Not-for-Profit Servicer contract was created by legislation in 2010 which allows certain not-for-profit entities to service loans for the U.S. DOE. CSLF met the requirements of the program and received the 100,000 loan account allocation March 28, 2013. CSLF was the last lender to receive a loan allocation before the program was suspended by U.S. DOE due to federal sequestration. CSLF recognized \$636,153 of income in 2012-13 fiscal year. Included in that amount is a one-time fee of \$500,000, which was awarded at the time the loans were received for servicing. \$200,000 is projected to be recognized from this program in the current 2013-2014 fiscal year.

Ms. Dimitrijevs also indicated that the U.S. DOE is reviewing the participants in the Not-for-Profit Servicing program. Those entities that do not meet minimum standards will lose their accounts. Legislation established that 5 criteria be used by the department in their evaluation of participants but no minimum standard has been communicated. CSLF (and their EdFinancial team) will either be awarded additional accounts or will lose the accounts currently being serviced, based on the outcome of the US DOE’s review.

CSLF has \$376.8 million in federal loans and \$8.4 million in private loans outstanding. Weighted average yield on the loan portfolio is 2.88%.

Bonds outstanding total \$362.9 million. The bonds are Auction Rate securities. They are priced at the maximum rate prescribed in the indenture which is T-bill +1.20% averaged over the prior 12 months. This rate is also subject to a cap equal to the then current LIBOR rate plus 1.50%. The bonds have a bullet maturity ranging from 2036-2047 depending on the issuance. Total net assets as of June 20, 2014 were \$56.6 million.

Currently \$6-8 million cash is generated monthly inside the Trust estate. Currently those funds are being used to repurchase bonds.

Ms. Dimitrijevs reviewed exit strategies that had been evaluated in July 23, 2013 Board of Directors meeting. Refinancing was reviewed and determined to be a worse alternative than the current bond structure. In addition, refinancing would have restricted cash releases, placed additional requirements on CSLF to be able to sell the loans in the future and would have required CSLF to exist for an estimated 15 additional years. Likewise immediately selling the loan portfolio and redeeming all of the bonds was also considered. This scenario represented significantly lower present value than continuing to hold loans using the existing bond structure.

Education Solution Partner’s administrative activities were reviewed and the CSLF Team of Support Entities was also discussed. A comparison between CHESLA and CSLF was also provided.

**VII. CSLF Cash Flow**

Ms. Dimitrijevs reviewed a portion of the CSLF Cash Flow. Questions surrounding CSLF's history and business model arose. Of primary interest was the structure of the original entity and cash flows supporting the CSLF business model. A discussion about federal guarantee agencies ensued. Mr. Asher suggested circulating information for the next meeting to better understand the Federal Family Education Loan Program (FFELP). Mr. Budd expressed a desire to review the CSLF business plan to better understand the direction of the organization including proposed cash flows over the next 4-5 years. This item was tabled until the next meeting.

Further discussion ensued.

**VIII. Adjournment**

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

The motion passed unanimously and the meeting was adjourned at 4:00 p.m.

Respectfully Submitted by:

\_\_\_\_\_  
Jeanette Weldon, Executive Director

**Exhibit 1**  
**CONNECTICUT STUDENT LOAN FOUNDATION**

**BOARD OF DIRECTORS**

**July 23, 2014**

WHEREAS, pursuant to P.A 14-217 (the "Act"), effective July 1, 2014, the Foundation was statutorily consolidated with the State of Connecticut Health and Educational Facilities Authority ("CHEFA") as a subsidiary of CHEFA; and

WHEREAS, in order to achieve uniformity of operations where possible and maximize administrative efficiency, it is desirable to modify and update certain policies and procedures of the Foundation so that they will be consistent with comparable policies and procedures of CHEFA and of CHEFA's subsidiary the Connecticut Higher Education Supplemental Loan Authority;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The By-Laws of the Foundation, as adopted June 21, 2005 shall be, and hereby are, amended and restated in their entirety in the form attached as Attachment A hereto; and
2. The Ethics Statement and Policies in the form attached as Attachment B hereto shall be, and hereby are, adopted by the Foundation and shall replace any prior policies of the Foundation addressing the issues covered thereby.

