

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

January 24, 2018

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on January 24, 2018 at 10:00 am at the HESAA offices in Hamilton.

PRESENT: Ms. Audrey Bennerson, Secretary of Higher Education Designee; Ms. Gabrielle Charette, Esq.; Dr. Jon Larson; Ms. Jean McDonald Rash; Mr. Robert Shaughnessy, Treasurer's Designee; Mr. Bader Qarmout (teleconference); Mr. Rbrey Singleton (teleconference); Ms. Maria Torres, and Ms. Christy Van Horn Members.

ABSENT: Ms. Stephanie Berdugo-Hernandez and Mr. Anthony Falcone.

CALL TO ORDER

Christy Van Horn called the meeting to order at 10:01 am. 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 were participating via teleconference, Roseann Sorrentino would conduct a roll call for the resolutions.

Ms. Van Horn introduced Robert Shaughnessy, Treasurer's Designee, recently appointed by the Acting Treasurer Elizabeth Maher Muoio.

Ms. Van Horn welcomed Geoffrey Stark, Esq., Deputy Attorney General; and Craig Ambrose, Esq., Governor's Authorities Unit.

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

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

CONSIDERATION OF THE MINUTES OF THE OCTOBER 25, 2017 MEETING

A motion to approve the minutes of the October 25, 2017 meeting as amended was made by Ms. Jean McDonald Rash and seconded by Ms. Maria Torres. The minutes were approved unanimously with two abstentions, Robert Shaughnessy and Rbrey Singleton who did not participate in the October 25, 2017 meeting.

CONSIDERATION OF THE MINUTES OF THE DECEMBER 14, 2017 MEETING

A motion to approve the minutes of the December 14, 2017 meeting was made by Ms. Audrey Bennerson and seconded by Ms. Jean McDonald Rash. The minutes were approved unanimously with one abstention Robert Shaughnessy who did not participate in the December 14, 2017 meeting.

RESOLUTION 01:18 APPOINTING A VENDOR TO PROVIDE INTERACTIVE ON-LINE FINANCIAL LITERACY PROGRAM AND SUPPORT RESOURCES

Andre Maglione and Samantha Benson presented Resolution 01:18 to the Board.

One of our main programmatic responsibilities is providing students and families with individualized financial aid information, resources and assistance in financing higher education. Most importantly, we strive to help them understand the process, terms and tools to help them be more successful in their higher education journey. One of these tools came about when HESAA participated in the College Access Challenge Grant (CACG) nearly 5 years ago, when HESAA contracted with a vendor to provide a financial literacy web based interactive program to underserved areas as designated by the US Department of Education. Soon after deployment of this service, the funding was discontinued by the federal government and HESAA moved to continue the program out of our operational budget. HESAA's current contract to provide these services is set to expire May 13, 2018. On November 20, 2017, HESAA issued a Request for Proposal (RFP) for a vendor to continue providing a financial web-based on-line program to our New Jersey high schools as well as the colleges in our tuition aid program. The term of the contract will be for three years with two possible one year extensions.

HESAA mailed the RFP to three financial literacy companies, as well as posted it to our website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and the Home News. HESAA received proposals from three companies: HESAA's current vendor, EverFi Inc., Inceptia and iGrad Financial Wellness.

HESAA's RFP Evaluation committee consisting of Andre' Maglione (Acting Director of Client Services), Ruth Odom (chief information officer) and Samantha Benson (financial literacy program manager and internal training administrator) met to review and evaluate the proposals. Each one was rated on the following criteria: ability to meet the scope of the RFP, prior experience hosting a web-based program on topics such as but not limited to financing higher education, banking and credit scores. We also looked at the quality and content of the financial literacy program and the overall cost.

The committee unanimously determined that EverFi, Inc. best met HESAA's needs. They not only provided a high-quality financial literacy program, but also was the only program that provided the staffing to onboard and train school administrators. Accordingly, although the fees for EverFi, Inc. are slightly higher than iGrad, the overall cost is far less since we would not have to designate a HESAA employee to train all the schools.

It is recommended that the Board approve Resolution 01:18 appointing EverFi, Inc. at a cost of \$65,000 per year for the first 35 New Jersey high schools, and up to \$2,500 per year for each

additional high school and \$50,000 per year for the New Jersey TAG eligible colleges and universities.

A motion to approve Resolution 01:18 was made by Dr. Jon Larson and seconded by Ms. Jean McDonald Rash.

Christy Van Horn asked if there is a cost for each college that participates. Mr. Maglione explained that the \$50,000 cost is for all TAG eligible institutions. However, if only one institution is interested, then HESAA would be charged a prorated amount.

Audrey Bennerson asked if HESAA could add more high schools. Mr. Maglione responded that some schools have closed, and some have consolidated so there has not been a need to increase the count, but that additional schools can be added.

Maria Torres asked how the school counselors are advised of the availability of the program. Mr. Maglione advised that HESAA presents training sessions for high school counselors and announces the availability of the financial literacy program at those training sessions.

The motion passed unanimously.

RESOLUTION 02:18 APPROVING THE SECOND EXTENSION OF THE CONTRACT WITH THE NAUTILUS PUBLISHING COMPANY FOR ONE YEAR AS PUBLISHER OF *GOING TO COLLEGE IN NEW JERSEY*

Andre Maglione presented Resolution 02:18 to the Board.

On December 2, 2013, HESAA issued a Request for Proposals (RFP) and the Board appointed Nautilus Publishing Company as the publisher of this publication for a three-year contract with two possible one-year extensions.

At the January 25, 2017 Board meeting the Board approved the first one-year extension and now at this meeting staff recommends exercising the option for the second one-year extension for Nautilus to continue publishing *Going to College in New Jersey*.

Going to College in New Jersey is distributed to all New Jersey high schools, in both paper and electronic formats. In addition the publication is sent to legislative offices, libraries, colleges and is distributed at every financial aid night and college fair including the NACAC Meadowlands statewide college fair. The publication is used to promote New Jersey institutions of higher education. The publication contains information on each New Jersey TAG eligible institution, the financial aid process, as well as a detailed list of all college majors and the colleges that offer that particular major.

Nautilus published *Going to College in New Jersey* to HESAA's specifications and has met all expectations for the past nine years. The total cost for publishing *Going to College in New Jersey* is \$70,550.00, which is the same for the previous four years. The cost includes the e-book version compatible with major e-book readers.

It is recommended that the Board approve Resolution 02:18, approving the extension of the contract with Nautilus Publishing Company for one year as the publisher, at a cost not to exceed \$70,550.00.

A motion to approve Resolution 02:18 was made by Ms. Maria Torres and seconded by Mr. Robert Shaughnessy.

Robert Shaughnessy asked if HESAA is planning to re-procure for this publication once the final extension expires and Mr. Maglione responded yes.

The motion passed unanimously.

PRESENTATION: KEY COMPONENTS OF A STATE-SPONSORED, BOND-FINANCED STUDENT LOAN PROGRAM: UNDERWRITER, BOND COUNSEL AND FINANCIAL ADVISOR

Chair Van Horn introduced Jerry Traino, Chief Financial Officer.

Mr. Traino announced that at the next board meeting in April, the Board will be asked to approve a resolution authorizing the issuance and sale of additional series of student loan revenue bonds for the NJCLASS program. He advised that in advance of that action staff thought it would be helpful to give the Board an overview of the key components of a bond financed loan program. Mr. Traino introduced Leah Sandbank, Partner at McManimon Scotland, HESAA's Bond Counsel; Joe Santoro, Director of Education Finance for Bank of America Merrill Lynch, HESAA's Underwriter; and Tim Webb, Vice President of Hilltop Securities, HESAA's Financial Advisor.

Ms. Sandbank, Mr. Santoro and Mr. Webb presented the attached PowerPoint explaining how the student loan bond process works generally, and describing HESAA's process more specifically. The team explained the roles of each party to the deal, the documents produced and the actions taken throughout the six month process. Mr. Webb advised the Board that New Jersey is the bellwether that other states look to emulate due to the strength of New Jersey's program. He explained that the program statistics improve each year, which leads to better interest rates for the borrowers.

At the conclusion of the presentation, Ms. Van Horn asked about the timing of HESAA's annual bond deals. Mr. Santoro explained that timing is tied to both the federal student loan market and the timing for when families make their choices regarding which school the student will attend. He explained that if HESAA were to price too early then the Authority would have the money invested in cash instead of loans for months, but that HESAA does ensure that there are funds available if families make their school choices earlier. Mr. Webb added that it is important to look at the PLUS auction in May to ensure that HESAA loan rates are not above the PLUS rates.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Gabrielle Charette gave the following report:

The last time this Board convened was for a special telephonic meeting to pass a resolution of intent to issue tax-exempt bonds in the event that the ability to issue tax-exempt bonds was curtailed in the federal Tax Cuts and Jobs Act that was pending at the time. Although a version of the bill did eliminate the ability to issue private activity bonds for student loans on a tax exempt basis, I am pleased to report that the final bill that was passed and signed into law preserved the tax exempt status of all municipal bonds including private activity bonds for such activities as student loans. While the action taken at the December meeting turned out not to be necessary, we are fortunate to have sound legal counsel and financial advisors looking out for our students' and families' best interest and how to position the Authority for success in dynamic and changing environments.

Speaking of the new tax law, there were several significant changes made to qualified withdrawals from 529 college savings plans. Specifically, annual aggregate distributions to pay for up to \$10,000 of tuition expenses in connection with an enrollment at a private elementary or secondary school are treated as qualified expenses. Marnie Grodman, our Director of Legal and Government Affairs, is reviewing the NJBEST statute and regulations to see what changes are required in light of the amendments to federal law. She is also working with Franklin Templeton to ensure that the Investor Handbook is updated appropriately. When those reviews are completed, we will update the Board accordingly.

On the State legislative front, two bills impacting our Grants and Scholarship programs were passed during the Lame Duck session and signed into law. One deals with the calculation of TAG eligibility when a family makes an early withdrawal from a qualified retirement plan due to a financial hardship. The other law allows NJ STARS and NJ STARS II students to attend school part-time and still maintain program eligibility when there is a medical condition or in the wake of a recent death of a parent or spouse. Both bills were effective immediately and Kathryn Safran and her staff have taken immediate steps to implement the new laws and advise the financial aid community accordingly.

With respect to our role as a guarantor of federal loans, we are entering a very busy time in terms of USDE oversight. Last month, the USDE advised us that they will be conducting a round of informational meetings with each of the guaranty agencies to discuss the financial and operational health of the agency. As requested, HESAA prepared and submitted a preliminary report on Monday to the USDE on the Authority's operations and financial condition in advance of the informational meeting which is scheduled for February 26.

Additionally the USDE Security Team notified guaranty agencies that they will be conducting onsite security assessments and plan a week-long, onsite visit to HESAA in April. Of course, we are preparing for both these reviews with all due diligence, but also with an appropriate level of confidence, as we know we have been working consistently in both areas since the last reviews occurred.

Finally, since this Board last met in person in October, we have welcomed a number of new staff members to the HESAA team. Valerie Bednarski and Tracey McNeil joined the Servicing and Collections unit as student loan investigators.

Karen Parker was hired as a Program Officer to oversee NJCLASS's newly created Repayment Assistance Program for NJCLASS borrowers and their cosigners who experience a financial

hardship. Karen comes to us from PHH Mortgage. She holds a bachelor's degree from Rutgers University and a master's degree from John Jay College.

Ron Leven is our new Deputy Chief Information Officer. Ron comes to us from the New Jersey Department of Agriculture. He holds a Bachelor of Science degree from Thomas Edison State University. This is Ron's second tour of duty with HESAA. He worked for the Authority back in the late 1980s and early 1990s and we are pleased to welcome him back.

Arthur Quaranta is HESAA's new Controller. Arthur is a Certified Public Accountant with a degree in Accounting from the University of Delaware. Although we are very happy to have Arthur on board, I would like to publicly thank Robert Clark, HESAA's former Controller, for graciously agreeing to postpone his retirement for a month to ensure the proper training and transfer of knowledge between himself and Arthur.

Last but certainly not least, the very important position of Chief Financial Officer was filled by Jerry Traino. Jerry holds a degree from Rowan University and has extensive budget experience working as both the Director of Budget for the Office of the Governor and the New Jersey General Assembly. Jerry has jumped in with both feet and as you heard recently hosted our kick-off meeting for the upcoming bond cycle.

Finally, when I can, I like to get out of the office and meet students who are benefited by our programs. Earlier this month, I had the chance to do just that at Union County College's winter commencement. Elaine Sanchez is both a TAG and EOF student and was selected to sing the National Anthem at the ceremony. Elaine is a first-year student who completed her first semester with two Bs and four As. She is interested in music therapy and aspires to transfer to Montclair State University after she earns her associate's degree from Union County College.

Thank you.

ADJOURNMENT

Ms. Van Horn announced that after adjourning this Board Meeting the Board would enter a closed session, pursuant to N.J.S.A. 10:4-12b. (3) for discussion only to protect the confidentiality of account holder information.

A motion to adjourn and go to closed session was made by Ms. Maria Torres and seconded by Ms. Audrey Bennerson. The motion passed unanimously.

Ms. Van Horn advised that the next regularly scheduled Board meeting is Wednesday April 18, 2018 at 10:00 am.

The meeting adjourned at 11:12 pm.



PHILIP D. MURPHY
Governor


SHEILA Y. OLIVER
Lt. Governor


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GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: André Maglione 
Acting Director, Client Services

SUBJECT: Resolution 01:18- Appointing a Vendor to Provide Interactive On-Line Financial Literacy Program and Support Resources

DATE: January 24, 2018

Background

One of the Higher Education Student Assistance Authority's (HESAA) programmatic responsibilities is to provide students and parents/guardians with individualized financial aid information and assistance. One of the tools HESAA has used to provide this assistance is an interactive on-line financial literacy program. As HESAA's current contract for these services is set to expire May 13, 2018, on November 20, 2017 HESAA issued a Request for Proposals (RFP) for a vendor to provide an interactive financial literacy course that will be available on HESAA's website as well as the websites of the selected high schools and colleges that HESAA services. The term of the contract will be for three years with two possible one year extensions.

HESAA mailed the RFP to three companies known to offer financial literacy programs, posted the RFP on HESAA's website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News.

HESAA received proposals from three companies: HESAA's current vendor, EVERFI, Inc.; Inceptia; and iGrad Financial Wellness.

Selection Process

An evaluation committee made up of HESAA's Acting Director of Client Services, Training Administrator and Chief Information Officer met and reviewed each of the responsive proposals.

The selection criteria for reviewing the proposals were as follows:

1. The ability to meet the Scope of Services of this RFP;
2. Prior experience with web based financial literacy programs;
3. Quality and content of the financial literacy program being proposed; and
4. Costs.

The committee determined that EVERFI, Inc. best meets HESAA's needs. They not only provide a high-quality financial literacy program, they also are the only vendor that provides in-state staff to on-board the program at targeted high schools. Without this service, HESAA would have to allocate full-time staff to implement the program at the high schools, or suffer nominal implementation at the schools. Accordingly, although the fees for EVERFI, Inc. are slightly higher than those for iGrad, the overall cost will be less.

Recommendation

It is recommended that the Board approve Resolution 01:18 Appointing EVERFI, Inc. to Provide Interactive On-Line Financial Literacy Program and Support Resources at a cost of \$65,000 per year for the initial 35 high schools, up to \$2500 per year for each additional high school and \$50,000 per year for the TAG eligible colleges and universities.

Attachment

RESOLUTION 01:18

APPOINTING A VENDOR TO PROVIDE INTERACTIVE ON-LINE FINANCIAL LITERACY PROGRAMS AND SUPPORT RESOURCES

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

WHEREAS: One of the Higher Education Student Assistance Authority's (HESAA) programmatic responsibilities is to provide students and parents/guardians with individualized financial aid information and assistance; and

WHEREAS: One of the tools HESAA uses to provide this assistance is an interactive on-line financial literacy program; and

WHEREAS: HESAA's current contract for these services is set to expire May 13, 2018; and

WHEREAS: On November 20, 2017 HESAA issued a Request for Proposals (RFP) for a vendor to provide an interactive financial literacy course that will be available on HESAA's website as well as the websites of the selected high schools and colleges that HESAA services; and

WHEREAS: An evaluation committee made up of HESAA's Acting Director of Client Services, Training Administrator and Chief Information Officer met and reviewed each of the responsive proposals; and

WHEREAS: The evaluation committee determined that EVERFI Inc. best meets HESAA's needs.

NOW, THEREFORE, LET IT BE:

RESOLVED: The Board approves the appointment of EVERFI, Inc. to Provide Interactive On-Line Financial Literacy Program and Support Resources at a cost of \$65,000 per year for the initial 35 high schools, up to \$2500 per year for each additional high school and \$50,000 per year for the TAG eligible colleges and universities.

January 24, 2018

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Financial Literacy Program for High School Students			
BIDDER iGrad	DATE	12/27/2017			
SUMMARY SCORES: All					
SUMMARY OF EVALUATION TEAM'S COMMENTS:					
<p>Train the trainer web-based on boarding for high schools. Lacks the dedicated in-state staff for high school onboarding. Price \$28,000 for the 35 high schools, does not have an additional cost for additional high schools. Does have higher ed modules for 50 colleges it is \$210,000 annually? Target audience is college, hosted or non-hosted unclear. It does have chat, and email touchpoints for mainly a college audience not high school. Smart phone and tablet compliant.</p>					
<p>Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response</p>					
CRITERIA	SCORE 1	SCORE 2	SCORE 3	WEIGHT	TOTAL
The ability to meet the Scope of Services of the RFP	7	7	7	30	630
Prior experience with web based financial literacy programs	7	8	8	40	920
Quality and content of the financial literacy program proposed	7	6	9	10	220
Cost	7	6	7	20	400
Total	28	27	31	100	2170

EVALUATION SCORE SHEET		HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY Financial Literacy Program for High School Students			
BIDDER		DATE	12/27/2017		
SUMMARY SCORES: All					
SUMMARY OF EVALUATION TEAM'S COMMENTS:					
Has in-state staff to onboard the high schools. Cost is \$65,000 annually with \$2,500 each additional high school. To add all NJ colleges \$50,000 annually. Previous positive experience					
Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response					
CRITERIA	SCORE 1	SCORE 2	SCORE 3	WEIGHT	TOTAL
The ability to meet the Scope of Services of the RFP	9	9	9	30	810
Prior experience with web based financial literacy programs	10	8	9	40	1080
Quality and content of the financial literacy program proposed	8	8	7	10	230
Cost	8	8	8	20	480
Total	35	33	33	100	2600

EVALUATION SCORE SHEET HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
Financial Literacy Program for High School Students

BIDDER Inceptia DATE 12/27/2017

SUMMARY SCORES: All

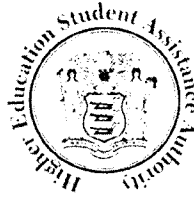
SUMMARY OF EVALUATION TEAM'S COMMENTS:

Does not have dedicated staff for in-state high school onboarding. Cost is \$85,000 for 35 high schools and \$2k for each additional. No cost provided for colleges.

Scoring 9-10 = Excellent 7-8 = Very Good 5-6 = Good 3-4 = Fair 1-2 = Poor 0 = No Response

CRITERIA	SCORE 1	SCORE 2	SCORE 3	WEIGHT	TOTAL
The ability to meet the Scope of Services of the RFP	7	7	7	30	630
Prior experience with web based financial literacy programs	9	8	9	40	1040
Quality and content of the financial literacy program proposed	9	8	9	10	260
Cost	6	3	6	20	300
Total	31	26	31	100	2230

FEEs		
iGrad - Option 1	One-time Set-up fee:	\$4,000
	35 High schools & the TAG eligible colleges/ month	\$7,800
	Total	\$97,600 year one
		\$93,600 subsequent years
iGrad - Option 2	One-Time Set-up fee:	\$4,000
	35 high schools/ month	\$2,000
	Colleges	
		Price per college depends on how many schools (ranges from \$1400 per school for 1-2 schools to \$350 per school for 25-60). If use at least 17 colleges would be less expensive to use option 1.
Inceptia	35 high schools annually	\$87,500
	Additional schools annually	\$2000/school
	Cost for colleges	Not provided
EverFi	35 high schools annually	\$65,000
	Price for additional schools	
		Price for additional schools depends on number of schools (ranges from \$2500 per school for 1- 10 additional schools to \$1900 per school for over 50 schools.
	TAG eligible colleges annually	\$50,000
	Total	\$110,000



PHILIP D. MURPHY
Governor


SHEILA Y. OLIVER
Lt. Governor


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GABRIELLE CHARETTE, ESQ.
Executive Director

MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq. 
Executive Director

FROM: André Maglione 
Acting Director, Client Services

SUBJECT: Resolution 02:18 – Approving the Extension of the Contract with The Nautilus Publishing Company for One Year as Publisher of *Going to College in New Jersey*

DATE: January 24, 2018

Background

The Higher Education Student Assistance Authority (HESAA) annually distributes a publication to college-bound students, *Going to College in New Jersey*, which is an 80 page publication that promotes awareness of higher learning opportunities in the State of New Jersey as well as State and federal financial aid programs.

On December 2, 2013, HESAA issued a Request for Proposals (RFP) to write, edit, design, print, produce, and distribute the two publications, *Going to College in New Jersey*, and the Board appointed Nautilus Publishing Company as the publisher of this publication for a three-year contract with two possible one-year extensions. The initial three-year term was set to expire on March 27, 2017.

At its January 25, 2017 meeting the Board approved the first one-year extension for Nautilus to continue publishing *Going to College in New Jersey*.

At this time, staff recommends exercising the option to enter the second one-year extension for Nautilus to continue publishing *Going to College in New Jersey*. *Going to College in New Jersey* is distributed to all New Jersey high schools, in both paper and electronic formats, and is used to promote New Jersey institutions of higher education. It contains information on all of the schools

as well as a college major chart that identifies which schools provide each course of study. This magazine guides families through the entire college application process by assisting students in selecting the school that is right for them, explaining how to apply to that school, and how to apply for financial aid. HESAA has been satisfied with how Nautilus designs, prints and distributes this magazine.

The total cost for publishing *Going to College in New Jersey* will be \$70,550.00, which is the same as the previous four years. This cost includes the e-book version of *Going to College in New Jersey*, compatible with both major e-book readers, iTunes and Android.

Nautilus published *Going to College in New Jersey* to HESAA's specifications and has met all expectations for the last nine years. Accordingly, staff recommends approving the second one-year extension of the contract with Nautilus to publish *Going to College in New Jersey*.

Recommendation

It is recommended that the Board approve Resolution 02:18, approving the extension of the contract with Nautilus Publishing Company for one year as publisher of *Going to College in New Jersey*, at a cost not to exceed \$70,550.00.

Attachment

RESOLUTION 02:18

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

Moved: Ms. Maria Torres
Seconded: Mr. Robert Shaughnessy

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* on March 27, 2014, with two optional one-year extensions; and

WHEREAS: The initial contract term was set to expire on March 27, 2017; and

WHEREAS: At its January 25, 2017 meeting the HESAA Board approved the first one-year extension of the contract with Nautilus Publishing Company for the Publication of *Going to College in New Jersey*; and

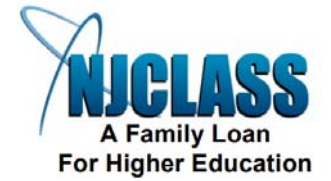
WHEREAS: *Going to College in New Jersey* continues to be a relevant publication for guiding families through the process of choosing a New Jersey school and applying for both admission and financial aid; and

WHEREAS: Nautilus published *Going to College in New Jersey* to HESAA's specifications and has met all expectations.

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* for one year, at a cost not to exceed \$70,550.00.

January 24, 2018



Key Components of a State-Sponsored, Bond-Financed Student Loan Program

HESAA Board Meeting

January 24, 2018



Student Loan Revenue Bonds

Security Information

- Obligation to pay interest and principal
- Fixed or variable interest rates
 - Serial, Term, Super Sinker, VRDO, LIBOR Indexed, etc.
- Borrow on a taxable or tax-exempt basis
- Payments solely from pledged collateral
 - By statute, all NJ HESAA debt is also backed by the moral obligation of the State to replenish the debt service reserve fund
- Secured by student loans and investments, not general obligation
- Additional security from internal and any external credit enhancement

Tax Matters

- Tax-exempt volume cap required for issuance
- Student loan revenue bonds are private activity bonds and are subject to AMT
- All student loans purchased or originated with tax-exempt funds are subject to a nexus (connection to New Jersey) requirement. Students and/or Parent Borrowers must attend an institution in or be residents of the State
- Tax-exempt bonds are subject to arbitrage and yield restrictions
 - Non-purpose investments
 - Purpose Investments
 - The adjusted loan yield cannot be more than 2% over the adjusted bond yield

Types of Bond Sales

“Competitive”

- Sold at a specific date and time
- Any firm may bid on bond offering
- Bonds awarded to the lowest conforming bid
- Most applicable for highly rated “plain vanilla” General Obligation offerings

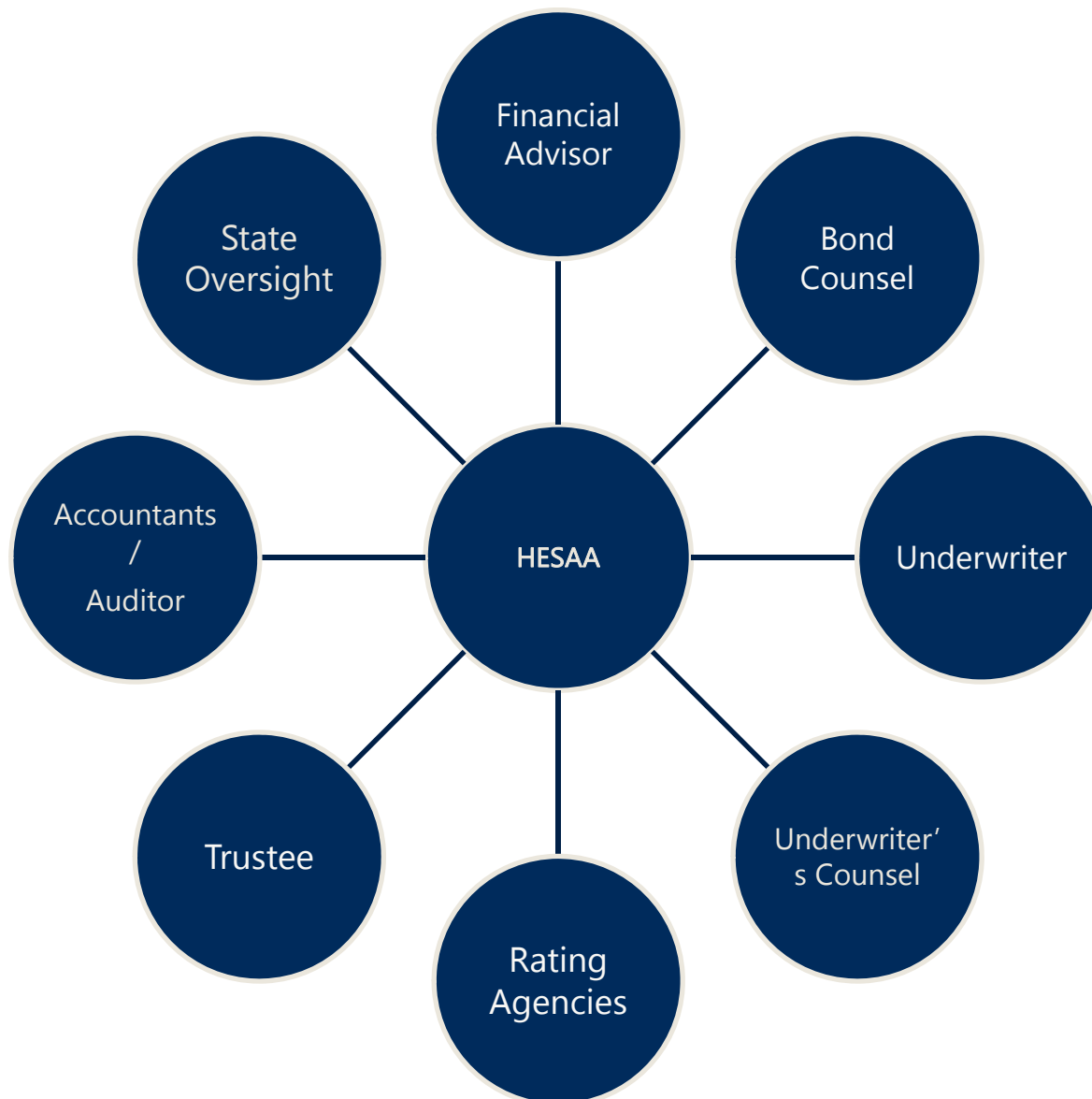
Negotiated

- Underwriter pre-selected (typically through a RFP process)
- Underwriter offers bonds for sale to investors (includes local citizens)
- Pricing date, bond size and maturities are flexible
- Used for most revenue bonds and all non-state General Obligation backed student loan offerings

Private Placement

- Also known as “Bank Loan” or “Direct Purchase”
- Bonds are sold directly to private investor or bank
- Terms are pre-negotiated with the investor
- No credit rating or Official Statement required, although investor will review credit quality/financial condition

The Finance Team Participants



Process of a Student Loan Revenue Bond Issuance

Plan of Finance

- Determine needs / Source of repayment
- Select the financing Team
- Evaluate loan portfolios
- Identify financing goals
- Compare structure alternatives/market
- Obtain credit ratings

Legal Framework

- Statutory approval process
- Prepare disclosure/ financing documents
- Public Notification

Marketing

- Develop Marketing Plan
- Review Proposed Sale
- Execute BPA

Administration

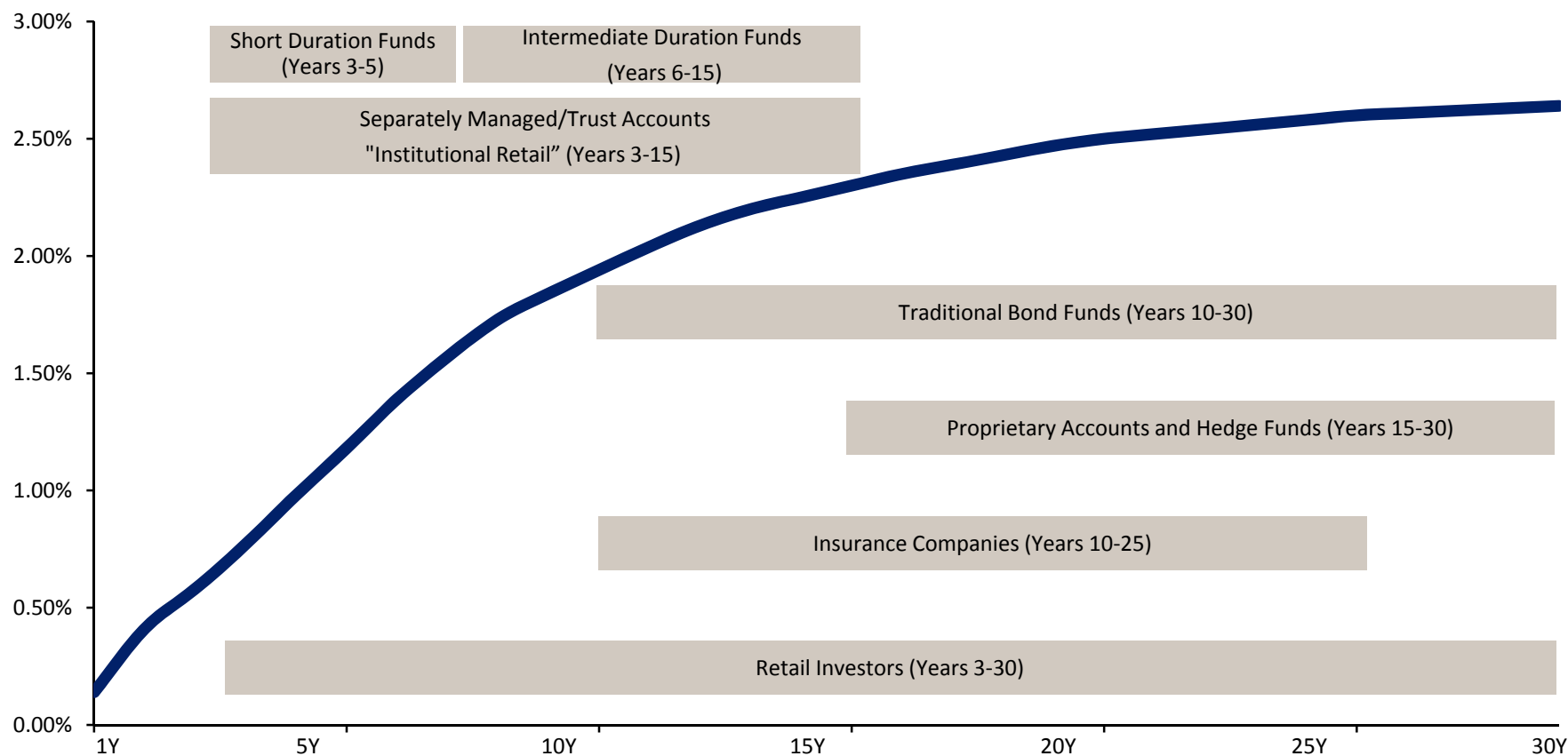
- Closing / money transfer
- Invest bond proceeds
- Originate and Service Loans
- Administer payments
- Track performance and report to investors and rating agencies

The Rating Agency Process

- Rating agencies are data driven
 - NJCLASS loan past performance is critical in assessing future stress case assumptions
 - A long history of good performance results in favorable assumptions
 - The rating agencies also review and assess the operational capabilities of each issuer, administrator and servicer
- Unlike other municipal bonds, student loan revenue bonds are rated as structured finance
 - Rating Agencies review program documents and data and develop stress case cash flow assumptions
 - Following a review and negotiation of these assumptions, the underwriter prepares cash flow projections to prove out performance at various rating categories and presents for the agencies' review
 - HESAA can pass on the savings of favorable assumptions in the form of lower interest rate loans to more NJCLASS borrowers
 - Certain agencies add a "sf" modifier to the rating to designate these as structured finance

HESAA 2017-1 Investor Mix

Preferences Along the Yield Curve by Buyer Segment



Document List

- Offering Documents
 - Preliminary Official Statement
 - Official Statement
- Operative Bond Documents
 - Trust Indenture
 - Supplemental Indenture
 - Servicing Agreement
 - Bond Purchase Contract
 - Continuing Disclosure Agreement
- Authority Documents
 - Bond Resolution
 - Approval of Governor to adopt Bond Resolution
 - Volume Cap Allocation
 - TEFRA Approval
- Other Documents
 - Authority Tax Certificate
 - IRS Form 8038
 - TEFRA notices and hearing
 - Cash Flow Certificate
 - Various Closing Certificates
 - Opinions of Counsel
 - Rating Letters
 - Accountant's Agreed-Upon Procedures and Comfort Letter/Auditor's Comfort Letter
 - Bonds
 - Closing Memorandum

