MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

April 23, 2015

The Higher Education Student Assistance Authority (HESAA) Board held a meeting on April 23, 2015 at 10:00 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; Dr. Harvey Kesselman; Dr. Jon Larson; Mr. Corey Amon, Treasurer’s Designee; Mr. Luis Padilla; Mr. Bader Qarmout; Ms. Maria Torres and Ms. Christy Van Horn, Members.

ABSENT: Ms. Jean McDonald Rash and George Garcia, Esq.

CALL TO ORDER

Anthony Falcone called the meeting to order at 10:00 am. Mr. Falcone stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Mr. Falcone led those present in the Pledge of Allegiance.

Mr. Falcone welcomed the Board members and advised that because some members were participating via teleconference, Roseann Sorrentino would conduct a roll call for the resolutions.

Mr. Falcone welcomed Michael Collins, Esq., Governor’s Authorities Unit, Geoffrey Stark, Esq., Deputy Attorney General, Aimee Manocchio Nason, Esq., Deputy Attorney General, Mr. Joseph Santoro of Bank of America Merrill Lynch, Mr. Steven Kantor of FirstSouthwest, and Leah Sandbank, Esq., McManimon, Scotland & Baumann, LLC.

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 FEBRUARY 17, 2015 MEETING

A motion to approve the minutes of the February 17, 2015 meeting was made by Fr. Michael Braden and seconded by Mr. James Allen. The minutes were approved unanimously with two abstentions, Mr. Luis Padilla and Mr. Corey Amon who did not participate in the February 17, 2015 meeting.

RESOLUTION 03:15 ADOPTING A SCHEDULE OF MEETINGS FOR FISCAL YEAR 2016

Marnie Grodman, Esq., presented Resolution 03:15 to the Board.
At the last Board meeting of the fiscal year HESAA sets the meeting schedule for the next fiscal year in order to provide notice to the public. After polling the board members regarding their availability it is recommended that for fiscal year 2016 the board meetings be scheduled on Thursday July 23, 2015; Thursday October 22, 2015; Thursday January 28, 2016 and Tuesday April 19, 2016. All of the meetings will take place at 10:00 am, with the exception of January’s meeting which will begin at 2:00 PM.

In addition, HESAA may call additional meetings, including telephone conference meetings. Specific notice of each meeting will be provided prior to each meeting pursuant to the Open Public Meetings Act.

A motion to approve Resolution 03:15 was made by Ms. Maria Torres and seconded by Mr. James Allen.

The motion was passed unanimously.

**CHAIR TO ANNOUNCE AD HOC COMMITTEE APPOINTMENTS**

**Nominating Committee**

Anthony Falcone announced that Maria Torres has agreed to chair, and Jean McDonald Rash and Kathleen Flynn have agreed to serve on, the Nominating Committee. Mr. Falcone thanked them for agreeing to be on the Committee. He advised that the committee will be meeting prior to the July 23, 2015 Board meeting to select their recommendations for Chair, Co-chair and two additional members of the Executive Committee for the HESAA Board and that the Nominating Committee will present their recommendations to the full Board for approval at the July meeting. Mr. Falcone requested that any Board members interested in serving on the Executive Committee contact Roseann Sorrentino by May 22. He explained that the Chair, Co-chair and one Executive Committee member are selected from among the public members of the Board and that the other member of the Executive Committee is selected from among the institutional representatives to the Board.

**Evaluation Committee**

Mr. Falcone further advised that pursuant to E.O. 122 the Board needs to appoint an Evaluation Committee, which works in conjunction with the existing Audit Committee, to issue an RFP and select the External Auditors. The Evaluation Committee consists of at least three Board members.

Mr. Falcone explained that E.O. 122 was issued on July 23, 2004 to make the State's public authorities, commissions, boards and councils more accountable to the public in their accounting and financial reporting processes. It requires the board to create an Audit Committee, made up of members who have no financial relationship to the organization. The Audit Committee is given the task of selecting the independent auditor for the authority, and is the only body to which the auditor reports after being selected. Pursuant to the bylaws, HESAA’s Audit Committee consists of the Public members of the Executive Committee, and to ensure that at
least one member of the Audit Committee has accounting or related financial expertise, the Treasurer’s designee.

In order to ensure the independence of the auditor selection process, E.O. 122 also requires that the Board establish an Evaluation Committee to solicit and evaluate potential auditors. This committee must prepare a written report of the evaluation process, which it forwards to the Audit Committee. Based on its review of the Evaluation Committee report, the Audit Committee makes a recommendation to the Board. The Board reviews the recommendation and awards the audit contract to the firm. Within six months of making the recommendation, the Audit Committee must issue a report to the State Treasurer that sets forth steps taken to comply with the auditor selection process required by E.O. 122.

Mr. Falcone announced that Michael Braden, Jon Larson and Bader Qarmout have agreed to serve on the Audit Evaluation Committee.

RESOLUTION 04:15 AUTHORIZING THE ISSUANCE AND SALE OF STUDENT LOAN REVENUE BONDS AND APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT, ACKNOWLEDGEMENT OF SERVICING, BOND PURCHASE AGREEMENT AND OTHER MATTERS IN CONNECTION THERewith.

Gene Hutchins presented Resolution 04:15 to the Board.

The proposed resolution relates to the 2015-1 NJCLASS Bond Issue and the drafts of the various bond documents referenced in the resolution. The resolution authorizes a total bond sale not to exceed $225.0 million with a final maturity no later than June 1, 2050. These bonds will be issued under the existing 2012-1 Master Indenture of Trust. The proceeds of the bonds, net of funds required for bond reserves and to pay a portion of the costs of issuance, to the extent possible, will be used to finance standard NJCLASS loans, including the Ten-Year Option 1 Fixed Rate Loans, and Graduate/Professional NJCLASS Loans.

The resolution makes technical amendments to other supplemental indentures within the 2012 Trust that will be discussed by Bond Counsel. The resolution also extends the loan origination period and recycling dates for the Variable Rate Ten-Year Option 1 Loans and makes changes to the loan rates offered from unexpended proceeds of the Series 2014-1 Bond issue so those rates will be the same as the loan rates offered for the 2015-1 Bond Issue providing only one set of rates for the next academic year.

Credit market conditions make it most advantageous for the Authority to continue the structure of fixed rate serial and term bonds utilized over the last several years.

The continued steepness of the tax-exempt bond market yield curve makes it beneficial to continue with the replacement of the 20-year fixed rate standard loan with a 15-year loan for options 1 and 2.

Market conditions have also made it possible for the Authority to continue its 10-year Option 1 Loan for families who can afford higher monthly repayment amounts resulting in a significantly
lower interest rate than either the 15-year NJCLASS loan or the Federal Direct Parent Loan for Undergraduate Students (PLUS).

The 2015-1 Bonds will include a series of subordinate bonds as part of the overall bond structure. These subordinate bonds will have the longest maturity and be the last bonds retired. Payment of both principal and interest on these bonds will be subordinate to the senior bonds. It should be noted that although subordinate, these bonds are expected to carry an investment grade rating of A2 from Moody’s and A from Standard and Poor’s, respectively.

The 2015-1 Bond Issue may require HESAA to contribute as much as $4.0 million in equity to meet the rating agencies’ cash flow stresses. However, the current analysis indicates an equity contribution of approximately $3.0 million, assuming the successful marketing and sale of subordinate bonds similar to the last three years. These funds will be drawn from a combination of HESAA reserves from the Guaranty Agency Operating Fund, the NJCLASS Life of Loan Servicing Reserves and NJBEST Scholarship Administrative reserves. These funds are not required for current program purposes, are currently earning only 0.07% in the State’s Cash Management Fund and will earn significantly more while invested in the NJCLASS Trust.

With regard to the credit criteria used for loan eligibility, the NJCLASS program will continue to require a minimum income of $40,000 and a 670 FICO score by either the borrower or a cosigner. These standards have been a primary factor in the decrease in defaults on NJCLASS over the last three years to the benefit of the program and the students and families who borrow through the program.

Mr. Hutchins introduced Leah Sandbank, Bond Counsel from McManimon, Scotland and Baumann to review the provisions of the Bond resolution with the Board.

Ms. Sandbank advised the Board that Resolution 04:15 sets forth the authorizations for (i) a transaction to finance the Authority’s loan origination needs for the upcoming academic year; (ii) the transfer of certain reserves to meet rating agency parity requirements; (iii) certain amendments to the 2014 bond documents to extend the variable rate loan origination and recycling periods and providing that loans originated with unexpended 2014 bond proceeds will bear the same loan rates as those established for the 2015 bonds; and (iv) certain amendments to each prior supplemental indenture issued under the 2012 Master Trust to clarify the date after which all Trust bonds are subject to mandatory redemption.

The resolution sets forth the normal authorizations for a new issue of Student Loan Revenue Bonds, Series 2015-1. The 2015 bonds are authorized in a principal amount not to exceed $225 million, are made up of two series, a senior series and a subordinate series, and are authorized to be sold to Merrill Lynch as the underwriter representative. The parameters for the Bonds include a final maturity date not later than June 1, 2050, not to exceed redemption price of 103%, a 10 year call protection and a not to exceed bond interest rate of 8.5%. The expected terms of the 2015 bonds and the loans that can be originated with proceeds of the 2015 Bonds are further described in the Fourth Supplemental Indenture.

In connection with such approvals of the bond documents, the resolution authorizes the Chairperson, Vice Chair, Secretary-Treasurer, Executive Director or Chief Financial Officer to execute and deliver the customary documents, including a Bond Purchase Contract, a Fourth
Supplemental Indenture, a Continuing Disclosure Agreement, an Acknowledgement of Servicing and a Preliminary Official Statement, the forms of each of such operative documents was included in the materials.

In addition to the above authorizations, the resolution authorizes the use of reserves in an amount not to exceed $4 million, which as Gene explained, is required by the rating agencies to meet their cash flow stress tests and so that the Authority can achieve the initial parity requirement necessary to obtaining the desired rating from the rating agencies.

The resolution also authorizes amendments to the Third Supplemental Indenture for the Series 2014 Bonds to (i) extend the origination period and recycling periods for the Variable Rate Ten-Year Option 1 Loans offered as part of last year’s program; (ii) to make conforming changes to an optional redemption provision; and (iii) provide that from and after the date the 2015 bonds are issued any 2014 loans originated with proceeds of the 2014 bonds will be originated at the loan rates established for the 2015 Bonds. The resolution further authorizes amendments to each of the prior supplemental indentures supplementing the 2012 master trust which relate to the 2012 Bonds, 2013 Bonds and 2014 Bonds to clarify that the date from and after which each series of bonds are required to be mandatorily redeemed from excess revenues is the date from and after which funds are no longer permitted to be released from the trust, which date may be extended with rating agency consent. Previously, the release date could be extended with rating agency approval, but the mandatory redemption date could not. This amendment ties those two dates together and permits any extension of that date to be for the entire trust, not just a single series. All of the amendments described herein and in the resolution are set forth in the Fourth Supplemental Indenture.

A motion to approve Resolution 04:15 was made by Dr. Harvey Kesselman and seconded by Ms. Maria Torres. Kathleen Flynn and Bader Qarmout arrived during the presentation of this resolution.

Corey Amon asked questions regarding the how the subordinate bonds affected the rating of the senior debt. Joe Santoro explained that the senior bonds received an AA rating from both rating agencies and an A rating for the subordinate bonds. He further explained that it would probably require additional equity to receive the same rating without the subordinate bonds. Additionally, the bond interest rate on the subordinate debt is approximately equal to 50 basis points above the interest rate on a comparable senior bond. Mr. Santoro clarified that HESAA’s total borrowing costs are lower because of the subordinate debt.

The motion was passed unanimously with one abstention from Mr. James Allen as his son is an employee of Bank of America.

RESOLUTION 05:15 APPOINTING A VENDOR TO PROVIDE DEPOSITORY BANKING SERVICES

Robert Clark presented Resolution 05:15 to the Board.

The Authority engages a bank to perform depository banking services for its NJCLASS loan program and for its pool of defaulted FFELP loans held by HESAA as the designated New Jersey guaranty agency under the Federal Family Education Loan Program. The final extension
of the existing contract for these services expires on June 1, 2015. In order to obtain a vendor to provide these services going forward, Authority staff issued a Request for Proposals for Depository Banking Services, circulated it to 91 banks doing business in New Jersey and published it to the HESAA website. Interested banks were given the opportunity to submit questions prior to the submission deadline. HESAA staff provided responses to questions received from six different banks.

Two banks submitted proposals in response to the RFP. They were Wells Fargo Bank and Fulton Bank of New Jersey. To evaluate the proposals, a committee consisting of managers from the affected HESAA business units was formed and used the criteria on page two of the Memo supporting Resolution 05:15 to make a selection.

Due to the changing nature of banking, in which the great majority of payments from borrowers are now received through various electronic means rather than by check with a remittance coupon through the traditional lockbox process, the evaluation team paid close attention to the banks’ descriptions of their electronic processes, including how the banks handle on-line payments made through the borrower’s own financial institution. Depending on the technology used by the receiving bank, these payments are either converted to paper checks and mailed to the receiving bank for traditional lockbox processing or converted to electronic transactions for same day deposit to the receiving vendor’s account. The latter process is generically referred to as electronic lockbox. The evaluation committee was able to determine that Wells Fargo Bank has a much more sophisticated electronic lockbox process that would result in a higher percentage of payments being processed as electronic transactions.

In addition, only Wells Fargo provides an automated returns process, which produces an electronic file of all rejected ACH payments that is uploaded to HESAA’s NJCLASS loan system to automatically reverse these payments.

Both of these features offered by Wells Fargo would result in significant savings in both lockbox processing expense and HESAA labor costs relative to the processing capabilities offered by the other bidder. In addition, by providing more specific information about its customer service team and their duties, better documentation of the services offered, and its more complete response to the RFP requirements in general, Wells met the RFP requirements to a much greater degree than Fulton Bank.

HESAA recommends that the Board approve the attached Resolution 05:15, approving Wells Fargo Bank as the provider of depository banking services for a three year term with two optional one year extensions, beginning on June 1, 2015.

A motion to approve Resolution 05:15 was made by Dr. Harvey Kesselman and seconded by Ms. Christy Van Horn.

The motion was passed unanimously.

**RESOLUTION 06:15 APPOINTING A VENDOR TO PROVIDE A STATE GRANTS AND SCHOLARSHIPS APPLICATION PROCESSING SYSTEM**

Ruth Odom and Larry Sharp presented Resolution 06:15 to the Board.
The current system used to support HESAA’s Grants and Scholarships programs is over 30 years old. The legacy system must be partially recoded each year to stand up the new academic year grant award and processing cycle. This annual churn of the system is time consuming and requires considerable staff resources. The system software is written in Assembler and COBOL, software languages which are not even taught today at most colleges and universities. Also, the system uses an antiquated file structure which does not support real-time processing and web enablement.

Therefore, HESAA issued a Request for Proposals on July 27, 2014 to replace the Grants and Scholarships system. HESAA sought companies with a proven track record that could provide an operating environment that would modernize all facets of grants and scholarships processing. We received two responses by the RFP deadline, September 19, 2014. Proposals were received from Gold Bridge Partners, Inc. and Nelnet, Inc.

The RFP evaluation team included HESAA’s Chief Financial Officer, Chief of Staff, Chief Information Officer, Director of Grants & Scholarships, and the Acting Director of Client Services and their appointed staff members.

Obtaining a new Grants & Scholarships system is a major investment. Therefore the evaluation team conducted a thorough evaluation of both offerings. The HESAA team spent the last six months evaluating the Gold Bridge and Nelnet systems. The team began by doing a side-by-side analysis of both proposals. Then, each company came on-site and did a system demonstration, followed by a question and answer session. Subsequently, through a series of webinars, both companies allowed the HESAA team to have hands-on access to their systems to continue the evaluation. Also, members of the HESAA evaluation team visited fellow state agencies, one using the Gold Bridge system and one using the Nelnet system. Each agency’s staff provided positive and negative feedback on the systems to assist with the evaluation. A weighted scorecard was prepared and each proposal scored. As a result, Gold Bridge Partners, Inc. earned the higher score.

Nelnet does offer a suitable system. However, Gold Bridge better meets HESAA’s needs. When evaluating the systems, Gold Bridge scored higher in 13 of the 20 categories evaluated. The front-end of the Gold Bridge system is more readily able to accommodate HESAA’s existing application processes. Additionally, it provides more robust web-based information for students and families, institutions of higher education, and HESAA staff.

HESAA is recommending the Board approve Resolution 06:15 appointing Gold Bridge Partners, Inc. to provide a State Grants and Scholarships Application Processing System at a cost of $2,865,988 over five years for development, implementation and annual hosting and software maintenance, as well as, software development at an hourly cost of $95 per hour for any enhancements beyond the original scope or system changes not covered under the maintenance agreement.

A motion to approve Resolution 06:15 was made by Mr. James Allen and seconded by Ms. Audrey Bennerson.
Dr. Kesselman asked questions regarding training on the new system as well as how frequently HESAA expected fundamental changes to be necessary for this system. Ms. Odom explained that training was included in the cost proposal and that there would be training for the institutions as well since their interface with HESAA’s system would be changing. She advised that HESAA would work with NJACSA and the institutions as to the form of training that would work best for the schools. Ms. Odom also explained that Gold Bridge makes all federal changes annually as part of annual support and that HESAA would pay the hourly rate for any new grant or scholarship programs assigned to HESAA.

Christy Van Horn expressed her enthusiasm for the new system.

The motion was passed unanimously.

RESOLUTION 07:15 APPROVING A WAIVER OF BID ADVERTISING FOR THE PURCHASE OF A MAIL ROOM INSERTER

Greg Myer presented Resolution 07:15 to the Board.

HESAA runs a significant outbound mail operation, processing over 3 million pieces last year. HESAA processes outgoing mail using two machines that work in tandem, a Bell & Howell Feeder/Folder (feeder/folder) and a Bell & Howell Inserter (inserter).

In 2010 HESAA replaced the feeder/folder. The other machine, the inserter, was purchased approximately 25 years ago and has operated with minimal issues until two years ago. Over the past two years, the inserter has required a significant amount of maintenance and the repairman has advised that soon it will be beyond repair.

HESAA contacted three vendors that are on State Contract for mail room equipment. Two of the vendors advised HESAA that they are not able to replace just the inserter because their products would not be compatible with the current feeder/folder. The third vendor, Bell & Howell, advised HESAA that they could provide an inserter that is compatible with HESAA’s feeder/folder. The cost of this inserter is $76,610. This comes with a one year warranty for parts and labor. This compatible inserter is not available through a State contract.

Pursuant to N.J.S.A. 52:34-10 advertising for bids is unnecessary when only one source of supply is available and when the equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary to assure standardization of equipment. As HESAA contacted multiple vendors and determined that there is only one compatible inserter, and only one vendor that can provide it, a bid waiver is permitted to purchase this piece of equipment.

Therefore, it is recommended that the Board approve Resolution 07:15 Approving a Waiver of Bid Advertising for the Purchase of a Mailroom Inserter, thereby permitting HESAA to purchase an inserter from Bell & Howell for $76,610.

A motion to approve Resolution 07:15 was made by Fr. Michael Braden and seconded by Dr. Harvey Kesselman.
The motion was passed unanimously.

RESOLUTION 08:15 APPROVING THE EXTENSION OF THE AGREEMENT WITH EQUIFAX TO PROVIDE CREDIT REPORTING PRODUCTS AND SERVICES

Marnie Grodman presented Resolution 08:15 to the Board.

Pursuant to HESAA’s pre-set procurement policy, the Board is permitted to authorize a waiver of bid advertising under specific circumstances as defined by statute. Specifically, N.J.S.A. 52:34-10(c), permits a bid waiver when a vendor is the sole source of supply, and N.J.S.A. 52:34-10(d) permits a bid waiver when more favorable terms can be obtained from a primary source of supply.

At its April 2012 meeting the Board approved a waiver of bid advertising permitting HESAA to enter into a five year contract with Equifax to provide the needed services. At that time HESAA entered into a contract with Equifax for three years with two possible one year extensions at HESAA’s option. HESAA staff has determined that it remains in HESAA’s best interest to continue the contract with Equifax. Equifax provides HESAA with credit bureau services, which include, credit scores, credit history reports, background reports, fraud warnings, Office of Foreign Assets Control (OFAC) checks, identity theft Red Flag alerts and e-signature identity authentication.

As explained more completely in the Board documents, Equifax is the sole source of supply for the credit scores HESAA relies on for approving NJCLASS loans and marketing HESAA’s bonds. Equifax is the only source that can provide HESAA with credit scores consistent with the data previously reviewed by the credit rating agencies.

Additionally, as Equifax was the only credit reporting agency to respond to HESAA’s previous request for Proposals, Equifax has been HESAA’s primary source of supply for credit services since the inception of the FICO based loan eligibility determination process. As such, HESAA built interfaces to embed Equifax’s platform into the processing functions.

In order to change HESAA’s source of supply for the credit bureau services HESAA would need to make changes to the web process, database, business processes on the Mainframe and online. When requesting the bid waiver in 2012, HESAA staff estimated that in order to change this source of supply it would take the full-time equivalent of twelve and half months work at a cost of $162,000.

In 2012 Equifax provided HESAA with a five-year pricing proposal with a price per transaction cost for each product. Based on previous usage, as well as projected usage the total cost for the full five year contract included both extensions would not exceed $1,485,837.78.

A motion to approve Resolution 08:15 was made by Mr. Bader Qarmout and seconded by Mr. James Allen.

The motion was passed unanimously.
RESOLUTION 09:15 APPROVING THE EXTENSION OF THE CONTRACT WITH CLIFTONLARSONALLEN INDEPENDENT AUDITOR FOR ONE YEAR

Anthony Falcone gave the following presentation on Resolution 09:15 to the Board:

Governor McGreevy’s Executive Order (E.O.) 122 requires public authorities, agencies and commissions to create an Audit Committee. Among other duties, the Audit Committee is charged with recommending to the Board the appointment of an independent auditor to conduct an audit of the Authority’s financial statements. Under E.O. 122, an Audit Evaluation Committee is responsible for issuing a Request for Proposal (RFP) for auditing services, evaluating responses to the RFP, and forwarding its recommendation to the Audit Committee. After reviewing the Audit Evaluation Committee recommendation, the Audit Committee forwards the recommendation to the full HESAA Board for approval.

Four years ago, at its April 26, 2011 meeting, the Board appointed Clifton Gunderson LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2012 fiscal year, subject to two one-year extensions at the option of HESAA. The Board appointed Clifton Gunderson because they had an overall superior technical approach to the job, which was well framed in their proposal. This firm’s wealth of experience stood out to the Audit Evaluation Committee, as it is a national firm with strong practice in dealing with complex issues. The Audit Evaluation Committee was equally impressed by Clifton Gunderson’s depth of staff with a number of years of relevantly focused experience. Subsequently Clifton Gunderson merged with LarsonAllen and formed CliftonLarsonAllen LLP.

The Board approved the first one-year extension at its April 23, 2014 meeting. The contract is subject to its second renewal for the 2016 fiscal year. At the October 23, 2014 meeting the Audit Committee members agreed that it would be in HESAA’s best interest to exercise the second of its options and extend the contract with CliftonLarsonAllen for one-year. This will be the final year of extensions.

A motion to approve Resolution 09:15 providing a one year extension to the appointment of CliftonLarsonAllen, LLP as Independent Auditor, at a cost of $84,350 for the year, was made by Dr. Harvey Kesselman and seconded by Ms. Audrey Bennerson.

Mr. Allen assured that he had no relation to the "Allen" in the firm’s name.

The motion was passed unanimously.

REPORT OF THE PROGRAM REVIEW AND QUALITY CONTROL COMMITTEE

Gena Carapezza, Director of Audits and Quality Assurance (A& QA) gave the following report to the Board:

HESAA’s Audits & Quality Assurance department met with the Program Review and Quality Control committee on April 16, 2015 to discuss the results of our performance for the last year as well as our proposed review schedule for the coming year.
I would like to take this opportunity to provide a short summary of the Audits & QA department’s performance over the last year as discussed with the Committee. We completed the 2014 Internal Controls Assessment required by the State, reporting no material weaknesses. We completed a review over one of HESAA’s collection attorneys, and are currently working to finalize a second. We completed a mock internal audit utilizing testing procedures published by the Consumer Financial Protection Board (CFPB) to review HESAA’s compliance with federal lending requirements. We performed two full scale management reviews which focused on compliance with regulations and policies over State grant & scholarship award distributions, as well as three limited management reviews and are currently working on a fourth.

Reviews which were worked on during the last year resulted in the return of just over one million dollars in State grant funds ($1,022,000). The majority of these funds resulted from inadequate operations at one institution. The institution has showed great initiative to correct for the errors and is currently working to implement a remediation plan to ensure the findings are not repeated again in the future. A&QA is continuing to monitor the progress the institution is making in achieving this goal. The institution will again be reviewed for the 2015/16 academic year to further ensure the issues were properly remediated.

The review schedule planned for the coming year was approved by the Program Review and Quality Control Committee on April 16, 2015. At that meeting it was also discussed that I will be out on maternity leave in the coming months, but through proper planning I was still able to develop a full review schedule for the year with minimal disruption to our department’s efforts.

Fr. Michael Braden made a motion to approve the Program Review and Quality Control Report and the review schedule for FY 2016. Mr. Allen seconded the motion and it passed unanimously.

RESOLUTION 10:15 CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2014 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)

Jules Cornelius gave the following presentation on Resolution 10:15 to the Board:

In front of you is HESAA’s 2014 Annual Report for your consideration and approval. According to Executive Order 37 Authorities are required to produce an annual report that outlines the Authority’s operations and discusses the degree of success the Authority had in promoting the State's economic growth strategies and other policies.

Last year, the Executive Director challenged us to have the report ready for your consideration at the April Board meeting as opposed to the July Board meeting. She also challenged us to create a report that captured not only the statistics behind HESAA’s programs but the true impact of our programs on individual student's lives. We met the challenge last year and we believe we have met it again this year.

Several Board members commented on the excellent quality of the Annual Report.

A motion to approve Resolution 10:15 was made by Dr. Harvey Kesselman and seconded by Mr. James Allen.
The motion was passed unanimously.

CHIEF COMPLIANCE OFFICER'S REPORT

Michael McCulley, Chief Compliance Officer presented the attached power point to the Board.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Gabrielle Charette gave the following report:

Since this Board last met, Governor Christie delivered his proposed fiscal year 2016 budget to the New Jersey Legislature. I am pleased to report that Governor Christie has once again demonstrated robust support for student aid. If adopted by the Legislature, the Governor’s FY 2016 proposal would, for the first time, allocate more than $400 million to HESAA’s programs. The proposal includes a substantial increase to our premier need-based program, the Tuition Aid Grant (TAG), surpassing the amount recommended by the HESAA Board. An additional $11.0 million would be allocated to the current fiscal year (FY 2015) to accommodate unexpected growth in TAG, as well as an additional $19.5 million for Fiscal Year 2016. TAG funding, therefore, will be $366.2 million for Fiscal Year 2015 and $385.8 million for Fiscal Year 2016, an increase of $30.5 million over the original FY2015 appropriation.

Should the Legislature pass the Governor’s proposed budget for student aid, in July this Board will be able to approve a TAG award table that increases the number of awards by 2,000 new awards, increases the amount of all awards in all eligibility indexes at all sectors, including the maximum award which is already over $12,000.

New Jersey’s generous aid programs are not only appreciated in the State but have been recognized nationally. In a recent national report issued by the Young Invincibles, New Jersey received an “A” in the category for State Aid to Students. Given our current state aid levels and the Governor’s proposed funding levels for the upcoming fiscal year, it is easy to see why New Jersey earned a stellar grade.

Last week the Secretary of Higher Education, the officers of the Presidents' Council and I appeared before the Assembly Budget Committee to offer insight and testimony on the proposed Fiscal Year 2016 budget. We are scheduled to appear before the Senate Budget and Appropriations Committee on April 30.

One of the very first issues raised at the Assembly hearing was the graduation rates of TAG recipients. I was proud to be able to report that in December of 2014, this Board approved the adoption of regulations requiring TAG participating institutions to annually report to HESAA graduation rates for TAG recipients starting this Fall.

In preparation for this initiative and to make certain that our report format served to capture the most comprehensive and sound data, HESAA held three information sessions last summer, one at Stockton University, one at St. Peter's University and one here at HESAA. We invited both financial aid office staff and institutional research staff. We had a total of over 110 attendees
come to the sessions. We received a great deal of constructive feedback. We modified our initial reports based on some of the feedback and prepared a Frequently Asked Questions document to address other issues that emerged during the sessions.

I will be presenting the final report format, demonstrating the online application that our IT unit has developed to support the report submissions, and distributing the FAQs next month at the New Jersey Association of Student Financial Aid Administrators' Spring Conference. In August, HESAA University will also hold training classes on how to complete the reports. Since this Board has been so supportive of this initiative, I wanted to share the reports with you first before unveiling them in final format to the community. Copies are at each of your place settings.

In addition to being budget season, April is also Financial Literacy Month. While we are happy to promote financial literacy month at HESAA on both our website and Facebook page, the achievement of financial literacy among our students is a year round commitment.

Leading our commitment efforts is Samantha Benson who runs our Financial Literacy program. Since last September, we have conducted over 100 financial literacy workshops at high schools and colleges throughout the State. In March, Sam volunteered with Junior Achievement, a national organization committed to financial education, and took a dozen students from Saddle Brook High School through a virtual financial reality. Each student was assigned a real life scenario such as a job and family and had to make some difficult spending decisions within a fixed budget.

While Samantha takes the lead in promoting financial literacy, all HESAA staff work to make sure our students and families have the information they need to make wise decisions. In addition to all the brochures and written documents we produce, we have recently invested in a video camera and started filming public service announcements which we post on HESAA's very own YouTube channel. Our goal is to get our message out to a broader audience and better connect with our constituencies. Sharon Austin filmed a PSA about FAFSA Days, Lorraine Staley filmed one about co-signer responsibilities, I filmed a message about our March 1 filing deadline for spring only financial aid, and Larry Sharp is in the process of completing a video for the June 1 filing deadline. Be assured there will be more to come now that I have that camera!

Thank you.

NEW BUSINESS

Gabrielle Charette presented Dr. Harvey Kesselman with a Resolution of Appreciation upon his resignation from the HESAA Board as he begins his new position as President of the University of Southern Maine.

ADJOURNMENT

Mr. Falcone announced that after adjourning this meeting the Board would enter a closed session, pursuant to the Open Public Meetings Act, N.J.S.A 10:4-12b(5), to discuss matters involving the lease of real property with public funds. He advised that details of the discussion will be available to the public upon execution of a lease or the Board's decision not to move
forward. A motion to adjourn and go to closed session was made by Mr. James Allen and seconded by Mr. Bader Qarmout.

The motion passed unanimously.

Chairman Falcone announced the next regularly scheduled Board meeting is July 23, 2015 at 10:00 am. The Audit Committee will be meeting after the closed session.

The meeting adjourned at 11:09 am.
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

SUBJECT: Resolution 03:15 - Adopting a Schedule for Meetings for Fiscal Year 2016

DATE: April 23, 2015

Attached for your review is Resolution 03:15 recommending dates for the Fiscal Year ("FY") 2016 HESAA Board meetings. The following dates and times were chosen after polling each member regarding his or her availability.

Thursday July 23, 2015 at 10:00 am
Thursday October 22, 2015 at 10:00 am
Thursday January 28, 2016 at 2:00 pm
Tuesday April 19, 2016 at 10:00 am

All regular Board meetings will take place at HESAA offices, 4 Quakerbridge Plaza, Building 2, Mercerville, New Jersey. HESAA may call additional meetings, including telephone conference call meetings, at its discretion.

The HESAA Board adopts a regular meeting schedule so that HESAA may notify Board members and the public of future meeting dates. Specific notice of each meeting will be provided to the public in a timely fashion in accordance with the provisions of the Open Public Meetings Act.

Recommendation

It is recommended that the Board approve the attached Resolution 03:15 – Adopting a Schedule of Meetings for Fiscal Year 2016.

Attachment:
1. Resolution 03:15
RESOLUTION 03:15

ADOPTING A SCHEDULE OF MEETINGS
FOR FISCAL YEAR 2016

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

WHEREAS: Adopting a regular meeting schedule provides general notice to Board
members and to the public of meetings of the Higher Education Student
Assistance Authority Board; and

WHEREAS: The dates for the regular meetings for Fiscal Year 2016 were chosen after
polling the Board members regarding their availability; and

WHEREAS: The Higher Education Student Assistance Authority may call additional
meetings, including telephone conference call meetings; and

WHEREAS: Specific notice of each meeting will be provided to the public in
accordance with the provisions of the Open Public Meetings Act.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby adopts the
following schedule of meetings for Fiscal Year 2016:

Thursday July 23, 2015 at 10:00 am
Thursday October 22, 2015 at 10:00 am
Thursday January 28, 2016 at 2:00 pm
Tuesday April 19, 2016 at 10:00 am

April 23, 2015
MEMORANDUM

TO:   Members, Higher Education Student Assistance Authority

THROUGH:   Gabrielle Charette, Esq.
            Executive Director

FROM:   Eugene Hutchins
            Chief Financial Officer

SUBJECT:  NJCLASS Bond Issue 2015-1 Resolution 04:15 Authorizing the Issuance and Sale of Student Loan Revenue Bonds and Subordinate Obligations and Approving the Execution and Delivery of a Supplemental Indenture, Preliminary Official Statement, Final Official Statement, Continuing Disclosure Agreement, Acknowledgement of Servicing, Bond Purchase Agreement, and Other Matters in Connection Therewith and Authorizing Amendments to the Prior Series of Bonds Issued Pursuant to the Indenture of Trust

DATE:   April 23, 2015

Summary

Enclosed is the proposed resolution relating to the 2015-1 Bond Issue together with drafts of the various bond documents referenced in the resolution. The resolution authorizes a total bond sale not to exceed $225.0 million in bonds with a final maturity not later than June 1, 2050. These bonds will be issued under the existing 2012-1 Master Indenture of Trust. The proceeds of the bonds (net of funds required for bond reserves and to pay a portion of the costs of issuance, to the extent possible) will be used to finance standard NJCLASS loans, including Ten-Year Option 1 Fixed Rate Loans, and Graduate/Professional NJCLASS Loans. The resolution makes technical amendments to other supplemental indentures within the 2012 Trust to clarify trigger dates for mandatory redemption of bonds from excess revenues generated within each year’s series of bonds. The resolution also extends the loan origination and recycling dates for the Variable Rate Ten-Year Option 1 Loans and makes changes to the loan rates offered from unexpended
proceeds of the Series 2014-1 Bond issue to be the same as the loan rates offered for the 2015-1 Bond Issue.

Credit market conditions make it most advantageous for the Authority to continue the structure of last year’s bonds of fixed rate serial and term bonds. The steepness of the tax-exempt bond market yield curve makes it beneficial to continue with the replacement of its 20-year fixed rate standard loan with a 15-year loan for options 1 and 2. This change results in a lower interest rate charged to borrowers, a minimal increase in borrowers’ monthly payments, and allows the loans to be paid off sooner at a lower total cost to the borrower.

Market conditions have also made it possible for the Authority to continue its 10-year Option 1 Loan for families who can afford higher monthly repayment amounts resulting in a significantly lower interest rate than either the 15-year NJCLASS loan or the federal Direct Parent Loan for Undergraduate Students (PLUS).

The 2015-1 Bonds will include a series of subordinated bonds as part of the overall bond structure. These subordinate bonds will have the longest maturity and be the last bonds retired. Payment of both principal and interest on these bonds will be subordinate to the senior bonds. In return, the subordinate bonds carry a higher rate of interest and appeal to investors willing to accept a higher degree of risk in exchange for a higher yield. This structure was widely used in the student loan industry prior to 2008, and HESAA has utilized this structure since 2012 with great success, as indicated by robust demand for these bonds. The use of subordinate bonds in the bond structure reduces the amount of equity HESAA is required to contribute to the 2012-1 bond trust as outlined below. It should be noted that although subordinate, these bonds are expected to carry an investment grade rating of A2/A from Moody’s and Standard and Poor’s, respectively.

The 2015-1 bonds will not use bond insurance. Since the downgrade of all municipal bond insurers during the financial crisis, investor appetite for insured bonds is very low. This, combined with the higher premiums currently charged by the remaining investment grade rated insurers, makes the use of bond insurance uneconomical, i.e., the premium charged by the insurers exceeds the interest rate savings on the insured bonds which ultimately would result in higher loan interest rates to students.

The 2015-1 Bond Issue may require HESAA to contribute as much as $4.0 million in equity to meet the rating agencies’ cash flow stresses. However, the current analysis indicates an equity contribution of approximately $3.0 million, assuming the successful marketing and sale of subordinate bonds similar to the last three years’ issuance. These funds will be drawn from a combination of HESAA reserves from the Guaranty Agency Operating Fund, the NJCLASS Life of Loan Servicing Reserves and NJBEST Scholarship Administrative reserves. These funds are not required for current program purposes, are currently earning only 0.07% in the State’s Cash Management Fund and will earn significantly more while invested in the NJCLASS Trust. Excess revenues in the NJCLASS 2015-1 Bond Issue will be eligible for release from the NJCLASS 2012-1 Trust, and other older trusts, over the next 3 to 10 years. These releases of excess revenues will be used to replenish the reserves.
Total NJCLASS loan volume for academic year 2015-16 is expected to approach $240 million and HESAA anticipates using residual unexpended 2014-1 proceeds to meet demand. However, until interest rates on the loans can be better estimated, total sizing of the bond issue will not be finalized.

**NJCLASS Program Parameters**

As has been discussed with the Board over the last few years, general economic and credit conditions and the repayment performance of lower FICO-score borrowers have led the rating agencies to develop higher delinquency and default stress assumptions. To minimize the impact on the NJCLASS program, the Authority adopted revised credit standards for loans originated for the 2012-2013 academic year, and these standards will continue to be followed for academic year 2015-2016 as detailed below:

- Minimum Income of $40,000.

- Revised Credit Score Criteria
  - 670-699 FICO Band – all applicants credit reports reviewed for derogatories.
  - 700+ FICO Bands – application auto approved.

- Administrative fee of 3% for all option types (except for 10-year variable rate loans) to provide additional collateralization for the Bonds. New funding for 10-Year Variable Rate Loans is not included in the 2015 Bond Issue.

- Loan funds available for Option 3 loans not to exceed $40.0 million and interest rate set at its true cost (not subsidized by other option types as was previously done prior to 2012-2013).

- Consolidation Loans – raise the credit and the minimum income standards to those of the standard undergraduate loan. New funding for Consolidation Loans is not included in the 2015 Bond Issue.

Borrowers who do not qualify for the NJCLASS loans will have the choice of obtaining a credit-worthy co-signer or be counseled to apply for the federal PLUS loan where they are able to obtain more flexible repayment terms and less stringent credit standards than can be funded through the bond issues for NJCLASS.

These revised credit standards for the NJCLASS program were put in place to address several program issues. Lower FICO-score and Option 3 borrowers from loans made in prior years continue to default at significantly higher rates than borrowers with higher FICO-score and Option 1 Loans, where repayment of interest and principal begins immediately following origination of the loan, and Option 2 Loans where interest
payments begin immediately while principal payments are deferred during the in-school period.

The higher default rate of Option 3 Loans results in part from the fact that interest accumulated during the in-school period capitalizes (which means it is periodically added to the loan principal balance), and significantly increases the amount that must be repaid. Additionally, all Option 3 Loans of a borrower enter repayment at the same time, which can create difficulty for families in adjusting their monthly budgets, particularly where large amounts have been borrowed.

HESAA continues to counsel families to borrow under those options where some level of payment is made during the in-school period as a means of avoiding the capitalization of interest. Particular focus is placed on lower FICO-score borrowers who many times end up facing monthly payments they cannot afford, which is detrimental to both the borrower and the NJCLASS program.

These tighter credit standards in combination with an improving economy have resulted in an over 50% decrease in loan defaults over the last two years.

**Sale of Bonds and Associated Documents**

The senior manager will assess market conditions at the time of sale and, in coordination with HESAA and the financial advisor, will make final sizing and structuring decisions on the initial sale. The sale of the 2015 bonds is expected to take place in early May.

This resolution delegates to the Chairperson, Vice Chairperson, Secretary–Treasurer, Executive Director, Chief Financial Officer or other authorized representative or designee of the Authority the power to modify and approve the final structure and interest costs of the bonds.

In conformance with Executive Order 26 (Whitman), the bonds are being issued through a negotiated sale. Because of the complexity of the underlying credit (student loans) which secure the bonds, the size of the issue, and difficult market conditions, a negotiated sale should result in better pricing for the bonds than would be obtained from a competitive sale.

The bond documents are enclosed after the resolution in the following order with blue headers:

- Attachment A – 2015-1 Fourth Supplemental Indenture
- Attachment B – 2015-1 Preliminary Official Statement
- Attachment C – 2015-1 Continuing Disclosure Agreement
- Attachment D – 2015-1 Acknowledgement of Servicing
Attachment E – 2015-1 Bond Purchase Agreement

The staff of the Authority will continue to work with FirstSouthwest, the Financial Advisor, and Bank of America Merrill Lynch, the Senior Manager, to develop an optimum strategy for marketing and pricing the bonds so that sufficient funds will be available to satisfy the demand for NJCLASS Loans while at the same time answering any questions the rating agencies and potential bondholders may have regarding the 2015-1 Bond Issue.

Ms. Leah Sandbank representing McManimon, Scotland and Baumann, LLC, Bond Counsel, will review the bond resolution with the Board.

Mr. Joseph Santoro of Bank of America Merrill Lynch, Mr. Steven Kantor of FirstSouthwest, and Mr. Clifford Rones, Deputy Attorney General with the Attorney General’s Office, will also be available at the Authority meeting to answer any questions from members of the Board.

It is recommended that the Board approve the attached Resolution 04:15.

Attachments
RESOLUTION 04:15

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
STUDENT LOAN REVENUE BONDS AND SUBORDINATE
OBLIGATIONS AND APPROVING THE EXECUTION AND
DELIVERY OF A SUPPLEMENTAL INDENTURE,
PRELIMINARY OFFICIAL STATEMENT, FINAL OFFICIAL
STATEMENT, CONTINUING DISCLOSURE AGREEMENT,
ACKNOWLEDGEMENT OF SERVICING, BOND PURCHASE
AGREEMENT, AND OTHER MATTERS IN CONNECTION
THEREWITH AND AUTHORIZING AMENDMENTS TO THE
PRIOR SERIES OF BONDS ISSUED PURSUANT TO THE
INDENTURE OF TRUST

Moved: Dr. Harvey Kesselman
Seconded: Ms. Maria Torres

WHEREAS: The Higher Education Student Assistance Authority (the “Authority”) is a
body corporate and politic constituting an instrumentality of the State of
New Jersey (the “State”) 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: The Authority issued $220,000,000 Student Loan Revenue Bonds, Series
2014-1 of the Authority, consisting of $182,000,000 Senior Student Loan
Revenue Bonds, Series 2014-1A-1, $25,000,000 Senior Student Loan
Revenue Bonds, Series 2014-1A-B (the Series 2014 Variable Rate Bonds*)
and $13,000,000 Subordinate Student Loan Revenue Bonds, Series 2014-
1B (collectively, the Series 2014-1 Bonds*) pursuant to an Indenture of
Trust dated as of June 1, 2012 (the “Original 2012 Indenture”) by and
between the Authority and Wells Fargo Bank, National Association, as
trustee (the “Trustee”), as amended and supplemented, including by a
Third Supplemental Indenture dated as of June 1, 2014 (the “Third
Supplemental Indenture”) (the Original 2012 Indenture, as amended and
supplemented, including as amended and supplemented by the Third
Supplemental Indenture and the Fourth Supplemental Indenture, as defined
herein, the “2012 Indenture”); and

WHEREAS: The Authority wishes to make amendments to the Third Supplemental
Indenture to (i) extend the Origination Period and the Recycling Period for
Variable Rate Ten Year Option 1 Loans, (ii) make conforming changes to
the Special Optional Redemption from Excess Revenues provision with
respect to the Series 2014 Variable Rate Bonds and (iii) provide that from
and after the issue date of the Series 2015-1 Bonds (as defined below), the
loan rates for loans originated with unexpended proceeds of the Series
2014-1 Bonds shall be the same as the loan rates for the 2015-1 NJCLASS
Loans (as defined in the Fourth Supplemental Indenture); and
WHEREAS: The Authority issued $200,000,000 Student Loan Revenue Bonds, Series 2013-1 of the Authority, consisting of $180,000,000 Senior Student Loan Revenue Bonds, Series 2013-1A and $20,000,000 Subordinate Student Loan Revenue Bonds, Series 2013-1B (collectively, the “Series 2013-1 Bonds”) pursuant to the Original 2012 Indenture, as amended and supplemented, including by a Second Supplemental Indenture dated as of June 1, 2013 (the “Second Supplemental Indenture”); and

WHEREAS: The Authority issued $259,300,000 Student Loan Revenue Bonds, Series 2012-1 of the Authority, consisting of $248,300,000 Senior Student Loan Revenue Bonds, Series 2012-1A and $11,000,000 Subordinate Student Loan Revenue Bonds, Series 2012-1B (collectively, the “Series 2012-1 Bonds”) pursuant to the Original 2012 Indenture, as amended and supplemented by a First Supplemental Indenture dated as of June 1, 2012 (the “First Supplemental Indenture”); and

WHEREAS: The Authority wishes to make amendments to the First Supplemental Indenture, Second Supplemental Indenture and Third Supplemental Indenture to clarify that (A) the date from and after which funds are no longer permitted to be released from the 2012 Indenture, as established in the definition of Parity Percentage Requirement (as defined in each Supplemental Indenture), as such date may be extended with a Rating Agency Condition from Moody’s and 20 days prior notice to S&P, shall be defined as the “Release End Date” for each Series of Bonds issued under the 2012 Indenture, including the Series 2012-1 Bonds, Series 2013-1 Bonds and Series 2014-1 Bonds and (B) the date from and after which Excess Revenues (as defined in the applicable Supplemental Indenture) are required to be used to redeem the applicable Series of Bonds, as set forth in Section 2.8(D) of each Supplemental Indenture, shall be the Release End Date; and

WHEREAS: Pursuant to Section 8.1(15) of the Original 2012 Indenture, a Supplemental Indenture not requiring the consent of Bondholders may be executed and delivered by the Authority and the Trustee to make any change which in the judgment of the Trustee, acting in reliance upon an opinion of counsel, to the extent the Trustee deems such opinion desirable, does not adversely affect the interest of any Bondholder; and

WHEREAS: In order to accomplish the purposes of the Act and provide student loans commencing with the 2015-2016 school year, the Authority wishes to (i) provide for the issuance and sale of two additional senior and subordinate series of student loan revenue bonds (collectively, the “Series 2015-1 Bonds”) pursuant to the 2012 Indenture and (ii) authorize the transfer of funds from its reserves; and

WHEREAS: In accordance with the requirements of Executive Order No. 26 (Whitman 1994), the Authority hereby determines that because of the complexity and size of the financing structure as hereinafter described, and volatile market conditions, a negotiated sale of such Series 2015-1 Bonds would best serve the requirements of this financing; and
WHEREAS: An Underwriter for the Series 2015-1 Bonds, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as representative on behalf of itself and the other underwriters listed on the front cover page of the Official Statement (as hereinafter defined); a Financial Advisor, First Southwest Company; and Bond Counsel, McManimon, Scotland & Baumann, LLC, have been selected in accordance with the requirements of Executive Order No. 26; and

WHEREAS: In connection with the issuance and sale of the Series 2015-1 Bonds, the Authority intends to enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) with the Trustee, acting as dissemination agent, in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”); 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. To accomplish the purposes and objectives of the Act, including the purchase and origination of student loans as authorized by the Act, the Authority hereby authorizes the issuance of its Series 2015-1 Bonds issued as Student Loan Revenue Bonds, Series 2015-1, in the aggregate principal amount not to exceed $225,000,000 in one or more senior and subordinate Series, issued as fixed rate bonds. The Authority presently contemplates issuing the Series 2015-1 Bonds as (i) Senior Student Loan Revenue Bonds, Series 2015-1A (the “Series 2015 Senior Bonds”) and (ii) Subordinate Student Loan Revenue Bonds, Series 2015-1B (the “Series 2015 Subordinate Bonds” and together with the Series 2015 Senior Bonds, the “Series 2015-1 Bonds”) but may alter the Series designations as may be approved by the hereinafter defined Authorized Authority Official and reflected in the Fourth Supplemental Indenture.

