

VSAC Board of Directors Meeting

June 14, 2021
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, John McSoley, Ann Cummings, Caleb Elder, Matthew Derr

Members Absent: Mike Smith, 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 8:04 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 Martha Heath and seconded by Dave Larsen, the Directors voted unanimously to approve the meeting minutes of April 19, 2021, as presented.

Chair's Report

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

President's Report

Scott Giles delivered his President's report providing Board members with a federal update in addition to updates on bankruptcy reform, loan cancellation, Pell grant funding, and the CARES Act payment relief for federally held loans which is currently extended through September 30, 2021.

Scott acknowledged the Executive Committee and thanked them for their extraordinary leadership and contributions over the past year.

Committee Reports

Audit Committee

John McSoley summarized the Audit Committee meeting of May 24, 2021, focusing on the FY21 Audit Plan presentation by external auditors from BerryDunn and providing updates on the Internal Audit & Risk Management report and annual evaluation. John also noted that the Committee has started the process of completing the Audit Committee Self-Evaluation and completed its annual assessment of the performance of VSAC's Internal Audit/Risk Management function.

Governance Committee

Dave Larsen reviewed the May 24, 2021 Governance Committee meeting, noting that terms expire this year for the three Board-elected members for whom the VSAC statute gives the Board the authority to elect. Dave confirmed that all three members are interested in reelection.

Upon a motion made by Dave Larsen and seconded by John McSoley, the Board voted unanimously to reelect Dodie Mitchell, Martha Heath, and Matthew Derr.

Dave provided an update on the election of Board officers, noting that the Governance Committee will evaluate the candidates at the September meeting and will make a recommendation to the full Board at the October meeting.

Dave transitioned to a discussion on board recruitment and recommended that the Board entertain a motion for an executive session.

Upon a motion made by Dave Larsen and seconded by Pam Chisholm, the Board voted unanimously to enter executive session at 8:48 a.m. to discuss the appointment of a public officer, premature public knowledge of which would clearly place the individuals and/or VSAC at a substantial disadvantage and for the Board to obtain confidential attorney-client communications so that VSAC's General Counsel can properly provide confidential professional legal services to the Board. 1 V.S.A. sec. 313 (a)(3)

Ann Cummings joined the meeting at 8:50 a.m.

The Board exited executive session at 8:59 a.m.

Finance Committee

Mike Stuart referred members to the previously distributed Corporate Budget Report, noting that there are some uncertainties for FY 2022 due to COVID-19 in relation to the revenue budget due to the suspension of collections for defaulted loans. Mike also highlighted that the overall healthcare budget is down 1.4% budget to budget and the total FY2022 proposed Operating budget is down 1.7% from FY2021.

The Board then reviewed and discussed the assumptions presented in the proposed FY 2022 budget.

Corporate Budget Assumptions

- Originate \$42.5 million student and parent Advantage private loans.
- Key debt indices (T Bill, SIFMA, CP, etc.) remain unchanged
- No material change in default trends
- Returns on liquid investments and cash will average .20%
- No projected market returns for endowment

Operating Budget Assumptions

- No reductions in permitted student loan service draw levels
- FFEL portfolio continues to amortize at 13%
- Private loans originated: \$42.5 million
- No change in Libor rates tied to variable rate student loans
- Funding merit payments and an increase to base salaries.
- Employee contribution to health care remains unchanged

- VT529 plan NAV increases by 10%

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 2022 operating budget for the Corporation as presented at the Board's June 14, 2021 meeting. Operating revenues and resources are budgeted at \$24,132,000, with operating expenses of \$24,127,000. 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 during which the Executive Committee responded to member questions.

Upon a motion made by Chuck Soule and seconded by Pam Chisholm, the Board of Directors voted unanimously to approve the recommended budget resolution for FY22, as presented.

Programs & Services Committee

Martha Heath reviewed the Committee meeting of May 24, 2021 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 Dave Larsen, the Board of Directors voted unanimously to approve the Residency Regulations and Termination of Residency polices, as amended, and the Summer School policy, as written.

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 Matthew Derr, the Board voted unanimously to enter executive session at 10:35 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 11:56 a.m.

Other Business & Adjournment

There being no other business, the meeting adjourned at 12:05 p.m.

Respectfully submitted,

David Larsen, Secretary