



**BOARD OF DIRECTORS
Meeting Minutes
March 28, 2019**

Board Members: Chris Hensley, Tammy Bramley, Laurie Hempen, Adam Voigts, Dan Clute, Scott Schneidermann, Lorraine Groves, Rob Denson and Jim Schipper.

Corporate Staff: Steve McCullough, Tammy Botos, Ron Foresman, Mary Kay DeBolt, Joe Bird, Greg Nichols and Tara Kamin.

Guests: Elizabeth Bergman, Springsted, Inc. (via telephone).

The Iowa Student Loan Liquidity Corporation (Iowa Student Loan) Board of Directors met in the board room of Iowa Student Loan in West Des Moines on March 28, 2019. Chris Hensley called the meeting to order at 3:04 p.m.

Ms. Hensley called for a motion to approve the agenda.

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

Ms. Hensley called for a motion to approve the minutes from the January 17, 2019 board meeting.

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

PRESIDENT'S REPORT

Steve McCullough discussed Income Share Agreements and legislation that has been introduced to define the regulatory framework. He also discussed possible affects to the private loan and Federal Direct Loan programs regarding income-based repayment plans.

Delinquency Report

Mary Kay DeBolt reviewed the new format for delinquency reports with Iowa Student Loan and Aspire Resources Inc. board members over their joint lunch meeting. She reported on delinquencies as of the end of February 2019. The FFEL Program was at 5.7%. The Private Loan portfolio was at 2.7%. Bootcamps delinquency was at 4.5%.

Financial Report

Steve McCullough reported on finances as of the end of January 2019. Total assets were \$1.4B. Revenues are slightly below budget primarily due to smaller than budget loan portfolio balances. Debt services expenses were below budget primarily due to higher than budgeted bond

payments. General and administrative expenses were below budget. The change in net assets was positive.

FINANCE COMMITTEE REPORT

Scott Schneidermann, chair of the Finance Committee, reported that staff uses corporate purchasing credit cards, primarily for travel and incidental expenses. They identified a better alternative with one of its partner banks, Great Western Bank, and seek the Board's approval to switch providers. Mr. Schneidermann moved to approve the following resolution:

BE IT RESOLVED that the Board of Directors of Iowa Student Loan Liquidity Corporation hereby approves staff entering into an agreement with Great Western Bank for credit card purchasing services, as presented by staff on March 28, 2019.

Adam Voigts provided the second. The resolution passed with a unanimous vote.

Mr. Schneidermann then reported that the Board's Private Loan Task Force reports through the Finance Committee, and during today's meeting they received several updates from staff. Todd Tallman updated the Task Force on staff's use of several tactics to help borrowers that are struggling to repay their loans, including the number using special repayment arrangements previously approved by the Board, and the amount of money being collected under these arrangements. These are payments that Iowa Student Loan was not likely to recover without the use of the special arrangements. The Task Force encouraged staff to continue to offer them.

Steve McCullough presented historical, static pool default and recovery information for review by the Task Force. The Task Force noted improvement in net defaults in recent years and complimented staff on their efforts. Steve McCullough also presented the idea of telling our borrowers who are deep in credit card debt about the services of Consumer Credit of Des Moines, another local nonprofit. The Task Force recommended that staff compare Consumer Credit Counseling to other providers before proceeding.

Finally, the Finance Committee heard a proposal from staff concerning confidential negotiations with one of Iowa Student Loan's clients, which are covered under a Non-disclosure Agreement, and will be discussed during an Executive Session of the board meeting.

COMMUNITY RELATIONS COMMITTEE REPORT

Chris Hensley reported that the Community Relations Committee began with an update on state relations issues. The Committee has authorized staff and consultants to register the Corporation's interest in three bills: 1) legislation originally proposed by the Attorney General to provide better oversight of scam artists preying on student loan borrowers. That bill passed the Senate unanimously and is awaiting action on the House calendar with Iowa Student Loan registered in favor; 2) legislation proposed by Senate President Schneider to accelerate from 2023 to 2019 a tax exemption to be provided for workers accepting employer-sponsored student loan repayment benefits. This bill, which the Corporation is in favor of, was the subject of recent conversations with the Director of the Iowa Economic Development Agency, Tax Committee Chairs in the legislature and others. While the outlook is uncertain, this will be a live possibility

throughout the remainder of the session as tax bills are exempt from legislative funnel deadlines; and 3) legislation proposed by Senator Quirnbach and others to create a student loan ombudsman position at the College Aid Commission. Iowa Student Loan and a number of other groups are registered as undecided on this bill, and it has yet to be brought up for debate on the Senate floor. This bill is subject to an April 5th deadline for Senate consideration.

Federal issues were covered next. While staff is awaiting the introduction of proposals addressing the Higher Education Act reauthorization, they are in discussions with Iowans in DC about three “carry-over” issues from our 2018 agenda: 1) Companion bills introduced in both the U.S. Senate and U.S. House on a bi-partisan basis to create a federal tax exemption for workers accepting employer-paid student loan repayment benefits; 2) a bill to require transparent publication of APR rates on federal student loans; and 3) a bill to be re-introduced soon by Senator Grassley known as “Know Before You Owe.”

The Committee received an update on the Corporation’s Community Reinvestment Award Program, the Iowa Financial Know-How Challenge Senior Scholarship. Thirty high school seniors displaying the most proficiency in financial literacy will be awarded scholarships by Board Chair Chris Hensley and Governor Kim Reynolds at an April 23rd event. Their high school will also receive a contribution to their local scholarship fund. Mrs. Hensley shared that this year had record participation by over 4,600 students in the financial literacy learning activities required in the program, which likely represents 20-25% of the college-bound population state wide.

The final item of Committee business was an update on ongoing efforts to bring forth in the coming year a new parent reminder service to assist in post-high school planning for Iowa families. This program, to be known as SP3—Student Planning Pointers for Parents, will be the subject of further Committee discussions as planning and implementation efforts proceed.

Chris Hensley then called for a motion to adjourn the board meeting and go into Executive Session at 3:33 p.m.



Mary Kay DeBolt, Corporate Secretary