ATTACHMENT A

DRAFT JULY 11, 2014

As amended July , 2014

BY-LAWS  
OF THE  
CONNECTICUT STUDENT LOAN FOUNDATION

ARTICLE I

NAME, SEAL, PLACE OF BUSINESS

101. Name of Foundation. The name of the Foundation shall be the “Connecticut Student Loan Foundation.”

102. Seal of the Foundation. (1) The official seal of the Foundation shall be circular in form and shall have inscribed thereon the following words and figures: “Connecticut Student Loan Foundation”, and “Seal” and such additional matter as may be approved from time to time by the Chairperson of the Foundation’s Board of Directors (the “Chairperson”).

(2) In the execution on behalf of the Foundation of any instrument, bond, note, document, certificate, notice or other writing, it shall not be necessary to affix the official seal of the Foundation thereon, and any such instrument, bond, note, document, certificate, notice or other writing, when executed without said seal affixed thereon shall be of the same force and effect and as binding on the Foundation as if said official seal had been affixed thereon in each instance.

(3) The official seal need not be impressed physically on any instrument, bond, note, document, certificate, notice or other writing, but the same shall be sufficiently sealed if the official seal or a facsimile thereof is engraved, imprinted or otherwise reproduced thereon.

(4) Any of the Directors of the Foundation, the Executive Director or any authorized officer may certify as to the official seal or its facsimile as of any date or with respect to any instrument, bond, note, document, certificate, notice or other writing and any such certification shall be conclusive as to the form of said official seal and that any such instrument, bond, note, document, certificate, notice or other writing has been duly and properly sealed by the Foundation.

103. Office of the Foundation. The office of the Foundation shall be in Hartford, Connecticut, or at such place within the State of Connecticut as the Foundation may designate from time to time. The Foundation shall not be required to hold any meeting at such designated office.

ARTICLE II

MEETINGS

201. Regular Meetings. Regular meetings of the Foundation shall be held at such times and places as determined by the Board of Directors and filed with the Office of the Secretary of the State of Connecticut. The Executive Director of the Foundation shall file with the Secretary of the State and post on the Foundation’s website a schedule of all regular meetings for the ensuing year no later than the earlier of January 31 of each year or that date which is 30 days before the first scheduled meeting for such year.

202. Annual Meeting. The Annual Meeting of the Foundation shall be held each year during the month of September, or at such other time as permitted by law and as designated by the Board of Directors.

203. Special Meetings. (1)The Chairperson or Executive Director of the Foundation may, and shall, upon the request of at least two members of the Board of Directors, call a special meeting of the Foundation for the purpose of transacting any business which shall be designated in the notice. Notice for a special meeting shall be posted on the Foundation’s website,

filed with the Office of the Secretary of the State, and posted in the Foundation's office at least twenty-four hours prior to the time appointed for such special meeting. Notice shall be given to each Director at his or her usual place of abode or in such other manner as may be permitted by law so that the same is received prior to such special meeting. At such special meetings, no business shall be considered other than as designated in the notice.

(2) A member of the Board may file with the Foundation a written waiver of delivery of notice of special meeting at or prior to the time of the meeting by filing such written waiver with the Executive Director. Such written waiver may be filed with the Executive Director either by physical delivery or by electronic transmission. The requirement of delivery of written notice may also be dispensed with as to any Director who is actually present at the meeting at the time it convenes.

204. Emergency Special Meetings. In the event of an emergency, a special meeting may be held without complying with the requirement for the filing of notice, but a copy of the minutes of the meeting, adequately setting forth the nature of the emergency and the proceedings which occurred at the meeting, shall be filed with the Secretary of the State not later than seventy-two hours following the holding of the meeting.

205. Executive Session. In accordance with section 1-200 of the General Statutes (or such subsequent provision of the General Statutes as may be applicable), the Foundation may hold an executive session, as defined and for the reasons set forth in subsection (6) of Section 1-200 of the General Statutes (or such subsequent provision of the General Statutes as may be applicable), upon an affirmative vote of two-thirds of the Directors present and voting, taken at a public meeting of the Foundation and stating the reasons for such executive session.