The Official Statement (Offering Document)

Bond Characteristics

Par Amount

NEW ISSUE
Book-Entry-Only

Ratings: (See "RATINGS" herein)

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, and assuming continuing compliance with certain tax covenants described herein, under existing statutes and court decisions, interest on the Series 2017-1 Bonds (as hereinafter defined) is excluded from gross income of the owners thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), but such interest is an item of tax preference for purposes of the alternative minimum tax imposed by the Code with respect to individuals and corporations. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2017-1 Bonds. Further, in the opinion of Bond Counsel, interest on the Series 2017-1 Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

Credit Ratings

Tax Status / Testament



\$250,000,000
HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
(State of New Jersey)
STUDENT LOAN REVENUE BONDS, SERIES 2017-1
Consisting of
\$141,100,000 Senior Student Loan Revenue Bonds, Series 2017-1A,
\$86,900,000 Senior Student Loan Revenue Refunding Bonds, Series 2017-1B
and
\$22,000,000 Subordinate Student Loan Revenue Bonds, Series 2017-1C

Maturity Date(s)

Issuer

Dated: Date of Delivery

Due: December 1, 2026 shown on the inside front cover

The Higher Education Student Assistance Authority (the "Authority") \$250,000,000 Higher Education Student Assistance Authority Student Loan Revenue Bonds, Series 2017-1, consisting of: (i) \$141,100,000 Senior Student Loan Revenue Bonds, Series 2017-1A (the "Senior Series 2017-1A Bonds"); (ii) \$86,900,000 Senior Student Loan Revenue Refunding Bonds, Series 2017-1B (the "Senior Series 2017-1B Bonds"); together with the Senior Series 2017-1A Bonds, the "Senior Series 2017 Bonds"; and (iii) \$22,000,000 Subordinate Student Loan Revenue Bonds, Series 2017-1C (the "Subordinate Series 2017 Bonds"); together with the Senior Series 2017 Bonds, the "Series 2017-1 Bonds", will be issued by the Authority pursuant to the Act and the 2010-1 Indenture (as hereinafter defined) and will mature on the respective dates and in the respective principal amounts set forth on the inside front cover page of this Official Statement. See APPENDIX A - "COPY OF TRUST INDENTURE AND FORM OF FOURTH SUPPLEMENTAL INDENTURE - (Fourth Supplemental Indenture - SCHEDULE B-1 - FORM OF SENIOR SERIES 2017 BONDS and SCHEDULE B-2 - FORM OF SUBORDINATE SERIES 2017 OBLIGATIONS)" herein.

First Interest Payment

The Series 2017-1 Bonds, when issued, will be issued as registered bonds and will be registered in the name of Code & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series 2017-1 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2017-1 Bonds purchased. So long as DTC is the registered owner of the Series 2017-1 Bonds, payments of the principal of and interest on the Series 2017-1 Bonds will be made directly to DTC. Disbursements of such payments to DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants. See "THE SERIES 2017-1 BONDS - Book-Entry-Only System - Series 2017-1 Bonds" herein. Wells Fargo Bank, National Association, shall act as trustee, paying agent and bond registrar (the "Trustee") for the Series 2017-1 Bonds.

The Series 2017-1 Bonds will be due on the date of delivery thereof and will bear interest at the respective rates per annum set forth on the inside front cover page hereof, payable initially on December 1, 2017 and semiannually thereafter on each June 1 and December 1, provided, however, no interest on the Subordinate Series 2017 Bonds otherwise than on any Suspended Interest Payment Date (as defined herein) shall be paid to Holders of Subordinate Series 2017 Bonds and interest on the Subordinate Series 2017 Bonds shall accrue during a Suspended Interest Period (as defined herein) and, provided further, that the principal of the Subordinate Series 2017 Bonds is payable after all principal payments on the outstanding Senior Series 2017 Bonds have been paid and no Senior Series 2017 Bonds remain Outstanding. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017-1 BONDS - Priority of Use and Disbursement of Revenue Fund Monies; Suspension of Interest on Subordinate Series 2017 Bonds" and "THE SERIES 2017-1 BONDS - Payment of Subordinate Series 2017 Bonds" herein and APPENDIX A - "COPY OF TRUST INDENTURE AND FORM OF FOURTH SUPPLEMENTAL INDENTURE" herein. Each Series of the Series 2017-1 Bonds will mature on December 1 in the respective years and in the respective principal amounts set forth on the inside front cover page hereof.

Security

The Series 2017-1 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2017-1 BONDS - Redemption Provisions" herein.

The Series 2017-1 Bonds are being issued under the Indenture of Trust, dated as of January 1, 2010, as heretofore amended and supplemented by the First Supplemental Indenture, dated as of January 1, 2010, the Second Supplemental Indenture, dated as of June 1, 2010, and the Third Supplemental Indenture, dated as of February 24, 2011 (collectively, the "Trust Indenture"), and as further amended and supplemented from time to time, including by a Fourth Supplemental Indenture, dated as of June 1, 2017 (the "Fourth Supplemental Indenture" and together with the Trust Indenture, the "2010-1 Indenture"), between the Higher Education Student Assistance Authority (the "Authority") and the Trustee, and pursuant to a resolution of the Authority adopted on April 19, 2017. The Series 2017-1 Bonds, together with other available Authority funds, are issued for the purpose of: (i) making a deposit into the applicable accounts and subaccounts of the Student Loan Fund established pursuant to the 2010-1 Indenture to be applied as set forth therein including, without limitation, to originate Student Loans (as more fully described herein); (ii) currently refunding and redeeming all of the Authority's outstanding Student Loan Revenue Bonds, as further described in Appendix E - "Summary of Bonds to be Refunded" (collectively, the "Bonds to be Refunded"), originally issued pursuant to the Authority's Indenture of Trust, dated June 1, 1995 ("1995 Indenture"), between the Issuer and Wells Fargo Bank, National Association, as successor trustee thereunder ("1995 Trustee"); (iii) making a deposit into the 2017-1 Capitalized Interest Account (as defined in the Fourth Supplemental Indenture) of the Capitalized Interest Fund established pursuant to the 2010-1 Indenture; (iv) making a deposit into the 2017-1 Debt Service Reserve Account of the Debt Service Reserve Fund to satisfy the 2017-1 Debt Service Reserve Fund Requirement (as defined in the Fourth Supplemental Indenture); and (v) paying all or a portion of the costs incurred in connection with the issuance and delivery of the Series 2017-1 Bonds.

