

VSAC Finance Committee Meeting

January 24, 2022

12:30 p.m.

Zoom Videoconference Meeting

Committee Members Present: Beth Pearce , John McSoley, Caleb Elder, Clarence Davis

Committee Members Absent: Michael Smith

Other Board Members Present: Dodie Mitchell

VSAC Staff Present: Scott Giles, Mike Stuart, Tom Little, Marilyn Cargill, Patrick Leduc, Bruce Hicken, Laurie Oliver, Jodie Ducharme

Chair *Pro Tempore* Beth Pearce called the meeting to order at 12:35 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 Clarence Davis, the Committee Members voted unanimously to approve the minutes of the Committee meeting of November 22, 2021, as presented.

Standing Reports

Mike Stuart walked the Committee through the previously distributed FY22 Income Statement and Balance Sheet, variance analysis report, Operating Budget, and VSF Endowment Report and responded to Committee member questions. Mike noted that as we begin planning for bond borrowing, we will be evaluating the unrestricted cash balance to determine how much to invest in next year's loans instead of additional borrowing. Mike stated that this topic will be brought back to the Committee for discussion as part of the planning for the next academic year. Mike also noted that, for the income statement, one area of uncertainty is the impact to the guarantor defaulted federal loan portfolio due to the continued extensions of collection suspension activities for federal loans.

Bruce Hicken then walked the Committee through the Variance Analysis, highlighting unanticipated and unbudgeted funds received for grants and scholarships as a result of ARPA relief funds.

FFEL Portfolio Management

Scott Giles and Mike Stuart reviewed the previously distributed materials outlining strategic considerations for the FFEL portfolio, noting that the strategic plan called for reducing the cost of servicing the legacy FFEL portfolio to market rates.

The Committee engaged in a conversation about the strategic considerations during which Scott Giles and Mike Stuart responded to member questions. Scott noted that additional information regarding the financial considerations will be provided to this Committee at a later date.

Private Loan Volume Update

Mike Stuart directed the Committee's attention to the previously distributed New Loan Volume Reports, noting that we will be under target volume for both the student and parent loans. Mike pointed out on the disbursement report that disbursement volume for out of state schools is up by 21.9% in dollar volume and 12.7% in the number of loans, while in-state schools are down 11.8% in disbursement volume and down 14.4% in the number of loans. Mike noted that various programs tied to stimulus funding, made available to students at Vermont schools, likely contributed to the decrease in loans and loan volume for in-state schools.

Risk Management Review – Interest Rates

As part of the ongoing review of risks assigned to Finance, Mike Stuart summarized the risk category for Interest Rates, including the definition, current inherent risk, oversights and controls in place, and the residual risk. Based on the assessment provided and responses to questions, the Committee agreed with the Executive Committee's probability and impact of the risk.

Other Business

There being no other business, the meeting adjourned at 2:03 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary