

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

February 17, 2015

The Higher Education Student Assistance Authority (HESAA) Board held a teleconference meeting on February 17, 2015 at 11:00 AM at the HESAA offices in Hamilton.

PRESENT: Mr. James Allen; Fr. Michael Braden; Ms. Audrey Bennerson, Secretary of Higher Education Designee; Ms. Gabrielle Charette, Esq.; Mr. Anthony Falcone; Ms. Kathleen Flynn; Mr. George Garcia, Esq.; Dr. Harvey Kesselman; Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Christopher McDonough, Treasurer's Designee; Mr. Bader Qarmout; Ms. Maria Torres and Ms. Christy Van Horn, Members.

ABSENT: Mr. Luis Padilla.

Also participating was Jennifer Hoff, DAG.

CALL TO ORDER

Anthony Falcone called the meeting to order at 11:00 am. Mr. Falcone stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Mr. Falcone welcomed the Board members and advised that due to the inclement weather the start time for the meeting was moved to 11:00 and the revised meeting time was posted on HESAA's website. He further advised that because the members were participating via teleconference, the presentations that were originally on the agenda would be rescheduled for a later date. Mr. Falcone announced that Roseann Sorrentino would conduct a roll call for the resolutions.

Mr. Falcone welcomed Jennifer Hoff, Esq., DAG.

Mr. Falcone advised that no members of the public registered to speak.

Mr. Falcone asked Roseann Sorrentino to call the roll.

CONSIDERATION OF THE MINUTES OF THE OCTOBER 23, 2014 MEETING:

A motion to approve the minutes of the October 23, 2014 meeting was made by Fr. Michael Braden and seconded by Dr. Harvey Kesselman. The minutes were approved unanimously with four abstentions, Anthony Falcone, George Garcia, Christopher McDonough and Maria Torres who did not participate in the October 23, 2014 meeting.

CONSIDERATION OF THE MINUTES OF THE DECEMBER 11, 2014 MEETING:

A motion to approve the minutes of the December 11, 2014 meeting was made by Ms. Audrey Bennerson and seconded by Dr. Harvey Kesselman. The minutes were approved unanimously with two abstentions, Kathleen Flynn and Jean McDonald Rash who did not participate in the December 11, 2014 meeting.

RESOLUTION 01:15 CONSIDERATION OF PROPOSED READOPTION WITH AMENDMENTS OF REGULATIONS GOVERNING THE PRIMARY CARE PRACTITIONER LOAN REDEMPTION PROGRAM, N.J.A.C. 9A:16

Marnie Grodman presented Resolution 01:15 to the Board.

The regulations governing the Primary Care Practitioner Loan Redemption Program are scheduled to expire on May 16, 2015. As such, Sharon Bryant, Director of the program from Rutgers Biomedical and Health Sciences was going to present today. Due to the inclement weather the presentation will be rescheduled. HESAA worked with Sharon Bryant to review the regulations and determine which rules should be readopted as is and which rules should be amended.

Sharon and her team at Rutgers Biomedical and Health Sciences are skillfully administering this program under the auspices of the current regulations. As such, there are very few regulatory amendments necessary upon readoption.

As enumerated in the board materials, the only amendments that staff are proposing reflect the statutory transfer of all of the rights of the UMDNJ schools to Rutgers, the change in name from the Department of Health and Senior Services to the Department of Health and the clarification that the loan distribution form participants submit annually is not an application.

Upon submission of this proposal to OAL, the expiration date for the regulations will be extended 180 days.

A motion to approve Resolution 01:15 was made by Mr. James Allen and seconded by Ms. Maria Torres.

The motion was passed unanimously.

RESOLUTION 02:15 APPROVING THE EXTENSION OF THE CONTRACT WITH OBERMAYER, SPECIAL COUNSEL TO ASSIST IN THE REVIEW OF MATERIALS RELATED TO 529 PLANS FOR ONE YEAR

Marnie Grodman presented Resolution 02:15 to the Board.

At the November 23, 2010 meeting, as a result of a Request for Qualifications, the Higher Education Student Assistance Authority Board appointed Obermayer Rebmann Maxwell & Hippel LLP as special counsel to assist in the review of materials related to 529 Plans and to assist in engaging the successive investment manager. The appointment was for an initial term

of 2 years with three optional one-year extensions and the Board already voted to exercise the first two year extensions at the October 25, 2012 and February 6, 2014 meetings.

Obermayer was appointed to provide opinions and advice to HESAA on all documents prepared by HESAA's investment manager, Franklin Templeton, related to the 529 Plans, such as investor handbook supplements, disclosure updates, contract amendments and supplements, and dealer program distribution agreements.

Warren Ayres, a partner at Obermayer and head of their tax practice group, has provided prompt and professional advice in response to all requests for opinions. In addition he was involved in the process of issuing the RFP for the successor investment manager and negotiating the contract with Franklin Templeton. He is currently in the midst of negotiating amendments to the agreement. Staff believes Mr. Ayres' knowledge of HESAA's program, as well as the nuances of the current agreement with Franklin Templeton; benefit HESAA's administration of the program.

Obermayer's fees are a very reasonable rate, between \$225 and \$300 per hour for attorneys and \$100 per hour for paralegals. As such, staff recommends exercising the final one-year option to extend the contract.

A motion to approve Resolution 03:14 was made by Dr. Jon Larson and seconded by Ms. Jean McDonald Rash.

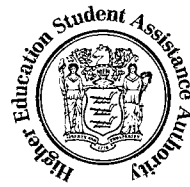
The motion was passed unanimously.

ADJOURNMENT

Chairman Falcone announced the next regularly scheduled Board meeting is Thursday April 23, 2015 at 10:00 am.

A motion to adjourn was made by Mr. James Allen and seconded by Mr. George Garcia. The motion passed unanimously.

The meeting adjourned at 11:12 am.



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
4 QUAKERBRIDGE PLAZA
PO BOX 545
TRENTON, NJ 08625-0545
1-800-792-8670
www.hesaa.org


CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Gabrielle Charette, Esq.
Executive Director 

FROM: Marnie B. Grodman, Esq. 
Director, Legal and Governmental Affairs
Administrative Practice Officer

SUBJECT: Resolution 01:15 – Consideration of Proposed Readoption with Amendments of Regulations Governing the Primary Care Practitioner Loan Redemption Program, N.J.A.C. 9A:16

DATE: February 17, 2015

Background

Pursuant to N.J.S.A. 18A:71C-48 the Higher Education Student Assistance Authority (HESAA) is statutorily responsible for the administration of the Primary Care Practitioner Loan Redemption Program (“Program”) and for the promulgation of all rules to that effect. Pursuant to N.J.S.A. 52:14B-5.1b, the rules governing the Program are scheduled to expire May 16, 2015. In accordance with N.J.S.A. 52:14B-5.1c(2), the submission of the notice of proposal to the Office of Administrative Law will extend that date 180 days. The Authority has reviewed the rules and determined that they continue to be necessary, reasonable and proper for the purpose for which they were originally promulgated. The rules proposed to be readopted will continue to provide the Authority with the ability to administer the Program in an efficient and economic manner. To ensure the continued efficient administration and operation of this Program, the Authority is proposing the readoption of these rules with amendments, all of which are summarized below.

N.J.A.C. 9A:16-1 sets forth the general provisions of the Program, explaining that the Program provides for the redemption of eligible student loan expenses of its participants in exchange for a specified period of service in such medically underserved areas and defining words and terms used in the Chapter.

N.J.S.A. 18A:65-94 transfers all rights of the schools of the University of Medicine and Dentistry of New Jersey to Rutgers, the State University. As such N.J.A.C. 9A:16-1.2 is amended to replace reference to the New Jersey Dental School of the University of Medicine and Dentistry of New Jersey with the Rutgers School of Dental Medicine of the Rutgers Biomedical and Health Sciences. This replacement is also made in N.J.A.C. 9A:16-2.1(a)5, and N.J.A.C. 9A:16-2.2(f).

N.J.A.C. 9A:16-1.2 is further amended to reflect that the current Department name is the Department of Health, not the Department of Health and Senior Services. As such, the phrase, "and Senior Services" is deleted in the definitions for "Approved Site", "Commissioner", "Primary Care" and "State designated underserved area".

N.J.A.C. 9A:16-2 sets forth the Program requirements. This subchapter includes the eligibility provisions, application and selection requirements for participants, terms and procedures for the loan redemption and conditions for cancellation of the contract and termination of an individual's participation in the Program.

N.J.A.C. 9A:16-2.2(b) is amended to reflect the fact that to receive consideration for participation in the program an applicant is not required to submit an application annually. N.J.A.C. 9A:16-2.4 regulates required annual submissions.

N.J.A.C. 9A:16-2.4(a) is amended to clarify that the document participants are required to submit annually is not an application, but rather a loan distribution form used to request the earned amount of the loan redemption.

Recommendation

It is recommended that the Board approve Resolution 01:15 Consideration of Proposed Readoption with Amendments of Regulations Governing the Primary Care Practitioner Loan Redemption Program, N.J.A.C. 9A:16, so that the proposed readoption can be published in the New Jersey Register.

Attachments

Full text of the proposed amendments follow (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

§ 9A:16-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meaning unless the context clearly indicates otherwise.

"Approved site" means a site located within a State designated underserved area or a health professional shortage area, or a clinic which is part of the extramural network of dental clinics established by the [New Jersey Dental School of the University of Medicine and Dentistry of New Jersey] **Rutgers School of Dental Medicine of the Rutgers Biomedical and Health Sciences**, or a site that has been determined by the Higher Education Student Assistance Authority, in consultation with the Department of Health [and Senior Services], to serve medically underserved populations according to criteria determined by the Authority, including:

1. Sites must provide universal access to populations served regardless of insurance coverage;
2. Non-discrimination on basis of race, color, religion, sexual orientation, gender or national origin;
3. Sites must accept Medicare, Medicaid, Medicaid Managed Care plans;
4. Sites must establish a sliding fee scale for patients that fall under 250 percent of the Federal poverty level;
5. Sites must demonstrate that they provide services to an underserved population based on the percentage of medically underserved patients served in the county; and
6. Sites must submit quarterly service reports.

...

"Commissioner" means the Commissioner of the New Jersey Department of Health [and Senior Services] or his or her designee.

...

"Primary care" means the practice of family medicine, general internal medicine, general pediatrics, general obstetrics, gynecology, pediatric dentistry, general dentistry, public health dentistry, and any other areas of medicine or dentistry defined as such by the Commissioner of Health [and Senior Services]. Primary care also includes the practice of a nurse-practitioner, certified nurse-midwife, and physician assistant as defined by the U.S. Department of Health and Human Services regulations at 42 CFR Part 62.

...

"State designated underserved area" means a geographic area in this State which has been ranked by the Commissioner of Health [and Senior Services] on the basis of health status and economic indicators as reflecting a health professional shortage pursuant to the criteria established in N.J.S.A. 18A:71C-35.

...

SUBCHAPTER 2. PROGRAM REQUIREMENTS

§ 9A:16-2.1 Eligibility

(a) To be eligible for participation in the program, an applicant must:

1. – 4. (No change.)

5. Adhere to the following performance standards:

- i. Enter into a mutually acceptable contract with an approved site;
- ii. Report to the Authority, on the form provided by the Authority, on the program participant's performance of services rendered at an approved site prior to the repayment of the annual amount of eligible redemption; and
- iii. If the approved site is a clinic which is part of the extramural network of dental clinics established by the [New Jersey Dental School of the University of Medicine and Dentistry of New Jersey] **Rutgers School of Dental Medicine of the Rutgers Biomedical and Health Sciences**, the program participant shall also meet performance standards set by the [New Jersey Dental School] **Rutgers School of Dental Medicine**.

§ 9A:16-2.2 Application and selection procedures

(a) (No change.)

(b) To receive consideration for participation in the program, an applicant must [annually] submit a completed program application to the Executive Director.

(c) – (e) (No change.)

(f) At the completion of each program participant's probationary period, a primary care staff member at his or her approved site, or in the case of a clinic which is part of the extramural network of dental clinics established by the [New Jersey Dental School of the University of Medicine and Dentistry of New Jersey] **Rutgers School of Dental Medicine of the Rutgers Biomedical and Health Sciences**, the director of the clinics and the vice-dean of the dental school, or whomever is serving in that capacity, shall submit to the Executive Director a recommendation of either the continuation of the program participant's placement, a change of placement, or the program participant's unsuitability for the program.

1. If the recommendation is a change in placement, the Executive Director shall approve an alternate placement at an approved site.
2. If the recommendation is the program participant's unsuitability for the program, the Executive Director shall take such recommendation into consideration in determining the program participant's final acceptance into the program.

(g) – (h) (No change.)

§ 9A:16-2.4 Procedure for loan redemption

(a) Upon completion of each full year of service, each program participant shall [apply] **submit a loan distribution form** to the Executive Director for the earned amount of indebtedness redemption specified in his or her contract. At the time of [application] **submission**, the [applicant] **participant** shall submit to the Executive Director a Participation Performance Report, which shall include:

1. A certification, indicating that the program participant provided primary care services for a full year, attested to by the Chief Executive Officer or Director of the applicable service site and details of the satisfactory performance of the participant at the site.

(b) – (c) (No change.)

RESOLUTION 01:15

**CONSIDERATION OF PROPOSED READOPTION WITH AMENDMENTS OF
REGULATIONS GOVERNING THE PRIMARY CARE PRACTITIONER LOAN
REDEMPTION PROGRAM, N.J.A.C. 9A:16**

Moved by: Mr. James Allen
Seconded by: Ms. Maria Torres

WHEREAS: The Higher Education Student Assistance Authority (“HESAA”) is statutorily responsible for the administration of the Primary Care Practitioner Loan Redemption Program; and

WHEREAS: Pursuant to N.J.S.A. 52:14B-5.1, N.J.A.C. 9A:16 sunsets on May 16, 2015; and

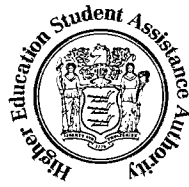
WHEREAS: HESAA is required to review all rules proposed for readoption and determine if they are necessary, reasonable and proper for the efficient operation of the programs for which they were originally promulgated; and

WHEREAS: The proposed readoption contains amendments to update references to institutions that have changed their names and to clarify the annual submissions required to participate in the Primary Care Practitioner Loan Redemption Program.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves and authorizes publishing the attached Proposed Readoption with Amendments of Regulations Governing the Primary Care Practitioner Loan Redemption Program, N.J.A.C. 9A:16 in the New Jersey Register.

February 17, 2015



State of New Jersey

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
4 QUAKERBRIDGE PLAZA
PO BOX 545
TRENTON, NJ 08625-0545
1-800-792-8670
www.hesaa.org


CHRIS CHRISTIE
Governor


KIM GUADAGNO
Lt. Governor

GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority Board

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: Marnie B. Grodman, Esq. 
Director, Legal & Governmental Affairs

SUBJECT: Resolution 02:15 Approving the Extension of the Contract with Obermayer Rebmann Maxwell & Hippel LLP, Special Counsel to Assist in the Review of Materials Related to 529 Plans for One Year

DATE: February 17, 2015

Background

The Higher Education Student Assistance Authority administers the New Jersey Better Educational Savings Trust (NJBEST) program, New Jersey's State qualified tuition program under Section 529 of the Federal Internal Revenue Code of 1986, as well as the Franklin Templeton 529 College Savings Plan ("529 Plans").

