

**MINUTES**  
**VSAC FINANCE COMMITTEE MEETING**  
**Via Teleconference**

**Wednesday, May 13, 2015**  
**11:00 a.m.**

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

**Attendance:**

**Members Present:** Michael Smith, Chair; David Coates; John Booth, Designee for State Treasurer Beth Pearce; Dodie Mitchell, Board Chair

**Members Absent:** None

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

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Chair Michael Smith called the meeting to order at 11:02 a.m., and a quorum was declared.

Mike Stuart and Tom Little outlined the purpose and details of the 2015 Private Loan Authorizing Resolution, as circulated, for purposes of raising capital for private education loans for the 2015-2016 school year. The review and discussion covered 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.

*Upon a motion made by David Coates and seconded by Mike Smith, the Finance Committee voted unanimously to approve the 2015 Private Loan Authorizing Resolution as circulated and attached to these Minutes, and to recommend adoption of the Authorizing Resolution to the full Board of Directors.*

| <b>Name</b>                          | <b>Vote</b> |
|--------------------------------------|-------------|
| Michael Smith, Chair                 | Aye         |
| John Booth, Designee for Beth Pearce | Aye         |
| David Coates                         | Aye         |

There being no other business, the Finance Committee adjourned at 11:16 a.m.

Respectfully submitted,

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Mike Stuart, Assistant Secretary