

**MINUTES**  
**VSAC BOARD OF DIRECTORS MEETING**  
**Via Teleconference**

**Wednesday, May 13, 2015**  
**11:30 a.m.**

**Board Room, VSAC Offices**  
**10 East Allen Street**  
**Winooski, VT**

**Attendance:**

**Members Present:** Dodie Mitchell, Board Chair; Martha Heath, Katharine Hutchinson; David Larsen; Michael Smith; David Coates; John Booth, Designee for Beth Pearce; Dennis O'Brien; Pam Chisholm

**Members Absent:** Senator Ann Cummings and Representative Sarah Buxton

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

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Chair Dodie Mitchell called the meeting to order at 11:35 a.m. Roll call was taken and a quorum was declared present.

**2015 Education Loan Bond Issue**

The Board of Directors reviewed and discussed the recommendation of the Finance Committee to approve the 2015 Private Loan Authorizing Resolution, as circulated, for purposes of raising capital to meet the demand for private education loans for the 2015-2016 school year. The review and discussion included these points:

- VSAC plans to issue fixed-rate bonds to fund fixed-rate private education loans, similar to the bond issued in summer 2014 for private loans.
- The bond sale is expected to have a slightly lower cost than last year, (approximately 30-33 basis points), as interest rates are slightly lower than last year. The projected loan interest rates will also be slightly lower and compare favorably to the Advantage loan rates of the past four years. The final rates may vary from the projected rates based on final rating agency review of the cash flow projections and bond market conditions at the time of sale.
- The sole manager for these bonds will be Morgan Stanley, selected through a competitive RFP process in 2012 based on price, experience with private loan funding, and references. This engagement was renewed in 2014 following a review of alternative providers and pricing.
- The bonds will be issued with either a single A from S&P and Moody's or a double A rating received from only S&P. This will produce a bond interest rate that is price competitive.

- These will be revenue bonds – not a general obligation of VSAC, nor a general or moral obligation of the State of Vermont. Only the private student loans, and the revenues flowing from them, are pledged as collateral for the principal and interest payments due on the bonds.
- Management will have the required approval letter signed by the Governor by the end of May.
- Also included in the documents are the Indenture and the Preliminary Official Statement.
- The Authorizing Resolution authorizes the bonds, imposes a maximum interest rate and maximum underwriter fees, and identifies the individuals who complete and can sign the documents.
- The Bonds will be priced for sale in June, with a closing set for early July.

Tom Little walked the Board members through each section of the Authorizing Resolution and took questions.

***Upon a motion made by David Larsen and seconded by David Coates, the Board voted unanimously to approve the 2015 Private Education Loan Authorizing Resolution as circulated and attached to these Minutes.***

<b>Name</b>	<b>Vote</b>	<b>Name</b>	<b>Vote</b>
Dodie Mitchell, Chair	Aye	Sen. Ann Cummings	Absent
Martha Heath	Aye	Katharine Hutchinson	Aye
David Larsen	Aye	Dennis O'Brien	Aye
Rep. Sarah Buxton	Absent	Michael Smith	Aye
Pam Chisholm	Aye	John Booth, Designee for Beth Pearce	Absent
David Coates	Aye		

There being no other business, the Board adjourned at 11:58 a.m.

Respectfully submitted,

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Thomas A. Little, Assistant Secretary