

VSAC Board of Directors Meeting

**June 15, 2020
8:00 a.m. – 12:00 p.m.**

Via Zoom Video and Telephone Conference Platform

Members Present: Dodie Mitchell (Chair), Martha Heath, Dave Larsen, Pam Chisholm, Chuck Soule, Dennis O'Brien, John McSoley

Members Absent: Mike Smith, Ann Cummings, Beth Pearce

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 8:05 a.m., on the Zoom virtual meeting platform with all present able to hear one another throughout the meeting. With a quorum established, the Board proceeded with the agenda.

Approval of Minutes

Upon a motion made by Pam Chisholm and seconded by Dennis O'Brien, the Directors voted unanimously to approve the meeting minutes of April 20 and May 22, 2020, as presented.

Chair's Report

Dodie Mitchell delivered her Chair's report and noted a slight change to the agenda where the CEO evaluation would be discussed at the end of the meeting.

President's Report

Scott Giles provided Board members with a federal update, noting that VSAC continues to work with our delegation to extend CARES Act benefits to all federal education loan borrowers and not just those held by the Department of Education.

Scott gave the Board an update on the bond sale that occurred last week, noting changes in the market due to the current pandemic and announcing that Advantage Student loan rates are 3.99% for immediate repayment, 5.10% for interest-only, and 6.30% for deferred. The rates for the Advantage Parent loan are 3.99% and 6.30% for immediate repayment and delayed repayment, respectively.

Scott also provided a state update, explaining that Marilyn Cargill and Tom Little worked with the Appropriations Committee to obtain \$500,000 for the Advancement Grant as well as an additional \$5 million to use for COVID-related expenses. Scott noted that the purpose and use of the \$5 million is still being determined and we would likely be seeking input from the Programs & Services Committee.

Scott briefed the Board on work being done related to the Vermont State Colleges and explained VSAC's involvement in this work, which will focus on the students and their needs.

Committee Reports

Audit Committee

John McSoley summarized the Audit Committee meeting of May 18, 2020, focusing on the Internal Audit and Risk Management Report and providing an update on the Internal Audit & Risk Management Annual Evaluation. John also noted that the Committee is in the process of completing the Audit Committee Self-Evaluation process.

Governance Committee

Dave Larsen reviewed the May 18, 2020 Governance Committee meeting and explained that they are in the process of reviewing the various evaluations that Board members are asked to complete. He noted that he will have additional information when the Committee meets in September.

Human Resources Committee

Dennis O'Brien summarized the Human Resources Committee meeting of May 18, 2020 highlighting the two main topics that the Committee focused on – healthcare benefits and the compensation approach for fiscal year 2021.

Finance Committee

Mike Stuart reported on the May 18, 2020 Finance Committee meeting, noting that the corporate and operating budgets were discussed. Mike referred members to the previously distributed Corporate Budget Report, noting that there are some uncertainties for FY 2021 due to COVID-19. Mike also highlighted that overall healthcare spending is projected to increase by 16%.

The Board then reviewed and discussed the assumptions presented in the proposed FY 2021 budget.

Corporate Budget Assumptions

- Originate \$45 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 .70%

Operating Budget Assumptions

- No reductions in permitted student loan service draw levels
- FFEL portfolio continues to amortize at 15%
- Private loans originated: \$45 million
- Funding merit payments and an increase to base salaries.
- Employee contribution to health care will increase by 16% (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 2021 operating budget for the Corporation as presented at the Board's June 15, 2020 meeting. Operating revenues and resources are budgeted at \$24,540,000, with operating expenses of \$24,540,000. 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.

The Board discussed the budget proposal.

Upon a motion made by Dennis O'Brien and seconded by John McSoley, the Board of Directors voted unanimously to approve the recommended budget resolution for FY21, as presented.

Programs & Services Committee

Martha Heath reviewed the Committee meeting of May 18, 2020 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.

Upon a motion made by Martha Heath, and seconded by Pamela Chisholm, the Board of Directors voted unanimously to approve the Awarding Incentive Grants, Awarding Basic Incentive Grants, and Change of School grant policies, as presented.

Strategic Planning Update

Scott Giles provided an update on strategic planning, noting that the preliminary strategic plan, originally planned for this meeting, will be delayed until the fall. Scott outlined the plan for work to continue over the summer and relayed that he will reach out to Board members to share information that has been gathered, what we have learned, and to provide the Board with the opportunity to ask questions. He noted the plan to bring the full Board together in October to meet with Wellspring Consulting.

Other Business

Scott Giles explained that VSAC has been reflecting on the senseless murder of Mr. George Floyd and stated that we are committed to improving our knowledge and reviewing our programs with the goal of removing unintentional roadblocks they may present to people of color. He noted that we must do our own work to ensure our programs and services create rather than deny opportunity and that we are committed to listening to BIPOC members of our community.

Meeting Review

The Board of Directors reviewed the meeting with Chair Dodie Mitchell.

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 10:29 a.m. to consider contractual and personnel matters involving a public officer and the officer's evaluation, 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 11:50 a.m.

Upon a motion made by Martha Heath and seconded by Dennis O'Brien, the Board voted unanimously to approve the CEO contract for a period of three years.

Other Business & Adjournment

There being no other business, the meeting adjourned at 11:53 a.m.

Respectfully submitted,

David Larsen, Secretary