

Minutes

VSAC Board of Directors Meeting

**June 26, 2023
9:00 a.m. – 1:00 p.m.**

**VSAC Boardroom
10 East Allen Street
Winooski, Vermont 05404**

Members Present: Dodie Mitchell (Chair), Martha Heath, Dave Larsen, John McSoley, Ann Cummings, Caleb Elder, Ryan Dulude, Tim Chamberlin

Members Absent: Mike Smith, Mike Pieciak, Clarence Davis

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

Others: N/A

Chair Dodie Mitchell called the Board of Directors meeting to order at 9:04 a.m. With a quorum established, the Board proceeded with the agenda.

Approval of April 17, 2023 Minutes

Upon a motion made by Martha Heath and seconded by Dave Larsen, the Directors voted to approve the meeting minutes of April 17, 2023, 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.

Committee Reports

Finance Committee

John McSoley, acting Chair of the Finance Committee, asked Mike Stuart to report on the May 22, 2023, Finance Committee meeting which focused on a review of the current financial statements and discussion of the FY24 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 FY24 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 \$2 million in new "in-school" refinance loans

- Key debt indices (Libor, SOFR, etc.) remain level
- No material change in default trends
- Returns on liquid investments and cash will average 4.00%
- No projected market returns for VSF endowment

Operating Budget Assumptions

- Increase in service draw level for the 2012 Master Trust from 95bps to 105bps
- FFEL portfolio continues to amortize at 17%
- Private loans originated: \$45 million
- Private Refinance loans originated: up to \$2 million
- Interest rates remain unchanged throughout the year
- Funding merit payments and an increase to base salaries.
- Employee contribution, per participant, to health care increases 8%
- 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, by long practice the Board of Directors approves the operating portion of that budget.

Be It Resolved

The Board of Directors approves a Fiscal 2024 operating budget for the Corporation as presented at the Board's June 26, 2023, meeting and as recommended by the Finance Committee by vote taken at its May 22, 2023 meeting. Operating revenues and resources are budgeted at \$24,363,497, with operating expenses of \$24,362,538. 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 John McSoley and seconded by Ryan Dulude, the Board of Directors voted unanimously to approve the adoption of the FY24 Budget Resolution, as presented, and as recommended by the Finance Committee by vote taken at their May 22, 2023, meeting.

Programs & Services Committee

Martha Heath reviewed the Programs & Services Committee meeting of May 22, 2023, and directed the Board's attention to the grant policies approved by the Committee. Martha provided an overview of the three grant policies, noting a change to the Approved Schools Degree policy to update the name from Vermont Non-Degree Grant Program to Vermont Advancement Grant Program and a change to the Estimated Income policy to accept prior year income, upon appeal, if it's indicated that it's difficult for the applicant to use current year income due to the fluctuating nature of their (or for dependent students, their family's) income, provided the tax return for the prior year has been filed.

Upon a motion made by Martha Heath, and seconded by Tim Chamberlin, the Board of Directors voted unanimously to approve the Approved Schools Degree and Estimated Income policies, as amended, and the Maximum Number of Grants policy, as written.

Martha explained that, since setting the FY24 grant levels at the April 17, 2023 Board meeting, CCV has received funding from the Vermont Legislature allowing them to decrease their tuition by 50% for students in selected majors, resulting in a similar reduction in VSAC aid to CCV students, but still covering full tuition and fees. Martha noted that the Programs & Services Committee met at 8:30 a.m. this morning, prior to this Board meeting, to discuss and determine revised grant levels for FY24. Marilyn Cargill walked the Board through the staff and Committee's recommendation for the revised FY24 Grant Levels and responded to member questions.

Upon a motion made by Martha Heath, and seconded by Ryan Dulude, the Board of Directors voted unanimously to approve the following Resolutions on the revised FY24 grant levels upon the recommendation of the Programs & Services Committee:

1. Resolved, that VSAC shall
 - Keep Basic Incentive Grants at the current \$1,000 level;
 - Increase the level of aid for full-time enrollment by \$650.00 from the level originally set for academic year '23-'24;
 - Accept 12,000 full-time applications with an anticipated cutoff of January, 2024;
 - Reduce Part-time funding to \$1.750 million with an anticipated cutoff of March 15, 2024;
 - Set the Advancement Grant at \$3.0 million, with an anticipated cutoff of February 15, 2024;
 - CCV has received funding from the Vt Legislature which allows them to decrease their tuition by 50% for students in selected majors. CCV staff anticipate that at least 80% of all students will qualify for the reduction in cost. This reduction in cost will cause a similar reduction in VSAC aid to CCV students but will still cover full-tuition and fees to allow for an access point for low-income Vermonters. The funds currently being allocated to students at CCV will be reallocated to students at other institutions.
 - Hold no funds in reserve.
2. Further Resolved, that the Committee being aware that there are unknowns at this time which could result in different choices for grant levels and cut-off dates being made when VSAC staff run the final projections, the staff are asked to analyze projections in the "live" environment and based on that information the President/CEO is thereafter authorized to further adjust the levels up or down by \$300 if necessary.

Governance Committee

Dave Larsen reviewed the May 22, 2023, Governance Committee meeting, which focused on the upcoming election of Board officers, a review of the CEO Evaluation, and a report on the hybrid work model. Dave announced that, for the upcoming election of Board officers, all incumbents have expressed an interest in serving another two-year term. Dave noted that the Governance Committee will evaluate officer candidates at their September meeting and will make a recommendation to the full Board at the October meeting.

Audit Committee

John McSoley summarized the Audit Committee meeting of May 22, 2023, focusing on the Introduction and FY23 Audit Plan presentation by external auditors from CliftonLarsonAllen(CLA) and providing updates on the Internal Audit & Risk Management report, Internal Audit & Risk Management Annual Evaluation, and the Audit Committee Self-Evaluation.

President's Report

Dodie Mitchell expressed the Board's thanks and appreciation to retiring VSAC Executive Committee member, Marilyn Cargill.

Martha Heath read the Board Resolution of Thanks to Marilyn in its entirety.

Upon a motion made by Martha Heath and seconded by Dave Larsen, the Board voted unanimously to adopt the Resolution as read and attached to these Minutes.

CEO Evaluation & VSAC Contractual Matters

Dodie Mitchell transitioned the Board to the CEO annual performance evaluation and discussion of VSAC contractual matters and recommended that the Board entertain a motion for an executive session.

Upon a motion made by Dodie Mitchell and seconded by Martha Heath, the Board voted unanimously to enter executive session at 10:56 a.m. in order to (a) consider contractual matters, premature public knowledge of which would clearly place VSAC at a substantial disadvantage; and (b) discuss confidential personnel performance and contractual matters. 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, Marilyn Cargill, Patrick Leduc, and Mike Stuart.

Marilyn Cargill, Mike Stuart, and Patrick Leduc exited the session at 11:40 a.m.

Having completed its discussions, the Board exited the executive session at 1:23 p.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 1:23 p.m.

Respectfully submitted,

David Larsen, Secretary

DRAFT

The Board of Directors of the Vermont Student Assistance Corporation sincerely thanks

MARILYN CARGILL

WHEREAS Marilyn Cargill has served the Vermont Student Assistance Corporation for almost 40 years with intellect, creativity and dedication; and

WHEREAS Marilyn's passion for making post secondary education financially feasible for Vermont's students is unsurpassed; and

WHEREAS Marilyn's proven leadership skills led to her breaking a glass ceiling when she was named to VSAC's Executive Team; and

WHEREAS Marilyn's skills employed with the Vermont legislature have led to the creation of many new programs that will help students pursue their educational dreams; and

WHEREAS Marilyn and her team have developed Scholarship Day, an inspirational time when VSAC employees and available board members read applications and choose recipients for the private scholarship funds VSAC manages; and

WHEREAS Marilyn's personal interactions with members of the VSAC Board have been characterized by personal warmth and an infectious sense of humor, and

WHEREAS Marilyn's depth of knowledge has been instrumental in assisting the VSAC Board in making wise decisions for student financial aid and student programs;

THEREFORE, be it resolved that the VSAC Board of Directors congratulates Marilyn Cargill on her retirement from VSAC;

And be it further resolved that the board hereby expresses its deep appreciation for all that Marilyn has contributed to the work of VSAC and its Board of Directors.