

Minutes

VSAC Board Meeting Via Teleconference

Monday, November 3, 2014
12:00 p.m.

Board Room, VSAC Offices
10 East Allen Street
Winooski, Vermont

Attendance:

Members Present: Dodie Mitchell (chair), Martha Heath, David Larsen, Pam Chisholm, David Coates, Virginia Cole-Levesque, Ann Cummings, Katharine Hutchinson, G. Dennis O'Brien, Steve Wisloski, designee of Beth Pearce, Michael Smith

Members Absent: None

Staff: Scott Giles, Mike Stuart, Tom Little, Marilyn Cargill, and Kristi Rocheleau

Chair Dodie Mitchell called the meeting to order at 12:03 p.m. A quorum was declared present, and the Board proceeded to take up the item of business.

Tom Little and Mike Stuart presented the details of the proposal to refinance the remaining balance of the 1995 Master Bond Trust. These bonds bear above-market interest rates; the refinance will eliminate the interest rate risk and will retire the remaining 1995 bonds at par. In order to refinance these bonds, VSAC plans to contribute assets not to exceed \$7 million. This is the first opportunity since 2008 for mixed loan collateral refinancing.

Mike Smith explained that the Finance Committee had reviewed the written materials from Mike Stuart, Tom Little, and bond counsel; had discussed them with Mike and Tom; and then voted 3-0 in favor of recommending that the Board adopt the Authorizing Resolution. He then asked Tom and Mike to review their presentations with the full Board.

Tom Little highlighted the details of financing structure and outlined the Authorizing Resolution (attached):

- VSAC's obligation on the Notes is limited.
- The Notes will not be general obligations of VSAC or the State of Vermont.
- VSAC's obligation to pay the interest and principal on the Floating Rate Notes (FRNs) is restricted to whatever revenues the education loans and any investments generate. Governor Shumlin's approval is conditioned upon the FRN obligations being so limited.
- The new bond trust will be Single A rated.

- A closing is expected in approximately three weeks.

Following discussion, a motion was made:

Upon a motion made by Katharine Hutchinson and seconded Martha Heath, the Board of Directors voted unanimously to adopt the Authorizing Resolution to refund the 1995 Bond Trust.

<i>Board Member</i>	<i>Vote</i>
Dodie Mitchell	Aye
Martha Heath	Aye
David Larsen	Aye
Pam Chisholm	Aye
David Coates	Aye
Virginia Cole-Levesque	Aye
Ann Cummings	Aye
Katharine Hutchinson	Aye
G. Dennis O'Brien	Aye
Steve Wisloski, as designee of Beth Pearce	Aye
Michael Smith	Aye

There being no further business, the meeting adjourned at 12:34 p.m.

Respectfully submitted,

Tom A. Little, Assistant Secretary

AUTHORIZING RESOLUTION
OF THE
VERMONT STUDENT ASSISTANCE CORPORATION

BE IT RESOLVED BY the Board of Directors of Vermont Student Assistance Corporation (the “Corporation”), this 3rd day of November, 2014, as follows:

Section 1. An Indenture of Trust (the “Indenture”) by and between the Corporation and People’s United Bank, or another financial institution with corporate trust powers, as trustee (the “Trustee”), is hereby adopted in order to provide for the issuance of floating rate notes (the “Notes”), the proceeds of which are to be used for the purpose of any or all of the following: (i) refunding debt obligations (the “1995 Resolution Obligations”) of the Corporation previously issued under its 1995 Education Loan Revenue Bond Resolution adopted June 16, 1995, as supplemented and amended (collectively, the “1995 Resolution”) for the purpose of originating and acquiring education loans or refunding other obligations of the Corporation issued for such purpose, (ii) funding reserves and/or interest on the Notes, (iii) paying costs of issuing the Notes and (iv) for any other incidental purpose allowed by the Indenture, which Indenture shall be substantially in the form presented to this meeting, subject to completion and subject to the parameters set forth in Sections 2, 3 and 4 hereof.

Section 2. The Notes are authorized to be issued such that interest on the Notes will be tax-exempt. The Notes are authorized to be issued in one or more series and tranches in an aggregate principal amount not to exceed \$65,000,000. The Notes are authorized to be issued as LIBOR floating rate notes, provided that the maximum yield on the Notes (giving effect to any original issue premium or original issue discount) shall at no time exceed one-month LIBOR plus 2.00% per annum. The Notes shall mature no later than December 31, 2044.

