

Minutes

VSAC Finance Committee Meeting

November 23, 2020

12:30 p.m.

Zoom Videoconference Meeting

Committee Members Present: Beth Pearce (Chair), John McSoley
Committee Members Absent: Michael Smith
Other Members Present: Dodie Mitchell, Chair, and Caleb Elder
VSAC Staff Present: Scott Giles, Marilyn Cargill, Patrick Leduc, Mike Stuart, Tom Little, Bruce Hicken, Jodie Ducharme
Others: N/A

Chair Beth Pearce called the meeting to order at 12:34 p.m. on the Zoom virtual meeting platform with all present able to hear one another throughout the meeting. With a quorum established, the Committee took up the first order of business.

Approval of Minutes

Upon a motion made by John McSoley and seconded by Beth Pearce, the Committee voted unanimously to approve the Committee meeting minutes of September 21, 2020, as presented.

FY21 Financial Statements

Mike Stuart reviewed the previously distributed Income Statement and Balance Sheet and responded to Committee questions. On the Income Statement, Mike noted that in general there was nothing unexpected, other than the revenues tied to the guarantor program, which had a 25% reduction due to a three-month extension in the suspension of collection activities. Mike noted that this suspension could get extended again, which would impact the Operating Budget. Mike also drew attention to the bad debt expense, noting that it is one-third what it was last year at this point due to the forbearances that we were allowed to offer which prevented these accounts to continue into default.

Bruce Hicken walked the Committee through the Variance Analysis, noting the variance for Grants & Scholarships as a result of the revenues received from the State of Vermont for Coronavirus relief. Bruce noted that as of October 31, we have expended \$1.4 million for the VSAC Technology Scholarship, \$161,000 for the Coronavirus Relief Fund Scholarship, and \$1.7 million for the increase in need-based grants.

Private Loan Volume Update

Mike Stuart directed the Committee's attention to the previously distributed New Loan Volume Reports, noting that new student loan volume is down by approximately 25-30% which is driven largely by students making different choices in which school they attended as a result of COVID-

19. Mike pointed out that the new parent loan volume is down, but by a lesser percentage than that of the student loan.

Bond Retirement Update

Mike Stuart reviewed the upcoming unscheduled bond retirements for bonds 2010-A and 2012-B. He noted that 2010-A was scheduled to payoff in December 2021, but VSAC will payoff this December which will result in interest expense savings of approximately \$60,000. Mike explained that the 2012-B bond is expected to be paid off over the winter, which will result in the release of \$60 million in loans from restricted to unrestricted. Mike also explained we are paying back a note with the State of Vermont six months early to save on interest expense.

LIBOR Replacement Update

Mike Stuart provided the Committee with an update on LIBOR replacement scheduled for December 31, 2021. He reviewed two options that VSAC will be looking when pursuing the replacement of the LIBOR with bondholders. Mike reminded the Committee that while FFELP loan interest rates are not directly tied to the LIBOR, special allowance payments are tied to a LIBOR formula and as a result the government will need to change the formula. He noted that, ideally, the LIBOR replacement will be standardized across the student loan industry.

Coronavirus Relief Fund (CRF) Dollars

Scott Giles updated the Committee on the \$10.1 million allocated from the Appropriations Committee to fund an increased financial need for students negatively impacted by COVID-19. He reviewed the VSAC Technology Scholarship and VSAC Appeals for State Grants, funded from the CRF dollars and noted that \$1.9 million has been allocated to provide interest relief for borrowers impacted by COVID-19.

Other Business

There being no other business, the meeting adjourned at 1:43 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary