VSAC Finance Committee Meeting

May 18, 2026
2:00 p.m. – 3:30 p.m.

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

Committee Members Present:	Michael Smith (Chair), John McSoley, Clarence Davis, David Scherr as Designee for Mike Pieciak
Committee Members Absent:	N/A
Other Board Members Present:	Dodie Mitchell
VSAC Staff Present:	Scott Giles, Tom Little, Patrick Leduc, Meghan Metzler, Brad Fallon, Jeff Kellar

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Michael Smith (Chair) called the meeting to order at 1:57 p.m. With a quorum established, the Committee proceeded with the agenda.

Approval of Minutes

Upon a motion made by Clarence Davis and seconded by John McSoley, the Committee Members voted to approve the Finance Committee Minutes of March 23, 2026, as presented.

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

Standing Reports Discussion
Meghan Metzler walked the Committee through the previously distributed Income Statement and Balance Sheet and highlighted the budget surplus of $2.9M and that projections are on target. She noted that cash projected on June 30th includes scheduled and required debt principal payments.

There was a review of the VSF Endowment Report and VT529 Investment where Meghan Metzler reported they continue to perform in relation with the market. The Committee and the Executives discussed the volume of VT529 accounts as it corresponded with the transition of a new service provider.

Meghan then spoke about the FY26 loan volume. There has been about 10% growth, and she reviewed some of the market factors that are contributing to the growth.

FY27 Budget Presentation
Meghan Metzler introduced the 2027 Fiscal Year budget, describing the corporate and operating budget assumptions provided in previously distributed materials. The Corporate Budget reflects a budgeted $1.1M loss for the year, the majority of which is due to budgeted grant expenditures exceeding budgeted grant revenues. The budgeted expenditures reflect increased grants to students and will reduce the

restricted net position as VSAC grants previously appropriated funds to students.

Meghan highlighted the following operating budget assumptions that were included in the materials:

- Originate $62.5 million student loans (including graduate students) and parent Advantage private loans.
- Originate $5 million in traditional refinance loans.
- Bond servicer fees (revenues to VSAC from the bond trusts) decrease by 11% from $3.2M to $2.9M based on lower projected student loan receivables within the bond trusts. This reflects the sale of the FFEL portfolio and that we have increased the volume of loans that are originated with our balance sheet.
- Rate of return on cash and short-term investments remain level.
- Student loan interest rates will remain materially level.
- No material changes in default trends.
- VSAC will not draw down the 7% administrative allowance permitted in the state appropriation legislation.
- Federal grant revenue recurs.
- Full-time employees decrease from 126 to 125.
- Staff COLA increases to 3.5% in FY27 from 3.25% in FY26. Merit increases remain comparable to last year.
- Healthcare expenses to increase by 11%
- VSF endowment to grow by 2.5%.
- 529 plan assets to grow by 10%.

The operating budget reflects $26.1M of operating revenues and $25.1M of operating expenses. The Committee engaged in a conversation about the FY27 budget, during which the Executive Committee responded to members' questions. Michael Smith said that he wanted to recognize that the corporate budget has a deficit, and he recommends the Executive Committee monitor it.

> ***Upon a motion made by John McSoley and seconded by Clarence Davis, the Committee Members voted unanimously to recommend the Board approve the adoption of the FY27 Budget Resolution, as presented.***

FY 27 Loan Rates

Meghan Metzler announced that on May 15th the FY27 loan products were launched, including new loan rates. She walked through the logic used to set rates, which included obtaining market data. The estimated weighted average interest rate is 75 basis points lower than last year given differences in market rates.

Retirement Plan Update

Meghan reviewed with the Committee that VSAC sponsors retirement plans for its employees. The Committee had previously received VSAC's recently updated Investment Policy Statement and the Retirement Plan Report from the plan recordkeeper, TIAA. She also discussed that VSAC had recently engaged a third-party fiduciary to assist the Executive Committee with the oversight of the plan. The Committee engaged Meghan and Patrick Leduc in a discussion.

Other Business

Michael Smith asked Scott Giles for a brief state and federal update. Scott updated the Committee on the status of the VT Legislature budget, and on industry conversations happening around federal loan

changes. The Committee discussed overall business strategy with Scott, and they requested that strategic planning, inclusive of student loans, be a part of this year's annual retreat for the Board.

There being no other business, the meeting adjourned at 3:22 p.m.

Respectfully submitted,

Meghan Metzler
Assistant Secretary