206. Participation of Members in Meetings by Electronic Means. Members of the Board of Directors or any committee of the Board of Directors may participate in any meeting of the Foundation or any committee thereof by means of conference telephone or similar communications equipment enabling all persons participating in the meeting to hear each other and such participation shall constitute presence in person at the meeting.

207. Quorum. Five members of the Board shall constitute a quorum for the purpose of transacting business. If fewer than five members of the Board are present, any meeting of the Foundation may be adjourned in the manner provided in Section 1-228 of the General Statutes (or such subsequent provision of the General Statutes as may be applicable).

208. Organization. At each meeting of the Board of Directors the Chairperson, or in the absence of the Chairperson, the Vice-Chairperson or, in both their absence, a Director chosen by a majority of the Directors then present shall act as Presiding Officer and the Executive Director or, in the absence of the Executive Director, any person chosen by the Presiding Officer shall act as Secretary of the meeting. The Secretary of each meeting shall prepare, or cause to be prepared, minutes of such meeting, which shall be filed with the Executive Director.

209. Manner of Voting. The voting on all questions at meetings of the Foundation shall be by voice vote and the yeas and nays shall be entered upon the minutes of such meeting, except that election of officers may be by unanimous vote without the necessity of recording the individual votes in the minutes. In the event that any member of the Board shall abstain from voting on any question, such abstention and the reason therefor shall be entered upon the minutes of such meeting.

210. Passage of a Resolution. Any action may be authorized by resolution approved by a majority of the members of the Board present at any meeting, which resolution may take effect immediately, or by a resolution circulated or sent to each member of the Board, which shall take effect at such time as a majority of the members of the Board shall have signed an assent to such resolution.

### ARTICLE III

#### THE OFFICERS AND EMPLOYEES

301. Officers. The officers of the Foundation shall be a Chairperson, a Vice-Chairperson, an Executive Director and such other officers as the Board of Directors may from time to time designate.

302. Chairperson. The Chairperson shall preside at all meetings of the Foundation and shall have general supervision over the business and affairs of the Foundation.

303. Vice-Chairperson. The Vice-Chairperson shall be elected at the annual meeting of the Foundation from among the members of the Board of Directors for a term of one year or until a replacement is duly elected. Except as otherwise required by law, the Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson, and shall perform such other duties and shall have such other powers as the Board of Directors may from time to time prescribe.

304. Executive Director and Authorized Officers. (1) The Executive Director shall serve at the pleasure of the Board of Directors and shall have administrative charge of the business and affairs of the Foundation. The Executive Director shall have the power to execute all orders, contracts and instruments without a resolution of the Board of Directors for administrative matters and to execute any other orders, contracts and instruments authorized by resolution of the Board of Directors. The Executive Director shall submit a yearly budget for approval to the Board. The Executive Director may approve all budgeted expenditures. The Executive Director shall cause to be kept a record of the proceedings of the Foundation and shall be custodian of all books, documents, and papers filed with the Foundation, the minute book or journal of the Foundation, and its official seal. The Executive Director shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe, or as otherwise provided by law.

(2) The Board of Directors may, from time to time, designate additional authorized officers (“Authorized Officers”) who shall have authority to execute and deliver documents and act in the name and on behalf of the Foundation. Each Authorized Officer shall have the power to execute any orders, contracts, certificates, and instruments authorized by the Board of Directors or the Executive Director, to fix the seal of the Foundation to all contracts, documents and instruments to be executed by the Foundation and shall be an authorized officer of the Foundation for all purposes, except where otherwise specifically provided by law or by resolution of the Board. In addition, each such Authorized Officer shall have the right to approve any budgeted item or expenditure for payment by the Foundation.

305. Additional Personnel. The Foundation may from time to time employ a Deputy Director and such other personnel as it deems necessary to exercise its powers, duties and functions.

#### ARTICLE IV

#### DELEGATION

401. Delegation to Committees. The Board may delegate to three or more of its members such Board powers and duties as it may deem proper. At least one of such members shall not be a state employee. The Board shall appoint the members of the committees for one-year terms and designate the committee chairman who shall call and preside at committee meetings. A majority of the members appointed to any committee shall constitute a quorum and a majority of the quorum may take actions and render reports to the Foundation on behalf of the committee.

#### ARTICLE V

#### FISCAL YEAR

501. Fiscal Year. The Fiscal Year of the Foundation shall extend from July 1st to the ensuing June 30th except as the same may be otherwise determined by resolution of the Foundation.

ARTICLE VI

INDEMNIFICATION OF MEMBERS, OFFICERS AND EMPLOYEES

601. Indemnification.

(a) The Foundation shall indemnify, protect and hold harmless the Directors, officers and employees of the Foundation as required by Section 1-125 of the General Statutes and Section 39(c) of Public Act 14-217, and to the fullest extent permitted by applicable law.

(b) The Foundation may procure insurance providing for additional indemnification if such insurance is available at a cost deemed to be reasonable by the Foundation.

ARTICLE VII

AMENDMENT

701. Amendment or Repeal These By-Laws may be repealed or amended or new By-Laws may be adopted by the affirmative vote of five or more of the Directors of the Foundation at any regular or special meeting of the Board of Directors of the Foundation. To the extent these By-laws at any time shall be inconsistent with any applicable provision or law, these By-Laws shall be deemed to be automatically amended to the extent necessary to render these By-Laws consistent with applicable law.

ARTICLE VIII

FOUNDATION

802. Foundation. These By-Laws are adopted pursuant to Section 39(b)(4) of Public Act 14-217.

## ATTACHMENT B

DRAFT 7/11/14

# CONNECTICUT STUDENT LOAN FOUNDATION

## ETHICS STATEMENT AND POLICIES

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### STATEMENT OF PURPOSE

The purpose of this Statement and policy document is to fully inform the Board of Directors, Staff, consultants and agents of the Foundation as to duties and obligations under the State Code of Ethics and the internal ethics policies of CSLF. The Statement of Shared Values and Code of Conduct that follow will be posted on the Foundation's website, [www.cslf.com](http://www.cslf.com), and will be distributed electronically or in printed form to all Board Members, employees, consultants, vendors, and CSLF's independent auditors, the State of Connecticut Auditors of Public Accounts, the Office of State Ethics and any member of the public that requests it.

This Statement and the attached exhibits are designed to fully inform all CSLF stakeholders so as to prevent any unintentional violations of the State Code of Ethics.

*Intentional violations of either the State Code of Ethics or the CSLF Code of Conduct will not be tolerated and will be reported to the Office of State Ethics and the Auditors of Public Accounts, and if these violations can be construed to be corruption, to the appropriate federal and state law enforcement agencies.*

### Culture of the Organization

The Senior Management of CSLF will by their words and actions set the correct tone in the areas of ethical compliance by creating a culture at the Foundation that values ethical conduct in excess of the baseline required by the State Code of Ethics.

All actions by the Board or employees of the Foundation should be guided by the State Code of Ethics that is attached to these policies and procedures, as well as the following Statement of Shared Values, CSLF Code of Conduct, and the Foundation's Conflict of Interest policy.

### CSLF Statement of Shared Values

- Commitment to ethical standards, which substantially exceed Connecticut Statutes and Regulations.
- All decisions by the Foundation will be made strictly on a public purpose and a financial basis without regard to political affiliation.
- Accountability to borrowers, the public, bondholders, the Executive Branch of the State of Connecticut, the Connecticut General Assembly and regulators for all operations of the Foundation.
- Transparency and honesty in all operations of the Foundation.
- Responsible stewardship of all Foundation assets.
- A commitment to excellence.
- The timely distribution of all public information and data to any policy maker or interested party.
- Maintenance of the public trust by strict adherence to the public purpose for which the Foundation was created.
- Respect for the worth and dignity of all borrowers, Board Members and Staff.

- Immediate notification of any actual or suspected unethical conduct or fraud to the CSLF Board of Directors and such governmental agencies or institutions that have cognizance in CSLF's area of operations.
- No retaliation against any whistleblower who notifies the CSLF Board of Directors or such governmental agencies or institutions that have cognizance in CSLF's area of operations of either actual or suspected ethical misconduct, fraud or abuse.

#### Code of Conduct

- Personal and Professional Integrity
  - All Staff, Board Members, consultants and professionals retained by CSLA commit to act with honesty, openness and integrity in the performance of their respective operating, governance and professional capacities as direct or indirect representatives of the Foundation.
  - CSLF will promote a working environment that highly values respect, fairness, integrity, transparency and accountability.
  - No Board member or Staff member may directly own any bond issued by CSLF.
  - CSLF Staff members, either individually or as a group, are prohibited from knowingly accepting, directly or indirectly, any gift from any organization or individual that the Staff member knows, or has reason to know, does business with or is seeking to do business with CSLF. "Gift" means anything of value, which is directly and personally received, unless consideration of equal or greater value is given in return. "Gift" shall not include:
    - (1) A commercially reasonable loan made on terms not more favorable than loans made in the ordinary course of business;
    - (2) A gift received from (A) the Staff member's spouse, fiancé or fiancée, (B) the parent, brother or sister of such spouse or such Staff member, or (C) the child of such Staff member or the spouse of such child;
    - (3) Goods or services (A) which are provided to CSLF (i) for use on CSLF's property, or (ii) that support an event, and (B) which facilitate CSLF's action or functions.
    - (4) A rebate, discount or promotional item available to the general public;
    - (5) Printed or recorded informational material germane to CSLF action or functions;
    - (6) Food or beverage or both, costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his representative, is in attendance;
    - (7) Admission to a charitable or civic event, including food and beverage provided at such event, but excluding lodging or travel expenses, at which a CSLF Staff member participates in his official capacity, provided such admission is provided by the primary sponsoring entity;
    - (8) Anything of value provided by an employer of a spouse of a CSLF Staff member, to such Staff member or spouse, provided such benefits are customarily and ordinarily provided to others in similar circumstances;
    - (9) Training that is provided by a vendor for a product purchased by CSLF which is offered to all customers of such vendor.

**CONFLICT OF INTEREST POLICY AND OUTSIDE EMPLOYMENT POLICY**

<b>POLICY</b>	The highest ethical standards shall be followed when acting on behalf of the Foundation.
<b>PURPOSE</b>	To define the guidelines concerning ethical behavior while conducting business for the Foundation and while engaged in employment outside of the Foundation.
<b>SCOPE</b>	This procedure applies to all Foundation employees.
<b>POLICY AND PROCEDURES</b>	Whenever an employee accepts outside employment, the employee must disclose the employment by notifying the Executive Director.

Any relationship of an employee to an outside party that appears to influence the conduct of CSLF’s business whether to a borrower, bondholder or vendor is strictly prohibited.

If a member of any employee’s immediate family accepts employment, or has a relationship with any Foundation borrower, outside consultant or vendor, the employee must disclose the employment and recuse himself from action on behalf of the Foundation when dealing with the borrower, outside consultant or vendor.

Whenever an employee wishes to undertake any commitment that may conflict or appear to conflict with his or her primary commitment to CSLF, he or she must obtain written approval from the Executive Director.

A summary of the conditions for written approval are as follows:

- Use of the Foundation’s name is strictly prohibited.
- Additional activities requiring review and written approval by the Executive Director include:
  - Activities requiring a written agreement (e.g., letter of understanding, contract).
  - A proposed agreement involving the use of facilities or resources belonging to or utilized by the Foundation.
  - An outside commitment providing for intellectual or tangible property rights owned by the Foundation.
  - An agreement which is being considered that in any manner restricts an employee’s public reporting of the existence of the agreement.
  - Any written agreement, contract or letter of understanding that has a term in excess of three months.

Any dispute between an employee and the Foundation that occurs as a result of this policy will be immediately referred to the Office of State Ethics for advice or consent.

