

VSAC Finance Committee Meeting

March 21, 2022

1:00 p.m.

Zoom Videoconference Meeting

Attendance:

Committee Members Present: Michael Smith (Chair), Beth Pearce, John McSoley, Clarence Davis

Committee Members Absent: Caleb Elder

Other Board Members Present: Dodie Mitchell

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

Chair Michael Smith called the meeting to order at 1:02 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 Beth Pearce and seconded by Clarence Davis, the Committee Members present voted to approve the minutes of the Committee meeting of January 24, 2022, as presented.

Public Comment

There were no public comments given during the public comment period.

2022/2023 Student Loan Bond

Mike Stuart announced that we have met with the credit rating agencies and submitted required loan performance data. Mike reviewed the previously distributed materials on initial loan pricing and responded to member questions. He noted that we expect to receive the rating agency assumptions for cash flows soon with a target date for bond issuance around the second week of May. Mike reminded the Committee that VSAC would be asking this Committee and the Board for the authorization to move forward at the April meetings.

FFEL Refinance Options

Upon a motion made by Michael Smith and seconded by John McSoley, the Committee voted unanimously to enter executive session at 1:26 p.m. to consider contractual matters, premature public knowledge of which would clearly place VSAC at a substantial disadvantage, and for the Committee to receive confidential advice from legal counsel. The following were requested to remain in the meeting, as they have information needed for the executive session: Scott Giles, Tom Little, Marilyn Cargill, Mike Stuart, and Patrick Leduc. 1 V.S.A. sec. 313 (a).

The Committee exited executive session at 2:04 p.m.

Standing Reports Discussion

Mike Stuart reviewed the previously distributed Income Statement and Balance Sheet, Operating Budget, and VSF Endowment Report. In response to questions, Mike confirmed that while collections on defaulted federal loans have been suspended because of the pandemic, VSAC is still able to accept voluntary payments and the Department of Education is allowing guarantors to draw revenue using a methodology resulting in equivalent revenue as if there had been no collections suspension.

Bruce Hicken walked the Committee through the Variance Analysis, highlighting the year over year change in endowment performance due to market conditions and the increase in corporate loan performance, mainly due to the loans transferred from the closed-out bonds in the previous fiscal year.

Mike Stuart directed the Committee's attention to the previously distributed New Loan Volume Reports, noting that both the student and parent loans will be under target volume and pointing out that out of state school disbursement volume is up, while in-state schools are down, likely due to the various programs tied to stimulus funding that was made available to students at Vermont schools.

VSF Investment Policy

Mike Stuart directed members to the previously distributed materials on the Vermont Scholarship Fund Endowment Investment and Spending Policy, noting the policy was last reviewed and revised in 2016. Mike pointed out the policy includes goals, strategies, policies, and guidelines in addition to the role of the VSF Board of Directors. After discussing the policy, the Committee stated they had no recommended revisions to the policy.

Other Business

There being no other business, the meeting adjourned at 2:36 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary