

Minutes

VSAC Finance Committee Meeting

May 23, 2016

12:00 p.m.

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

Attendance:

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

Other Board Members Present: Dodie Mitchell

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

Michael Smith called the meeting to order at 12:12 p.m. A quorum was declared present and the Committee proceeded to take up the first item of business.

Approval of Minutes

Chair Smith noted that only the meeting record of March 21, 2016, requires Committee approval as the meeting of April 16 did not include a quorum. David Coates indicated he would abstain from the approval of minutes, as he was not present at the March 21 meeting.

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 March 21, 2016, as presented.

FY17 Budget

Mike Stuart introduced the 2017 Fiscal Year budget, outlining the corporate and operating budget, based on the current assumptions.

Corporate Budget Assumptions

- Originate \$40 million student and parent Advantage private loans.
- Receiving a material additional allocation of federal loan accounts
- Key debt indices (Tbill, SIFMA, CP, etc) follow forward curves.
- Returns on liquid investments and cash will average .30%.

Operating Budget assumptions include the following:

- Qualify for and receive a significant additional allocation of federal loan accounts; Or,
- End our participation in federal loan servicing by September 30, 2016
- No reductions in permitted service draw levels.
- Private loans originated: \$40 million
- Funding one-time merit payments and an increase to base salaries.
- Employee contribution to health care remain unchanged
- Health care expenses follow estimates provided by Hickok and Boardman

The Committee asked questions about budget assumptions, Chair Smith then recommended an executive session to discuss details.

Upon a motion made by David Coates and seconded by Beth Pearce, the Committee voted unanimously to enter executive session at 12:46p.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: Dodie Mitchell, Scott Giles, Tom Little, Mike Stuart, Patrick Leduc, and Marilyn Cargill. 1 V.S.A. sec. 313 (a).

The Committee exited the executive session at 1:32 p.m.

Upon a motion made by Beth Pearce and seconded by David Coates, the Committee voted unanimously to recommend the Board approve the FY17 Budget Resolution, as presented.

FY16 Financial Information

Mike Stuart reported on the FY16 Financial Statements and Variance Analysis through April 31, noting a projected surplus of roughly \$2 million resulting from underspending in the FY2016 operating budget. This underspending results from lower than projected compensation expenses and certain administrative expenses like postage.

Loan Bond Update

Mike Stuart updated the Committee of the bond sale that took place on May 12. As a result of the combination of a strong bond sale and low cost LIAC funds, the fixed interest rates for the student and parent loan products are the lowest VSAC has offered to date.

Other Business

There being no other business, the meeting adjourned at 1:45 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary