

Minutes

VSAC Finance Committee Meeting

November 20, 2017

12:30 p.m.

Boardroom, VSAC Offices

10 East Allen Street

Winooski, Vermont

Attendance:

Committee Members Present: Michael Smith (Chair), David Coates, Beth Pierce, Matt Trieber

Committee Members Absent: Beth Pearce

Other Board Members Present: Dodie Mitchell

Staff: Scott Giles, Mike Stuart, Tom Little, Marilyn Cargill, Patrick Leduc, Bruce Hicken, Laurie Oliver, and Kristi Rocheleau

Others: Bob Irvin, Kutak Rock LLP

The meeting was called to order at 12:35 p.m. Beth Pearce noted that she would need to leave the meeting early to attend another meeting. At the request of Chair Mike Smith, the Committee modified the agenda to first address all topics requiring action. The revised agenda is attached.

Approval of Minutes

Upon a motion made by David Coates and seconded by Beth Pierce, the Committee voted to approve the minutes of the Committee meeting of September 25, 2017 as presented.

Private Activity Bond Update

Scott Giles provided background on the Private Activity Bond (PAB) issue under debate as part of the federal tax reform negotiations between the House and Senate. PAB are the tax-exempt bonds VSAC historically has used to finance its fixed rate Advantage loans. Scott then addressed the potential negative effects on VSAC's Advantage loan program – higher interest rates for borrowers. Legal counsel Bob Irvin of Kutak Rock, LLP joined the meeting to provide guidance and additional background to the Committee. Mike Stuart then outlined three strategies to preserve low-cost short- and long-term financing for Vermont students and parents, providing the economics, timing, and structure. In

response to questions on these details, Management shared their support of the 'Bond Resolution' as drafted by Mr. Irvin. The Committee discussed the details and Mr. Irvin responded to questions, noting this is a vehicle for preserving three years of tax-exempt education loan financing. Tom Little then outlined the process and next steps for moving this option forward. Mike Smith then entertained a motion.

Upon a motion made by Beth Pierce and seconded by David Coates, the Committee voted unanimously to recommend that the Board of Directors adopt the "Bond Resolution" as prepared and documented by Kutak Rock, LLP.

In response to the vote, Tom Little communicated he would arrange for a TEFRA public hearing and for the Bond Resolution topic to be included on the December 11, 2017, Board of Directors agenda.

Beth Pierce then exited the meeting.

FY18 Financials

The Committee then transitioned to the FY18 financials through October month end. Mike Stuart highlighted the Income Statement and Balance Sheet, while Bruce Hicken covered the Variance Analysis report. There being no questions, David Coates transitioned members to the topic of the Vanguard Fund Report.

Vermont Scholarship Development Fund Performance Report

Mike Stuart reviewed the Vanguard Fund performance which included benchmark returns and no changes at this time. The Committee commented positively of the returns to date.

Private Loan Volume Update

Mike Stuart directed the Committee's attention to the private loan volume reports previously distributed, noting that the loan volume levels are running flat this year, which appears to be consistent with historical activity.

Other Business

There being no other business, the meeting adjourned at 1:41 p.m.

Respectfully submitted,

Michael Stuart, Assistant Secretary

RESOLUTION
OF THE
VERMONT STUDENT ASSISTANCE CORPORATION

WHEREAS, the Vermont Student Assistance Corporation (the “Corporation”) issues education loan revenue bonds (the “Bonds”) to finance and refinance education loans for post-secondary education for residents of the State of Vermont (the “State”) and for nonresidents of the State of Vermont who are attending, or are parents of students attending, post-secondary educational institutions in the State (collectively, “Education Loans”); and

WHEREAS, the Corporation is authorized and empowered under the provisions of Vermont Statutes Annotated, Title 16, Chapter 87, as amended (the “Act”), to issue such Bonds; and

WHEREAS, the Corporation desires to determine, declare and establish its intent to issue such Bonds under the Act on a tax-exempt basis to fund Education Loans in an amount of up to \$180,000,000, and to refinance any outstanding education loan revenue bonds on a tax-exempt basis in an amount up to or equal to the amount of such bonds presently outstanding as of this date.

BE IT RESOLVED BY the Board of Directors of Vermont Student Assistance Corporation this ____ day of December, 2017 as follows:

Section 1. The Board of Directors of the Corporation hereby determines, declares and establishes the intent of the Corporation to issue up to \$180,000,000 of Bonds on a tax-exempt basis, the proceeds of which would be used to make Education Loans, and to issue Bonds on a tax-exempt basis to refinance any outstanding education loan revenue bonds in an amount up to or equal to the amount of any such bonds presently outstanding.

Section 2. The Bonds may be issued from time to time in one or more series as needed to fund the financing and refinancing of Education Loans. Proceeds of the Bonds may also be used to finance the funding of debt service reserve funds, interest on the Bonds, administrative costs and costs of issuance.

Section 3. Kutak Rock LLP, the Corporation’s Bond Counsel, and the officers and employees of the Corporation, are authorized to prepare from time to time such documents as are necessary or desirable for the issuance of the Bonds and related actions with respect thereto.

Section 4. This Resolution shall take effect immediately upon its adoption.