

Minutes

VSAC Finance Committee Meeting

November 21, 2016

2:00 p.m.

Board Room, VSAC Offices

10 East Allen Street

Winooski, Vermont

Attendance:

Committee Members Present: Beth Pearce and David Coates
Committee Members Absent: Michael K. Smith (Chair)
Other Board Members Present: Dodie Mitchell
Staff: Scott Giles, Mike Stuart, Tom Little, Marilyn Cargill, Bruce Hicken, Patrick Leduc, and Kristi Rocheleau
Others: Rusty Vanneman, CFA - CIO, CLS Investments, Kostya Etus, CFA - Portfolio Manager, CLS Investments, and Joe Smith, CFA - Senior Market Strategist, CLS Investments

David Coates called the meeting to order at 2:07 p.m. A quorum was declared present, and the Committee proceeded to take up the first item of business.

Approval of Minutes

Upon a motion made by Beth Pearce and seconded by David Coates, the Committee voted unanimously to approve the minutes of the Committee meeting of September 21, 2016, as presented.

FY17 Financial Statements

Mike Stuart briefed the Committee on the financials through October 31, 2016, covering Income Statement, Balance Sheet, and Operating Budget, noting nothing new or unexpected. Bruce Hicken then reviewed the Variance Analysis, highlighting the expected decrease to wages and benefits, in part due to a change in accounting for June 30 year-end accruals, and the decrease in the Borrower Interest Returned expense due to both the lower balance of outstanding student loans and increase in the LIBOR index from which it is derived.

Private Loan Volume Update

Mike Stuart informed the Committee that the Advantage loan volume continues to outpace projections for student and parent loan volume. Current estimates place the increase at roughly 32% year over year. The Committee then discussed funding options to meet future demands and recommends this as a potential topic for the full Board.

Scott Giles then provided a Refinance Loan/U.S. Treasury update, indicating that although a legislative option is underway, a resolution may be a year away.

VHEIP Investment Performance

The Committee was then joined by CLS Investments to provide a high-level report on the investment philosophy, style, and market review. Mike Stuart framed the conversation, explaining that CLS

Investments delivered a full presentation to VSAC management on Thursday, and we are continuing discussions about their recommended changes. After the presentation and discussion, the Committee agreed with VSAC management's opinion to make no changes to the allocation weights, and recommended that Management follow up with CLS Investments to understand the causes of performance variance to agreed benchmarks.

Other Business

There being no other business, the Committee adjourned at 3:39 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary