

## VSAC Finance Committee Meeting

May 23, 2022  
2:30 p.m.

### Via Zoom Video and Telephone Conference Platform

#### Attendance:

Committee Members Present: Michael Smith (Chair), Beth Pearce (present for portions of the meeting), John McSoley, Caleb Elder (present for portions of the meeting), Clarence Davis

Committee Members Absent: N/A

Other Board Members Present: Dodie Mitchell

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

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Chair Michael Smith called the meeting to order at 2:34 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 proceeded with the agenda.

#### Approval of Minutes

*Upon a motion made by Clarence Davis and seconded by Beth Pearce, the Committee Members voted to approve the Finance Committee Minutes of March 21, 2022, as presented.*

*Upon a motion made by John McSoley and seconded by Clarence Davis, the Committee Members voted to approve the Finance Committee Minutes of April 18, 2022, as presented.*

#### Public Comment

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

#### Standing Reports Discussion

Mike Stuart walked the Committee through the previously distributed Income Statement and Balance Sheet, Operating Budget, and VSF Endowment Report and responded to Committee member questions. In the Operating Budget, Mike noted new income from scholarship administration is reflected on the Other income row.

Bruce Hicken reviewed the Variance Analysis for the ten months ending April 30, 2022, highlighting that guarantor revenue is ahead of budget as a result of the mechanism put in place for recovering lost guarantor fees.

Mike Stuart noted on the New Loan Volume Reports that, for the 2021-2022 academic year, both the student and parent loans came in under target volume primarily as a result of the federal funds made available to Vermont students pursuing post-secondary education.

Minutes of the Finance Committee, May 23, 2022 APPROVED on 09/19/22

## **FY23 Budget Presentation**

Mike Stuart introduced the 2023 Fiscal Year budget, defining the corporate and operating budget assumptions provided in previously distributed materials.

### *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 Committee engaged in a conversation about the FY23 budget, during which the Executive Committee responded to member questions.

***Upon a motion made by Caleb Elder and seconded by John McSoley, the Committee Members voted unanimously to recommend the Board approve the FY23 Budget Resolution, as presented.***

## **Private Loan Originations and Funding**

Mike Stuart directed the Committee’s attention to the previously distributed materials and gave an overview of the timing and results of the bond sale for the new loan product. Mike also gave an overview of the new loan interest rates, highlighting that all of VSAC’s new loan interest rates are below the Federal PLUS loan interest rate of 7.54%.

## **Executive Session**

***Upon a motion made by John McSoley and seconded by Clarence Davis, the Committee voted unanimously to enter executive session at 3:41 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 the session at 3:59 p.m.

**Other Business**

There being no other business, the meeting adjourned at 3:59 p.m.

Respectfully submitted,  
Michael Stuart, Assistant Secretary