This Conflict of Interest Policy does not relieve any employee of his or her obligations under the State Ethics Code.

**BOARD OF DIRECTORS – ETHICS**

- CSLF, in cooperation the Office of State Ethics, will provide its Board Members with ethics training on an annual basis or more frequently if the Statutes or Regulations governing this matter are substantially revised.
- All complex ethics questions raised by Board Members will be referred to the Office of State Ethics for guidance and final decisions if required.
- The contact information for the Office of State Ethics is:

Office of State Ethics  
18-20 Trinity Street, Suite 205  
Hartford, Connecticut 06106-1660

Phone: (860) 263-2400  
Fax: (860) 263-2402  
Email: [meredith.trimble@ct.gov](mailto:meredith.trimble@ct.gov)  
Website: <http://www.ct.gov/ethics>

#### **EMPLOYEES – ETHICS**

- All new employees prior to their acceptance of employment will be provided with a copy of this Statement, the most recent State Code of Ethics for Public Officials and State Employees, attached as Exhibit 1. Any new employee will be required to sign the Acknowledgement Receipt, attached as Exhibit 2, indicating that he or she has received this Statement along with Exhibit 1.
- Employees will be required to attend one ethics training session annually
- Ethical conduct will be made a standing agenda item at all employee Staff meetings in order to facilitate questions from employees.
- All employees that voluntarily or involuntarily terminate their employment with the Foundation will, as part of their exit interview, be given a copy of the sections of the Guide to the Code of Ethics that explain the restrictions on post-Foundation employment. The specific sections of the Guide will be discussed with the terminating employee and the employee will be required to sign an Acknowledgement Receipt.
- All complex ethics questions raised by employees will be referred to the Office of State Ethics for guidance and final decisions if required.
- The CSLF Ethics Liaison Officer currently designated by the Executive Director is Paula L. Herman, General Counsel of the Foundation's parent entity, the State of Connecticut Health and Educational Facilities Authority ("CHEFA"). Her contact information is:

Phone: 860-761-8445  
FAX: 860-520-4706  
Email: [pherman@CHEFA.com](mailto:pherman@CHEFA.com)

All routine questions about the Ethics Code will be addressed to the Ethics Liaison Officer.

- The contact information for the Office of State Ethics is:

Office of State Ethics  
18-20 Trinity Street, Suite 205  
Hartford, Connecticut 06106-1660

Phone: (860) 263-2400  
Fax: (860) 263-2402  
Email: [meredith.trimble@ct.gov](mailto:meredith.trimble@ct.gov)  
Website: <http://www.ct.gov.ethics>

#### **EMPLOYEE SAFEGUARDS**

- Harassment or Victimization –CSLF recognizes that the decision to report an ethical concern can be a difficult one to make, not the least because of the fear of reprisal. CSLF will not tolerate harassment or victimization and will take action to protect those who raise a concern in good faith.
- Confidentiality –CSLF will do its best to protect an individual's identity when he or she raises a concern and does not want his or her name to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.

- Anonymous Allegations – This policy encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be investigated in the same manner as those allegations where the individual expressing the concern identified himself or herself.
- Untrue Allegations – If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, individuals make malicious or vexatious allegations, action may be considered against the individual making the allegation.

#### EMPLOYEE REPORTING

- Employees can internally report a concern of real or suspected ethical violation by:
  - Notifying the Executive Director
  - Notifying any Officer of CHEFA
  - Notifying the Chair of the CHEFA Audit-Finance Committee.
    - ♦ The current Chair of the CHEFA Audit-Finance Committee is:  
Paul Mutone and he may be contacted by email at: Paul.Mutone@trincoll.edu

In order to facilitate the anonymous internal reporting of ethics violations by CHEFA, CHESLA and CSLF employees, a website has been created that requires a special username and password. Through this website an e-mail can be sent to one of the following individuals:

1. Chair of the CHEFA Audit-Finance Committee
2. CHEFA Compliance Auditor
3. CHEFA Executive Director

This anonymous process can be accessed through a web browser from any location using the specified secure web address <https://www.CHEFA.com/whistleblower/>.

