

VSAC Board of Directors Meeting

**June 17, 2019
8:00 a.m.**

**Boardroom, VSAC
10 East Allen Street
Winooski, Vermont 05404**

Members Present: Dodie Mitchell (Chair), Martha Heath, Dave Larsen, Pam Chisholm, Chuck Soule, Ann Cummings, Dennis O'Brien, David Coates, Beth Pearce, Matt Trieber, Mike Smith

Members Absent: N/A

Staff Members Present: Scott Giles, Tom Little, Marilyn Cargill, Mike Stuart, Patrick Leduc, Jodie Ducharme

Others: N/A

Chair Dodie Mitchell called the Board of Directors meeting to order at 8:03 a.m., and a quorum was established.

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 April 15, 2019, as presented.

Chair's Report

Dodie Mitchell delivered her Chair's report and noted that the CEO evaluation and compensation would be discussed by the Board later in the agenda.

President's Report

Scott Giles provided Board members with a state update, highlighting the one-time appropriation of \$500,000 in the state budget for the nondegree grant program, renamed the Advancement Grant Program. He also addressed the closing of Southern Vermont College and reviewed how VSAC will provide support to impacted students and staff.

Scott gave the Board a federal update, noting that there is bipartisan interest in changing how student loans are handled in bankruptcy.

Scott also provided an update on state licensing, noting an onsite review by the California regulatory agency that will be done here in August.

Committee Reports

Audit Committee

David Coates summarized the Audit Committee meeting record of May 20, 2019, focusing on the Internal Audit and Risk Management Report and providing an update on the Internal Audit & Risk Management Annual Evaluation.

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Governance Committee

Dave Larsen provided an update on the election of Board officers and noted that the Governance Committee will evaluate candidates at the September meeting and make recommendations to the full Board at the October meeting. Tom Little provided a Board membership update and stated the Governor's office has confirmed John McSoley will be appointed and Dave Larsen will be re-appointed.

Dave reported that he has the results of the annual Board Chair Evaluation and has shared these with Chair Dodie Mitchell. Dodie thanked the Board for their feedback and extended additional thanks to the Committee Chairs for their great work.

Human Resources Committee

Dennis O'Brien drew attention to materials previously provided and deferred to Patrick Leduc who reported on the healthcare plan and compensation approach for fiscal year 2020.

Finance Committee

Mike Smith reported on the May 20, 2019 Finance Committee meeting, noting that the corporate and operating budgets were discussed. Mike referred members to the previously distributed Corporate Budget Report, noting that the FY 2020 operating budget generally includes the same types of revenues and expenses as in FY19. The merit compensation pool is up 10.9% and healthcare is up 16.9%.

The Board then reviewed and discussed the assumptions presented.

Corporate Budget Assumptions

- Originate \$48 million student and parent Advantage private loans.
- Key debt indices (T Bill, SIFMA, CP, etc.) remain unchanged
- Returns on liquid investments and cash will average 2.30%

The Operating Assumptions

- No reductions in permitted student loan service draw levels
- FFEL portfolio continues to amortize at 15%
- Private loans originated: \$48 million
- Funding merit payments and an increase to base salaries.
- Employee contribution to health care increases by 12% (on average)

The Board Resolution

While the entire corporate financial projection has been included in this document, and referred to as the corporate budget, the Board of Directors approves the operating portion of that budget.

Be It Resolved

The Board of Directors approves a Fiscal 2020 operating budget for the Corporation as presented at the Board's June 17, 2019 meeting. Operating revenues and resources are budgeted at \$24,842,000, with operating expenses of \$24,839,000. The Board recognizes the budget is subject to adjustments resulting from increases or decreases in revenue or expenditures. The President/CEO of the Corporation is authorized to make adjustments to the operating budget, and report them to the Chair of the Finance Committee, under the following circumstances:

1. to expend additional revenue which may become available for student assistance programs;

2. to accept and expend additional funds received for corporate programs/services;
3. to reduce or increase individual expenditures when necessitated by changes in programs and services;
4. to draw up to 7% of the State grant appropriation as operating revenue if needed; and

The President/CEO shall report at the next regularly scheduled Board meeting any actions which have been taken under this authority.

Upon a motion made by Mike Smith and seconded by David Coates, the Board of Directors voted unanimously to approve the recommended budget resolution for FY20, as presented.

Programs & Services Committee

Martha Heath reviewed the Committee meeting of May 20, 2019 and directed the Board's attention to the grant policies approved by the Programs & Services Committee. Martha provided an overview of the three grant policies and noted that no changes were made.

Upon a motion made by Martha Heath, and seconded by Dave Larsen, the Board of Directors voted unanimously to approve the Appeal Process, Residency Appeal, and Application Requirements grant policies, as presented.

Marilyn Cargill provided the Board with updates on the Choose Vermont Scholarship and on amended 1098 forms that were sent to a small group of borrowers. She also briefed members on the results of a recent audit of a non-Title IV program that participated in the Vermont Non-Degree Grant Program.

Bond Presentation

Dodie Mitchell transitioned the Board to the Bond Presentation which Scott Giles noted will build into strategic planning. Mike Stuart directed the Board's attention to the previously distributed Presale Report and Rating Agency Presentation noting that the Presale Report is used by rating agencies to educate investors, so they are informed of the debt criteria and risks. Mike reviewed the factors that go into how the rating agencies determine our rating and what they are looking at in their analysis.

CEO Evaluation

Dodie Mitchell transitioned the Board to the CEO annual performance evaluation and recommended that the Board entertain a motion for an executive session.

Upon a motion made by Martha Heath and seconded by Dennis O'Brien, the Board voted unanimously to enter executive session at 10:41 a.m. to consider contractual and personnel matters involving a public officer, for which premature public knowledge would clearly place VSAC at a substantial disadvantage. 1 V.S.A. sec. 313 (a).

Having completed its evaluation discussions, the Board exited the executive session at 12:25 p.m.

Board Resolution of Official Thanks to David Coates

Dodie Mitchell read the Board Resolution of Thanks to retiring Board member David Coates in its entirety.

Upon a motion made by Dodie Mitchell and seconded by Dave Larsen, the Board voted unanimously to adopt the Resolution as read and attached to these Minutes.

Presentation of VSAC's GUIDE Program

Patrick Leduc introduced members of the GUIDE Program team – Kirstin Boehm, Director of Career and Education Outreach, Anna Prescott, Senior Evaluator, and Jessica Smith, GUIDE Program Coordinator. GUIDE (Giving Undergraduates Information and Direction in Education) focuses on connecting students to on-campus resources and supports students when they experience roadblocks that may prevent them from continuing their education. The program team presented an overview and pertinent details of the program.

Other Business & Adjournment

There being no other business, the meeting adjourned at 1:26 p.m.

Respectfully submitted,

David Larsen, Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VERMONT STUDENT ASSISTANCE CORPORATION**

**DECLARING ITS OFFICIAL THANKS TO
RETIRING BOARD MEMBER DAVID COATES**

WHEREAS, Vermont Student Assistance Corporation (the "Corporation") is a public nonprofit public corporation duly organized and validly existing as an instrumentality of the State of Vermont, which provides postsecondary education loan programs and other related services in the State of Vermont; and

WHEREAS, the Board of Directors (the "Board") has determined that David Coates has served as a member of the Board of Directors since April of 2008 as a member of the Audit and Finance Committees, and chaired the Audit Committee for more than 10 years; and,

WHEREAS, David Coates provided the Corporation with outstanding leadership during challenging times, and was diligently devoted to assuring that the Board exercised fiscal prudence and transparent accountability; and,

WHEREAS, David Coates has always strived to ensure that all Vermonters have the necessary financial and information resources to pursue their education goals beyond high school; and,

WHEREAS, David Coates has given very generously of his time and other resources on the Corporation's behalf;

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Corporation this 17th day of June, 2019, that it:

- 1. Expresses the deep gratitude of the Board and everyone at VSAC for the 11 years of extraordinary service to the Corporation given by David Coates as a member of the Board of Directors;*
- 2. Hopes he won't be shy about visiting VSAC and staying in touch with its Board and Executive leadership; and,*
- 3. Wishes David good health and happiness in his future endeavors.*

This Resolution shall take effect immediately upon its adoption.

Upon a motion made by _____ and seconded by _____, the Board voted unanimously to approve the Resolution.

I certify that the foregoing Resolution was duly adopted by unanimous vote of the Vermont Student Assistance Corporation Board of Directors on June 17, 2019, a quorum being present and voting throughout.

David Larsen, Secretary