Section 3. In order to issue the Notes, and based upon rating agency and market constraints, the Corporation has been advised that it will need to contribute “equity” to the transaction contemplated by the Indenture, which may be in the form of student loans or cash or other investments. A portion of such equity is expected to be transferred from assets on deposit under the 1995 Resolution. The remainder of the equity is expected to be transferred from the general assets of the Corporation. Such additional equity contribution from general assets of the Corporation is presently expected to be in the range of \$1 million to \$5 million, but in no case shall it exceed \$7 million.

Section 4. The Corporation is authorized to execute and deliver to Morgan Stanley & Co. LLC (“Morgan”) a note purchase agreement (the “Note Purchase Agreement”) providing for the sale of the Notes at a price equal to the principal amount thereof, less an underwriting discount of

not to exceed 1.00% of the principal amount of the Notes (which in lieu thereof may be paid as a fee not to exceed such amount), plus any original issue premium and less any original issue discount (provided that the yield on the Notes, taking into account any such original issue premium and original issue discount, shall not exceed the maximum yield set forth in Section 2 above), plus costs and fees not to exceed those specified in the October 3, 2014 proposal of Morgan to the Corporation, which Note Purchase Agreement shall be in substantially the form presented to this meeting, subject to completion and subject to the parameters set forth in this Section 4.

Section 5. The Corporation is authorized to execute and deliver an Escrow Agreement (1995 Resolution) with People's United Bank, as successor trustee under the 1995 Resolution and as escrow agent (the "Escrow Agreement"), providing for the refunding of the 1995 Resolution Obligations of the Corporation outstanding under the 1995 Resolution, which Escrow Agreement shall be in substantially the form presented to this meeting, subject to completion. The Corporation is hereby authorized to refund and refinance the 1995 Resolution Obligations, and to take all action necessary to accomplish the same, including the redemption of the 1995 Resolution Obligations and the defeasance and discharge of the 1995 Resolution.

Section 6. The Indenture, the Notes, the Note Purchase Agreement and the Escrow Agreement shall include details with respect to such other matters as the President or an Authorized Officer (as hereinafter defined), upon advice of counsel, shall approve, the execution and delivery thereof to constitute such person's approval thereof.

Section 7. Each of the Chair, the Vice Chair, the President, the Chief Financial Officer, the Secretary of the Corporation and each Assistant Secretary of the Corporation is designated an Authorized Officer of the Corporation ("Authorized Officer") for the purposes of this Authorizing Resolution.

Section 8. A Preliminary Official Statement, one or more supplements or term sheets thereto, and a final Official Statement (collectively, the "OS Documents"), all in substantially the form of the Preliminary Official Statement presented at this meeting, are hereby approved, with such changes and completions as shall be deemed necessary or appropriate. The President or an Authorized Officer of the Corporation is hereby authorized to execute a final Official Statement. Use by Morgan of the OS Documents in connection with the Notes offered pursuant to the OS Documents is hereby approved.

Section 9. The Notes shall be special, limited obligations of the Corporation and shall only be payable out of the trust estate pledged therefor pursuant to the Indenture. The Notes issued under the Indenture shall not constitute a debt, liability or obligation of the State of Vermont or any of its political subdivisions and none of the faith and credit, the taxing power or the moral obligation of the State of Vermont or any political subdivision thereof shall be pledged to the payment of the principal of and the interest on the Notes. For the sake of clarity, the Notes shall not be supported by a moral obligation of the State of Vermont under Title 16, Chapter 87, Section 2867 of the Vermont Statutes Annotated.

Section 10. Each Authorized Officer is authorized to execute and deliver such additional documents, certificates, agreements and other instruments as counsel to the Corporation or Note Counsel shall advise as necessary or desirable, including, without limitation, a tax certificate, a continuing disclosure agreement, joint sharing agreements, back-up servicing agreements and/or amendments to existing such agreements, and other closing documents.

Section 11. Any document, certificate, agreement or instrument executed or delivered by an Authorized Officer, including without limitation the Indenture, the Note Purchase Agreement, the Escrow Agreement and the final Official Statement, shall be conclusive evidence of the approval of any modifications of terms submitted at this meeting of the Board and of the due authorization, execution and approval by the Corporation of any such document or certificate, subject to the provisions of Sections 2, 3 and 4 hereof.

Section 12. This Authorizing Resolution shall take effect immediately upon its adoption, provided that the Indenture shall take effect immediately upon the delivery of a certified copy of such Indenture to the Trustee designated therein.