

DRAFT Minutes

VSAC Finance Committee Meeting

**Monday, March 21, 2016
2:00 p.m.**

**Board Room, VSAC Offices
10 East Allen Street
Winooski, Vermont**

Attendance:

Committee Members Present: Michael Smith (Chair) and Beth Pearce

Other Board Members Present: Dodie Mitchell

Committee Members Absent: David Coates

Staff: Scott Giles, Mike Stuart, Marilyn Cargill, Bruce Hicken,
Patrick Leduc, Tom Little, and Kristi Rocheleau

The meeting was called to order at 2:00 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 Mike Smith, the Committee voted unanimously to approve the minutes of the Committee meeting of January 25, 2016, as presented.

President's Report

Scott reported that Treasury has indicated they will not be taking up the issue to modify the language for education refinance loan financing this year given a backlog. VSAC continues to work on funding options for refinance product purposes. Scott will keep the committee and Board informed of progress.

Upon a motion made by Beth Pearce and seconded by Mike Smith, the Committee voted unanimously to enter executive session at 2:03 p.m. in order to consider contractual matters for which premature public knowledge would clearly place VSAC at a substantial disadvantage; and to obtain confidential and privileged advice from General Counsel. The following were requested to remain in the room, as they have information needed for the executive session: Scott Giles, Tom Little, and Patrick Leduc, Marilyn Cargill, Mike Stuart. 1 V.S.A. sec. 313 (a).3

The Committee exited the session at 2:20 p.m.

FY16 Financial Information

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Mike Stuart walked Committee members through February 2016 financial statements, including the Consolidated Balance Sheet, Fixed Rate Bond Trusts, and Variable Rate Bond trusts reports. Bruce Hicken then reported on the Variance Analysis and Operating Budget, noting nothing new or unexpected from prior meetings and reports. Healthcare continues to run lower than expected, although a slight increase in expenses was incurred as a result of the annual reset of “stop gab” coverage expenses. Mike and Bruce also noted: Actual-Actual Borrower Interest Return is down as a result of the shift in the 3-month LIBOR; Bad debt is decreasing because of a decline in loan portfolio and improving repayment performance; and the Other General and Admin line expenses have decreased primarily due to one-time legal fees incurred in 2015.

VSAC 2016 Bond

Mike Stuart provided an update on the bond financing conversations underway to fund student and parent loan products. The focus of the conversation was on the size and structure of the bonds, purpose, assumptions, and timeline. Chair Mike Smith noted the thoroughness of the rating agency presentation shared with the Committee. Mike Stuart then updated the Committee on Local Investment Advisory Committee (LIAC) conversations. The ultimate goal for partnering with LIAC is to reduce borrower rates. The Committee will act on the recommendations April 18, and if approved, the full Board will act on the item in the Board meeting that follows. The Executive Committee will circulate a memo with the full details to the Committee and Board once the details are finalized.

Vermont Scholarship Fund

Mike Stuart walked the Committee through the policy revisions discussed during the January 25 meeting. Revisions focused on investment goals, strategies, policies and guidelines. Slight changes to the role of the VSF Board of Directors section were also made. After discussion, Mike Smith entertained a motion.

Upon a motion made by Beth Pearce and seconded by Mike Smith, the Committee voted unanimously to accept the revised Vermont Scholarship Fund Endowment Investment and Spending Policy as presented.

The Board of Directors will act on this item as part of the April 18 Directors meeting. Mike Stuart will prepare a bulleted list of the changes to accompany the accepted policy.

Other Business

There being no other business, the meeting adjourned at 3:11 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary