


## MEMORANDUM

TO: VSC Board of Trustees

FROM: Steve Wisloski, Chief Financial Officer 

DATE: May 3, 2017

SUBJ: Special Meeting on May 9, 2017 to Authorize Debt Refinancing

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A Special Meeting of the Board of Trustees is scheduled to convene from 2:00 p.m. to 2:30 p.m. in Room 101 of the Chancellor's Office.

The meeting will commence with a brief executive session to receive legal advice on two audit-related matters. The primary purpose of the meeting is to review the proposed refinancing of the System's three loan and swap agreements with TD Bank, and to approve two legal documents—an "Authorizing Resolution" and a "Series Resolution"—required for the refinancing bonds. The meeting agenda, an executive summary of the restructuring, and the two resolutions are attached.

This debt refinancing is the culmination of a process that began in earnest last November, when the Board voted to expand a June 2010 resolution to authorize the refinancing of all or a portion of the System's five outstanding debt instruments—the three TD Bank loans, and two bond issues—and not simply the \$72 million 2008 TD Bank loan.

The System reviewed debt refinancing scenarios with assistance from PFM, a financial advisory firm selected from a request for proposal process conducted in December, and decided to focus on refinancing just the three TD Bank loans. Unlike the bonds, the loans include a large balloon payment in 2028, a debt service covenant that constrains future debt issuance, and complex interest rate swaps. In addition, the System looked to defer principal payments for the first several years of the refinancing, to provide near-term debt service relief and to enable funds to be applied toward investments such as replacing the System's enterprise resource planning software, covering costs related to Northern Vermont University, and otherwise replenishing strategic reserves.

At its January 9 meeting, the Finance and Facilities Committee reviewed several approaches to refinancing the System's debt, including selling bonds using the System's "stand alone" credit rating of A- from Standard & Poor's (S&P), or working with the Vermont Municipal Bond Bank

to try to achieve AA category ratings and a considerably lower borrowing cost. The Committee also expressed a strong preference for a 20-year, as opposed to 30-year repayment schedule.

The System worked with the Bond Bank's financing team during February, March, and April to develop a financing structure that did not rely upon the Bond Bank's statutory "moral obligation" with the State of Vermont, which was a concern for both the State Treasurer and the Bond Bank's Board of Directors. Instead, the credit ratings rely upon the Bond Bank's statutory ability to "intercept" the System's State appropriation to pay bondholders, in the event the System defaults on its obligations.

In late April, the statutory intercept structure received very strong ratings of Aa1 by Moody's Investors Service and AA by S&P; as a result, the System expects to save almost \$7 million in debt service costs over the 20-year life of the bonds compared to a financing that relied upon the System's standalone credit rating. In addition, this much stronger credit structure should provide the System with more reliable access to the capital markets in the future.

With the Board's approval of the resolutions, the preliminary official statement (i.e., bond prospectus) will be circulated to potential investors immediately following the Special Meeting. The bond sale would then occur during the week of May 15, with the closing, transfer of funds, and discharge of the TD Bank loans to occur the following week of May 22.

Should you have any questions regarding the upcoming meeting or any other matter, please contact me at [stephen.wisloski@vsc.edu](mailto:stephen.wisloski@vsc.edu) or (802) 224-3022. Thank you.

Attachments:

1. Agenda
2. Meeting Materials

cc: Council of Presidents and Business Affairs Council  
David Beatty, Vermont Department of Finance & Management  
The Honorable Douglas Hoffer, Vermont State Auditor

**Vermont State Colleges Board of Trustees  
Special Meeting  
May 9, 2017**

**Office of the Chancellor, Montpelier, VT**

**AGENDA**

1. Call to Order
2. Executive Session to receive legal advice on two audit-related matters
3. Review of Proposed Debt Restructuring
4. Vote to Approve Authorizing Resolution and Series Resolution
5. Other business
6. Public comment
7. Adjourn

**MEETING MATERIALS**

1. Executive Summary of 2017 Debt Restructuring [Page 4](#)
2. Authorizing Resolution [Page 6](#)
3. Series Resolution [Page 11](#)

Item 1:  
Executive Summary of Debt Restructuring

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## EXECUTIVE SUMMARY

### Vermont State Colleges System 2017 Debt Restructuring

The System plans to sell long term fixed rate bonds to refinance existing three (3) Loan and Swap Agreements with TD Bank, and to restructure its annual debt payments. The debt restructuring will accomplish the System's goals of:

1. Eliminating a \$41.2 million balloon debt payment occurring in 2028, and providing level annual payments;
2. Eliminating debt covenants that prevent the System from borrowing for upgrades, renovations and major maintenance;
3. Eliminating complex interest rate swaps and their associated contingent liability, to protect the System's bond rating;
4. Lowering debt payments in earlier years to provide additional funding to launch Northern Vermont University and to replace an aging enterprise resource planning (ERP) software system in use since 2003.

Rating agency S&P recently reaffirmed the System's credit rating of A- with a stable outlook, which is investment grade and means the System could easily sell bonds by itself. However, by selling bonds through the Vermont Municipal Bond Bank, the System has obtained ratings of Aa1 by Moody's and AA by S&P, and expects to save almost \$7 million through lower interest payments over the 20-year life of the bonds.

The Bond Bank created a new and separate bond program for the System, which relies entirely on the Bond Bank's statutory ability to "intercept" the System's state appropriation (see 24 V.S.A. § 4455) in the event the System fails to pay its debt service when due.

The bonds will NOT be obligations of the State of Vermont or of the Bond Bank, nor will the bonds rely upon the State of Vermont's "moral obligation" that otherwise is extended to Bond Bank bonds through 24 V.S.A. § 4675.

<b>*Debt Payment Schedule</b>					<b>Sources and Uses of Funds*</b>	
Fiscal Year	Existing VSC Debt Payments	New Debt Payments: VSC by VSC with		Savings Using Bond Bank		
		Itself	Bond Bank			
2018	5,268	3,245	3,058	187	Par Amount	65,495,000
2019	5,267	3,509	3,306	203	Premium	12,169,893
2020	5,273	3,509	3,306	203	<b>Total Sources:</b>	<b>77,664,893</b>
2021	5,264	3,509	3,306	203	Loan Repayment Costs:	
2022	5,263	6,126	5,797	329	2005 Loan	2,889,837
2023	5,262	6,129	5,796	333	2008 Loan	61,629,151
2024	5,266	6,129	5,793	336	2009 Loan	<u>1,936,702</u>
2025	5,259	6,127	5,794	333	Loan Subtotal:	66,455,690
2026	5,047	6,127	5,787	340	Swap Termination Costs:	
2027	4,842	6,128	5,782	346	2005 Swap	312,941
2028	41,184	6,126	5,780	346	2008 Swap	10,125,915
2029	127	6,126	5,774	352	2009 Swap	<u>86,590</u>
2030		6,125	5,770	355	Swap Subtotal:	10,525,446
2031		6,125	5,766	359	Bond Issuance Costs:	
2032		6,124	5,763	361	Underwriter Costs	298,286
2033		6,127	5,754	373	Working Group Costs	380,000
2034		6,128	5,750	378	Rounding	5,470
2035		6,127	5,744	383	<b>Total Uses:</b>	<b>77,664,893</b>
2036		6,128	5,737	391		
2037		6,126	5,732	394		
2038		6,124	5,725	399		
		117,924	111,020	6,904		

\* Estimated using market rates from March 17 (debt service) and May 2 (sources and uses).

## Item 2: Authorizing Resolution

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RESOLUTION AUTHORIZING AGREEMENTS, AND THE EXECUTION AND DELIVERY THEREOF, TO REFUND  
CERTAIN OUTSTANDING OBLIGATIONS THROUGH THE NOT TO EXCEED \$ \_\_\_\_\_  
VERMONT STATE COLLEGES  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 2017A

WHEREAS, the Board of Trustees of the Vermont State Colleges (the "Corporation") heretofore has found and determined, and hereby finds and determines, that the interests of the Corporation will be served by the redemption and payment of certain outstanding obligations identified on Exhibit IA, the proceeds of which have been fully expended for the purpose of constructing capital improvements that have been placed in, and remain in, service by the Corporation; and

WHEREAS, on November 30, 1988, the Board adopted a Bond Resolution Authorizing and Securing Vermont State College Revenue Bonds, and supplemented the same on October 24, 1997 (collectively, the "VSC General Bond Resolution"); and

WHEREAS, in order to have funds available to redeem and retire such outstanding obligations, the Board of Trustees proposes to issue and sell a series of general obligation bonds under the VSC General Bond Resolution designated the Vermont State Colleges General Obligation Refunding Bond, Series 2017A (the "Bond"); and

WHEREAS, in connection with the authorization, issuance and sale of the Bond, the Corporation has or will enter into a Loan Agreement with the Vermont Municipal Bond Bank, the terms of which provide, inter alia, that the Loan made to the Corporation thereunder be evidenced by the Bond; and

WHEREAS, on March 30, 2017 the Board of Directors of the Vermont Municipal Bond Bank approved and adopted its General Bond Resolution for Vermont State Colleges System and its Series Resolution Authorizing the Issuance of Vermont Municipal Bond Bank Bonds, Vermont State Colleges System Issue, Series 2017A, the proceeds of which will fund the Loan to the Corporation; and

WHEREAS, in addition to the above-referenced Loan Agreement, in offering the Bond for sale to the Vermont Municipal Bond Bank, the Corporation will be required to enter into or approve certain contracts, agreements and undertakings, and to make certain representations, certifications and commitments, all of which being embodied in certain "Financing Documents", among them, being:

- (1) Letter of Representations
- (2) Bond Purchase Agreement between the Vermont Municipal Bond Bank, Morgan Stanley & Co., LLC, and Citigroup Global Markets, Inc.
- (3) Series 2017A Bond Resolution.
- (4) Vermont Municipal Bond Bank Preliminary and Final Official Statements.
- (5) Continuing Disclosure Agreement.
- (6) Tax Certificate and Post-Issuance Compliance Procedures.
- (7) Such other instruments as may be necessary or convenient to effectuate the intent and purpose of these presents; and

WHEREAS, the Board of Trustees has determined that it is in the best interest of the Corporation to proceed with the issuance and sale of the Bond to the Vermont Municipal Bond Bank for the aforesaid purpose, and to take such action as may be necessary in connection therewith, including payment and

performance of the Corporation's obligations, commitments and undertakings set forth in the Loan Agreement, and secured as provided in the VSC General Bond Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Corporation as follows:

Section 1, The Board Chair, Chancellor and the Chief Financial Officer, each being a "Delegate", as defined in the Bond Resolution and a "Corporation Representative" under the VSC General Bond Resolution, are authorized to execute and deliver the Financing Documents on behalf of the Corporation, together with such changes not inconsistent with the general tenor of the same as said officers, with the advice of counsel and/or the Executive Committee, may deem necessary or appropriate, such execution and delivery to be conclusive evidence of authorization and approval thereof by the Corporation.

Section 2. The form, terms and provisions of the Bond as set out in the Bond Series 2017A Resolution, with such changes not inconsistent with the general tenor of the same as the Board Chair, the Chancellor and the Chief Financial Officer, with the advice of counsel and/or the Executive Committee, may deem necessary or appropriate, are hereby approved.

Section 3. With respect to the issuance and sale of its Series 2017A Vermont Municipal Bond Bank Bonds, Vermont State Colleges System Issue, the form, terms and provisions of all Vermont Municipal Bond Bank offering and disclosure materials relating to the Corporation are hereby approved. The use of such instruments together with such changes as the Board Chair, the Chancellor and the Chief Financial Officer, with the advice of counsel and/or the Executive Committee, may deem necessary or appropriate in connection with the issuance and sale of the Bond are hereby approved.

Section 4. The Board Chair, the Chancellor and the Chief Financial Officer, with the advice of counsel and/or the Executive Committee, are hereby authorized to do any and all other things and perform any and all other actions on behalf of the Corporation necessary or convenient for the issuance, execution and delivery of any and all additional agreements, documents, certificates, statements or other instruments as may be necessary to effectuate any of the foregoing, and such execution and delivery shall be conclusive evidence of authorization and approval thereof by the Corporation.

Section 5. This Resolution shall take effect immediately upon its passage.



Adopted at a meeting of the Board of Trustees of the Vermont State Colleges duly noticed and held on May \_\_\_\_, 2017.

ATTEST: \_\_\_\_\_  
Secretary

EXHIBIT A

- (1) Loan and Security Agreement between the Corporation and TD Banknorth, N.A., dated December 16, 2005 in the principal amount of \$5,200,000.
- (2) Loan and Security Agreement between the Corporation and TD Banknorth, N.A. dated May 15, 2008 in the principal amount of \$72,000,000.
- (3) Loan and Security Agreement between the Corporation and TD Bank, N.A., dated January 9, 2009 in the principal amount of \$2,750,000.

