BOARD OF DIRECTORS
Telephonic Meeting Minutes
March 26, 2020

Board Members: Chris Hensley, Tammy Bramley, Laurie Hempen, Adam Voigts, Dan Clute, Scott Schneidermann, Rob Denson, Jim Schipper, Marcia Rogers and Nancy Dunkel.

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

Aspire Resources Inc. Board Members: Norm Nielsen, John Hartung, John Hintze, Kay Beyerink, Tony Kaska, Steve Ollenburg and Juan Garcia.

The Iowa Student Loan Liquidity Corporation (Iowa Student Loan) Board of Directors met via Zoom on March 26, 2020. Ms. Hensley called the meeting to order at 1:05 p.m. and then called for a motion to approve the agenda.

Rob Denson moved to approve the agenda. Nancy Dunkel provided the second. The agenda was passed with a unanimous vote.

Ms. Hensley called for a motion to approve the minutes from the January 16, 2020 board meeting.

Dan Clute moved to approve the previous meeting’s minutes. Rob Denson provided the second, and the minutes passed with a unanimous vote.

Ms. Hensley called for a motion to approve the correct minutes of the December 5, 2019 board meeting call, as follows as the ICAN Task Force was not dissolved with the other task forces:

Ms. Hensley led discussion with board members on current Board Task Forces: Link Capital/Skills Fund, Private Loan, ICAN and Marketing. These task forces have been very effective and served their purpose. As task forces do not go on indefinitely, it is time to dissolve them. If the need to create any of the task forces arises in the future, the Board will look at creating a permanent committee structure. Ms. Hensley called for a motion to approve the following resolution:

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby approves dissolving these Board Task Forces as they have served their purpose, as discuss at the December 5, 2019 board meeting.

Rob Denson moved to approve the corrected resolution. Scott Schneidermann provided the second. The motion passed with a unanimous vote.

Ms. Hensley then called for motions to ratify the actions of the Community Relations Committee from February 12, 2020 and the actions of the Finance Committee from March 24, 2020, as follows:
BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby ratify the actions of the Community Relations Committee to register for House File 2291.

Nancy Dunkel moved to ratify the resolution. Tammy Bramley provided the second, and it passed with a unanimous vote.

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby authorizes staff to modify the existing Relief Repayment Plan authorization to allow staff to offer these plans prior to other options when the counselor believes doing so is in the best interest of the borrower and the Corporation.

Nancy Dunkel moved to ratify the resolution. Scott Schneidermann provided the second, and it passed with a unanimous vote.

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby authorizes staff to accept settlement offers on defaulted loans of less than 70% prior to placement with a law firm when authorized by Collection Compliance Committee. The Board authorizes the Corporation to accept settlement amounts recommended by legal counsel for loans that have been placed with a law firm for resolution. RESOLVED FURTHER that staff shall make semi-annual reports to the Finance Committee of settlements accepted.

Scott Schneidermann moved to ratify the resolution. Nancy Dunkel provided the second, and it passed with a unanimous vote.

PRESIDENT’S REPORT
Steve McCullough reviewed his summary of the business continuity plans in place for Iowa Student Loan and Aspire Resources Inc., which cover the current coronavirus pandemic. He also reviewed steps taken to transition employees to work from home and the goal of continuing to provide customer service to all external clients and customers. Staff worked quickly and very smoothly in getting almost 95% of the work force working from home in about a week’s time. Mr. McCullough updated the board on a Facebook page that was created for employees only, and is monitored by staff, to keep morale up and maintain mental health with the ability to continue to interact with each other.

Delinquency Report
Mary Kay DeBolt reported on delinquencies from the end of February, as follows: the overall delinquency rate was 3.8%; FFELP rate was 6.1%; Private Loan rate was 2.2%; Refinance rate was 0.7%; Medical rate was 0% and the Bootcamp rate was 4.5%. Ms. DeBolt reviewed details of each loan type, and provided statistics on the increase in emails and phone calls after the President makes announcements. She anticipates spikes in delinquencies around the end of June. Ms. DeBolt reviewed information posted on the corporate website for borrowers to get the most up-to-date options available.

Financial Report
Erin Lacey reported on financials as of the end of January 2020. Total assets were $1.4B, which is approximately 1.58 times liabilities. Total net revenues were $37.1M. General and administrative expenses were $18.9M.

COMMUNITY RELATIONS COMMITTEE REPORT
Chris Hensley provided the Community Relations committee that met earlier in the day. Our first order of business was to receive an update on federal policy responses to the current national emergency which relate specifically to our borrowers and our operations. The initial
Administration-announced programs for temporary interest reduction and payment suspensions apply only to direct loan borrowers, disappointing hundreds of our serviced borrowers who have called and emailed our customer service team in recent days asking about possible assistance. On the other hand, legislation approved by Congress last week and signed by the President will provide for some financial assistance to offset costs we may incur to continue to support employees directly impacted by the health emergency.

