

VSAC Board of Directors Meeting

**April 20, 2020
1:00 p.m.**

Via Zoom Video and Telephone Conference Platform

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

Members Absent: Mike Smith, Chuck Soule, Ann Cummings

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

Chair Dodie Mitchell called the Board of Directors meeting to order at 1:17 p.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 Dave Larsen and seconded by Martha Heath, the Directors voted unanimously to approve the meeting minutes of February 24, 2020, as presented.

President's Report

Scott Giles provided an update on the Vermont State Colleges, student loan financing, and the CARES Act. Scott highlighted the work being done by VSAC to provide additional relief to borrowers who may be struggling due to COVID-19, noting that FFEL loans serviced by VSAC and VSAC's private loans were not included in the CARES Act.

Committee Reports

Programs & Services Committee

Martha Heath directed the Board's attention to the actions approved by the Programs & Services Committee at its March and April meetings. Martha provided an overview of the Income Cutoff and Parent/Student Contribution Cutoff policies, noting there are no proposed changes.

Upon a motion made by Martha Heath and seconded by Dave Larsen, the Board of Directors voted unanimously to approve the Income Cutoff and Parent/Student Contribution Cutoff policies, as presented.

Martha reviewed the Micro Grant pilot program and noted that, due to the demonstrated need, the Committee recommends moving the Micro Grant pilot to a program beginning with the 2020-2021 academic year.

Upon a motion made by Martha Heath and seconded by Dave Larsen, the Board of Directors voted unanimously to approve the new Micro Grant Program, as presented.

Martha noted that, due to the success of the Grant Application Autorenewal pilot, the Committee recommends an extension of the pilot through the 2020-2021 academic year while VSAC begins the necessary changes to permanently move to auto-renewal of the Vermont Grant Application for upper-class students beginning in the 2021-2022 academic year.

Upon a motion made by Martha Heath and seconded by Dave Larsen, the Board of Directors voted unanimously to approve the extension of the Grant Application Autorenewal pilot through the 2020-2021 academic year, as presented.

Martha provided an overview of the income cutoff and parent/student contribution cutoff for 2020-2021. She also walked the Board through the recommendations for the FY21 Grant Levels, noting the challenges in setting levels given the current environment.

Upon a motion made by Martha Heath and seconded by Dave Larsen, the Board voted unanimously to approve the Parent/Student Contribution Cutoff, and to maintain the Income Cutoff for Fiscal Year 2021, as presented.

Upon a motion made by Martha Heath and seconded by Pam Chisholm, the Board of Directors voted unanimously to approve the following Resolutions on FY21 grant levels:

1. Resolved, that VSAC shall
 - Keep Basic Incentive Grants at the \$1,000 level;
 - Decrease the level of aid for full-time enrollment by \$200.00 from the level set in '20 with the exception that the Community College of Vermont will be increased by \$200 to ensure an access option for low income Vermonters.
 - Accept 11,900 full-time applications with an anticipated cutoff of January 15, 2021;
 - Increase part-time funding to \$1.8 million, with an anticipated cutoff of February 15, 2021;
 - Keep nondegree (Advancement Grant) funding at \$1.7 million plus a \$500,000 carryforward for a program of \$2.2 million, with an anticipated cutoff of January 15, 2021;
 - Continue to cover full tuition at Community College of Vermont to ensure that we have an access point for low-income Vermonters; and
 - Maintain a 2% reserve in the Grant Program.
2. Further Resolved that, the Board being aware that there are unknowns at this time which could result in different choices for grant levels and cut-off dates being made when the staff runs the final projections, VSAC's staff are asked to analyze projections in the "live" environment and the Executive Committee is thereafter authorized to further adjust the levels up or down by \$100 if necessary. If changes greater than plus or minus \$100 are needed based upon VSAC staff analysis and Executive Committee recommendation, the Board authorizes the Program and Services Committee to approve new levels at a greater variance than \$100 up or down.

Governance Committee

Dave Larsen reviewed the March 23, 2020 Governance Committee meeting and summarized the steps that have been taken to replace a Board member who has decided to retire. Scott Giles reviewed the next steps in the process, noting that he will have more information to relay to the Board over the next several weeks. Scott Giles and Tom Little provided an update on the process to replace Matt Trieber as the Vermont House of Representatives member on the Board.

Human Resources Committee

Dennis O'Brien recapped the Human Resources Committee's April 20, 2020 meeting including a review of healthcare risks and planning, and the CEO Evaluation. Dennis provided an overview of how the CEO Evaluation will work this year.

Finance Committee

Mike Stuart briefed the Board on the Finance Committee's March 23, 2020 meeting, noting that the financial statements presented through the end of February were on target, however, due to COVID-19 things have changed. Mike reviewed recent FFEL guidance authorizing borrower payment suspension through September 30th and stated that we are also trying to align the private loans with this guidance. Mike stated that we should have a better idea of how many customers will suspend payments by the end of April to adjust the revenue projections for May and June.

Mike also provided an update on the 2020-2021 private loan bond, noting that we are in regular contact with our financial advisor and the Bank of America to determine when we should go to market.

VSAC RAC/RAN Request

Mike Stuart provided the Board with background information on management's proposal to enhance the private loan forbearance benefit on certain loans, noting the cap on the total number of forbearance months used over the life of the loan is documented in the bond indentures. He explained that changes to a loan term, including changes to the forbearance cap, generally require a rating agency response stating the change will not negatively impact the rating on the bonds. The response's technical name is either a Rating Agency Condition (RAC) or Rating Agency Notification (RAN). Mike explained that a small number of customers have reached, or are about to reach, their maximum forbearance cap. In an effort to offer some relief to that small number of customers, VSAC has asked the rating agencies to review and respond to the proposed increase in the forbearance caps.

Mike also reviewed proposed changes to loans originated out of the Series 2010A and 2011A bonds to increase loan forgiveness and reduce growing arbitrage liabilities.

Upon a motion made by Beth Pearce and seconded by Dennis O'Brien, the Board of Directors resolved that, based upon the report from the Executive Committee and its proposals to expand loan payment forbearance benefits across the fixed-rate private loan portfolio, and to enhance loan forgiveness for borrowers with loans held under the Series 2010A and 2011A bonds, the Board agrees with and approves the proposal and authorizes and directs the Executive Committee, and any one of them, to take all steps necessary or convenient to implement the proposal, and to execute and deliver documents and instruments, including amendments to the applicable bond indentures.

Meeting Review

The Board of Directors reviewed the meeting with Scott Giles.

Other Business & Adjournment

There being no other business, the meeting adjourned at 3:38 p.m.

Respectfully submitted,

David Larsen, Secretary