## Item 3: Series Resolution

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Vermont State Colleges

RESOLUTION

Adopted May\_\_\_\_, 2017

Relating to the Issuance of

Vermont State Colleges

General Obligation Refunding Bond, Series 2017A

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RESOLUTION RELATING TO THE  
ISSUANCE OF VERMONT STATE  
COLLEGES GENERAL OBLIGATION  
REFUNDING BOND, SERIES 2017A,  
PROVIDING FOR THE AWARD OF  
SUCH BOND AT NEGOTIATED SALE  
AND APPROVING AND  
AUTHORIZING CERTAIN ACTIONS  
AND DOCUMENTS RELATED  
THERE TO.

WHEREAS, under Sections 2171 to 2186, inclusive, of Title 16 of Vermont Statutes Annotated, as amended (the "Act"), there has been created, as a part of the educational system of the State of Vermont and as an instrumentality of such State, a public corporation under the name of "Vermont State Colleges" (hereinafter sometimes called the "Corporation") to plan, supervise, administer and operate facilities for education above the high school level supported in whole or in substantial part with State funds; and

WHEREAS, Section 2171(e) of the Act authorizes Corporation "to borrow money for building purposes, to give security that may be required, and to executed related instruments"; and

WHEREAS, pursuant to Section 2171(e) of the Act, certain obligations of the Corporation (as more fully described in Section 1.01, the "Prior Obligations") have been issued for the purpose of providing funds, with other available funds, for paying the cost of capital improvements dedicated to the furtherance of the Corporation's purpose, the proceeds of such Prior Obligations having been fully expended for the purposes for which they were issued; and

WHEREAS, the Board has determined that it is desirable and in the public interest to refund the Prior Obligations in order to remove onerous financing covenants, and to terminate certain swap agreements entered into by the Corporation in connection with the issuance of the Prior Obligations and, thereby, to further the purposes of the Corporation; and

WHEREAS, the Board has determined to issue a general obligation bond of the Corporation (as more fully defined in Section 1.01 hereof, the "Bond") to provide funds, together with other available moneys, (i) to refund the Prior Obligations; (ii) to pay termination payments related to swap agreements entered into by the Corporation in connection with the issuance of the Prior Obligations; and (iii) to pay costs of issuance of the Bond, including without limitation costs of issuing Bond Bank bonds issued to finance the Bond; and

WHEREAS, the Board has determined to issue the Bond pursuant to this Bond Resolution as a general obligation of the Corporation payable and secured and having such terms and details as provided in this Bond Resolution and a series certificate to be delivered by the Delegates of the Corporation (the "Series Certificate") to be delivered prior to the issuance of such Bond as hereinafter provided; and

WHEREAS, the Board has determined that a negotiated sale of the Bond to the Vermont Municipal Bond Bank (the “Bond Bank”) is in the best interest of the Corporation and in connection therewith has determined to provide for the award of the Bond at private sale and to approve and authorize certain actions and documents related thereto as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Vermont State Colleges:



## ARTICLE I.

### DEFINITIONS

Section 1.01. Definitions. Terms not defined herein shall have the meanings assigned to such terms in the Bond Bank Resolution and the Loan Agreement. In addition to words and terms defined in the Bond Bank Resolution, Loan Agreement or elsewhere defined in this Bond Resolution, the following words and terms as used in this Bond Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Bond" means the Vermont State Colleges General Obligation Refunding Bond, Series 2017A issued pursuant to this Bond Resolution.

"Bond Bank" means the Vermont Municipal Bond Bank.

"Bond Bank Resolution" means, collectively, the Vermont Municipal Bond Bank General Bond Resolution for the Vermont State Colleges System adopted March 30, 2017, and the Vermont Municipal Bond Bank Series Resolution adopted March 30, 2017 Authorizing the Issuance of Vermont Municipal Bond Bank Vermont State Colleges System Bonds, 2017 Series A.

"Bond Fund" means the Vermont State Colleges General Obligation Refunding Bond, Series 2017A Bond Fund created and so designated under Section 4.01 of this Resolution.

"Bond Resolution" means this Vermont State Colleges Resolution Relating to the Issuance of Vermont State Colleges General Obligation Refunding Bond, Series 2017A, adopted by the Board on May \_\_, 2017.

"Bond Trustee" means the trustee appointed by the Vermont Municipal Bond Bank under the Bond Bank Resolution.

"Cost of Issuance Account" means the Vermont State Colleges General Obligation Refunding Bond, Series 2017A Cost of Issuance Fund created and so designated under Section 4.01 of this Resolution.

"Delegates" mean those officers of the Corporation so designated under Section 6.01.

"Interest Payment Date" means each date upon which interest on the Bond is due, including without duplication September 1 and March 1 of each year and each Principal Payment Date.

"Loan Agreement" means the Loan Agreement between the Corporation and the Bond Bank in the form attached as Exhibit B.

"Prior Obligations" means those obligations of the Corporation identified on Exhibit A.

"Principal Payment Date" means each date upon which an installment of principal on the Bond is due, whether at maturity, by redemption or otherwise.

"Redemption Account" means the Vermont State Colleges General Obligation Bond, Series 2017A Redemption Fund created and so designated under Section 4.01 of this Resolution.

"Series Certificate" means the certificate delivered by the Delegates of the Corporation pursuant to Section 6.01 hereof.

"Tax Certificate" means the Tax Certificate and Agreement, dated the date of issuance of the Bond, concerning certain matters pertaining to the use and investment of the proceeds of the Bond executed by the Corporation, including any and all exhibits thereto.

Section 1.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. The word "person" shall include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

## ARTICLE II.

### ISSUANCE OF THE BOND AND FORMS AND DETAILS OF THE BOND

#### Section 2.01. Issuance of the Bond.

The undertaking of the refunding of the Prior Obligations is hereby approved, ratified and confirmed and there shall be issued under and secured by this Bond Resolution and the Series Certificate a Bond of the Corporation to be designated "Vermont State Colleges General Obligation Refunding Bond, Series 2017A" for the purpose of providing funds, together with any other available funds, (i) to redeem prior to maturity all of the Prior Obligations, including the payment of any redemption premium thereon, if any, and any interest that will accrue on such Prior Obligations to the redemption date or stated maturity date or dates and any expenses incurred in connection with such refunding, (ii) to pay termination payments related to swap agreements entered into by the Corporation in connection with the issuance of the Prior Obligations, and (iii) pay certain expenses incurred in connection with the issuance of the Bond, including without limitation the cost of issuing the Bond Bank bonds issued to finance the purchase of the Bond by the Bond Bank.

Section 2.02. Forms and Details of Bond. The definitive Bond shall be a single instrument issued in fully registered form in the denomination of \$\_\_\_\_\_ and shall be substantially in the form set forth in Exhibit C hereto, with such variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Bond Resolution, the Series Certificate, and the Loan Agreement. The Bond may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bond may be listed or any usage or requirement of law with respect thereto.

### **ARTICLE III.**

#### **REDEMPTION OF BONDS**

Section 3.01. Optional Redemption. The Bond may be redeemed only as provided in the Loan Agreement and in the Bond Bank Resolution.

Section 3.02. Notice of Redemption. Notice of redemption of the Bond shall be given as provided in the Bond Bank Resolution and in the Loan Agreement.

Section 3.03. Payment of Redeemed Bond. In the event the Bond is redeemed, payment therefor shall be effected as provided in the Bond Bank Resolution and in the Loan Agreement.

## ARTICLE IV.

### FUNDS AND ACCOUNTS

Section 4.01. Application of Proceeds of the Bond. The proceeds of the sale of the Bond shall be applied (1) to refund the Prior Obligations, (2) to pay termination payments with respect to swap agreements entered into by the Corporation in connection with the issuance of the Prior Obligations, (3) to pay costs of issuing the Bond, including without limitation costs of issuing the bonds of the Bond Bank issued to finance the purchase of the Bond by the Bond Bank, all as set forth in the Loan Agreement.

Section 4.02. Application of Money in Certain Funds Relating to Prior Obligations. At the time of issuance of the Bond, money in any fund or on deposit regarding any Prior Obligation shall be transferred the Bond Trustee upon the payment and redemption of such Prior Obligation. Any such transferred moneys shall be applied on the next (and if necessary on each succeeding) Interest Payment Date or Principal Payment Date first, to the payment of interest coming due on the Bond and then, to principal coming due on the Bond.

Section 4.03. Cost of Issuance. Costs associated with the authorization and issuance of the Bond, payable by the Corporation, including without limitation the cost of issuing the Bond Bank bonds issued to finance the purchase of the Bond by the Bond Bank, shall be paid as provided in the Loan Agreement and the Bond Bank Resolution .

Section 4.04. Payments by Corporation. Following the issuance of the Bond, the Corporation shall make payments to the Bond Trustee in accordance with the Loan Agreement from available moneys of the Corporation to the extent necessary to make the deposits described below at the times indicated as follows:

(a) on or before each Interest Payment Date, an amount which, together with any amount on deposit therein, will be sufficient to pay the interest on the Bond on such Interest Payment Date; and

(b) on or before each Principal Payment Date an amount which together with any amount on deposit therein will be sufficient to pay the principal of such Bond due on such Principal Payment Date.

**ARTICLE V.**

**RESERVED**

**ARTICLE VI.**

**AWARD OF BOND AND DISCLOSURE UNDERTAKING**

Section 6.01. Delegation and Standards; Award of Bond. The Board has determined that flexibility is required with respect to the offering and award of the Bond in order to attain the lowest interest cost with respect to the Bond. Accordingly, the Board has, by resolution adopted this date, determined to delegate certain authority relating to the sale and issuance of the Bond to the Chancellor of the Corporation, the Chief Financial Officer and Chairman of the Board (each individually a “Delegate” and collectively, the “Delegates”).

(a) To provide greater specificity regarding the scope of such delegation, the Board hereby delegates to each Delegate the power to do and carry out the following:

(1) To determine the aggregate principal amount of the Bond, in an amount not to exceed the amount authorized in Section 2.02 hereof, and to determine that the proceeds to be derived from the issuance of such Bond will be sufficient for the related purposes described in Section 2.01(a) of this Bond Resolution;

(2) To determine the maturity and payment schedule of the Bond, provided that the maturity of any Bond may not extend beyond \_\_\_\_\_, 20\_\_;

(3) To determine the terms of redemption of the Bond;

(4) To determine the interest rate or rates for the Bond, provided that the interest rate on the Bond shall not exceed \_\_\_% per annum;

(5) To determine the redemption provisions of the Bond in accordance with the provisions of Article III hereof;

(6) To determine the dated date of the Bond;

(7) To determine the date or dates of sale and issuance of the Bond;

(8) To determine whether the Bond, or any portion thereof, shall benefit from the issuance of an insurance policy or other form of credit enhancement; and

(9) If a form of credit enhancement supports the payment of the principal of and interest on all or a portion of the Bond, to accept provisions which are a condition precedent to the issuance of the form of credit enhancement to the extent such provisions are not inconsistent with this Bond Resolution.

(b) The Delegates shall execute a Series Certificate and such other instruments evidencing determinations or other actions taken pursuant to the authority granted hereby and the satisfaction of conditions precedent to the issuance and sale of the Bond, and such Certificate shall be conclusive evidence of the action or determination of the Delegates as stated therein.

(c) The Board has received from the Bond Bank the Loan Agreement for the purchase of the Bond, a copy of which is attached to this Resolution as Exhibit B. The Board has considered and hereby approves and accepts such form of Loan Agreement, and the instruments referred to therein, including the Corporation's Tax Certificate to be executed and delivered coincident with the issuance and sale of the Bond. The Board hereby authorizes the Delegates to execute and deliver the Loan Agreement and the instruments referred to therein in substantially the form appearing as Exhibit B hereto, with such changes as may be approved with the advice of counsel. The execution by the Delegates of the Loan Agreement and the instruments referred to therein shall be conclusive evidence of his approval of any such changes.

Section 6.02. Disclosure Undertaking. The Corporation hereby undertakes, for the benefit of the Bond Bank, to provide such reports, data and information as called for in the Loan Agreement, including without limitation the execution and delivery of the Continuing Disclosure Agreement described herein.

Section 6.03. Official Statement. The Corporation approves and authorizes the inclusion of financial, organizational and managerial information relating to the Corporation in the Preliminary Official Statement and Official Statement (including without limitation Appendix A thereto) prepared and disseminated by the Bond Bank in connection with its Vermont State Colleges System Bonds, 2017 Series A.