At its November 23, 2010 meeting, as a result of a Request for Qualifications, the HESAA Board appointed Obermayer Rebmann Maxwell & Hippel LLP 200 Lake Drive East, Cherry Hill NJ 08002, as special counsel to assist in the review of materials related to the 529 plans and to assist in engaging the investment manager. The appointment was for a term of two years with three optional one-year extensions. The Board approved the first two extensions at its October 25, 2012 and February 5, 2014 meetings.

Obermayer was appointed to provide opinions and advice to HESAA on all documents prepared by HESAA's investment manager, Franklin Templeton, related to the 529 Plans. These documents include but are not limited to: investor handbook supplements, disclosure updates, contract amendments and supplements, and dealer program distribution agreements. Additionally, Obermayer is currently engaged in assisting HESAA in negotiating amendments to its contract with the investment manager.

Obermayer was initially selected because their proposal displayed the most hands on experience with mutual funds generally and 529 plans specifically. Warren Ayres, the attorney assigned to HESAA, is a member of the firm's Business & Finance Department and as head of Obermayer's

Tax Practice Group is up-to-date on the tax laws applicable to the NJBEST program. Obermayer has provided prompt and professional advice in response to all requests for opinions.

Recommendation

It is recommended that the Board approve Resolution 02:15 providing a one year extension of the retainer agreement with Obermayer Rebmann Maxwell & Hippel LLP as Special Counsel to Assist in the Review of Materials Related to 529 Plans and to assist in negotiating contract amendments with the investment manager at a rate of \$225-300 per hour for attorneys and \$100 per hour for paralegals.

Attachment

RESOLUTION 02:15

**APPROVING THE EXTENSION OF THE CONTRACT WITH OBERMAYER
REBMANN MAXWELL & HIPPEL LLP, SPECIAL COUNSEL TO ASSIST IN THE
REVIEW OF MATERIALS RELATED TO 529 PLANS FOR ONE YEAR**

Moved: Dr. Jon Larson
Seconded: Ms. Jean McDonald Rash

WHEREAS: At its November 23, 2010 meeting, as the result of a Request for Qualifications, the Higher Education Student Assistance Authority Board appointed Obermayer Rebmann Maxwell & Hippel LLP 200 Lake Drive East, Cherry Hill NJ 08002 as special counsel to assist in the review of materials related to 529 Plans and to assist in engaging the successive investment manager; and

WHEREAS: The Board appointed Obermayer for a term of two years with three optional one-year extensions; and

WHEREAS: The Board approved the first two extensions at its October 25, 2012 and February 5, 2014 meetings; and

WHEREAS: Obermayer was initially selected because their proposal displayed the most hands on experience with mutual funds generally and 529 plans specifically and as head of Obermayer's Tax Practice Group Warren Ayres, the attorney assigned to HESAA, is up-to-date on the tax laws applicable to the NJBEST program; and

WHEREAS: Obermayer has provided the Authority with prompt and professional legal advice with regards to investor handbook supplements, disclosure updates, contract amendments and supplements, and dealer program distribution agreements; and

WHEREAS: The Authority desires to continue this contract with Obermayer Rebmann Maxwell & Hippel LLP.

NOW THEREFORE, LET IT BE:

RESOLVED: The Higher Education Student Assistance Authority hereby approves a one year extension of the retainer agreement with Obermayer Rebmann Maxwell & Hippel LLP as Special Counsel to Assist in the Review of Materials Related to 529 Plans and to assist in negotiating contract amendments with the investment manager at a rate of \$225-300 per hour for attorneys and \$100 per hour for paralegals.

February 17, 2015