

VSAC Board of Directors Meeting

June 20, 2022
8:30 a.m. – 12:30 p.m.

VSAC Community Rooms
10 East Allen Street
Winooski, Vermont 05404

Members Present: Dodie Mitchell (Chair), Martha Heath, Dave Larsen, Mike Smith, Beth Pearce, John McSoley, Ann Cummings, Caleb Elder, Ryan Dulude, Tim Chamberlin, Clarence Davis

Members Absent: N/A

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

Others: N/A

Tom Little checked external doors to the VSAC building and found there were no members of the public present to attend the meeting.

Chair Dodie Mitchell called the Board of Directors meeting to order at 8:36 a.m. With a quorum established, the Board proceeded with the agenda.

Approval of Minutes

Upon a motion made by Martha Heath and seconded by Ryan Dulude, the Directors voted to approve the meeting minutes of April 18, 2022, as presented.

Public Comment

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

Chair's Report

Dodie Mitchell delivered her Chair's report.

President's Report

Scott Giles delivered his President's report providing Board members with an update on the return to the building and new hybrid model, 802 Opportunity and workforce development programs, VSAC's private loan interest rates for the 2022-2023 academic year, and federal loan cancellation.

Clarence Davis joined the meeting at 9:15 a.m.

Mike Smith joined the meeting at 9:20 a.m.

Committee Reports

Audit Committee

John McSoley announced that the Audit Committee met twice since the last Board meeting. John summarized the Audit Committee meeting of May 23, 2022, focusing on the FY22 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 completed the Audit Committee Self-Evaluation as well as its annual assessment of the performance of VSAC's Internal Audit/Risk Management function.

John then reviewed the Audit Committee meeting of May 31, 2022, which focused on the RFQ for Auditing Services. John directed the Board to the previously distributed materials which outlined the work done by management including an overview of the risks, evaluation criteria, and due diligence in preparing their recommendation. John announced that, after review and discussion, the Audit Committee approved management's recommendation to engage the firm of CliftonLarsonAllen (CLA) as VSAC's external auditors.

Governance Committee

Dave Larsen reviewed the May 23, 2022, Governance Committee meeting, which focused on a review of the CEO Evaluation, Bylaw review, and a report on compensation and the hybrid work model. Dave noted that for the hybrid model, the Committee would be seeking an update at their September meeting, after the hybrid model has been implemented, to see how it's going. Dave explained that the Committee also continues to review the Board Manual as it relates to selecting new Board members.

Finance Committee

Mike Smith reported on the May 23, 2022, Finance Committee meeting which focused on a review of the current financial statements and discussion of the FY23 corporate and operating budgets. Mike referred members to the previously distributed Corporate Budget Report.

The Board then reviewed and discussed the assumptions presented in the proposed FY 2023 budget, during which members of the Executive Committee responded to questions.

Corporate Budget Assumptions

- Originate \$45 million student and parent Advantage private loans.
- Originate up to \$10 million in new "in-school" refinance loans
- Key debt indices (Libor, SOFR, etc.) increase from 80 to 100 bps
- No material change in default trends
- Returns on liquid investments and cash will average .90%
- No projected market returns for endowment

Operating Budget Assumptions

- No reductions in permitted student loan service draw levels
- FFEL portfolio continues to amortize at 15%
- Private loans originated: \$45 million
- Private Refinance loans originated: up to \$10 million
- Libor rates increase from 80 to 100 bps
- Funding merit payments and an increase to base salaries.
- Employee contribution to health care increases 4%
- 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 2023 operating budget for the Corporation as presented at the Board's June 20, 2022 meeting and as recommended by the Finance Committee by vote taken at its May 23, 2022 meeting. Operating revenues and resources are budgeted at \$24,402,868, with operating expenses of \$24,355,410. 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 Finance Committee and Board meetings 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 Mike Smith and seconded by Martha Heath, the Board of Directors voted unanimously to approve the recommended budget resolution for FY23, as presented.

Programs & Services Committee

Martha Heath reviewed the Programs & Services Committee meeting of May 23, 2022 and directed the Board's attention to the grant policies approved by the Committee. Martha provided an overview of the three grant policies.

Upon a motion made by Martha Heath, and seconded by Caleb Elder, the Board of Directors voted unanimously to approve the Appeals, Residency Appeals, and Application Requirements policies, as written.

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 Ryan Dulude and seconded by Caleb Elder, the Board voted unanimously to enter executive session at 10:33 a.m. in order to consider the evaluation and employment of public officers, i.e., one or more members of VSAC's senior management team, premature public knowledge of which would clearly place those persons and/or VSAC at a substantial disadvantage. 1 V.S.A. sec. 313 (a).

The following were requested to remain in the meeting, as they have information needed for the executive session: Scott Giles.

Having completed its evaluation discussions, the Board exited the executive session at 11:55 a.m.

Meeting Review

The Board of Directors reviewed the meeting with Chair Dodie Mitchell.

Other Business & Adjournment

There being no other business, the meeting adjourned at 12:25 p.m.

Respectfully submitted,

David Larsen, Secretary