## ARTICLE VII.

### MISCELLANEOUS PROVISIONS

Section 7.01. Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Bond Resolution to be given to or filed with the Corporation, the Bond Trustee or the Bond Bank shall be deemed to have been sufficiently given or filed for all purposes of this Bond Resolution if and when sent by registered or certified mail, return receipt requested:

- (a) to the Corporation, if addressed to

Vermont State Colleges  
P.O. Box 7  
Montpelier, Vermont 05601-0007  
Attention: Chief Financial Officer

- (b) to the Bond Trustee, if addressed to

U.S. Bank National Association  
1 Federal Street  
Mail Room 3<sup>rd</sup> Floor  
Boston, MA 02110-2014

- (c) to the Bond Bank, if addressed to

Vermont Municipal Bond Bank  
20 Winooski Falls Way #305  
Winooski, VT 05404-2228

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telephone, telex or telecopy at such number as such party shall supply and shall be deemed to be properly given or made at the time of such transmission; provided, however, that if such notice, demand or request is made by telephone then such transmission shall be confirmed in writing not later than one business day following such transmission and sent as specified above.

The Corporation shall promptly notify Moody's Investors Service ("Moody's"), if the Bond is then rated by Moody's, and S&P Global Ratings ("S&P"), if the Bond is then rated by S&P, upon the happening of the following events:



- (a) any change in Bond Trustee pursuant to the Bond Bank Resolution;
- (b) any supplement to this Bond Resolution (which notice shall include a copy of any such supplement); and
- (c) any acceleration of the Bond.

All documents received by the Bond Trustee under the provisions of this Bond Resolution, or photographic copies thereof, shall be retained in its possession until this Resolution shall be released or cancelled, subject at all reasonable times to the inspection of the Corporation, any Owner and the agents and representatives thereof.

Section 7.02. Corporation, Bond Trustee and Bond Bank Have Rights under Resolution. Except as herein otherwise expressly provided, nothing in this Bond Resolution or the Series Certificate, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Corporation, the Bond Trustee and the Bond Bank, any right, remedy or claim, legal or equitable, under or by reason of this Bond Resolution and the Series Certificate or any provision hereof or thereof, this Bond Resolution and the Series Certificate and all their provisions being intended to be and being for the sole and exclusive benefit of the Corporation, the Bond Trustee and the Bond Bank.

Section 7.03. State Law Governs. This Resolution is adopted with the intent that the laws of the State shall govern its construction.

Section 7.04. Headings Not Part of Resolution. Any heading preceding the text of the several articles and sections hereof, table of contents, marginal notes, or footnotes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 7.05. Further Acts. The Delegates are each hereby designated a Corporation representatives to act on behalf of the Corporation under this Bond Resolution.

The officers, employees, agents and persons otherwise acting on behalf of the Board, the Corporation, the Bond Trustee are hereby authorized and directed to do all acts and things required of them for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bond, this Bond Resolution and the Series Certificate.

Section 7.06. Additional Legislation. If a court of the State finds any agreement of the Corporation in this Bond Resolution or the Series Certificate to be invalid, then the Corporation will use its best efforts to cause such legislation as

may be appropriate authorizing the Corporation to make such agreement to be enacted.

Section 7.07. Resolution Effective. This Bond Resolution shall take effect immediately upon its adoption by the Board.

**EXHIBIT A**

**[Table of Prior Obligations]**

No. R-1 UNITED STATES OF AMERICA \$ \_\_\_\_\_  
 VERMONT STATE COLLEGES  
 GENERAL OBLIGATION REFUNDING BOND  
 SERIES 2017A  
 BOND DATE: \_\_\_\_\_, 2017

The Vermont State Colleges (hereinafter called the (“Corporation”), a body corporate and a political subdivision of the State of Vermont, promises to pay to the Vermont Municipal Bond Bank, or registered assigns, the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in installments on September 1 of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$		2033		
2018			2034		
2019			2035		
2020			2036		
2021			2037		
2022			2038		
2023			2039		
2024			2040		
2025			2041		
2026			2042		
2027			2043		
2028			2044		
2029			2045		
2030			2046		
2031			2047		
2032					

The interest rate of each installment shall run from the dated date of the original delivery of this Bond to the Vermont Municipal Bond Bank and payment therefor and until payment of each installment and such interest shall be payable semi- annually on September 1 and March 1 of each year commencing September 1, 2017 in the amounts set forth in Exhibit A of the Loan Agreement with respect to this Bond between the Corporation and the Vermont Municipal Bond Bank dated May \_\_, 2017 (the “Loan Agreement”). Both principal and interest on this Bond are payable in lawful money of the United States at U.S. Bank National Association, in the City of Boston, State of Massachusetts, or at its successor as Trustee under the General Bond Resolution of the Vermont Municipal Bond Bank adopted March 30, 2017 and a Series Resolution of the Vermont Municipal Bond Bank, adopted March 30, 2017 (collectively, the “Bond Bank Resolution”). Final payment of the interest and principal of this Bond shall be made upon surrender of this Bond for cancellation at the bank or trust company at which this Bond is then payable.

This Bond may be redeemed only as provided in the Bond Bank Resolution and in the Loan Agreement.

This Bond is issued by the Corporation for the purpose of refunding outstanding obligations, the proceeds of which have been fully expended for the purpose of making capital improvements under and by virtue of Chapter 72 of Title 16, Vermont Statutes Annotated, and a Resolutions duly adopted by its Board of Trustees on May \_\_\_\_, 2017 (the "Resolution").

This Bond is transferable only upon presentation to the Chief Financial Officer of the Corporation with a written assignment duly acknowledged or proved. No transfer hereof shall be effectual unless made on the books of the Corporation kept by the Chief Financial Officer as transfer agent and noted hereon by the Chief Financial Officer with a record of payments as provided hereon.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuing of this Bond have been done, have happened, and have been performed in regular and due form, as required by such law and the Resolution.

This Bond is a general obligation of the Corporation payable from available moneys of the Corporation. In addition, moneys in certain funds and accounts established by the Resolution relating to this Bond is subject to a lien and charge in favor of the Owners of the Bond to the extent provided in the Resolution and held in trust for the security of such Owners until applied or transferred as provided in the Resolution.

The Corporation has no taxing power, and nothing in this Bond or the Resolution shall be deemed to constitute an obligation of the State of Vermont or to be secured by a pledge of the faith and credit of the State of Vermont nor shall the Bond ever be or become a charge against the State of Vermont. The Bond shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Corporation or upon its income, receipts, or revenues, except to the extent provided in the Resolution.

IN TESTIMONY WHEREOF, the Corporation has caused this Bond to be signed by its Chancellor and its Chief Financial Officer as of \_\_\_\_\_, 2017.

VERMONT STATE COLLEGES

By: \_\_\_\_\_  
Chancellor

And by: \_\_\_\_\_  
Chief Financial Officer

No. R-1

VERMONT STATE COLLEGES  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 2017A

CERTIFICATE OF REGISTRATION

It is hereby certified that this bond is a registered bond, the principal and interest due thereon payable only to the holder of record as appears in the office of the Chief Financial Officer of the issuing Corporation. This bond may be transferred by presentation of the same with an assignment in writing signed by the registered holder. Presentation shall be made to the Chief Financial Officer of the Corporation at his/her office who shall record such transfer in the records of the Corporation and on the bond. The name and address of the original registered owner of this bond is Vermont Municipal Bond Bank, 20 Winooski Falls Way #305, Winooski, VT 05404-2228.

Dated as of the \_\_ day of May \_\_, 2017.

\_\_\_\_\_  
Chief Financial Officer

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the Vermont Municipal Bond Bank (the “Bond Bank”) hereby pledges, assigns and transfers unto U.S. Bank National Association, Boston, Massachusetts, as Trustee for the benefit of holders of bonds of the Bond Bank issued under the Bond Bank’s General Bond Resolution for Vermont State Colleges System Bonds, adopted March 30, 2017, as amended and supplemented, one general obligation refunding bond of

VERMONT STATE COLLEGES

in the principal amount of \$ \_\_\_\_\_, Series 2017A, No. R-1 herewith, outstanding in the name of the Bond Bank on the books of the Vermont State Colleges.

Dated: May \_\_\_\_, 2017

VERMONT MUNICIPAL BOND BANK

By: \_\_\_\_\_  
Executive Director

CERTIFICATE OF REGISTRATION OF TRANSFERS

The Bond is registered in the name of the transferee noted hereon on the books of the Corporation it kept by the Chief Financial Officer as transfer agent.

<u>Name of Registered Transferee</u>	<u>Date of Registration of Transfer</u>	<u>Date to Which Interest Paid</u>	<u>Aggregate Principal Paid</u>	<u>Balance of Principal Due</u>	<u>Signature of Treasurer</u>
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U.S. Bank National Association,  
as Trustee for the  
Vermont Municipal  
Bond Bank

## **FORM OF LOAN AGREEMENT**