

VSAC Board of Directors Meeting

October 17, 2016

1:00 p.m.

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

Members Present: Dodie Mitchell (chair), Martha Heath, Dave Larsen, Pam Chisholm, Katharine Hutchinson, Dennis O'Brien, Beth Pearce, David Coates, Sarah Buxton (arrived at 1:45)

Members Absent: Ann Cummings and Michael Smith

Staff Members Present: Scott Giles, Tom Little, Mike Stuart, Patrick Leduc, and Kristi Rocheleau

Chair Dodie Mitchell called the meeting to order at 1:02 p.m. and welcomed Board members. 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 Martha Heath, the Directors voted unanimously to approve the meeting minutes of June 15, 2016, as presented.

Chair's Report

As a follow-up to the June meeting, Dodie encouraged Board Members to contact her with any suggestions and ideas.

President's Report

Sensitive to the full agenda, Scott Giles focused on high-level updates on the Federal Loan Servicing departure, Advantage loan volume, Career and Education Wellness programming, and the FAFSA completion partnership with Vermont colleges. Scott also extended invitations to Board Members to join an upcoming VHEC keynote by Jaimie Merisotis, Lumina Foundation CEO, on October 26 and VSAC's annual meeting on November 11.

Committee Reports

Audit Committee

Chair David Coates summarized the October 17, 2016 meeting, directing Board Members' attention to the materials previously distributed.

- VSAC's financial statements and Uniform Guidance Report both received an unmodified opinion with no material weaknesses by external auditors, BerryDunn. The Committee voted unanimously to recommend that the Board of Directors approve the FY16 Audit Report as presented.
- The primary focus of the Internal Audit activities since May continued to be servicing requirements related to Federal Loan Servicing. Laurie Oliver, Tom Little, and Scott Giles are developing a work plan for FY2017, which will include an Enterprise Risk Management focus.
- Audit Committee and Board-level training opportunities were discussed. The Executive Management will revise the existing Finance 101 and present to the Finance Committee for input, then to the full Board.
- Risks related to Fraud were reviewed. Laurie and Tom will continue to monitor this risk and will report back to the Committee. Tom provided a review of activities reported under the 'red flags' Federal Trade Commission rule, whistle blower policy and noted that there are no pending lawsuits with any material risk.
- The Committee reviewed the Form 990. There are no changes; however, VSAC will be adding a narrative to speak to the mission and purpose for future reports. The Committee voted unanimously to recommend that the Board accept the Form 990 as presented.

There being no questions of Board Members, the following motion was made:

Upon a motion made by David Coates and seconded by Beth Pearce, the Board voted unanimously to accept the external audit findings for the FY 2016 Financial Statements, the Uniform Guidance Report, and the 2015 Form 990 as prepared.

Governance Committee

Dave Larsen summarized the FY16 work plan activities completed, and outlined the FY17 activities planned.

One of the activities the Committee undertook was the review of the Board of Director Policy on Board Officer Terms, Elections of Officers, and Board Chair Evaluation. Chair Larsen highlighted the process and the modifications to the policy, as noted in the Governance materials previously distributed. Upon inspection, the Board discussed and recommended incorporating language into the *Annual Evaluation of the Board Chair* section to include CEO feedback on the performance of the Board Chair in the second bullet. No other changes were offered.

Upon a motion made by Martha Heath, and seconded by David Larsen, the Board of Directors voted unanimously to accept the Board Director Policy on Board Officer Terms, Elections of Officers, and Board Chair Evaluation, as modified.

Programs & Services Committee

Martha Heath summarized the September 19, 2016, meeting record, noting the continued focus on policy review. Board Members reviewed each policy background and the proposed changes, where noted.

Upon a motion made by Martha Heath, and seconded by Beth Pearce, the Board of Directors voted unanimously to accept the Governance Committee's recommendation to approve the Maximum Number of Grants, Non-Degree Grant Program, and Approved Schools – Vermont Non-Degree Grant Programs policies, as presented.

The Board was then briefed on the Career and Education Wellness program efforts underway and on the delinquency and default risk reviewed.

Human Resources Committee

Chair Dennis O'Brien recapped the Board of Directors on the activities of the Committee, including the announcement of the hiring of Human Resources Director Randi Brevik who begins October 25. The Board then reviewed the Employee Morale and Retention Risk, the Knowledge Transfer Risk, and Committee Work Plan. No questions or suggestions were raised.

Finance Committee

David Coates summarized the FY16 and FY17 financials and private loan growth reported during the September 21, 2016, Committee meeting. In response to questions, Mike Stuart and Scott Giles noted that as growth for the private loan program continues to exceed the current year's bond projections, Management is utilizing the balance sheet to fund the loans for the remainder of the academic year. The Executive team also continues to refine private loan projections for FY18.

Executive Session

Upon a motion made by Dennis O'Brien and seconded by David Coates, the Board voted unanimously to enter executive session at 2:26 p.m. in order to consider pending, sensitive contractual negotiations, premature general public knowledge of which would clearly place VSAC at substantial disadvantage, and where confidential and privileged advice from legal counsel is needed. The following were requested to remain in the room, as they have information needed for the executive session: Scott Giles, Tom Little, Patrick Leduc, and Mike Stuart. 1 V.S.A. sec. 313 (a)(1).

The Board of Directors exited Executive Session at 2:44 p.m.

Education or Training: What do Vermonter's Need

Dodie and Scott then led a discussion about postsecondary education and training in Vermont. The Board will continue this discussion at a future meeting.

Adjournment

There being no other business, the meeting adjourned at 3:28 p.m.

Minutes of Board of Directors Meeting, October 17, 2016: Approved December 12, 2016

Respectfully submitted,

David Larsen, Secretary