

## **MINUTES**

### **HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY**

January 24, 2012

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on January 24, 2012 at 10:00 a.m. at the HESAA offices in Hamilton.

**PRESENT:** Mr. James Allen; Fr. Michael Braden; Ms. Gabrielle Charette, Esq.; Ms. Liscet Duran; Mr. Anthony Falcone; Ms. Betsy Garlatti, Secretary Of Higher Education Designee; Mr. George Garcia; Dr. Harvey Kesselman; Ms. Jean McDonald Rash; Mr. Christopher McDonough, Treasurer's Designee; Ms. Elaine Pappas-Varas; Ms. Maria Torres (teleconference); Ms. Christy Van Horn, Members.

**ABSENT:** Mr. Richard Garcia; Mr. Julio Marengo and Mr. Wilmot Wilson.

Also participating were Melissa Dutton, DAG; David Reiner, Esq., Governor's Authorities Unit; Dr. Jon Larson, President, Ocean County College; Ms. Leah Sandbank of McManimon and Scotland, Bond Counsel (teleconference) and Tim Webb, Financial Advisor, First SouthWest (teleconference).

#### **CALL TO ORDER**

Christy Van Horn called the meeting to order at 10:00 am and Executive Director Gabrielle Charette stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Ms. Van Horn led those present in the Pledge of Allegiance.

Ms. Van Horn welcomed the Board members and advised that because some members are participating via teleconference, Roseann Sorrentino will conduct a roll call for the resolutions.

Ms. Van Horn welcomed David Reiner, from the Governor's Authorities Unit; Dr. Jon Larson, President, Ocean County College, Leah Sandbank of McManimon and Scotland, Bond Counsel and Tim Webb, Financial Advisor, First SouthWest.

Ms. Van Horn introduced Melissa Dutton, DAG.

Ms. Van Horn introduced new Board members Mr. James Allen, Mr. Anthony Falcone, Mr. George Garcia and Ms. Elaine Pappas-Varas.

At this time, DAG Dutton swore in the new Board members.

Ms. Van Horn advised that no members of the public have registered to speak.

Ms. Van Horn asked Roseann Sorrentino to call the roll.

#### **CONSIDERATION OF THE MINUTES OF THE OCTOBER 26, 2011 MEETING:**

A motion to approve the minutes of the October 26, 2011 meeting was made by Dr. Harvey Kesselman and seconded by Ms. Jean McDonald Rash. The minutes were approved unanimously with four

abstentions, James Allen, Anthony Falcone, George Garcia, and Elaine Pappas-Varas, who did not participate in the October 26, 2011 meeting.

**CONSIDERATION OF THE MINUTES OF THE DECEMBER 20, 2011 MEETING:**

A motion to approve the minutes of the December 20, 2011 meeting was made by Ms. Betsy Garlatti and seconded by Fr. Michael Braden. The minutes were approved unanimously with 8 abstentions, James Allen, Liscet Duran, Anthony Falcone, George Garcia, Harvey Kesselman, Jean McDonald Rash, Elaine Pappas-Varas and Maria Torres, who did not participate in the December 20, 2011 meeting.

**RESOLUTION 01:12 – ADOPTION OF AMENDMENTS TO THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM POLICIES AND PROCEDURES, N.J.A.C. 9A:10-6.**

Marnie Grodman, Esq., presented this resolution to the Board.

At its July meeting the Board approved proposed amendments to N.J.A.C. 9A:10-6, the regulations governing NJCLASS Loans. The proposal was published in the New Jersey Register on September 6, 2011 and both the 60 day legislative review and 60 day public comment period expired with no comments received. Upon the board's approval the rules will be submitted to the New Jersey Register for adoption.

The amendments were proposed to provide greater flexibility for the NJCLASS bond indentures. The terms of the NJCLASS loans are determined annually by the bond indentures. As the interest rate is a pass through rate, programmatic changes are often necessary due to the market conditions. The amendments were proposed to alleviate the need for annual changes to the regulations.

These amendments establish that the loan terms are defined by the indentures instead of the regulations and that the specific terms for each of the loans will be in the loan disclosures that the borrowers receive. For example: at one point the loan term was 15 years, then it was a 20 year loan term then back to a 15 year loan term. The regulations specifically stated which loan term was which year. That has been taken out of the regulations and instead will be in the borrowers' loan disclosures and loan applications so the regulations do not have to be changed every year.

Other changes made by these amendments are with regards to credit-worthiness. The amendments explain that if an application is denied borrowers can reapply with a new cosigner, who might be creditworthy. They also explain that all income must be documentable and expand the documentation a borrower can use to show they are creditworthy.

The full rule proposal, as published in the New Jersey Register was included in each packet.

A motion to approve Resolution 01:12 was made by Dr. Harvey Kesselman and seconded by Ms. Jean McDonald Rash.

The motion was passed unanimously.

**RESOLUTION 02:12- APPROVING THE EXTENSION OF THE CONTRACT WITH THE NAUTILUS PUBLISHING COMPANY FOR PUBLICATION OF GOING TO COLLEGE IN NEW JERSEY AND LIFE 101 FOR ONE YEAR**

Marnie Grodman, Esq., presented this resolution to the Board.

The Higher Education Student Assistance Authority (HESAA) annually distributes two publications to college-bound students, *Going to College in New Jersey* and *Life 101*, copies of which are being passed around.

On September 16, 2008, HESAA issued a Request for Proposals (RFP) from qualified vendors to write, edit, design, print, produce, and distribute the two publications. The contract was awarded to The Nautilus Publishing Group ("Nautilus"). On March 27, 2009 a three year contract, with two optional one year renewals was executed. The initial three year term expires March 2012 and the contract can be extended for the first year of renewal. HESAA staff is very happy with the results of the publications and is recommending that the contract be renewed. This year there will also be an e-book version of each of the publications, which is going to lower the costs because there will be less hard copies. The e-book will be compatible with all major e-book readers including: Kindle, Nook, iPad and Motorola.

It is recommended that the Board approve Resolution 02:12 Approving the Extension of the Contract with The Nautilus Publishing Company for Publication of *Going to College in New Jersey* and *Life 101* for one year, at a cost of \$92,545.59.

A motion to approve Resolution 02:12 was made by Ms. Liscet Duran and seconded by Dr. Harvey Kesselman.

Mr. Allen questioned if there as a mandate to publish in Spanish. Ms. Grodman responded while not mandated, the publications are produced in Spanish to meet a need.

Mr. McDonough asked how these publications are distributed, to which Ms. Grodman responded that they are distributed to the high schools who then distribute to students.

Mr. McDonough asked if whether HESAA has received any feedback on these publications. Mr. Hutchins explained that HESAA has been publishing these publications for a number of years as part of the public outreach program. The idea of *Life 101* is to engage high school students with people that they know of through different venues and have these role models talking about what college did for them. He further explained that *Going to College in New Jersey* gives a one stop place for information on every college in New Jersey that has been distributed for about 20 years. It is in demand and is used statewide.

The motion was passed unanimously.

### **RESOLUTION 03:12 APPROVING THE LEASE OF A XEROX NUVERA 100DPS PRODUCTION PRINTER**

Marnie Grodman, Esq., presented this resolution to the Board.

The Higher Education Student Assistance Authority needs to replace the high volume Xerox Docuprint 96 laser printer. The maintenance costs are over \$6,000 and the parts for that particular printer are becoming obsolete. Instead of purchasing a new printer staff recommends a lease because in five years a new printer will again become obsolete. It is going to cost HESAA less a month to lease a brand new printer as opposed to continuing the maintenance on the current one. Instead of costing \$6499 per month, it will cost \$6428 per month over 60 months for a total cost of \$385,708.20. The recommended new printer will be leased off of a state contract. HESAA is able to purchase off of a state contract as opposed to issuing an RFP because Treasury has already issued the state contract and chosen the vendor.

It is recommended that the Board approve Resolution 03:12 Approving the leasing of the Xerox Nuvera 100DPS Production Printer through a 60 month lease agreement as provided through State of New Jersey

Term Contract T2075 with the Xerox Corporation Contract # A51145 at a cost of \$6,428.47 per month, with a total cost of \$385,708.20 over 60 months

A motion to approve Resolution 03:12 was made by Dr. Harvey Kesselman and seconded by Fr. Michael Braden.

The motion was passed unanimously.

**RESOLUTION 04:12 AUTHORIZING THE EXECUTION AND DELIVERY OF A TWELFTH SUPPLEMENTAL INDENTURE OF TRUST BY AND BETWEEN THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY AND WELLS FARGO BANK, NATIONAL ASSOCIATION, AS SUCCESSOR TRUSTEE (THE "TRUSTEE") TO AMEND EACH PRIOR SUPPLEMENTAL INDENTURE WHICH SUPPLEMENTS THE INDENTURE OF TRUST, DATED AS OF JUNE 1, 1998, BETWEEN THE AUTHORITY AND THE TRUSTEE, AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH**

Eugene Hutchins presented this resolution to the Board.

Before you this morning is a proposed resolution that would increase the cash release level for the entire 1998 Master Trust Estate from its current parity level of 102% to 120% in order to provide assurances to the rating agencies that this Master Trust will maintain adequate cash reserves to justify continuation of the current investment grade ratings. The release level of 120% is consistent with the releases provided for in subsequent HESAA uninsured Trusts where investment grade ratings of A or higher have been assigned.

As outlined in the memorandum, the 1998 Master Trust originally held \$1.493 billion in Auction Rate Certificate Bonds issued by HESAA from 2001 through 2007. These bonds are insured by MBIA. The Auction Bond market collapsed in February of 2008 and auctions for these types of bonds have continued to fail since that time. Additionally, MBIA and other bond insurers have been continually downgraded by the rating agencies and Fitch withdrew its rating of MBIA altogether.

Since 2008, HESAA has proactively reduced its exposure to these bonds through a series of bond purchases from the holders as well bond refunding transactions. As of December 31, 2011, only \$134.8 million of these bonds remain outstanding and that the current parity of the Trust is over 110%.

The rating agencies, most notably Fitch Ratings, have undertaken ongoing reviews of all outstanding auction bond trusts across the country. A specific concern that Fitch has raised with HESAA with regard to the 1998 Trust is that the current 102% parity cash release level allowed for in each of the supplements to the 1998 Master Trust would allow HESAA to remove cash from the Trust, and thereby leaving it exposed to potential increases in the failed auction bond penalty rates of interest, or unreimbursed defaults of the remaining NJCLASS loans in the Trust. However, the Authority has no plans to remove any cash from the 1998 Trust until all auction bonds have been retired. What this resolution is doing is providing a written assurance to the rating agencies that HESAA will follow its stated plan.

It is believed that without this action, Fitch might undertake a downgrade of the ratings from the current AA bond rating they currently give the Trust.

Therefore, it is recommended that the Board approve the attached resolution adopting the 12th supplemental to the 1998 Master Indenture of Trust.

Leah Sandbank, Bond Counsel from McManimon and Scotland is available on the phone to answer any questions about the 12th Supplemental Indenture.

A motion to approve Resolution 04:12 was made by Dr. Harvey Kesselman and seconded by Mr. James Allen.

Anthony Falcone questioned what the risks there would be to the Authority.

Gene Hutchins responded that there is more of a risk of not doing this than there is a risk of doing it since supplemental indenture basically puts in writing a plan of action that HESAA has been pursuing for the last several years, that is getting rid of all remaining auction bonds. HESAA has been very fortunate that interest rates have stayed as low as they have because when the auction bonds fail there is a penalty rate of interest equal to 175% of the base interest formula if there is an investment grade rating. If the rating falls below an investment grade that penalty grade of interest goes above 200% to 265%, so if interest rates were to increase, suddenly these tax exempt bonds which only have 200 bases points of spread would be underwater. If short term rates went above 3% HESAA would be using all the spread to pay the penalty. This is why keeping the investment grade rating is very important. That's the degree of urgency of getting these bonds out of the market as quickly as possible.

Mr. Allen questioned the gross amount of bond to which Mr. Hutchins explained that this is not a new bond issue, but the remaining amount of the auction bonds still outstanding and covered by this action is \$134.8 million.

The motion was passed unanimously.

#### **EXECUTIVE DIRECTOR'S REPORT**

Executive Director Gabrielle Charette gave the following report:

I am pleased to report that since this body last met, HESAA ended 2011 on a high note and we have maintained this positive momentum into 2012.

Most significantly, we welcomed some new staff members to the HESAA team. Linda Nasta is HESAA's new Director of Communications, and Brooks Paulsen is our new Assistant Director of Finance. Interviews and reference checks are currently underway for a number of other vacancies, and I am confident that I will be able to report additional hires in the near future.

Federal matters have loomed particularly large over the last couple of months. You will recall at our last two meetings, I had advised the Board that the U S Department of Education had issued a request for non-binding preliminary proposals for state guaranty agencies – or groups of state guaranty agencies – to enter into what the Department has termed voluntary flexible agreements to provide certain services on behalf of the federal government to federal loan borrowers under the Federal Family Education Loan Program, aka FFELP. As you know, FFELP loans are no longer being originated, but the existing portfolio still needs to be serviced. I also advised you that New Jersey had joined a consortium of states and submitted a joint proposal to the USDE for a Voluntary Flexible Agreement, and that the initial verbal reply from the Department was not particularly positive. We have now received the Department's official written response, which is also not encouraging.

The USDE has taken two positions that we find untenable for HESAA and – more importantly – counterproductive for students. First, the USDE has stated that guaranty agencies that participate in a FFELP VFA will be prohibited from providing supplemental debt management support to Direct Loan borrowers. As previously noted, FFELP loans are no longer being originated and all federal student loans are now issued on a direct loan basis. HESAA believes it would be

detrimental to NJ borrowers who can benefit from our services, support and counseling to be precluded from receiving these services simply because of the type of federal loan program they happened to borrow under. Essentially, the USDE is saying that HESAA can help the 132,200 NJ FFELP borrowers with over \$670 million in federal debt outstanding, but we cannot help the 174,600 Direct Loan borrowers with over \$770 million in outstanding indebtedness. It is a disservice to deny Direct Loan borrowers access to state-based services enjoyed by borrowers under the FFELP.

Secondly, the USDE has taken the position that the guaranty agencies must abandon efforts to help already defaulted borrowers as a condition of assisting delinquent borrowers on the verge of default. The Department's rationale is that they are eliminating a perceived conflict of interest that could arise when a guaranty agency is responsible for default aversion on loans for which it may also be responsible for collections, if its default aversion efforts are not successful. The supposition that a state agency that administers one of the largest need-based grant programs in the country would passively allow students to default because we would still be generating revenue on those loans is quite frankly an affront to our public mission and completely ignores our long standing track record of successful default aversions. More than 90 percent of all NJ FFELP loans that have reached 60 days or more of delinquency are made current and never default as a direct result of HESAA's efforts. Our sister guaranty agencies in the consortium boast similar performance records.

HESAA, in consultation with the Governor's Washington DC office, has determined that given the Department's official response, it is now appropriate to engage the New Jersey congressional delegation, particularly since Congress clearly articulated in the Student Aid and Fiscal Responsibility Act of 2010 that its legislative intent was for the USDE to utilize the services of the state guaranty agencies to increase repayments and decrease defaults. Bright and early tomorrow morning, CFO Hutchins and I will be heading to Washington DC for a number of Hill visits with Marissa Watkins from the Governor's DC office to explain to members and their staff the impact of the USDE's position on student borrowers in New Jersey. We are also working with the Governor's Office to secure a letter from the National Governor's Association to the Department, as New Jersey is not alone in its reaction. Once again, I am extremely grateful to Governor Christie's office for their support of higher education in general and this agency in specific.

On another federal matter, I am sure you all heard or read earlier this month about the President's recess appointment of Richard Cordray as Director of the Consumer Financial Protection Bureau. What you may not have heard is that the Bureau sent a survey to those state guaranty agencies that offer private supplemental educational loans to gather information regarding the terms and conditions of those loan products. Since HESAA offers the NJCLASS loan, we responded to the Bureau survey. I believe it is important that HESAA work closely with the Bureau, so that they understand the striking differences and extensive consumer protections embedded in NJCLASS, as opposed to the products marketed by a wide range of private sector for profit lenders.

Back in Trenton, a number of noteworthy actions impacting HESAA were taken during the lame duck session. First, the Senate approved four new HESAA board members nominated by Governor Christie earlier in 2011.

Also during lame duck, Assemblywoman Pamela Lampitt introduced legislation to reform the NJ STARS Program. While the bill did not make it the Governor's desk, it has already been re-introduced in both the Assembly and Senate, and we expect it to pass both houses during this new legislative session. The bill makes several modifications to the NJ STARS Program, including setting a flat award level at \$1,250 per semester; eliminating the institutional funding match; and

allowing NJSTARS II scholarships to be portable to independent colleges and universities, not just the public-sector institutions. You will recall that these changes were previously advanced by Governor Christie in his Fiscal Year 2012 budget proposal, and they are also consistent with the Budget Policy Statement this Board adopted in October of last year. I would like to thank Marnie Grodman for working with Governor's Counsel's office, Assemblywoman Lampitt's office, and the Office of Legislative Services, to make sure the wording of technical amendments achieved the intended results, and appropriately grandfathered those students already in the program.

Speaking of NJSTARS, during our last board meeting, Maria Torres made a motion and this Board passed a resolution directing HESAA to conduct a study of graduation rates for NJ STARS and NJ STARS II students. I have asked Mindy Tsai, one of our Statistical Analysts, to commence the research. I would like to thank the Secretary of Higher Education for graciously entering into a Memorandum of Understanding with HESAA to allow Mindy access to the SURE data, as this is a necessary source of information. Once Mindy's analysis is completed, HESAA's new communications director will write the report.

As you know, a key component of HESAA's mission is outreach and education, and next month is College Goal Sunday, HESAA's premiere annual outreach event.

College Goal Sunday is a national program established in 1989 to increase submissions of the Free Application for Federal Student Aid – the FAFSA – by student populations who are traditionally underrepresented in postsecondary education, such as African-Americans and Latinos, first-generation college attendees, and students from low-income families.

The correlation between FAFSA completion and college enrollment is very strong. According to the Educational Longitudinal Survey, 56.9 percent of all high school seniors complete a FAFSA, and of those who complete a FAFSA, 90 percent actually enroll in postsecondary education.

This year, New Jersey's College Goal Sunday Program takes place on two dates in February: at the New Jersey Institute of Technology on Sunday the 19<sup>th</sup> and at nine other locations throughout the state on Sunday the 26<sup>th</sup>. The free program includes a general orientation session in both English and Spanish followed by one-on-one sessions with volunteer financial aid professionals. As an added incentive, each location will offer participating students the chance to enroll in a free raffle for a \$500 scholarship.

In the past, this event has served between 700 and 1,100 students. This year, however, we are hoping to break those records and to do so we have stepped up the marketing of this event, which has support through a grant from the Lumina Foundation.

According to the National College Goal Sunday Board, one of the more effective ways to reach teens is through movie theater trailers. This year for the first time, we have prepared preview trailers to run in theaters in the target areas for a four-week period commencing on Jan. 27.

We will also be running advertisements in the Star Ledger's Special Education Section on February 5, and in local weekly newspapers and on Spanish-language radio stations. Finally, we are direct marketing to students through the high schools. Posters advertising NJCGS are being delivered to 156 high schools in the target locations. A copy of the poster is included in your board materials.

I would like to recognize the many HESAA staff members who volunteer and give up a Sunday afternoon to participate in this important event. A special thanks goes to HESAA staff member

Sharon Austin for serving this year as co-chair of the New Jersey College Goal Sunday Committee.

Finally, your board materials also include a DVD copy of an interview Associate Director of Client Services Andre Maglione and I gave to WZBN's *Focus On* program about paying for college in these challenging economic times. This interview aired four times last month in the Mercer County area.

In closing, I would like to thank the Board for its hard work and support last year, I am confident and determined that this year we will accomplish even more. Thank you.

## **NEW BUSINESS**

Gabrielle Charette, Executive Director presented a Resolution to former Board Member Wilma Harris, who was present at the meeting, and read Resolutions recognizing the contributions of former Board members Rossy Matos-Miranda and Warren Smith, Esq., who were unable to be present.

Ms. Harris stated she is most fortunate to have spent half her life being able to serve her state. Every time she sees a student graduate she knows that the work of this board has had an impact on making this a better place. Higher education is the foundation of a civilization because people are exposed to different ideas which enhance diversity. It helps the economy of the State and helps people be all that they can be. Ms. Harris stated that she feels extremely lucky to have been able to have a hand in that for 33 years. She has worked with excellent individuals since the 70's and is very thankful for her years on this Board.

Dr. Kesselman acknowledged the work of Wilma Harris. He stated that she is the conscious of the board and has been since there has been a Board. In addition to the valuable input she has put in from her professional position as well as all of that extraordinary background, there was never a time that she lost sight of why we do this. This is about the students of the State of New Jersey; particularly those who can least afford a higher education. Mr. Kesselman reminded the Board "let's never lose sight of why there was this board and for people like Wilma, who is irreplaceable, someone may take your seat, but you and your conscious are irreplaceable thank you for all you have done."

Dr. Kesselman also commented on Warren Smith. He stated Mr. Smith is elegant and along with Ms. Harris a pillar of this Board, and of the state financial aid programs.

## **ADJOURNMENT**

Ms. Van Horn announced that after adjourning this meeting the Board will enter a closed session, pursuant to the Open Public Meetings Act, to discuss pending litigation. This will be a closed session pursuant to N.J.S.A. 10:4-b(7), matters that fall under the attorney-client privilege. Details of the discussion that takes place in the closed session cannot be disclosed to the public until the conclusion of the litigation. A motion to adjourn and go to closed session was made by Dr. Harvey Kesselman and seconded by Mr. James Allen.

The motion to adjourn passed unanimously.

The meeting adjourned at 10:50 am.

Ms. Van Horn announced that the next Board meeting is scheduled for Wednesday April 25, 2012.



**RESOLUTION 01:12**

**ADOPTION OF AMENDMENTS TO THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM, N.J.A.C. 9A:10-6**

Moved By: Dr. Harvey Kesselman  
Seconded By: Ms. Jean McDonald Rash

**WHEREAS:** HESAA is responsible for the administration of the New Jersey College Loans to Assist State Students (NJCLASS) Program pursuant to N.J.S.A. 18A:71C-21 et seq.; and

**WHEREAS:** NJCLASS loans are funded by the sale of bonds and the interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale and other costs determined by the bond sale; and

**WHEREAS:** In order to ensure the lowest possible interest rate for NJCLASS borrowers, as well as to reduce the number of borrowers defaulting on their loans, it is necessary to make changes to the NJCLASS program.

**WHEREAS:** At its July 21, 2011 meeting the HESAA Board approved the proposed amendments to N.J.A.C. 9A:10-6; and

**WHEREAS:** The Proposed Rule No. PRN 2011-190, was published in the September 6, 2011 New Jersey Register at 43 N.J.R. 2216, on the HESAA website at HESAA.org, sent to the Statehouse News Media and Secondary notice was mailed to interested parties; and

**WHEREAS:** The 60-day legislative review period for this rule expired on October 6, 2011, with no comments received; and

**WHEREAS:** The public comment period for this rule expired on November 5, 2011 with no comments received.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:** That the Board approves the Adoption of Amendments to the New Jersey College Loans To Assist State Students (NJCLASS) Program, N.J.A.C. 9A:10-6.

January 24, 2012

**RESOLUTION 02:12**

**RESOLUTION APPROVING THE EXTENSION OF THE CONTRACT WITH THE NAUTILUS PUBLISHING COMPANY FOR PUBLICATION OF *GOING TO COLLEGE IN NEW JERSEY* AND *LIFE 101* FOR ONE YEAR**

Moved: Ms. Liscet Duran  
Seconded: Dr. Harvey Kesselman

**WHEREAS:** The Higher Education Student Assistance Authority (HESAA) entered into a three year initial contract with The Nautilus Publishing Company for publication of *Going to College in New Jersey* and *Life 101* on March 27, 2009, with two optional one year extensions; and

**WHEREAS:** The initial contract term expires on March 27, 2012; and

**WHEREAS:** Nautilus published both *Going to College in New Jersey* and *Life 101* to HESAA's specifications and has met all expectations for the last three years.

**NOW THEREFORE, LET IT BE:**

**RESOLVED:** The Higher Education Student Assistance Authority hereby approves the extension of the contract with The Nautilus Publishing Company for publication of *Going to College in New Jersey* and *Life 101* for one year, at a cost of \$92,545.59.

January 24, 2012

**RESOLUTION 03:12**

**APPROVING THE LEASE OF A XEROX NUVERA 100DPS PRODUCTION PRINTER**

Moved by: Dr. Harvey Kesselman

Seconded by: Fr. Michael Braden

**WHEREAS:** The Higher Education Student Assistance Authority (HESAA) needs to replace its current the high volume Xerox Docuprint 96 laser printer, which is experiencing more frequent breakdowns due to the age of the machine and obsolete replacement parts; and

**WHEREAS:** Pursuant to N.J.S.A. 18A:71A-10 d., HESAA, without advertising for bids, may purchase materials, supplies or equipment pursuant to a contract entered into on behalf of the State; and

**WHEREAS:** HESAA can enter a five year lease on a new Xerox Nuvera 100 Print System under State Contract number A51145 for \$6,428.47 per month, with a total cost of \$385,708.20 over 60 months.

**NOW, THEREFORE, LET IT BE:**

**RESOLVED:** That the Board approves the five year lease of a new Xerox Nuvera 100 Print System for a monthly cost of \$6,428.47 per month for the lease, service and supplies, with a total cost of \$385,708.20 over 60 months.

January 24, 2012

**RESOLUTION 04:12**

**RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A TWELFTH SUPPLEMENTAL INDENTURE OF TRUST BY AND BETWEEN THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (THE "AUTHORITY") AND WELLS FARGO BANK, NATIONAL ASSOCIATION, AS SUCCESSOR TRUSTEE (THE "TRUSTEE") TO AMEND EACH PRIOR SUPPLEMENTAL INDENTURE WHICH SUPPLEMENTS THE INDENTURE OF TRUST, DATED AS OF JUNE 1, 1998, BETWEEN THE AUTHORITY AND THE TRUSTEE, AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH**

Moved: Dr. Harvey Kesselman  
Seconded: Mr. James Allen

**WHEREAS**, the Higher Education Student Assistance Authority (the "Authority") is a body corporate and politic constituting an instrumentality of the State of New Jersey established and created under and by virtue of the provisions of the Higher Education Student Assistance Authority Law, constituting Chapter 46 of the Pamphlet Laws of 1999 of the State of New Jersey, as amended and supplemented and any successor legislation (the "Act"); and

**WHEREAS**, pursuant to the Act and the Indenture of Trust, dated as of June 1, 1998, between the Authority and Wells Fargo Bank, National Association, as Successor Trustee, (the "Trustee"), as amended and supplemented, including by the Supplemental Indentures defined and described below (the "Indenture"), the Authority has issued (a) \$80,000,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 1998 Series A (the "Series 1998 Bonds") as authorized by the First Supplemental Indenture, dated as of June 1, 1998 (the "First Supplemental Indenture"); (b) \$62,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 1999 Series A and B (the "Series 1999 Bonds") as authorized by the Second Supplemental Indenture, dated as of May 1, 1999 (the "Second Supplemental Indenture"); (c) \$70,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2000 Series A (the "Series 2000 Bonds") as authorized by the Third Supplemental Indenture, dated as of May 15, 2000 (the "Third Supplemental Indenture"); (d) \$190,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2001 Series A through and including 2001 Series D (the "Series 2001 Bonds") as authorized by the Fourth Supplemental Indenture, dated as of June 1, 2001 (the "Fourth Supplemental Indenture"); (e) \$166,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2002 Series A through and including 2002 Series D (the "Series 2002 Bonds") as authorized by the Fifth Supplemental Indenture, dated as of June 1, 2002 (the "Fifth Supplemental Indenture"); (f) \$212,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2003 Series A through and including 2003 Series E (the "Series 2003 Bonds") as authorized by the Sixth Supplemental Indenture, dated as of May 1, 2003 (the "Sixth Supplemental Indenture"); (g) \$200,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2004 Series A through and including 2004 Series D (the "Series 2004 Bonds") as authorized by the Seventh Supplemental Indenture, dated as of April 1, 2004 (the "Seventh Supplemental Indenture"); (h) \$225,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2005 Series A through and including 2005 Series D (the "Series 2005 Bonds") as authorized by the Eighth Supplemental Indenture, dated as of May 1, 2005 (the "Eighth Supplemental Indenture"); (i) \$225,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2006 Series A through and including 2006 Series D (the "Series 2006 Bonds") as authorized by the Ninth Supplemental Indenture, dated as of April 1, 2006 (the "Ninth Supplemental Indenture"); and (j) \$275,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2007 Series A through and including 2007 Series D (the "Series 2007 Bonds") as authorized by the Tenth Supplemental Indenture, dated as of May 1, 2007 (the "Tenth Supplemental Indenture"); the Series 1998 Bonds, Series