Every attempt has been made to ensure that submissions made through this interface are anonymous, without compromising the security of CHEFA IT systems. This mechanism has been developed so that no easy way exists to find out who has sent any given message. **To ensure total anonymity, use the interface from a public computer at a library or Internet café, or send from a public wifi connection available at any number of book stores and coffee shops.**

**Directions:** Once you have navigated to the whistleblower site, select the intended recipient, type your message, and enter the following login information at the bottom of the page before you click send.

Username:       whistleblower  
Password:       g9doWuq7!

#### CHLF ACTIONS

- Upon receipt of a report of corruption or fraud, the party that is initially notified will contact the Chair of the CHEFA Audit-Finance Committee, the Board Chair, the Executive Director and the independent auditor who will commence an investigation of the matter immediately.
- Within 48 hours of the report, the Executive Director will write the complainant (if known):
  - Acknowledging the concern has been received.
  - Indicating how the Foundation proposes to deal with the matter.
  - Give an estimation of the time it will take to complete the investigation and give a final response.
  - Telling him or her whether any further investigations will take place and if not, why not.

The Chair of the CHEFA Audit-Finance Committee will instruct the Executive Director to notify the Office of State Ethics and/or the State Auditors of Public Accounts and the appropriate law enforcement organization if the allegation of an ethical violation could rise to the level of fraud or corruption.

#### EXTERNAL REPORTING OF FRAUD

- All CSLF employees have the right to report real or suspected ethical violations directly to the State Auditors of Public Accounts under the "Whistleblower" statute.
- The following reporting procedure has been copied from <http://www.state.ct.us/apa/whistle1.htm>.
- More detailed information can be found at [www.state.ct.us/apa/](http://www.state.ct.us/apa/)

#### (A) WHISTLE BLOWER COMPLAINTS

- Section 4-61dd of the Connecticut General Statutes is known as the Whistle Blower Act. It authorizes the Auditors of Public Accounts to receive information concerning matters involving corruption, unethical practices, violation of State laws or regulations, mismanagement, gross waste of funds, abuse of Foundation or danger to the public safety occurring in any State department or agency.
- If you know of anyone in a State office or agency misusing or misappropriating public funds or property, you can file a complaint with the APA by calling (860) 240-5305 or toll free at (800) 797-1702. You can also send the information in writing to :

Auditors of Public Accounts  
18 Trinity Street  
Hartford, CT 06106-1628  
Attention: Patricia Wilson, Administrative Auditor

- They will need to know:
  - The name and title of the person/persons you are making the complaint about.
  - The State office or agency for which he or she works.
  - The address of the person/persons you are making the complaint about (if available).
  - As much information about the alleged misuse or misappropriation as possible.
    - You should state whether you actually observed the violations and, if you did, whether you are willing to sign a sworn statement. If you did not personally observe the violations you should have the names of witnesses who did and information on how to contact them.
    - We request that you let us know your name, address and phone numbers but complaints can be made anonymously if you prefer.

**All information concerning the identity of a person or a group of persons making a complaint is strictly confidential under State law and will not be released by this Office.**

#### SANCTIONS

#### ETHICS VIOLATIONS

- Employees who violate the State Ethics Code will be subject to the penalties proscribed by ethics laws and subject to immediate termination.
- Employees who violate CSLF's Code of Conduct are subject to disciplinary action including probation, reduction in compensation or termination, depending upon the severity of the offense.

**ONGOING COMPLIANCE, ASSESSMENT, AND REVISION OF ETHICS POLICIES**

**COMPLIANCE MEASURES**

<b>POLICY/PROCEDURE MEASURED</b>	<b>MEASUREMENT</b>
Culture of Organization	Annual Review of Code of Conduct, Statement of Shared Values, Conflict of Interest Policy Annual sign off by all employees
Personnel Policies	Compliance with Ethical Conduct and Anti-Fraud policy added to annual employee performance reviews Distribution of this policy and any revisions to all employees
Training	<u>Ethics</u> Board of Directors – Annual Training Employees –Annual Training Addition of ethics to Staff meetings as a standing agenda item