Plan of Finance

The Series 2017-1 Bonds are secured by a pledge, subject to the terms of the 2010-1 Indenture, of the Student Loans (including notes evidencing the same) held as part of the Trust Estate pursuant to the 2010-1 Indenture, including the 2017-1 NCLASS Loans (as hereinafter defined), and the monies and securities in the various funds established under the 2010-1 Indenture (except the Rebate Fund and the Excess Yield Fund), and the Revenues and Recoveries of Principal. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017-1 BONDS - General" herein.

The Series 2017-1 Bonds are additionally secured by the 2017-1 Debt Service Reserve Account within the Debt Service Reserve Fund (funded initially with a portion of the proceeds of the Series 2017-1 Bonds), into which monies may be paid by the State of New Jersey pursuant to a provision of the Act, subject to and dependent upon annual appropriations by the Legislature of the State of New Jersey for such purpose, as more fully described herein. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2017-1 BONDS - Debt Service Reserve Fund; Statutory Provisions Relating to Legislative Appropriations" herein. Such provision does not constitute a legally enforceable obligation on the part of the State of New Jersey or create a debt or liability on behalf of the State of New Jersey enforceable against the State.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

THE SERIES 2017-1 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY HAS NO POWER TO LEVY OR TO COLLECT TAXES. THE SERIES 2017-1 BONDS DO NOT CREATE ANY DEBT OR LIABILITY ON BEHALF OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE STATE OF NEW JERSEY NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2017-1 BONDS, EXCEPT FROM THE MONIES AND FUNDS OF THE AUTHORITY PLEDGED UNDER THE 2010-1 INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2017-1 BONDS.

The Series 2017-1 Bonds will be offered subject to prior sale, when, as and if issued by the Authority and accepted by the Underwriter, and are subject to the final approving opinion of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Authority, and to certain other conditions described herein. Certain legal matters will be passed upon by the Underwriter by Parker McCoy P.A., Mount Laurel, New Jersey, counsel to the Underwriter. It is expected that the Series 2017-1 Bonds will be available for delivery through the facilities of DTC on or about June 1, 2017.

Legal Opinions

Senior Managing Underwriter

BofA Merrill Lynch

Dated: May 16, 2017

Delivery Date



Timeline

January	February	March	April	May	June
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1 2 3 4 5 6	1 2 3	1 2 3	1 2 3 4 5 6 7	1 2 3 4 5	1 2
7 8 9 10 11 12 13	4 5 6 7 8 9 10	4 5 6 7 8 9 10	8 9 10 11 12 13 14	6 7 8 9 10 11 12	3 4 5 6 7 8 9
14 15 16 17 18 19 20	11 12 13 14 15 16 17	11 12 13 14 15 16 17	15 16 17 18 19 20 21	13 14 15 16 17 18 19	10 11 12 13 14 15 16
21 22 23 24 25 26 27	18 19 20 21 22 23 24	18 19 20 21 22 23 24	22 23 24 25 26 27 28	20 21 22 23 24 25 26	17 18 19 20 21 22 23
28 29 30 31	25 26 27 28	25 26 27 28 29 30 31	29 30	27 28 29 30 31	24 25 26 27 28 29 30

Week of:	Event	Responsibility
January 15	Planning & Kick-off Meeting for 2017-18 NJCLASS loan program and financing (Thursday, January 18 th)	HESAA, FA, BC, UW
January 22	HESAA Board Meeting (Wednesday, January 24 th)	HESAA
January 29	Distribute Preliminary Financing Calendar, Term Sheet and Distribution List	UW
February 5	Receive, analyze and stratify end of January data	UW
February 12	Distribute Draft Rating Agency Presentation	UW
February 19	Execute Rating Agency's Engagement Letter – S&P and Moody's	HESAA, RA
	Meeting with Moody's and S&P – Request Stress Case Assumptions (Wednesday, February 21 st)	HESAA, UW, FA
February 26	Conference Call to review documents (TBD)	WG
March 5	EFC Conference	
March 12	Work with S&P on modeling	UW
March 19	Engage 3 rd party loan verification agent (Collateral data as of 1/31/18 and Default and Recovery data as of 12/31/17)	UW, HESAA, ACCT
	Publish TEFRA Notice	BC
April 2	Distribute documents to Board	HESAA, BC, UWC
April 9	Prepare Investor Presentation	UW, HESAA, FA
	3 rd party loan verification completed	ACCT
	Receive Rating Agency sign off and expected ratings	UW
	TEFRA Hearing	HESAA, BC
April 16	Board Meeting to approve transaction (Wednesday, April 18 th @ 10:00 AM)	HESAA, BC, UW
April 23	Receipt of Governor's approval of Board Minutes	HESAA
April 30	Market Bonds (including Newspaper Ad and BuyNJBonds.gov)	UW
May 7	Price Bonds	UW, HESAA, FA
	Execute BPA	HESAA, UW
May 14	Print Final OS, Finalize other documents	P, UWC, BC
May 28	Pre-Close @ McManimon, Scotland & Baumann, LLC– Roseland, NJ	WG
	Close @ McManimon, Scotland & Baumann, LLC– Roseland, NJ (Friday, June 1 st)	WG