1999 Bonds, Series 2000 Bonds, Series 2001 Bonds, Series 2002 Bonds, Series 2003 Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2006 Bonds and Series 2007 Bonds are sometimes referred to in this Resolution collectively as the "1998 Indenture Bonds," and the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture, Fourth Supplemental Indenture, Fifth Supplemental Indenture, Sixth Supplemental Indenture, Seventh Supplemental Indenture, Eighth Supplemental Indenture, Ninth Supplemental Indenture and Tenth Supplemental Indenture are each referred to in this Resolution individually as a "1998 Indenture Supplemental Indenture" and collectively as the "1998 Indenture Supplemental Indentures;" and

**WHEREAS**, in order to maintain the current unenhanced rating on the 1998 Indenture Bonds by Fitch Ratings, the Authority wishes to authorize the execution and delivery of a Twelfth Supplemental Indenture between the Authority and the Trustee (the "Twelfth Supplemental Indenture") to amend each 1998 Indenture Supplemental Indenture in order to increase the release percentage from 102% to 120% by amending such 5.5(A)(1)(viii) of the Indenture and deleting the relevant release percentage section of each 1998 Indenture Supplemental Indenture; and

**WHEREAS**, pursuant to Section 8.1(12) of the Indenture, a Supplemental Indenture not requiring the consent of Bondholders may be executed and delivered by the Authority and the Trustee to obtain, maintain or increase the rating on the Bonds by any Rating Agency; and

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY** (not less than a majority of a quorum thereof affirmatively concurring) **AS FOLLOWS:**

**Section 1.** The Authority hereby authorizes the execution and delivery of the Twelfth Supplemental Indenture for the purpose of amending the Indenture and each 1998 Indenture Supplemental Indenture to provide that any funds in the Revenue Fund cannot be released to the Authority free and clear of the lien of the Indenture unless the ratio of Accrued Assets over Accrued Liabilities is at least 120%. The Twelfth Supplemental Indenture may contain such additional terms and provisions as an Authorized Official, in consultation with Bond Counsel, shall determine are necessary or appropriate to effectuate the increase in the release percentage as provided in this Resolution.

**Section 2.** The Chairperson, Vice Chairperson, Secretary-Treasurer, Executive Director, Chief Financial Officer and any other authorized representative or designee of the Authority, (each, an "Authorized Official" and collectively, the "Authorized Officials"), acting severally, are hereby authorized to execute, acknowledge and deliver the Twelfth Supplemental Indenture in such form as an Authorized Official, in consultation with Bond Counsel, shall determine. The execution of the Twelfth Supplemental Indenture by an Authorized Official shall be conclusive evidence of the approval of the form thereof as authorized by this Section.

**Section 3.** The Authority hereby determines that the execution and delivery of the Twelfth Supplemental Indenture is necessary and appropriate to satisfy the requirements of a Rating Agency in order to obtain, maintain or improve the underlying rating of Fitch Ratings with respect to the 1998 Indenture Bonds

**Section 4.** The Authorized Officials, acting severally, are hereby authorized to execute such additional certificates, instruments and other documents as may be necessary or appropriate in connection with the execution and delivery of the Twelfth Supplemental Indenture.

**Section 5.** Without limiting the generality of Section 4 of this Resolution, the Authorized Officials, in consultation with Bond Counsel, are authorized to file notice of the execution and delivery of the Twelfth Supplemental Indenture pursuant to each Continuing Disclosure Agreement executed with respect to the 1998 Indenture Bonds.

**Section 6.** All actions authorized pursuant to this Resolution are subject to receipt by the Authority of (a) a Rating Confirmation from each Rating Agency stating that the execution and delivery of the Twelfth Supplemental Indenture and the amendments contained therein will not result in a reduction, qualification or withdrawal of the then-current rating of any of the Auction Bonds; and (b) the consent of the provider of any Credit Facility or the counterparty to any Interest Rate Exchange Agreement which may be required under the 1998 Indenture Supplemental Indentures or any other documents executed in connection with the 1998 Indenture Bonds.

**Section 7.** Capitalized terms used but not defined in this Resolution shall have the meanings given to them in the Indenture.

**Section 8.** This Resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

Dated: January 24, 2012