Staff have also been closely following recent discussions regarding additional federal stimulus legislation. Staff communicated with the Iowa Congressional delegation earlier this week about our concern for benefit equity in any student loan relief legislation that ultimately emerges from the process for ALL borrowers—whether they have federal direct loans, federal guaranteed loans, or private supplemental education loans. Initial Senate legislation did not contain such provisions, though draft House legislation did include those provisions.

The latest “stimulus” legislation has been agreed-to by Congressional and Administration leaders as of yesterday morning, and presented for approval by the Senate, House, and President on a “fast track.” The bill provides six months of deferral of payments without penalties or interest accrual obligations for borrowers of federally-owned education loans—meaning federal direct loans and older guaranteed loans the government “re-purchased” during the credit crisis a decade ago. These provisions will not provide benefits for either FFELP borrowers (pre-2010 guaranteed loans) nor private supplemental loan borrowers, the loans which essentially all Iowa Student Loan/Aspire Servicing Center customers have outstanding.

We anticipate that in the days ahead, questions about this legislation and the how the provisions impact our borrowers will again cause a spike in calls and emails to our customer service representatives needing timely responses. Additionally, we anticipate negative reactions from customers when we do communicate with them and they learn the federal relief is not available for their loans.

It is not clear at this point what the likelihood or timing of additional Congressional action to address concerns not resolved in this latest legislation may be. Staff is, however, already communicating with the Iowa delegation and through our national trade association the inequity for student loan borrowers serviced by Iowa Student Loan in the most recent Congressional action in an effort to see that these borrowers receive the same relief as federally owned student loan borrowers if there is another round of Congressional action to aid Americans during this public health emergency.

The second order of business was to receive an update on recent state legislative and executive actions. Unfortunately, the Iowa House had not yet passed the “anti-scammers” legislation pending on their calendar before recessing due to the current emergency until mid-April or after. Likewise, decisions at the legislature had not yet been made prior to the recess on tax policy recommendations, inclusive of our priority to provide a tax exemption for employees’ receipt of employer-provided student loan repayment benefits.

The last actions of the legislature before departing the Statehouse were to recess until April 15, while also providing leadership an opportunity to extend that deadline if appropriate, grant the Governor temporarily expanded powers relative to the budget. Also set in place was a process for a temporary state budget to be put in place, if necessary, without further legislative action, for the first two months of the new fiscal year beginning July 1. As a result, there is no necessity for the legislators to return by April 15 if circumstances suggest they delay their return until later.

The third order of committee business was to receive updates on two of our community reinvestment programs. Staff provided data on the annual Senior Scholarship program, which
concluded last month, and again incentivized several thousand high school seniors to utilize our free college financial planning tools. Thirty students demonstrating high proficiency on the financial concepts presented (and their high schools) will receive awards. Unfortunately, the current circumstances prelude the 2020 group from being invited to a presentation luncheon with corporate leadership and the Governor. Staff is working on alternative presentation options to recognize the winners.

We also received an update on the SP3—Student Planning Pointers for Parents—program. Now that the initial “soft launch” has proceeded successfully, there will be an expanded promotion and advertising program to expand awareness of and enrollment in the program in the coming weeks.

Our final topic at the meeting was a brief report from communications staff following up on our directive from January’s board meeting relative to updating corporate “message.” The revised messaging that will be embedded in upcoming communications is: “Iowa Student Loan helps you PLAN SMART and PAY LESS for college.”

FINANCE COMMITTEE REPORT
Scott Schneidermann reported The Committee heard from staff about the usage and effectiveness of the Repayment Relief Plans approved by the board. These plans allow struggling borrowers to make reduced payments for a period of time, with Iowa Student Loan forgiving interest not covered by the reduced payments under the short term version, and with Iowa Student Loan forgiving a payment under the long term version. Because these plans have been effective in helping borrowers get back on track, and because they are the best, first option for some borrowers, and committee recommends that the board approve the following motion.

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby authorizes staff to modify the existing Relief Repayment Plan authorization to allow staff to offer these plans prior to other options when the counselor believes doing so is in the best interest of the borrower and the Corporation.

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

Next the staff reported to the committee its recent experience negotiating settlement agreements. In some cases, the best offer the borrower is able to make and most the corporation can recover is less than the minimum previously set by the board, and it is in the corporation’s best interest to avoid the alternative of incurring legal fees that are large relative to potential recoveries. Staff also explained the workings of it internal committee of managers that reviews and approves settlement offers. Taking all this into consideration, the committee recommends that the board approve the following recommendation.

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporate hereby authorizes staff to accept settlement offers on defaulted loans of less than 70% prior to placement with a law firm when authorized by Collection Compliance Committee. The Board authorizes the Corporation to accept settlement amounts recommended by legal counsel for loans that have been placed with a law firm for resolution. BE IT FURTHER RESOLVED that staff shall make semi-annual reports to the Finance Committee of settlements accepted.
Dan Clute moved to approve the resolution. Jim Schipper provided the second. The resolution passed with a unanimous vote.

Chris Hensley called for a motion to adjourn and go into executive session.

Rob Denson moved to adjourn. Nancy Dunkel provided the second. The meeting adjourned at 1:46 p.m.

Mary Kay Dubolt, Corporate Secretary