

VSAC Board of Directors Meeting

October 6, 2014

1:00 p.m.

Board Room, VSAC
10 East Allen Street
Winooski, Vermont 05404

Members Present:

Dodie Mitchell (chair)	Dave Larsen
Pam Chisholm	Ann Cummings
Katharine Hutchinson	Michael Smith
Dennis O'Brien	Martha Heath
Beth Pearce (via phone)	Virginia Cole-Levesque
David Coates	

Members Absent: None

Staff Members Present:

Scott Giles	Marilyn Cargill
Tom Little (via phone)	Patrick Leduc
Mike Stuart	Kristi Rocheleau

Chair Dodie Mitchell called the meeting to order at 1:01 p.m. A quorum of directors was present, and the meeting, having been duly convened, was ready to proceed with business.

Approval of Minutes

Upon a motion made by David Coates and seconded by Ann Cummings, the Directors voted unanimously to approve the meeting minutes of June 16, 2014, as corrected, and July 24, 2014, as presented.

The June 16, 2014, minutes under CEO Evaluation section should reflect that the Board exited Executive Session prior to acting on the motion to establish the CEO compensation for FY2015.

Chair's Report

Chair Dodie Mitchell welcomed Board Members and announced:

- Katharine Hutchinson will serve on the Human Resources Committee, joining Dennis O'Brien, Ann Cummings, and Virginia Cole-Levesque.

- Dodie and Scott Giles are in the process of reviewing CEO goals for upcoming year. This work plan will be communicated to the Board of Directors as it becomes available.
- The Governance Committee is reviewing the Board self-evaluation process, in which Members will be asked to participate during the fiscal year 2015.

President's Report

Scott Giles provided updates on the following:

- VSAC will continue as a Federal Loan Servicing contractor. In order to build a sustainable model, the focus continues to be finding a balance between cost efficiencies and competitive metrics to win additional accounts. One strategy includes reaching out to servicers with a proven history to learn what works. Scott answered questions to the timing, quality, pricing, and quantity of new accounts, reporting that conversations continue with Federal Student Aid in order to clarify this information. The Executive Committee will continue reporting out on these items to the Board. Dodie has asked that Scott identify the critical issues that will require the Board's involvement.
- The Vermont Advantage loan program has seen a 9% increase in volume and a 3% increase in new borrowers. Conversations to determine parent loan programming continue.
- Mike Stuart is charged with investigating the refunding of the remaining 1995 Ambac bonds, with a recommendation coming back to the Board later in October.
- ***Upon a motion made by Martha Heath and seconded by David Coates, the Board voted unanimously to enter into Executive Session at 1:12 p.m. in order to consider pending or threatened litigation. The Executive Session is also needed in order to obtain confidential advice from legal counsel. The VSAC Executive Committee members were requested to remain in the room, as they are either legal counsel or have information needed for the Executive Session.***

Members exited Executive Session at 1:47 p.m.

Committee Reports

Governance

Chair Dave Larsen reported out on the September 12, 2014 meeting. The Committee requests that the Board act on the circulated Emergency Management Plan in the event the President/CEO is unable to serve. This revision includes the addition of a sentence, as recommended by Board members at the April Board meeting.

Upon a motion made by Dennis O'Brien and seconded by Pam Chisholm, the Board voted unanimously to accept the Emergency Management Plan as presented.

Audit

Chair David Coates summarized the October 6 Audit meeting, including

- VSAC's financial statements and A-133 reports both received an unmodified opinion, and no material weaknesses status by the external auditors, BerryDunn. As a result of the efficiency of the audit by VSAC management and BerryDunn, an approximately \$30k reduction of fees will be realized. David Coates noted this is a first time he has seen a reduction this significant in his career and applauded the team for their work.
- Four federal loan servicing audits are closed out, three are in process, and the group is planning for a SSAE 16 audit. The Committee has requested that Scott raise the Corporate Risk Management process review to a higher priority, now that the strategic plan is complete.
- The 2013 Form 990 for the Vermont Scholarship Fund has been reviewed by the Committee to the best of their ability. This report is available for the Board to review. This is the only Form 990 that VSAC prepares.
- There being no questions of Board Members, the Audit Committee recommends the Board approve the Financial Statements and the A-133 as presented.

Upon a motion made by Dave Larsen and seconded by Virginia Cole-Levesque, the Board voted unanimously to accept the external audit findings for the Financial Statements and the A-133 as prepared by BerryDunn.

Finance Committee

Chair Michael Smith outlined the September 12, 2014, Finance Committee meeting, highlighting that the fiscal year 2014 budget spending came in approximately \$2.5 million under budget and the robust growth of the non-federal loan growth.

Human Resources

This Committee also met on September 12. Dennis welcomed Katharine Hutchinson to the committee, and communicated the committee would be reviewing the CEO evaluation process. The Committee is pleased with the results; however, they are looking for input from Board Members.

Programs & Services

Chair Martha Heath addressed the notes of the September 12, 2014, Programs & Services Committee meeting, highlighting the State funding recession, portability, and the Legislative summer studies.

Other Business

Mike Stuart provided additional background information to Board Members with regard to the potential refunding of the remaining 1995 auction bonds. A recommendation will be forthcoming for consideration by the Finance Committee in late October. If the Committee wants to move forward, a meeting for full Board consideration will be scheduled some time after October 23, 2014. The refunding would be completed sometime in late November or early December.

Scott provided an update on the October 3 visit from Senator Sanders to VSAC, at our invitation, to show appreciation for the work the delegation has provided. Senator Sanders engaged VSAC staff to share insight as to the higher education funding challenges they are hearing about from customers or experiencing.

Adjournment

There being no other business, the meeting adjourned at 2:57 p.m.

Respectfully submitted,

David Larsen, Secretary