The meeting was called to order at 2:00 p.m. and a quorum was declared present.

Approval of Minutes

\textit{Upon a motion made by John McSoley and seconded by Matt Trieber, the Committee voted unanimously to approve the Committee meeting minutes of September 23, 2019, as presented.}

FY20 Financial Statements
The Committee reviewed the previously distributed FY20 Income Statement, Balance Sheet, Variance Analysis, and Operating Budget. Mike Stuart noted there were no variances meeting scope as defined by the committee and no unexpected trends. He noted that several vacant staff positions, previously on hold, have been cancelled which will result in salaries coming in under budget for the year. Mike also pointed out that, due to timing, grants and scholarships reflect a significant gain. He noted that those funds will be disbursed later in the year erasing the gain.

Private Loan Volume Update
The Committee reviewed the latest private loan volume reports. Mike drew attention to the increase in both the student and parent loan volume as well as an increase from 28% to 32% in the number of customers selecting immediate repayment. In response to Board member questions, Mike confirmed that he can provide data that shows the average loan amount over the last 4 years to view trends in private loan borrowing. Marilyn Cargill noted that as the cost of education goes up, federal loan amounts are capped making private loans the only option to for a lot of families.

Mike transitioned the Committee to the New Loan Origination Industry Volume Update materials, previously provided. He explained the data in the materials reflect information reported by 17 entities, showing market-wide data as well as VSAC-specific data. Mike highlighted that VSAC originated $8.8 million to Vermont schools this year which is an increase of 24.8% over the same period last year. The overall lending market in all states grew by 9.4% with VSAC’s overall loan volume growing 28%, so much faster than the overall
market. VSAC’s share of lending to Vermont schools increased from 28.2% to 34.1% this year.

Mike also reviewed the previously distributed ABS Performance Update report and Private Loan Delinquency Stats, Defaults and Recoveries report. VSAC’s fixed rate loans are performing better than the lenders covered by the ABS report. VSAC’s fixed-rate Advantage Loan Program has outperformed rating agency assumptions since its inception.

**LIBOR Replacement (12/31/2021)**

Mike Stuart provided the Committee with an update on LIBOR replacement scheduled for December 31, 2021, directing the Committee to the RBC Summary report, previously distributed, that reviews SOFR (Secured Overnight Financing Rate) as the rate that will likely replace LIBOR in the United States. Mike noted that while FFELP loan interest rates are not directly tied to the LIBOR, special allowance payments are tied to a LIBOR formula. VSAC has over $400 million in bonds whose interest rates are pegged to LIBOR. VSAC also has variable rate private loans whose interest rate paid by customers is also pegged to LIBOR. In response to questions, Mike confirmed the Federal Reserve Bank is responsible for changes related to LIBOR replacement. Mike also confirmed that our fixed-rate private loans will not be impacted.

**Other Business**

There being no other business, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary