BOARD OF DIRECTORS
Meeting Minutes
January 16, 2020

Board Members: Chris Hensley, Tammy Bramley, Laurie Hempen (via telephone), Dan Clute, Scott Schneidermann, Lorraine Groves, Rob Denson, Jim Schipper, Marcia Rogers (via telephone) and Nancy Dunkel (via telephone).

Corporate Staff: Steve McCullough, Erin Lacey, Tammy Botos, Joe Bird, Ron Foresman, Mary Kay DeBolt, Cindy Bartz and Greg Nichols.


The Iowa Student Loan Liquidity Corporation (Iowa Student Loan) Board of Directors met in the Iowa Student Loan board room on January 16, 2020. Ms. Hensley called the meeting to order at 2:08 p.m. and then called for a motion to approve the agenda.

Jim Schipper moved to approve the agenda. Dan Clute provided the second. The agenda was passed with a unanimous vote.

Ms. Hensley called for a motion to approve the minutes from the December 5, 2019 board meeting.

Dan Clute moved to approve the previous meeting's minutes. Lorraine Groves provided the second, and the minutes passed with a unanimous vote.

PRESIDENT'S REPORT
Steve McCullough looked back on statistics for loan types, products and services, number of employees, interest rates and community re-investments from 1990 and made comparisons to 2020 statistics. The Corporation has grown and changed a lot over the last 30 years, and it is now a more dynamic and philanthropic organization.

Delinquency Report
Mary Kay DeBolt reported on delinquencies from the end of December, as follows: the overall delinquency rate was 4.3%; Private Loan rate was 2.8%; FFELP rate was 6.6%; Refinance rate was .6%; Medical rate was 0% and the Bootcamps' rate was 5.2%. Ms. DeBolt provided a recap of the different loan types.

Financial Report
Erin Lacey reported on financials as of the end of November 2019. Total assets were $1.4B, which is approximately 1.5 times liabilities. Total revenues were below budget, primarily due to lower than expected interest rates. Portfolios are slightly higher than anticipated at budget preparation. These lower rates are affecting student loan revenues. Conversely, lower interest rates are having a positive effect on debt service expenses which are below budget. General and
administrative expenses were above budget, which is a result of additional costs related to defaulted loans. The change in net assets was negative, due to a large cost of issuance expense.

EXECUTIVE COMMITTEE REPORT
Chris Hensley provided this report from the Committee’s January 10th telephonic meeting where members continued discussion regarding two vacant seats on the Aspire Resources Inc. (Aspire) Board of Directors. The Committee recommends that the Board approve extending an offer to serve on the Aspire Board to Steve Ollenburg, Chief Risk Officer at Modern Woodmen of America. Mr. Ollenburg lives in Davenport, and has expressed a willingness to serve if asked. There was lengthy discussion regarding two other potentials to extend an offer; however, both of their schedules are already extremely busy, and they declined at this time. Discussion continued regarding the search to fill the second seat, particularly those who might add diversity to the Aspire Board. Juan Garcia, previously with the Iowa College Access Network and lives in Waukee, is a good candidate. The Committee was supportive of Steve McCullough reaching out to Mr. Garcia. Chris Hensley called for approval of this amended ratification resolution:

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby approves the extension of offers to serve on the Aspire Resources Inc. Board of Directors to Juan Garcia and Steve Ollenburg, and their appointment to this Board upon their acceptance.

Dan Clute moved to approve. Tammy Bramley provided the second. The amended ratification passed with a unanimous vote.

John Hintze suggested waiting until the March board meeting to take specific action appointing new board members. He has been working on licensing issues, and waiting until the March board meeting will allow staff enough time to update licenses and add new board members.

The Committee also had conversations regarding banks based in Iowa that are chartered as Federal Savings Banks, the successor charter to Federal Thrift. This means there are very few potential board members to fill the Savings and Loan seat on our board, should Scott Schneidermann not be re-appointed at the end of June. Changing the designation of the seat would take an amendment to Iowa Student Loan’s Articles of Incorporation and Bylaws, and would require an approval of the amendment from the Governor. The Committee will discuss this further and develop a recommendation for the Board.

As the Corporate Vice-president officer position of the Corporation has remained vacant for several years, the Committee discussed filling this position. Currently, the corporate officers are: Steve McCullough, President; Erin Lacey, Treasurer; and Mary Kay DeBolt, Secretary. Staff has asked to table this conversation to allow time to research the impact on Iowa Student Loan’s various state licensing requirements and to research whether to continue with three or four officers.

FINANCE COMMITTEE REPORT
Scott Schneidermann provided this report from the Committee’s January 14th telephonic meeting where members discussed the best course of action concerning the interest rate swap that was used to convert the 2011A bonds from fixed rate to a variable rate based on LIBOR. The 2011A bonds have paid off, but the swap is scheduled to remain outstanding with a diminishing notional amount until June of 2021. The Committee decided the best option is to accept Morgan Stanley’s offer to terminate the swap now because the Board policy on interest rate swaps only allows for swaps that hedge the interest rate basis risk of outstanding bonds; and the price offered by Morgan Stanley appears financially advantageous to Iowa Student Loan, assuming the future
interest rates predicted by experts to pass. Mr. Schneidermann called for a motion to approve the following resolution:

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby accepts the offer from Morgan Stanley to terminate the swap associated with the 2011A Bonds, and authorizes the President and Treasurer to take all such actions as necessary to effectuate this transaction.

Tammy Bramley moved to approve. Rob Denson provided a second. The ratification passed with a unanimous vote.

Mr. Schneidermann said the Committee heard a report by Mary Kay DeBolt on the use of settlement agreements to recover defaulted private student loans and the associated payments that have been forgiven. Based on the amount of payments that have been made over the life of these settlement agreements, the incentive in the form of payment forgiveness appears justified.

Lastly, Mr. Schneidermann reported that at yesterday’s Board and staff strategic planning session, staff proposed several changes to Iowa Student Loan’s private student loan programs. Scott Schneidermann moved to approve the following resolution:

BE IT RESOLVED that the Board of Directors hereby approves for following loan program changes proposed by staff:

<table>
<thead>
<tr>
<th>Change</th>
<th>Programs</th>
<th>Specifics</th>
<th>Other Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Rate Tier</td>
<td>ISL In-School Loans</td>
<td>Lower rate borrower or cosigner has 800+ FICO with &lt;35% Debt to Income Ratio</td>
<td>Fixed rate of 4.60%</td>
</tr>
<tr>
<td>Increase Marketing Out of State using taxable funding</td>
<td>ISL In-School Loans</td>
<td>School and Direct Marketing outside of Iowa, targeting surrounding states SD, NE, WI, MO and IL</td>
<td>Specific marketing tactics, at a cost of approximately $29,000 this fiscal year and additional amounts to be included in FY21 budget request.</td>
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<tr>
<td>No-Cosigner Graduate Program Loan</td>
<td>PAEL</td>
<td>Iowa Colleges, no DTI, Current 2nd Fixed Rate Tier (720 FICO); Loan Limits: $170,000 Medical; $90,000 Dental; $50,000 all other</td>
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Staff is authorized to take all required actions to implement these changes. Jim Schipper provided the second. The resolution passed with a unanimous vote.

Mary Kay DeBolt, Corporate Secretary