The Series 2015 Senior Bonds shall constitute “Bonds” for all purposes of the 2012 Indenture. The Series 2015 Subordinate Bonds shall constitute “Subordinate Obligations” for all purposes of the 2012 Indenture, the Principal Installments of which shall be payable on a subordinate basis to payment of all Principal Installments on the Outstanding Series 2015 Senior Bonds and without regard to whether Bonds of any other Series remain Outstanding in accordance with paragraph (ix) of Section 5.5(A)(1) of the 2012 Indenture.

The Series 2015-1 Bonds shall be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York, New York, acting as representative of the group of underwriters, if any (the “Underwriter”), pursuant to the terms of one or more Bond Purchase Agreement(s) to be entered into by and between the Authority and the Underwriter (collectively, the “Bond Purchase Agreement”) with an Underwriter’s fee not to exceed $6.25/$1,000 of Series 2015-1 Bonds issued. The Chairperson, Vice Chairperson, Secretary-Treasurer, Executive Director and Chief Financial Officer or other authorized representative or designee (each an “Authorized Authority Official” and, collectively, the “Authorized Authority Officials”) are each hereby authorized to execute the Bond Purchase Agreement. The Series 2015-1 Bonds shall be dated, shall bear interest at the respective fixed rates, shall be payable as to principal, redemption premium, if any, and interest, shall be issued in the respective forms, shall be in the respective Authorized Denominations, shall be signed, authenticated and numbered, shall mature, shall be subject to redemption prior to maturity, and shall have such other details and provisions as set forth in the
Original 2012 Indenture, as heretofore amended and supplemented and as further amended and supplemented by a Fourth Supplemental Indenture to be dated as of the first date of the month the Series 2015-1 Bonds are issued (the "Fourth Supplemental Indenture"), by and between the Authority and the Trustee; provided, however, an Authorized Authority Official may modify the stated interest rate(s) of the Series 2015-1 Bonds, the maturity date(s) of any of the Series 2015-1 Bonds (including, without limitation, creating serial and term bonds, if any, and providing for cumulative and/or mandatory sinking fund payments on term bonds), and the redemption provisions of the Series 2015-1 Bonds subject to the following: (i) the final maturity of the Series 2015-1 Bonds shall not be after June 1, 2050; (ii) the optional redemption price for any Series 2015-1 Bond shall not exceed 103% of the principal amount thereof, and the initial call protection for any Series 2015-1 Bond shall not exceed 10 years, and (iii) the stated interest rate on each Series of the Series 2015-1 Bonds shall not exceed 8.50% per annum.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the 2012 Indenture.

The Authority is authorized, together with the Trustee, to the extent necessary or appropriate, to take such actions and execute such documents as may be necessary or appropriate to qualify the Series 2015-1 Bonds with The Depository Trust Company, New York, New York, as book-entry obligations.

Section 2. The Series 2015-1 Bonds shall be limited obligations of the Authority, and shall be payable solely out of the Trust Estate as set forth in the 2012 Indenture, subject to the application thereof to the purposes and on the conditions permitted by the 2012 Indenture. The payment of the principal, redemption premium, if any, and interest on the Series 2015-1 Bonds shall be secured by a pledge and assignment of the Trust Estate as provided in the Fourth Supplemental Indenture. Neither the State nor the Authority shall be obligated to pay the Series 2015-1 Bonds or the interest thereon except as so provided in the 2012 Indenture.

Section 3. No covenant, stipulation, obligation, or agreement herein contained or contained in the Bond Purchase Agreement, the 2012 Indenture (including the Fourth Supplemental Indenture) or the Continuing Disclosure Agreement, shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority or of the State in an individual capacity. Neither the members of the Authority, nor any person executing the Series 2015-1 Bonds issued pursuant to this resolution and the Act, nor any officer nor employee of the Authority shall be liable personally on the Series 2015-1 Bonds by reason of the issuance or execution thereof. The Series 2015-1 Bonds shall not be in any way a debt or liability of the State or any political subdivision thereof (except the Authority to the limited extent of the Trust Estate), either legal, moral or otherwise, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof (except the Authority to the limited extent of the Trust Estate) shall be pledged to the payment of the principal, redemption premium, if any, or interest thereon. The issuance of the Series 2015-1 Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or pledge any form of taxation whatsoever therefor.

Section 4. In order to satisfy the initial Parity Percentage Requirement set forth by the Rating Agencies rating the Series 2015-1 Bonds, the Authority hereby authorizes the transfer of an amount to be determined by an Authorized Authority Official as necessary to satisfy such requirement from its reserves, consisting of any or all of the NJCLASS Life of Loan Servicing Reserves, the Guaranty Agency Operating Fund, Direct Loan Servicing Fund or the NJBEST Scholarship Administrative Reserves; provided that such amount does not exceed $4 million.
These amounts transferred to the 2012 Indenture from reserves shall be applied to originate Student Loans thereunder. The Authority shall replenish such reserves from Revenues and Recoveries of Principal on the Student Loans as provided under the 2012 Indenture.

Section 5. Effective upon the execution and delivery of the Fourth Supplemental Indenture, the Authority hereby authorizes amendments to the Third Supplemental Indenture consisting of (a) amending the “Origination Period” and “Recycling Period” definitions to extend the dates for recycling and originating Variable Rate Ten Year Option 1 Loans to October 1, 2016, (b) making a conforming amendment to the Optional Redemption from Excess Revenues provision, such that Excess Revenues (as defined in the Third Supplemental Indenture) cannot be used to redeem the Series 2014 Variable Rate Bonds until after the end of the Origination Period and Recycling Period for Variable Rate Ten Year Option 1 Loans, as so extended, and (c) changing the Loan Rates applicable to the 2014-1 NJCLASS Loans, in accordance with the definition of “Loan Rate” set forth in the Third Supplemental Indenture, to provide that from and after the execution of the Fourth Supplemental Indenture, any 2014-1 NJCLASS Loans originated with unspent proceeds of the Series 2014-1 Bonds remaining in the Student Loan Fund shall bear the same Loan Rates as established for the Series 2015-1 Bonds in the Fourth Supplemental Indenture. The amendments to the Third Supplemental Indenture are subject to delivery to the Trustee of an opinion of counsel, to the extent the Trustee deems such opinion desirable, that such amendments do not adversely affect the interest of any Bondholder.

Section 6. Also, effective upon the execution and delivery of the Fourth Supplemental Indenture, the Authority hereby authorizes amendments to the First Supplemental Indenture, Second Supplemental Indenture and Third Supplemental Indenture, to clarify that (A) the date from and after which funds are no longer permitted to be released from the 2012 Indenture, as established in the definition of Parity Percentage Requirement (as defined in each Supplemental Indenture), as such date may be extended with a Rating Agency Condition from Moody’s and 20 days prior notice to S&P, shall be defined as the “Release End Date” for each Series of Bonds issued under the 2012 Indenture, including the Series 2012-1 Bonds, Series 2013-1 Bonds and Series 2014-1 Bonds and (B) the date from and after which Excess Revenues (as defined in the applicable Supplemental Indenture) are required to be used to redeem the applicable Series of Bonds, as set forth in Section 2.8(D) of each Supplemental Indenture, shall be the Release End Date.

Section 7. The Bond Purchase Agreement, the Continuing Disclosure Agreement, the Fourth Supplemental Indenture and the Series 2015-1 Bonds, substantially in the respective forms submitted to the Authority and made a part of this resolution as though set forth in full herein, are hereby approved. An Authorized Authority Official is hereby authorized to execute, acknowledge and deliver such documents with any changes, insertions and omissions (including, without limitation, insertion of the Loan Rates or the method of determination thereof in the Fourth Supplemental Indenture) as may be approved by said Authorized Authority Official and the Secretary-Treasurer of the Authority is hereby authorized to affix the seal of the Authority on such documents and attest the same. The execution of any of such documents by said Authorized Authority Official shall be conclusive evidence of any approval of such document in final form as authorized by this Section 7.

Section 8. The Acknowledgement of Servicing to be entered into by and between the Authority and the Trustee regarding the servicing of 2015-1 Student Loans (as defined in the Fourth Supplemental Indenture), substantially in the form submitted to the Authority and made a part of this resolution as though set forth in full herein, is hereby approved. The Authorized Authority Officials are hereby authorized to execute, acknowledge and deliver such document
with any changes, insertions and omissions as may be approved by said Authorized Authority Official and the Secretary-Treasurer of the Authority is hereby authorized to affix the seal of the Authority on such document and attest the same. The execution of such document by said Authorized Authority Official shall be conclusive evidence of any approval of such document in final form as authorized by this Section 8.

Section 9. The Series 2015-1 Bonds shall be executed in the manner provided in the 2012 Indenture, and the same shall be delivered to the Trustee for proper authentication and delivery to the Underwriter upon instructions to that effect. The 2012 Indenture shall provide the terms and conditions, covenants, rights, obligations, duties and agreements of the Holders of the Series 2015-1 Bonds, the Authority and the Trustee.

Section 10. All covenants, stipulations, obligations and agreements of the Authority contained in this resolution and contained in the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fourth Supplemental Indenture), and the Acknowledgement of Servicing shall be deemed to be the covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Authority and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this resolution, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the Authority or the members thereof by the provisions of this resolution, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fourth Supplemental Indenture), and the Acknowledgement of Servicing shall be exercised or performed by the Authority or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fourth Supplemental Indenture), or the Acknowledgement of Servicing shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority or of the State in his or her individual capacity, and neither the members of the Authority nor any officer executing the Series 2015-1 Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 11. The proper officers of the Authority are hereby further directed to cause the proceeds of the Series 2015-1 Bonds, together with other available Authority funds, if any, to be initially deposited and disbursed as provided in the 2012 Indenture (including the Fourth Supplemental Indenture). To the extent the Authority pays any or all of the costs of issuance from other available funds of the Authority, the Authority may reimburse the expenditure of those funds from available funds on deposit in the Trust Estate, provided that said reimbursement complies with the requirements of the Internal Revenue Code of 1986, as amended, and court decisions interpreting the same and existing regulations, rulings, and other publications promulgated or released thereunder.

Section 12. In order to secure payment of principal of (on the scheduled maturity dates and/or sinking fund maturity dates) and interest on the Series 2015-1 Bonds (on the dates due) the Authority is hereby authorized to obtain one or more municipal bond insurance policies and to enter into commitments and agreements with respect thereto. The Authorized Authority
Officials are each hereby authorized to enter into an agreement with the issuer(s) of such municipal bond insurance policy in customary form, and to make such revisions to the forms of documents submitted to this meeting as may be necessary or appropriate in connection with such policy. The Authority is hereby further authorized to use proceeds of the Series 2015-1 Bonds or other available funds of the Authority to fund all or a portion of the premium payable to the issuer of the municipal bond insurance policy for such policy.

Section 13. The Authority, in consultation with the Treasurer of the State of New Jersey (the “Treasurer”) and the Attorney General of the State of New Jersey (the “Attorney General”), is hereby authorized to purchase one or more financial guaranty insurance policies or surety bonds for deposit to the Debt Service Reserve Fund established under the 2012 Indenture to satisfy the 2015-1 Reserve Requirement (as defined in the Fourth Supplemental Indenture) for the Series 2015-1 Bonds, if any, each constituting a Funding Instrument within the meaning of the 2012 Indenture, with respect to any or all of the Series 2015-1 Bonds (the “Funding Instrument(s)”). Such Funding Instrument, if any, shall be issued in an amount not exceeding the 2015-1 Reserve Requirement for the Series 2015-1 Bonds, if an Authorized Authority Official, in consultation with the Treasurer and the Attorney General, determines that such Funding Instrument(s) can be obtained upon terms and conditions consistent with the Act and reasonably acceptable to the Authority. The Authorized Authority Officials are each hereby authorized to enter into an agreement with the issuer(s) of such Funding Instrument(s), in customary form, and to make such revisions to the forms of documents submitted to this meeting as may be necessary or appropriate in connection with such Funding Instruments). Together with, or in lieu of, a Funding Instrument, the Authority is hereby further authorized to use proceeds of the Series 2015-1 Bonds or other available funds of the Authority to fund all or a portion of the 2015-1 Reserve Requirement for the Series 2015-1 Bonds.

Section 14. Wells Fargo Bank, National Association is hereby appointed (a) Trustee, Paying Agent, Registrar, and Authenticating Agent for the Series 2015-1 Bonds in accordance with the Authority’s Request for Proposals for Trustee Services dated as of November, 2006 and (b) dissemination agent for the Series 2015-1 Bonds pursuant to the Continuing Disclosure Agreement.

Section 15. All actions of the Authority and its staff which have previously been taken with regard to the issuance of the Series 2015-1 Bonds and the NJCLASS Loan Program in respect of the Series 2015-1 Bonds are hereby ratified and approved, including the selection, pursuant to a competitive solicitation process, of IPREO as printer for the Preliminary Official Statement and final Official Statement (as such terms are defined in Section 17 hereof) in an amount not to exceed $5,000.

Section 16. The Authorized Authority Officials are hereby designated to be the authorized representatives of the Authority, and each of them and other authorized representatives and designees are hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the 2012 Indenture (including the Fourth Supplemental Indenture), the Acknowledgement of Servicing, and the issuance of the Series 2015-1 Bonds, including, without limitation, the substitution and approval of documents other than those approved and authorized to be executed by this resolution in order to conform the same to the purposes of the Act and the intentions of the Authority as expressed herein and in the Fourth Supplemental Indenture.
Section 17. The Preliminary Official Statement (the "Preliminary Official Statement") relating to the offering of the Series 2015-1 Bonds, substantially in the form presented to this meeting, is hereby approved, with any changes, insertions and omissions as may be approved by an Authorized Authority Official. The Authorized Authority Officials are each authorized to execute such documents as shall be necessary or desirable to evidence that the final Preliminary Official Statement in the form to be distributed, is "deemed final" within the meaning of (and with the exception of certain information permitted to be omitted by) Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The Authorized Authority Officials are each authorized to execute and deliver a final Official Statement relating to the Series 2015-1 Bonds (the "final Official Statement"), substantially in the form of the Preliminary Official Statement, with any changes, insertions and omissions as may be approved by said Authorized Authority Official. The execution of the final Official Statement by said Authorized Authority Official shall be conclusive evidence of any approval of such Official Statement in final form as authorized by this Section 17.

Section 18. The Trustee is authorized to invest funds held under the 2012 Indenture in Investment Securities at the direction of an Authorized Authority Officer.

Section 19. 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 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.

April 23, 2015
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director

FROM: Robert J. Clark
Controller

SUBJECT: Resolution 05:15 Appointing a Vendor to Provide Depository Banking Services

DATE: April 23, 2015

Introduction

The Higher Education Student Assistance Authority ("HESAA" or the "Authority") engages a bank to perform Depository Banking Services on HESAA’s behalf, which means receiving payments made on all HESAA loan programs, including NJCLASS and the portfolio of defaulted loans held by HESAA as the designated New Jersey Federal Family Education Loan Program (FFELP) guaranty agency. Payments are made through the selected bank via ACH payments from multiple sources, checks processed through lockbox, and check payments received directly by the Authority.

Background

A. Selection Process

On March 4, 2015, the Authority posted an RFP for Depository Banking Services for the NJCLASS Loan Program and FFELP on the HESAA website and distributed the link to all commercial banks doing business in New Jersey using a list of contacts at 91 banks provided by the New Jersey Department of Treasury, Office of Management and Budget. The link to the RFP was also published in the Trenton Times, Star Ledger, Courier News, and Home News.
A Depository Banking Services Selection Committee (the “Committee”), consisting of the Controller, the Assistant Controller, and the Associate Director of Collections/Servicing, with the technical assistance of HESAA’s Director of Legal & Governmental Affairs, was selected to evaluate the proposals and make a recommendation to the HESAA Board.

B. Report on the Selection of a Depository Banking Services Provider

The primary selection criteria the team used to evaluate the proposals for Depository Banking Services provider included the following:

1. The bidder’s overall ability to provide all of the depository banking services required by the Authority in an efficient manner and with minimal disruption to current workflow;

2. Prior experience with similar services;

3. Adequacy of security measures and contingency plans;

4. Customer service capabilities;

5. Financial condition and ratings;

6. Completeness of required reports and documents;

7. Web based inquiry/communication capabilities; and

8. The vendor’s understanding and acceptance of the Terms and Conditions, Other Mandatory Provisions, Payment Method and Terms.

The Committee developed score sheets, which summarized HESAA’s requirements for a depository banking service provider, to record its members’ evaluations of the proposals. The content of the banks’ proposals, as well as additional information gained by verbal communications with the designated bank contacts, was used to evaluate the banks. To determine the relative merits of each bidder in terms of its pricing proposal, cost data provided by the banks was also analyzed.

Two (2) Banks responded to the RFP with proposals, Fulton Bank of New Jersey (a Fulton Financial Corporation Bank), and Wells Fargo National Bank.

As a result of its evaluation process, Wells Fargo National Bank earned the higher score from the committee members. This result was based on several distinguishing characteristics of the services offered by Wells Fargo, all of which greatly reduce HESAA staffing and payment processing costs, including the following:
Electronic Processing Capabilities – Wells Fargo’s proposal indicated a high level of functionality in several key electronic processes not available from the other bidder, including its handling of customer on-line payments through their own banks. The Wells Fargo electronic lockbox process results in a higher percentage of these payments being successfully processed as electronic transactions, rather than being converted to paper checks which would require mailing and additional processing through traditional lockbox. Wells Fargo’s electronic process also enables recurring transactions containing incorrect identification data to be permanently corrected and ensures that future payments from the same individual will automatically be corrected. Wells Fargo also offers an automated return process for all types of ACH electronic payments. This process produces a daily file of payment returns that is uploaded to the HESAA NJCLASS loan system, eliminating much of the manual work of reversing payments due to insufficient funds and other causes.

Customer Service – As specifically requested in the RFP, Wells Fargo’s proposal provided a detailed list of contact personnel, by name, for any type of issue that HESAA might encounter in the banking relationship. They also have a contracted lockbox processing facility that operates in multiple shifts, which would likely result in faster processing of HESAA’s work. By contrast, Fulton Bank’s proposal only listed by name the top officials of its cash management division as contacts. It indicated other unnamed personnel would handle day to day problem issues. Its lockbox processing facility only operates one shift, and has a much smaller staff than Wells Fargo’s.

Financial Condition, Ratings, Strength and Scope – Examination of available on-line financial information revealed that Wells Fargo has higher ratings from the rating agencies, and has a nationwide presence, including a strong presence in New Jersey. While both banks have multiple branches in New Jersey, Wells Fargo has more and has branches in close proximity to all of HESAA’s special counsel collections law firms in New Jersey. Fulton Bank branches are not within a reasonable distance from some of these law firms, making branch deposits impractical.

Quality of Proposal – While both banks provided adequate answers to most of the RFP questions, Wells Fargo presented a more cohesive package which included all of the completed State forms required under the terms and conditions section. The Fulton Bank proposal was missing several of these forms, which could have been a cause for disqualification if HESAA chose to do so.

Cost – Relative costs of both proposals were compared as part of the evaluation process. While each potential vendor had lower or higher costs in individual categories, the committee concluded that the Wells Fargo processing platform would result in lower overall cost to HESAA because it is more fully automated. This would eliminate the need for HESAA to hire more staff to handle manual processing of certain transaction types that are currently automated.
**Recommendation**

Based on the factors cited above, it is recommended that the Board approve Resolution 05:15 Appointing Wells Fargo National Bank to provide Depository Banking Services for a term of three years with two possible one year extensions, for the prices contained in the attached Cost Schedule.

Attachments
RESOLUTION 05:15
APPOINTING A VENDOR TO PROVIDE DEPOSITORY BANKING SERVICES

Moved by: Dr. Harvey Kesselman
Seconded by: Ms. Christy Van Horn

WHEREAS: The Higher Education Student Assistance Authority (HESAA) engages a bank to perform depository banking services, which include receiving all loan payments made on HESAA loan programs, including NJCLASS and federal loans, made via ACH payments from multiple sources, checks processed though lockbox, and check payments received directly by HESAA; and

WHEREAS: On March 4, 2015 HESAA issued a Request for Proposals for Depository Banking Services by posting the RFP on HESAA’s website, distributing the link to all commercial banks doing business in New Jersey using a list of contacts at 91 banks provided by the New Jersey Department of Treasury, Office of Management and Budget and publishing the link in the Trenton Times, Star Ledger, Courier News, and Home News; and

WHEREAS: An evaluation committee consisting of the Controller, the Assistant Controller, and the Associate Director of Collections/Servicing, with the technical assistance of HESAA’s Director of Legal & Governmental Affairs reviewed and scored the two proposals received.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the appointment of Wells Fargo National Bank 40 Main Street, Y3129-011, Toms River, New Jersey 08753 to provide Depository Banking Services for a term of three years with two possible one year extensions, for the prices contained in the attached Cost Schedule.

April 23, 2015
**PROJECT NAME: 2015 HESAA BANKING SVCS RFP**

**NAME OF BANK BEING EVALUATED:**

<table>
<thead>
<tr>
<th>WEIGHT</th>
<th>DESCRIPTION</th>
<th>SCORER #1</th>
<th>SCORER #2</th>
<th>SCORER #3</th>
<th>AVERAGE SCORES</th>
<th>SCORER #1</th>
<th>SCORER #2</th>
<th>SCORER #3</th>
<th>AVERAGE SCORES</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 %</td>
<td>ACH Processing, including online payments, ACH returns and weekly ACH draft files.</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>10 %</td>
<td>Electronic Lockbox Processing</td>
<td>50</td>
<td>40</td>
<td>40</td>
<td>43.3</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>10 %</td>
<td>Lockbox Check &amp; Coupon Processing</td>
<td>40</td>
<td>30</td>
<td>30</td>
<td>33.3</td>
<td>40</td>
<td>30</td>
<td>30</td>
<td>33.3</td>
</tr>
<tr>
<td>5 %</td>
<td>Check Deposits at HESAA offices and bank branch locations</td>
<td>25</td>
<td>20</td>
<td>20</td>
<td>21.7</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>8.33</td>
</tr>
<tr>
<td>10 %</td>
<td>Prior experience with similar services</td>
<td>50</td>
<td>30</td>
<td>40</td>
<td>40</td>
<td>30</td>
<td>30</td>
<td>20</td>
<td>26.7</td>
</tr>
<tr>
<td>2.5 %</td>
<td>HESAA's assessment of client references</td>
<td>10</td>
<td>10</td>
<td>7.5</td>
<td>9.17</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>10 %</td>
<td>Adequacy of security measures and contingency plans</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>20</td>
<td>23.3</td>
</tr>
<tr>
<td>7.5 %</td>
<td>Bidder's Customer Service Capabilities</td>
<td>38</td>
<td>38</td>
<td>30</td>
<td>35</td>
<td>23</td>
<td>23</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>15 %</td>
<td>Bidder's financial condition and ratings</td>
<td>60</td>
<td>75</td>
<td>60</td>
<td>65</td>
<td>45</td>
<td>45</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>5 %</td>
<td>Completeness of required reports and documents</td>
<td>20</td>
<td>20</td>
<td>15</td>
<td>18.3</td>
<td>5</td>
<td>10</td>
<td>5</td>
<td>6.67</td>
</tr>
<tr>
<td>5 %</td>
<td>Web Based Inquiry/Communication capabilities</td>
<td>25</td>
<td>20</td>
<td>20</td>
<td>21.7</td>
<td>10</td>
<td>15</td>
<td>10</td>
<td>11.7</td>
</tr>
<tr>
<td>5 %</td>
<td>Vendor’s understanding and acceptance of all the Terms and Conditions, Other Mandatory Provisions, Payment Method and Terms.</td>
<td>20</td>
<td>15</td>
<td>20</td>
<td>18.3</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>5 %</td>
<td>The inclusion in the bidder's proposal of any proposed limitations of bidder liability that are in addition to existing laws and regulations</td>
<td>20</td>
<td>20</td>
<td>15</td>
<td>18.3</td>
<td>15</td>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

**TOTAL EVALUATION SCORE:**

404

228

**MAXIMUM ATTAINABLE SCORE**

500

500

**THE WINNING BIDDER IS**

WELLS FARGO
**PROJECT NAME: 2015 HESAA BANKING SVCS RFP**

**NAME OF BANK BEING EVALUATED:**

**WEIGHT**

* Fill in Evaluation Column with applicable #, (1 through 5).

**Primary Requirement:** (Detailed in first 4 evaluation criteria)

Bidders overall ability to provide all of the depository banking services required by the Authority in an efficient manner with minimal disruption to current workflow, allowing HESAA to service loan portfolios without adding staff, for the following payment processes:

<table>
<thead>
<tr>
<th>Score</th>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>ACH Processing, including online payments, ACH returns and weekly ACH draft files.</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Electronic Lockbox Processing.</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Lockbox Check &amp; Coupon Processing</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Check Deposits at HESAA offices and bank branch locations.</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Prior experience with similar services</td>
<td>5</td>
</tr>
<tr>
<td>2.5</td>
<td>HESAA's assessment of client references</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Adequacy of security measures and contingency plans</td>
<td>4</td>
</tr>
<tr>
<td>7.5</td>
<td>Bidder's Customer Service Capabilities</td>
<td>5</td>
</tr>
<tr>
<td>15</td>
<td>Bidder's financial condition and ratings;</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Completeness of required reports and documents;</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Web Based Inquiry/Communication capabilities;</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Vendor's understanding and acceptance of all the Terms and Conditions, Other Mandatory Provisions, Payment Method and Terms.</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>The inclusion in the bidder's proposal of any proposed limitations of bidder liability that are in addition to existing laws and regulations;</td>
<td>4</td>
</tr>
</tbody>
</table>

**TOTAL EVALUATION SCORE:** 438

**MAXIMUM ATTAINABLE SCORE** 500
PROJECT NAME: 2015 HESAA BANKING SVCs RFP

NAME OF BANK BEING EVALUATED:

* Fill in Evaluation Column with applicable #, (1 through 5).

Primary Requirement: (Detailed in first 4 evaluation criteria)
Bidders overall ability to provide all of the depository banking services required by the Authority in an efficient manner with minimal disruption to current workflow, allowing HESAA to service loan portfolios without adding staff, for the following payment processes:

10 % ACH Processing, including on line payments, ACH returns and weekly ACH draft files.  

5 4 3 2 1 40

Electronic Lockbox Processing.

10 %  

5 4 3 2 1 40

Lockbox Check & Coupon Processing

5 %  

5 4 3 2 1 30

Check Deposits at HESAA offices and bank branch locations.

10 % Prior experience with similar services

5 3 3 2 1 30

2.5 % HESAA's assessment of client references

5 4 3 2 1 10

10 % Adequacy of security measures and contingency plans

5 4 3 2 1 40

Bidder's Customer Service Capabilities

7.5 %

5 5 3 2 1 37.5

Bidder's financial condition and ratings;

15 %  

5 5 3 2 1 75

Completeness of required reports and documents;

5 %  

5 4 3 2 1 20

Web Based Inquiry/Communication capabilities;

5 %  

5 4 3 2 1 20

Vendor's understanding and acceptance of all the Terms and
The inclusion in the bidder's proposal of any proposed limitations of bidder liability that are in addition to existing laws and regulations;

5 %  

5 4 3 2 1 20

TOTAL EVALUATION SCORE: 398

MAXIMUM ATTAINABLE SCORE 500
**PROJECT NAME:** 2015 HESAA BANKING SVCS RFP  
**NAME OF BANK BEING EVALUATED:**

* Fill in Evaluation Column with applicable #, (1 through 5).

**Primary Requirement:**  (Detailed in first 4 evaluation criteria)  
Bidders overall ability to provide all of the depository banking services required by the Authority in an efficient manner with minimal disruption to current workflow, allowing HESAA to service loan portfolios without adding staff, for the following payment processes:

<table>
<thead>
<tr>
<th>WEIGHT</th>
<th>DESCRIPTION</th>
<th>EXCELLENT</th>
<th>VERY GOOD</th>
<th>GOOD</th>
<th>FAIR</th>
<th>POOR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 %</td>
<td>ACH Processing, including on line payments, ACH returns and weekly ACH draft files.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>10 %</td>
<td>Electronic Lockbox Processing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>10 %</td>
<td>Lockbox Check &amp; Coupon Processing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>5 %</td>
<td>Check Deposits at HESAA offices and bank branch locations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>10 %</td>
<td>Prior experience with similar services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>2.5 %</td>
<td>HESAA's assessment of client references</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
</tr>
<tr>
<td>10 %</td>
<td>Adequacy of security measures and contingency plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>7.5 %</td>
<td>Bidder's Customer Service Capabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>15 %</td>
<td>Bidder’s financial condition and ratings;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>5 %</td>
<td>Completeness of required reports and documents;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>5 %</td>
<td>Web Based Inquiry/Communication capabilities;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>5 %</td>
<td>Vendor’s understanding and acceptance of all the Terms and The inclusion in the bidder’s proposal of any proposed limitations of bidder liability that are in addition to existing laws and regulations;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>5 %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

**TOTAL EVALUATION SCORE:** 378

**MAXIMUM ATTAINABLE SCORE** 500
<table>
<thead>
<tr>
<th>AFP Code</th>
<th>Service Description</th>
<th>Charge Basis</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000</td>
<td>ACCOUNT MAINTENANCE W/ CHK RETURN</td>
<td>Account</td>
<td>16.00</td>
</tr>
<tr>
<td>10000</td>
<td>ACCOUNT MAINTENANCE-CHECK STORE</td>
<td>Account</td>
<td>10.00</td>
</tr>
<tr>
<td>10020</td>
<td>ZERO BALANCE MASTER ACCOUNT MAINT</td>
<td>Account</td>
<td>25.00</td>
</tr>
<tr>
<td>10021</td>
<td>ZERO BALANCE MONTHLY BASE</td>
<td>Account</td>
<td>0.00</td>
</tr>
<tr>
<td>10100</td>
<td>DEBITS POSTED</td>
<td>Debit</td>
<td>0.025</td>
</tr>
<tr>
<td>10101</td>
<td>CREDITS POSTED</td>
<td>Credit</td>
<td>0.250</td>
</tr>
<tr>
<td>10310</td>
<td>DDA STATEMENT - PAPER</td>
<td>Statement</td>
<td>0.00</td>
</tr>
<tr>
<td>10410</td>
<td>CLIENT ANALYSIS STATEMENT-PAPER</td>
<td>Statement</td>
<td>0.00</td>
</tr>
<tr>
<td>10101</td>
<td>DESKTOP DEPOSIT CREDIT POSTED</td>
<td>Credit</td>
<td>0.150</td>
</tr>
<tr>
<td>50405</td>
<td>WHOLESALE LOCKBOX (WLBX) CD ROM</td>
<td>CD ROM</td>
<td>50.00</td>
</tr>
<tr>
<td>50405</td>
<td>WLBX CD ROM PER IMAGE</td>
<td>Check</td>
<td>0.00</td>
</tr>
<tr>
<td>50000</td>
<td>WLBX MONTHLY BASE</td>
<td>Lockbox</td>
<td>110.00</td>
</tr>
<tr>
<td>50400</td>
<td>WLBX DATA TRANSMISSION MTHLY BASE</td>
<td>Lockbox</td>
<td>155.00</td>
</tr>
<tr>
<td>50320</td>
<td>WLBX FAX NOTIFICATION MONTHLY BASE</td>
<td>Fax</td>
<td>140.00</td>
</tr>
<tr>
<td>05011L</td>
<td>WLBX NON TRUNCATION PKG PREP BASE</td>
<td>Lockbox</td>
<td>20.00</td>
</tr>
<tr>
<td>50400</td>
<td>WHOLESALE LOCKBOX IMAGE</td>
<td>Lockbox</td>
<td>0.00</td>
</tr>
<tr>
<td>50500</td>
<td>WLBX ONLINE DECISION MONTHLY BASE</td>
<td>Lockbox</td>
<td>50.00</td>
</tr>
<tr>
<td>50500</td>
<td>WLBX STANDARD ITEM PROCESSED</td>
<td>Remittance</td>
<td>0.380</td>
</tr>
<tr>
<td>50100</td>
<td>WLBX REMIT PROCESSED EXPRESS MAIL</td>
<td>Remittance</td>
<td>0.550</td>
</tr>
<tr>
<td>50121</td>
<td>WLBX MICR DATA CAPTURE PER LINE</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>50530</td>
<td>WLBX CORRESPONDENCE REJECTS</td>
<td>Transaction</td>
<td>0.220</td>
</tr>
<tr>
<td>05011R</td>
<td>WLBX DOCUMENTS SCANNED</td>
<td>Image</td>
<td>0.110</td>
</tr>
<tr>
<td>50620</td>
<td>WLBX 90 DAY B/W IMAGE ARCHIVE</td>
<td>Image archived</td>
<td>0.000</td>
</tr>
<tr>
<td>50127</td>
<td>WLBX VALUE ADDED KEYING</td>
<td>Keystroke</td>
<td>0.010</td>
</tr>
<tr>
<td>05011F</td>
<td>WLBX PAPER RETURN</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Type</td>
<td>Amount</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------------</td>
<td>----------</td>
<td>--------</td>
</tr>
<tr>
<td>50301</td>
<td>WLBX DAILY DEPOSIT CUT</td>
<td>Deposit</td>
<td>0.000</td>
</tr>
<tr>
<td>50331</td>
<td>WLBX DUPLICATE OR CUSTOM REPORT</td>
<td>Report</td>
<td>5.000</td>
</tr>
<tr>
<td>50020</td>
<td>WHOLETAIL (WTLXV) MONTHLY BASE</td>
<td>Lockbox</td>
<td>110.000</td>
</tr>
<tr>
<td>50320</td>
<td>WTLBX FAX NOTIFICATION MTHLY BASE</td>
<td>Fax</td>
<td>125.000</td>
</tr>
<tr>
<td>50400</td>
<td>WTLBX DATA TRANSMISSION MTHLY BASE</td>
<td>Lockbox</td>
<td>170.000</td>
</tr>
<tr>
<td>05011L</td>
<td>WTLBX NON TRUNCATED PKG MO BASE</td>
<td>Lockbox</td>
<td>0.000</td>
</tr>
<tr>
<td>50500</td>
<td>WTLBX ONLINE DECISION MONTHLY BASE</td>
<td>Lockbox</td>
<td>50.000</td>
</tr>
<tr>
<td>50400</td>
<td>WTLBX WLI MONTHLY BASE</td>
<td>Lockbox</td>
<td>0.000</td>
</tr>
<tr>
<td>50100</td>
<td>WTLBX STANDARD ITEM PROC NON SCAN</td>
<td>Remittance</td>
<td>0.350</td>
</tr>
<tr>
<td>50200</td>
<td>WTLBX TOTAL PAYMENTS PROCESSED</td>
<td>Coupon</td>
<td>0.230</td>
</tr>
<tr>
<td>50201</td>
<td>WTLBX UNMATCHED PAYMENTS</td>
<td>Coupon</td>
<td>0.000</td>
</tr>
<tr>
<td>50202</td>
<td>WTLBX MULTI CHECK/COUPON PAYMENTS</td>
<td>Coupon</td>
<td>0.000</td>
</tr>
<tr>
<td>05021P</td>
<td>WTLBX EXCESS CHECK ONLY SURCHARGE</td>
<td>Transaction</td>
<td>0.016</td>
</tr>
<tr>
<td>05013F</td>
<td>WTLBX REMIT PROC FOREIGN CHECKS</td>
<td>Check</td>
<td>10.000</td>
</tr>
<tr>
<td>05013B</td>
<td>WTLBX REMIT PROCESSED CASH</td>
<td>Remittance</td>
<td>2.880</td>
</tr>
<tr>
<td>5011L</td>
<td>WTLBX REMIT PROCESSED EXPRESS MAIL</td>
<td>Remittance</td>
<td>0.550</td>
</tr>
<tr>
<td>50127</td>
<td>WTLBX MICR DATA CAPTURE PER LINE</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>50530</td>
<td>WTLBX CORRESPONDENCE REJECTS</td>
<td>Envelope</td>
<td>0.220</td>
</tr>
<tr>
<td>59999</td>
<td>WTLBX CHECKS</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>50114</td>
<td>WTLBX ROUGH SORTS &lt; 5</td>
<td>Remittance</td>
<td>0.180</td>
</tr>
<tr>
<td>50114</td>
<td>WTLBX ROUGHSORT 5 OR LESS NONSCAN</td>
<td>Remittance</td>
<td>0.180</td>
</tr>
<tr>
<td>50520</td>
<td>WTLBX ONLINE DECISION EXCEPTN POST</td>
<td>Transaction</td>
<td>0.200</td>
</tr>
<tr>
<td>50100</td>
<td>WTLBX DOCUMENT SCANNED</td>
<td>Image</td>
<td>0.000</td>
</tr>
<tr>
<td>50100</td>
<td>WTLBX DOCUMENT SCANNED NON SCAN</td>
<td>Image</td>
<td>0.045</td>
</tr>
<tr>
<td>50620</td>
<td>WTLBX 90 DAY B/W IMAGE ARCHIVE</td>
<td>Image archived</td>
<td>0.000</td>
</tr>
<tr>
<td>50129</td>
<td>WTLBX VALUE ADDED KEYING</td>
<td>Keystroke</td>
<td>0.010</td>
</tr>
<tr>
<td>50301</td>
<td>WTLBX DAILY DEPOSIT CUT</td>
<td>Deposit</td>
<td>0.000</td>
</tr>
<tr>
<td>59999</td>
<td>WTLBX RESTRICTIVE/SPECIAL PROCESS</td>
<td>Transaction</td>
<td>0.240</td>
</tr>
<tr>
<td>50331</td>
<td>WTLBX DUPLICATE OR CUSTOM REPORT</td>
<td>Report</td>
<td>5.000</td>
</tr>
<tr>
<td>59999</td>
<td>WTLBX COUPONS RETURNED</td>
<td>Coupon</td>
<td>0.000</td>
</tr>
<tr>
<td>50101</td>
<td>WTLBX CHECK INSPECTION / NEGOT</td>
<td>Occurrence</td>
<td>0.000</td>
</tr>
<tr>
<td>50000</td>
<td>ONLINE LOCKBOX REPORTING</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>05031Z</td>
<td>ONLINE LOCKBOX SUBSCRIPTION MTHLY BASE</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>50099</td>
<td>ELECTRONIC LOCKBOX PAYMENT REVERSED</td>
<td>Transaction</td>
<td>0.250</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Type</td>
<td>Cost</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------------------------------</td>
<td>--------------</td>
<td>--------</td>
</tr>
<tr>
<td>100015</td>
<td>CASH DEP/$1 VER AT TELLER WINDOW</td>
<td>Dollar</td>
<td>0.0012</td>
</tr>
<tr>
<td>100414</td>
<td>ONLINE RETURN ITEM RETRIEVAL-IMAGE</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>100414</td>
<td>ONLINE RETURN ITEM SERVICE MTHLY BASE</td>
<td>Customer ID</td>
<td>0.000</td>
</tr>
<tr>
<td>100400</td>
<td>RETURN ITEM - CHARGEBACK</td>
<td>Transaction</td>
<td>1.750</td>
</tr>
<tr>
<td>100400</td>
<td>RETURN ITEM SPECIAL INSTRUCTIONS</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>100401</td>
<td>RETURN ITEM SPECIAL INST MTHLY BASE</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>100402</td>
<td>RETURN ITEM REDEPOSITED</td>
<td>Transaction</td>
<td>1.750</td>
</tr>
<tr>
<td>100410</td>
<td>ONLINE RETN ITEM SUBSCRIPTION OPT DETL</td>
<td>Field loaded</td>
<td>0.000</td>
</tr>
<tr>
<td>100410</td>
<td>ONLINE RETN ITEM SUBSCRIPTION PER ACCT</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>100410</td>
<td>ONLINE RETN ITEM SUBSCRIPTION PER ITEM</td>
<td>Item accessed</td>
<td>0.000</td>
</tr>
<tr>
<td>100015</td>
<td>CR POSTED - OTC STORE DEPOSITS/ND</td>
<td>Deposit</td>
<td>0.250</td>
</tr>
<tr>
<td>100610</td>
<td>DEPOSIT LOCATION REPORTING – ITEM</td>
<td>Deposit</td>
<td>0.000</td>
</tr>
<tr>
<td>100220</td>
<td>DEPOSITED CHECKS - ON US</td>
<td>Check deposited</td>
<td>0.060</td>
</tr>
<tr>
<td>100223</td>
<td>DEPOSITED CHECKS</td>
<td>Check deposited</td>
<td>0.060</td>
</tr>
<tr>
<td>100220</td>
<td>DESKTOP DEPOSIT-OUR DEPOSIT ITEM</td>
<td>Check deposited</td>
<td>0.060</td>
</tr>
<tr>
<td>100224</td>
<td>DESKTOP DEPOSIT-OTHER BANK DEP ITEM</td>
<td>Check deposited</td>
<td>0.060</td>
</tr>
<tr>
<td>100220</td>
<td>WHOLESALE LBX CHECKS DEPOSITED</td>
<td>Check deposited</td>
<td>0.060</td>
</tr>
<tr>
<td>151352</td>
<td>DESKTOP DEPOSIT IMAGES RETRIEVED</td>
<td>Image</td>
<td>0.020</td>
</tr>
<tr>
<td>151352</td>
<td>ONLINE IMAGE VIEW &lt; 90 DAYS – ITEM</td>
<td>Image retrieved</td>
<td>0.000</td>
</tr>
<tr>
<td>151352</td>
<td>ONLINE IMAGE VIEW &gt; 90 DAYS – ITEM</td>
<td>Image retrieved</td>
<td>0.000</td>
</tr>
<tr>
<td>150400</td>
<td>ONLINE SEARCH</td>
<td>Inquiry</td>
<td>0.000</td>
</tr>
<tr>
<td>200020</td>
<td>ARP MONTHLY BASE – PARTIAL</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>200329</td>
<td>ARP PAPER STATEMENT DELIVERY</td>
<td>Statement</td>
<td>0.000</td>
</tr>
<tr>
<td>200310</td>
<td>ARP PAPER STMT/REPORT MONTHLY BASE</td>
<td>Report</td>
<td>0.000</td>
</tr>
<tr>
<td>200305</td>
<td>ARP STATEMENT MONTHLY BASE ONLINE</td>
<td>account</td>
<td>25.000</td>
</tr>
</tbody>
</table>

**GENERAL ACH SERVICES**
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>250201</td>
<td>ELECTRONIC CREDITS POSTED</td>
<td>Credit</td>
<td>0.150</td>
</tr>
<tr>
<td>250703</td>
<td>ACH ONLINE SUBSCRIPTION - ITEM</td>
<td>Item Accessed</td>
<td>0.000</td>
</tr>
<tr>
<td>250703</td>
<td>ACH ONLINE SUBSCRIPTION - ACCOUNT</td>
<td>Acct/Co. ID</td>
<td>0.000</td>
</tr>
<tr>
<td>250400</td>
<td>ACH ONLINE RETURN SUBSCRIPTION - ITEM</td>
<td>Item accessed</td>
<td>0.025</td>
</tr>
<tr>
<td>250400</td>
<td>ACH ONLINE RETURN SUBSCRIPTION-ACCOUNT</td>
<td>ACH company ID</td>
<td>0.000</td>
</tr>
<tr>
<td>250000</td>
<td>ACH MONTHLY BASE</td>
<td>Company ID</td>
<td>0.000</td>
</tr>
<tr>
<td>250102</td>
<td>ACH ONE DAY ITEM</td>
<td>Transaction</td>
<td>0.025</td>
</tr>
<tr>
<td>250102</td>
<td>ACH TWO DAY ITEM</td>
<td>Transaction</td>
<td>0.025</td>
</tr>
<tr>
<td>250120</td>
<td>ACH ORIGINATED - ADDENDA REC</td>
<td>Transaction</td>
<td>0.000</td>
</tr>
<tr>
<td>250202</td>
<td>ACH RECEIVED ITEM</td>
<td>Transaction</td>
<td>0.100</td>
</tr>
<tr>
<td>250500</td>
<td>ACH PAYMENTS ONLINE BATCH RELEASE</td>
<td>Batch/file</td>
<td>2.750</td>
</tr>
<tr>
<td>250501</td>
<td>ACH TRANSMISSION CHARGE</td>
<td>Batch/file</td>
<td>2.750</td>
</tr>
<tr>
<td>250302</td>
<td>ACH RETURN ITEM-TRANSMISSION ADVICE</td>
<td>Transaction</td>
<td>2.500</td>
</tr>
<tr>
<td>250000</td>
<td>INTERNET ACH BASE FEE</td>
<td>Company ID</td>
<td>0.000</td>
</tr>
<tr>
<td>250102</td>
<td>INTERNET ACH ONE DAY ITEM</td>
<td>Transaction</td>
<td>0.025</td>
</tr>
<tr>
<td>250102</td>
<td>INTERNET ACH TWO DAY ITEM</td>
<td>Transaction</td>
<td>0.025</td>
</tr>
<tr>
<td>250302</td>
<td>ACH NOC - TRANSMISSION ADVICE</td>
<td>Transaction</td>
<td>0.025</td>
</tr>
</tbody>
</table>

**EDI PAYMENT SERVICES**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>300099</td>
<td>ELECTRONIC LOCKBOX PAYMENT</td>
<td>Transaction</td>
<td>0.090</td>
</tr>
<tr>
<td>300524</td>
<td>ONLINE TREAS INFO RPT EDI SUBSC MONTHLY BASE</td>
<td>Account</td>
<td>5.500</td>
</tr>
<tr>
<td>300010</td>
<td>RECEIVABLES MANAGER REPORT MONTHLY BASE</td>
<td>Account</td>
<td>125.000</td>
</tr>
</tbody>
</table>

**UNDEFINED SERVICES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTRONIC LOCKBOX DAILY REPORT FAX / EMAIL-PAGE</td>
<td>Item reported</td>
<td>0.000</td>
</tr>
<tr>
<td>ELECTRONIC LOCKBOX DAILY REPRT FAX / EMAIL MO BASE</td>
<td>Page</td>
<td>0.000</td>
</tr>
<tr>
<td>ELECTRONIC LOCKBOX PAYMENT RETURN</td>
<td>Return</td>
<td>0.350</td>
</tr>
<tr>
<td>ELECTRONIC LOCKBOX REPORTING PACKAGE MTHLY BASE</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>ELECTRONIC LOCKBOX REVERSAL REPORTING MTHLY BASE</td>
<td>Account</td>
<td>25.000</td>
</tr>
</tbody>
</table>

**WIRE & OTHER FUNDS TRANSFER SERVICE**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>350402</td>
<td>WIRE DETAIL RPT SUBSCRIPTION-ACCT</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>350402</td>
<td>WIRE DETAIL RPT SUBSCRIPTION-ITEM</td>
<td>Item accessed</td>
<td>0.000</td>
</tr>
<tr>
<td>Account</td>
<td>Description</td>
<td>Type</td>
<td>Amount</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------------------</td>
<td>------------------</td>
<td>--------</td>
</tr>
<tr>
<td>350300</td>
<td>WIRE IN DOMESTIC</td>
<td>Transfer</td>
<td>8.000</td>
</tr>
<tr>
<td>350124</td>
<td>WIRE - BOOK TRANSFER - ONLINE</td>
<td>Transfer</td>
<td>1.500</td>
</tr>
<tr>
<td>350104</td>
<td>WIRE-OUTGOING DOMESTIC - ONLINE</td>
<td>Transfer</td>
<td>3.000</td>
</tr>
<tr>
<td></td>
<td><strong>INFORMATION SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>400224</td>
<td>ONLINE EVENT MESSAGING SERVICE - EMAIL</td>
<td>Item reported</td>
<td>0.000</td>
</tr>
<tr>
<td>400224</td>
<td>ONLINE INTRADAY SUBSCRIPTION - ITEM</td>
<td>Item accessed</td>
<td>0.000</td>
</tr>
<tr>
<td>400003</td>
<td>ONLINE INTRADAY SUBSCRIPTION MTHLYBASE</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>400001</td>
<td>ONLINE PREV DAY SUBSCRIPTION DETL ITEM</td>
<td>Item loaded</td>
<td>0.000</td>
</tr>
<tr>
<td>400000</td>
<td>ONLINE PREV DAY SUBSCRIPTION MTHLYBASE</td>
<td>Account</td>
<td>35.000</td>
</tr>
<tr>
<td>400800</td>
<td>ELECTRONIC EXTENDED STORAGE 120</td>
<td>Item loaded</td>
<td>0.000</td>
</tr>
<tr>
<td>400003</td>
<td>DESKTOP DEPOSIT REPORT MTHLY BASE</td>
<td>Account</td>
<td>20.000</td>
</tr>
<tr>
<td>400231</td>
<td>DESKTOP DEPOSIT REPORT PER ITEM</td>
<td>Item reported</td>
<td>0.015</td>
</tr>
<tr>
<td>409999</td>
<td>RETURN INFOFAX MONTHLY BASE</td>
<td>Account</td>
<td>37.000</td>
</tr>
<tr>
<td></td>
<td><strong>INTERNATIONAL SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>609999</td>
<td>DEPOSITED CHECKS CANADA</td>
<td>Check deposited</td>
<td>5.000</td>
</tr>
<tr>
<td></td>
<td><strong>UNDEFINED SERVICES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>999999</td>
<td>ELECTRONIC LOCKBOX DAILY REPORT FAX/EMAIL-PAGE</td>
<td>Item reported</td>
<td>0.000</td>
</tr>
<tr>
<td>999999</td>
<td>ELECTRONIC LOCKBOX DAILY REPT RT FAX/EMAIL MO BASE</td>
<td>Page</td>
<td>0.000</td>
</tr>
<tr>
<td>999999</td>
<td>ELECTRONIC LOCKBOX PAYMENT RETURN</td>
<td>Return</td>
<td>0.350</td>
</tr>
<tr>
<td>999999</td>
<td>ELECTRONIC LOCKBOX REPORTING PACKAGE MTHLY BASE</td>
<td>Account</td>
<td>0.000</td>
</tr>
<tr>
<td>999999</td>
<td>ELECTRONIC LOCKBOX REVERSAL REPORTING MTHLY BASE</td>
<td>Account</td>
<td>25.000</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Board Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director

FROM: Ruth Odom
Chief Information Officer

Larry Sharp
Director of Grants & Scholarships

SUBJECT: Resolution 06:15 Appointing a Vendor to Provide a State Grants and Scholarships Application Processing System

DATE: April 23, 2015

Background

On July 27, 2014 the Higher Education Student Assistance Authority (HESAA) issued a Request for Proposals (RFP) seeking proposals from qualified companies that could replace HESAA’s aging grants and scholarships application processing system. HESAA’s current system was purchased in 1981. Due to the machine-level nature of the system code it cannot function as a “perpetual” system. Therefore, the system needs to be “rebuilt” every year to accommodate changes to the Free Application for Federal Student Aid (FAFSA) and any changes HESAA needs to incorporate into its system edits, needs analysis, determination of eligibility, student and institutional notifications, verification selection and disbursement programs.

HESAA sought companies who had a proven track record, and could provide a new operating environment that would systematically modernize all facets of the current system. These areas include but are not limited to:

- Application Processing;
- Disbursement Processing;
- Program Statistics;
- Web-based interface for students, families, and business partners;
• Reporting; and
• System Security.

HESAA sent the RFP to four companies, posted it on HESAA’s website and advertised the RFP in the Trenton Times, Star Ledger, Courier News, and Home News.

HESAA received two proposals, from Goldbridge Partners, Inc. and Nelnet Inc.

Selection Process

Both companies came on-site to provide a system demonstration and question and answer session for approximately twenty staff members. Each company was asked to provide HESAA hands-on access to their system through a webinar. This allowed staff to probe more in depth into their systems and continue to ask additional questions.

A representative committee of the project team made site visits to sister state agencies to investigate their experiences using the system they procured. HESAA staff visited one agency using the Goldbridge Partners, Inc. system and a second agency using the Nelnet, Inc. system. Staff met with both users and information technology staff. Each agency’s staff provided both positive and negative feedback on the systems, and provided advice to make HESAA’s system implementation experience less cumbersome.

An evaluation committee comprised of HESAA’s Chief Financial Officer, Chief Information Officer, Chief of Staff, Director of Grants & Scholarships, Acting Director of Client Services and their staff members met and reviewed each of the proposals.

The selection criteria for reviewing the software company proposals were as follows:

• Ability to design, develop, implement, and document the system;
• Ability to provide project management services;
• Ability to support annual academic year software maintenance;
• Ability to build applications and process applications according to HESAA business rules;
• Ability to disburse, track, and maintain program funding information;
• Ability to provide statistical information on program data;
• Ability to provide a web-based interface for students, families, and business partners;
• Ability to do ad-hoc reporting against the HESAA database; and
• Ability to provide system security as per industry best practices.

The project team prepared a side-by-side evaluation of both proposals as well as evaluation criteria based on the scope of services above. The five respective business teams reviewed and scored both proposals.
Basis for Selection

As a result of the evaluation process, Goldbridge Partners, Inc. earned the higher score from the committee members.

Goldbridge Partners, Inc.'s architecture provides HESAA with a technology platform that has a framework that offers full web enablement, quick program creation, abstract program rules, data change tracking, historical auditing, and document tracking.

Application Processing – Goldbridge Partners, Inc.'s newest architecture (Goldframe) meets HESAA’s application processing objectives. These application processing objectives include easier and more robust system navigation, enhanced screen presentation, and comprehensive document tracking. In addition, the yearly application processing set up is straight forward and as such the Goldframe software will prove to save time and staff resources.

Disbursement Processing – Disbursement processing with the Goldframe environment provides a strong funding and tracking process. Based on Goldframe’s disbursement processing, student-by-student funding and school reconciliation processes will provide HESAA a foundation to improve program disbursement/reconciliation. Additionally the Goldframe refund process provides a comprehensive method to track refunds with HESAA’s business partners.

Program Statistics – Goldframe’s statistical system screens, coupled with a strong query report functionality, enable HESAA to systematically track grant and scholarship statistics by program, school, sector, and student. These same features will assist HESAA in its yearly forecasting and modeling. Ad-hoc statistical queries can be easily modified for specific requests.

Web-based interfaces – Web-based modules meet HESAA’s needs for students, staff and business partners. The interface design will work with the existing HESAA portal. The Goldframe web modules are aligned with HESAA’s vision of navigation, presentation and usability.

Reporting – In addition to Goldframe’s standard reports HESAA and school staff will have the ability to create ad-hoc query reports using the Goldframe custom builder tool. The tool provides HESAA access to all system data including Institutional Student Information Record (ISIR) data for every ISIR record. This functionality can also be made available to school administrators. Queries can be saved and shared among users.

System Security – The Goldframe architecture meets all system security best practices. In addition, the software allows HESAA the ability to perform customer authentication and pass required credentials to the Goldframe system.

While Nelnet also offers a suitable system, Goldbridge better meets HESAA’s needs. Specifically, on the front-end Goldbridge is more readily able to accommodate HESAA’s existing application processes. In addition, Goldbridge provides robust web-based information to both applicants and the schools, as well as HESAA program management staff. Additionally, HESAA will be able to readily access program data directly from the Goldbridge system, a
functionality that is necessary to closely monitor the programs over the course of each academic year. The Nelnet system does not provide direct access to this type of data and would thereby create an additional cost and inefficiency each time HESAA would need to request its own data.

**Cost Summary**

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>Development and Implementation</td>
<td>$989,871</td>
</tr>
<tr>
<td></td>
<td>Hosting Costs</td>
<td>$199,389</td>
</tr>
<tr>
<td>Year 2</td>
<td>Annual Software Maintenance</td>
<td>$337,200</td>
</tr>
<tr>
<td></td>
<td>Hosting Costs</td>
<td>$63,614</td>
</tr>
<tr>
<td>Year 3</td>
<td>Annual Software Maintenance</td>
<td>$346,560</td>
</tr>
<tr>
<td></td>
<td>Hosting Costs</td>
<td>$66,157</td>
</tr>
<tr>
<td>Year 4</td>
<td>Annual Software Maintenance</td>
<td>$356,400</td>
</tr>
<tr>
<td></td>
<td>Hosting Costs</td>
<td>$68,828</td>
</tr>
<tr>
<td>Year 5</td>
<td>Annual Software Maintenance</td>
<td>$366,336</td>
</tr>
<tr>
<td></td>
<td>Hosting Costs</td>
<td>$71,633</td>
</tr>
<tr>
<td><strong>Total Contract Cost</strong></td>
<td></td>
<td><strong>$2,865,988</strong></td>
</tr>
</tbody>
</table>

**Enhancement Cost**

Goldbridge Partners, Inc. will bill at an hourly rate of $95.00 per hour for any enhancement beyond the original scope or system changes not covered under the maintenance agreement after the initial implementation of the system.

**Recommendation**

It is recommended that the Board approve Resolution 06:15 appointing a Vendor to Provide a State Grants and Scholarships Application Processing System awarding the bid to Goldbridge Partners, Inc.

Attachments
RESOLUTION 06:15
APPOINTING A VENDOR TO PROVIDE A STATE GRANTS AND SCHOLARSHIPS APPLICATION PROCESSING SYSTEM

Moved by: Mr. James Allen
Seconded by: Ms. Audrey Bennerson

WHEREAS: The Higher Education Student Assistance Authority (HESAA) needs to replace its Grants and Scholarships Application Processing System as the current system was purchased in 1981 and is now out of date; and

WHEREAS: On July 27, 2014 HESAA issued a Request for Proposals for a State Grants and Scholarships Applications Processing System by posting the RFP on HESAA’s website, distributing the link to four companies that provide these types of systems and publishing the link in the Trenton Times, Star Ledger, Courier News, and Home News; and

WHEREAS: HESAA received proposals from two companies; and

WHEREAS: Both companies provided on-site system demonstrations, provided hands-on access to HESAA staff through a webinar, and provided responses to follow-up questions from HESAA; and

WHEREAS: A team of HESAA employees visited sister state agencies that have a system from each of the companies under consideration to evaluate how the systems work in an actual setting; and

WHEREAS: An evaluation committee comprised of HESAA’s Chief Financial Officer, Chief Information Officer, Chief of Staff, Director of Grants & Scholarships, Acting Director of Client Services and their staff members met and reviewed and scored each of the proposals.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the appointment of Goldbridge Partners, Inc. to provide a State Grants and Scholarships Application Processing System at a cost of $2,865,988 over five years for development, implementation and annual hosting, and software maintenance costs at an hourly cost of $95 per hour for any enhancements beyond the original scope or system changes not covered under the maintenance agreement.

April 23, 2015
<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>SCORE 1</th>
<th>SCORE 2</th>
<th>SCORE 3</th>
<th>SCORE 4</th>
<th>SCORE 5</th>
<th>WEIGHT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GB</td>
<td>Nelnet</td>
<td>GB</td>
<td>Nelnet</td>
<td>GB</td>
<td>Nelnet</td>
<td>GB</td>
</tr>
<tr>
<td>Application</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Application Processing</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Disbursement Processing</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Statistics</td>
<td>7</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Expenditure Projection Models</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>6</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Reporting</td>
<td>8</td>
<td>4</td>
<td>9</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Additional Requirements - Security</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Additional Requirements - Web-based Interface</td>
<td>8</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Additional Requirements - History/audit trail of transactions</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Additional Requirements - Telephonic Interface</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Additional Requirements - External interfaces</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>3</td>
<td>10</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Network Plan</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Disaster Recover/Business Continuity Plans</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Security Plan</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Training Plan</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>System Testing</td>
<td>5</td>
<td>5</td>
<td>9</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Implementation</td>
<td>5</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Post-Implementation Support and Maintenance</td>
<td>8</td>
<td>6</td>
<td>9</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>System Maintenance</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>10</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Cost</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>116</td>
<td>104</td>
<td>145</td>
<td>119</td>
<td>74</td>
<td>65</td>
<td>86</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director

FROM: Greg Myer
Chief of Staff

SUBJECT: 07:15 Approving a Waiver of Bid Advertising for the Purchase of a Mailroom Inserter

DATE: April 23, 2015

Background

The Higher Education Student Assistance Authority (HESAA) needs to replace its inserting machine in the mailroom. Currently, HESAA processes outgoing mail using two machines that work in tandem, the Bell & Howell Feeder/Folder (feeder/folder) and the Bell & Howell Mailstar 400 4 Station Inserter (inserrer).

In 2010 HESAA purchased the 420T Feeder/Folder for $49,355 through a State contract. The 420T Feeder/Folder was selected in part due to its compatibility with HESAA’s current inserter. The feeder/folder is in good running condition and does not need to be replaced.

The inserter was purchased approximately 25 years ago and operated with minimal issues until approximately 2 years ago. Over the past 2 years, the inserter has required a significant amount of maintenance and the repair technician has advised that soon it will be beyond repair.

HESAA reached out to three vendors that are on State Contract for mailroom equipment to research options to replace the inserter. Two of the vendors advised HESAA that they are not able to replace just the inserter because their products would not be compatible with current feeder/folder. Both Neopost and Oak Systems advised that they would have to supply both a feeder/folder and inserter, which would cost $196,000 and $156,000 respectively. Bell & Howell advised HESAA that while their brand new inserters are not compatible with HESAA’s feeder/folder they could replace the
Bell & Howell Mail Star 400 -4 Station Inserter with a re-built Mailstar 500 4 Station Inserting System which would be compatible with HESAA’s current feeder/folder. The cost of the rebuilt inserter through Bell & Howell is $76,610. This comes with a one year warranty for parts and labor, which is the same warranty as a brand new inserter. The compatible inserter is not available through a State contract.

Pursuant to N.J.S.A. 52:34-10 advertising for bids is unnecessary when (c) only one source of supply is available and (g) when the equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary to assure standardization of equipment. As HESAA contacted multiple vendors and determined that there is only one compatible inserter, and only one vendor that can provide it, a bid waiver is permitted to purchase this piece of equipment.

Recommendation
It is recommended that the Board approve Resolution 07:15 Approving a Waiver of Bid Advertising for the Purchase of a Mailroom Inserter, thereby permitting HESAA to purchase an inserter through Bell & Howell for $76,610.

Attachments
RESOLUTION 07:15

APPROVING A WAIVER OF BID ADVERTISING FOR THE PURCHASE OF A MAILROOM INserter

Moved by: Fr. Michael Braden
Seconded by: Dr. Harvey Kesselman

WHEREAS: The Higher Education Student Assistance Authority (HESAA) needs to replace its inserting machine in the mailroom with a new inserter that is compatible with its Bell & Howell Feeder/Folder; and

WHEREAS: Pursuant to N.J.S.A. 52:34-10 advertising for bids is unnecessary when (c) only one source of supply is available and (g) when the equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary to assure standardization of equipment; and

WHEREAS: HESAA contacted three vendors and was advised by two of the vendors that their products would not be compatible with HESAA’s existing equipment; and

WHEREAS: The Bell & Howell re-built Mailstar 500 4 Station Inserting System is the only inserter that HESAA could find that would be compatible with HESAA’s current feeder/folder.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves the purchase of a re-built Mailstar 500 4 Station Inserting System which would be compatible with HESAA’s current feeder/folder from Bell & Howell for a cost of $76,610.

April 23, 2015
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director

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

SUBJECT: Resolution 08:15 Approving the Extension of the Agreement with Equifax to provide Credit Reporting Products and Services

DATE: April 23, 2015

Background

The Higher Education Student Assistance Authority (HESAA) engages a credit reporting agency to provide credit scores, credit history reports, background reports, fraud warnings, Office of Foreign Assets Control (OFAC) checks, identity theft Red Flag alerts and e-signature identity authentication. At its April 2012 meeting the Board approved a waiver of bid advertising permitting HESAA to enter into a five year contract with Equifax to provide the needed services. At that time HESAA entered into a contract with Equifax for three years with two possible one year extensions at HESAA’s option.

The bid waiver was approved pursuant to N.J.S.A. 52:34-10(c), as the sole source of supply, as well as under N.J.S.A. 52:34-10(d) because more favorable terms were obtained from a primary source of supply. The Board approved the bid waiver based on the following justification:

Sole Source of Supply

Each of the three credit bureaus use their own proprietary model for determining credit scores, as well as their own model for preparing credit reports. HESAA relies on the credit scores to determine whether a borrower is credit worthy for a NJCLASS loan. In preparing the bond indentures to fund the NJCLASS program, HESAA researches the history of borrowers’ ability to repay the loans. In order to receive favorable ratings, HESAA presents the rating agencies with time series data over a decade which shows how borrowers in respective FICO bands, as determined by the Equifax credit scores,
have performed in terms of repaying their loans. This data is used by the rating agencies to develop their stress delinquency and default assumptions. If the FICO scores of HESAA's borrowers presented to the rating agencies were to materially shift due to a change in the source of the scores, the ratings agencies would perceive this as additional risk and increase their stress assumptions to compensate for this discontinuity in the data. The increased stress assumptions would force HESAA to charge higher interest rates for the NJCLASS loans. Not only would higher interest rates cost New Jersey borrowers tens of millions of dollars over the life of the loans, they would also put the future existence of the program at risk in a competitive student loan market. Equifax is the only source that can provide HESAA with credit scores consistent with the data previously reviewed by the credit rating agencies.

Favorable Terms from Primary Source

Equifax has been HESAA's primary source of supply for credit services since the inception of the FICO based loan eligibility determination process. As such, HESAA built interfaces to embed Equifax's platform into the processing functions. Accordingly, HESAA's systems are able to automatically retrieve Equifax's credit reports and then scan, analyze and apply HESAA's business rules to these credit reports without manual review. The automation provides for immediate processing of credit applications providing HESAA borrowers with the convenience of an instant eligibility determination 24 hours, 7 days a week.

As Equifax has always been the primary source of supply for FICO based credit services, it was necessary for HESAA to build its business processes for approving loans around the proprietary credit review information provided by Equifax. As discussed above, HESAA's systems are designed to base eligibility determinations on the Equifax credit score. Determinations are also based on HESAA system readings of the Equifax Safescan warning, OFAC alerts, and fraud alerts. When a borrower applies for a NJCLASS loan online, HESAA's system interfaces with Equifax, which automatically checks the application for any discrepancies between the information the applicant entered and the information contained about the applicant by Equifax. HESAA also uses an Equifax product to authenticate the identity of borrowers and co-signers when they electronically sign a promissory note. To reduce claims of forgery and identity theft, it was necessary for HESAA to design its electronic signature ceremony around the proprietary Equifax eIDverifier product.

In order to change HESAA's source of supply for the credit bureau services, HESAA would need to make changes to the web process, database, business processes on the Mainframe and online. These changes would include building support for the new communication protocols and programming to establish communication, obtain credit reports, apply HESAA's business rules and display/print credit reports for the borrowers. HESAA staff has estimated that in order to change this source of supply it would take the full-time equivalent of twelve and a half months work at a cost of $162,000.

Based on previous usage, as well as projected usage in the future, the total cost for the full five year contract with Equifax would not exceed $1,485,837.78.
Recommendation

HESAA staff has determined that it remains in HESAA’s best interest to continue the contract with Equifax. As such, it is recommended that the Board Resolution 08:15 Approving the Extension of the Agreement with Equifax to provide Credit Reporting Products and Services, thereby permitting HESAA to exercise its first option for a one year renewal of its contract with Equifax, for a total amount not to exceed $1,485,837.78 over the full five years of the contract.

Attachment
RESOLUTION 08:15

APPROVING THE EXTENSION OF THE AGREEMENT WITH EQUIFAX TO PROVIDE CREDIT REPORTING PRODUCTS AND SERVICES

Moved by: Mr. Bader Qarmout
Seconded by: Mr. James Allen

WHEREAS: At its April 2012 meeting the HESAA Board approved a waiver of bid advertising, permitting HESAA to enter into a five year contract with Equifax to provide credit scores, credit history reports, background reports, fraud warnings, Office of Foreign Assets Control (OFAC) checks, identity theft Red Flag alerts and e-signature identity authentication; and

WHEREAS: HESAA entered into a contract with Equifax for three years with two possible one year extensions at HESAA’s option; and

WHEREAS: The HESAA Board authorized the bid waiver pursuant to N.J.S.A. 52:34-10(c), as a sole source of supply, and pursuant to N.J.S.A. 52:34-10(d) because more favorable terms could be obtained from a primary source of supply; and

WHEREAS: Equifax is the sole source of FICO credit scores that HESAA:
   1. relies on to determine the creditworthiness of borrowers; and
   2. provides to the credit rating agencies to determine stress delinquency and default assumptions; and

WHEREAS: Equifax has been HESAA’s primary source of supply for credit services since the inception of the FICO based loan eligibility determination process, requiring HESAA to develop systems and programs compatible with Equifax’s proprietary products and systems; and

WHEREAS: It remains in HESAA’s best interest to continue the contract with Equifax.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Board approves a one year extension of the agreement with Equifax to provide credit reporting products and services, for a total amount not to exceed $1,485,837.78 over the full five years of the contract.

April 23, 2015
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

FROM: Anthony Falcone
Audit Committee

SUBJECT: Resolution 09:15 – Approving the Extension of the Contract with CliftonLarsonAllen LLP, Independent Auditor

DATE: April 23, 2014

Background

Governor McGreevey’s Executive Order (E.O.) 122 requires public authorities, agencies and commissions to create an Audit Committee. Among other duties, the Audit Committee is charged with recommending to the Board the appointment of an independent auditor to conduct an audit of the Authority’s financial statements. Under E.O. 122, an Audit Evaluation Committee is responsible for issuing a Request for Proposal (RFP) for auditing services, evaluating responses to the RFP, and forwarding its recommendation to the Audit Committee. After reviewing the Audit Evaluation Committee recommendation, the Audit Committee forwards the recommendation to the full HESAA Board for approval.

At its April 26, 2011 meeting the Board appointed Clifton Gunderson LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2012 fiscal year, subject to two one-year extensions at the option of HESAA. The Board appointed Clifton Gunderson because they had an overall superior technical approach to the job, which was well framed in their proposal. This firm’s wealth of experience stood out to the Audit Evaluation Committee, as it is a national firm with strong practice in dealing with complex issues. The Audit Evaluation Committee was equally impressed by Clifton Gunderson’s depth of staff with a number of years of relevantly focused experience. Subsequently Clifton Gunderson merged with LarsonAllen and formed CliftonLarsonAllen LLP.
The Board approved the first extension at its April 23, 2014 meeting. The contract is subject to its second renewal for the 2016 fiscal year. At their October 23, 2014 meeting the Audit Committee members agreed that it would be in HESAA's best interest to exercise the second of its options and extend the contract with CliftonLarsonAllen for one-year.

**Recommendation**

It is recommended that the Board approve the attached Resolution 09:15 – providing a one year extension to the appointment of CliftonLarsonAllen LLP as Independent Auditor, at a cost of $84,350 for the year.

Attachment
RESOLUTION 09:15

APPROVING THE EXTENSION OF THE CONTRACT WITH
CLIFTONLARSONALLEN LLP, INDEPENDENT AUDITOR

Moved By:          Dr. Harvey Kesselman  
Seconded By:       Ms. Audrey Bennerson

WHEREAS: Executive Order (E.O.) 122 requires the Higher Education Student Assistance Authority (HESAA) to appoint an Independent Auditor; and

WHEREAS: At its April 26, 2011 meeting the Board appointed Clifton Gunderson LLP as the auditing firm for HESAA for the initial term of three years, beginning with the 2012 fiscal year, subject to two one-year extensions at the option of HESAA; and

WHEREAS: Clifton Gunderson merged with LarsonAllen and formed CliftonLarsonAllen LLP; and

WHEREAS: The Board approved the first one year extension at its April 23, 2014 meeting; and

WHEREAS: The contract with CliftonLarsonAllen LLP is subject to its second renewal for the 2016 fiscal year; and

WHEREAS: At their October 23, 2014 meeting, the Audit Committee members agreed that it would be in HESAA’s best interest to exercise the second of its options and extend the contract with CliftonLarsonAllen for one-year.

NOW, THEREFORE, LET IT BE:

RESOLVED: That the Higher Education Student Assistance Authority hereby approves a one-year extension to the appointment of CliftonLarsonAllen as independent auditor at a cost of $84,350.

April 23, 2015
Program Review and Quality Control Committee

Audits & Quality Assurance

Overview

Introduction

To ensure HESAA's programs are in compliance with federal and state statutes, regulations, policies and procedures, the Audits & Quality Assurance unit (A&QA) is tasked with conducting Federal Family Education Loan Program (FFELP) reviews of lenders and servicers, Institutional Management Reviews focusing on State Grant & Scholarship Programs, Special Counsel Reviews of HESAA's collection attorneys, Internal Control Evaluations, and Quality Assurance Reviews of HESAA's programs.

Federally Mandated Reviews

Pursuant to Federal Regulation, Guaranty Agencies are responsible for taking all necessary measures to ensure the enforcement of all federal, state, and guaranty agency requirements. To ensure compliance with this requirement, HESAA's Audits & Quality Assurance unit is responsible for conducting biennial reviews of HESAA's ten largest lenders for outstanding FFELP loans. These reviews are conducted jointly by 28 Guaranty Agencies under the Common Review Initiative (CRI), a program approved by the U.S. Department of Education.

During the 2014-2015 biennium HESAA's ten largest lenders were administered by five servicers, all of which fell within the parameters of the CRI. All reviews are currently underway, and there has been no indication of any major issues thus
far. HESAA participated as a desk reviewer for one review in 2014 and two reviews in 2015.

**HESAA Initiated Reviews**

**Institutional Management Reviews** - HESAA conducts Institutional Management Reviews to verify that institutions administer State Grant & Scholarship programs in accordance with all applicable federal and state statutes, regulations, policies and procedures. These management reviews are also designed to provide institutions with recommendations on how to improve the operations of those business offices that touch upon the administration of financial aid (such as Financial Aid, Admissions, Registrar, Bursar, and Accounting offices) to ensure compliance with state and federal statutes and regulations.

HESAA conducts two types of reviews, limited reviews and full-scale reviews. Limited reviews focus on areas with the greatest potential for error such as reconciliations and certification of student eligibility. Full-scale reviews include more in-depth testing and are performed when the review was triggered by a high number of variables (including high dollar volume of awards, length of time since last review, recent news or changes, unexpected trends observed, findings from other reviews, etc.).

The following provides a summary of reviews performed during the year:

**Current Year (2015) Reviews – In Progress**
One limited review was performed in 2015. A final report was recently issued in March 2015 which included monetary findings of $5,033 representing the return of award funds for two ineligible students; processing errors were unrelated and appeared to be isolated incidents and not the result of a breakdown of controls.

Another limited review recently commenced in April 2015.
2014 Reviews

Two limited reviews were performed and closed in 2014 resulting in the return of $114,345. Monetary findings were mainly due to one institution not properly identifying all students who dropped from full-time to part-time status prior to award disbursement (thus making them ineligible to receive the award); the errors were due to the business office converting to a new computer system.

One full scale review commenced in January 2014. The final report was issued in December 2014 resulting in refunds of $855,716. Monetary findings were associated with multiple errors, most notably reconciliations, projected income calculations, and verification of rental properties. It is expected the review will be closed in June 2015 once all steps for remediation have been completed. The institution will be reviewed again in 2016 to verify processes improvements have been successfully implemented.

A second full-scale review was performed and closed during 2014 resulting in the return of $4,585 representing the return of award funds for 1 ineligible student; the error appeared to be an isolated incident.

2013 Reviews Closed in 2014

One full scale review that commenced in October 2013 was closed in May 2014 resulting in refunds of $8,406 which was mainly attributable to three unrelated errors found in the verification of student financial information. The issues appeared to be the result of human error during this manual process and were not indicative of a breakdown in controls.

One limited review that commenced in December 2013 was closed in July 2014 with monetary findings totaling $8,909 representing the return of award funds for two ineligible students; processing errors were unrelated and appeared to be isolated incidents.
Other

Another way A&QA monitors institutions is by reviewing their annual Single Audit Reports (which includes the results of testing performed over State grant funds by the institutions external auditors). These reports are collected and reviewed each year for each institution that receives State award funds. During A&QA’s review of reports from the last academic year, the following deficiencies were identified:

- One institution’s report did not indicate State award funds were tested as required by NJ Circular Letter 04-04 OMB. The institution was contacted immediately and in working with their external auditor the error was promptly corrected. In correcting the error, the institution discovered it owed the State $16,485. The funds were timely returned and the matter closed.

- A finding reported for one institution indicated questioned costs of $64,030 related to the disbursement of State TAG funds. A&QA contacted the institution requesting the questioned costs be returned to the State and corrective action plans be submitted for review. The refunds were received in a timely manner along with the corrective action plan which included steps to adequately resolve the issue.

Special Counsel Reviews - HESAA contracts with Special Counsel to perform collection activities on delinquent FFELP and NJCLASS loans. The Audits and Quality Assurance unit conducts reviews of these Special Counsel to verify compliance with regulations for administering defaulted loans.

As of December 31, 2014, HESAA is utilizing the services of eight law firms to perform collection activities for approximately 15,000 defaulted debtors. The law firm’s handle loan portfolios that range in size from approximately 54 to 5,300 debtors.
A&QA worked on reviews for two of the Special Counsel during 2014. The final reports for one review were issued in April 2015; findings were deemed reasonable and corrective actions were taken by the attorney to resolve the findings, including the submission of $8,578 to HESAA to correct for minor errors in the processing of several settlements. Testing for the second review is still underway.

Follow-up procedures were also performed to close-out two reviews from prior periods. One review was formally closed in September 2014. The work performed in relation to the other review ultimately lead to the law firm requesting termination of its long standing relationship with HESAA. It was discovered the firm was not properly adjusting accounts for changes in interest rates. The firm did not have the resources available to correct for the deficiency so the accounts were returned to HESAA. HESAA is currently working to finalize the termination, correct the accounts, and reassign the accounts to other counsel.

**Annual Internal Control Evaluation**

The State Office of Management & Budget (OMB) requires all executive branch agencies to conduct an annual self-assessment of their internal controls. For fiscal year 2014 the Office of Management and Budget selected 13 target areas, including expenditures, revenue, segregation of duties, Federal & State Grants, audit findings, and information security. The Authority participates in this process through a series of evaluations and discussions that are conducted each year between March and June by the Audits & Quality Assurance unit with the assistance of HESAA’s senior staff members. The results of the internal control evaluations are provided to HESAA’s Executive Staff in a memorandum detailing the review requirements, reviews conducted, and any weaknesses identified along with recommendations for remediation.

On June 16, 2014, HESAA’s Executive Director and Chief Financial Officer sent a letter to the Director of OMB confirming that HESAA performed the 2014 Internal Control Evaluation as required and that HESAA’s system of internal accounting
and administrative controls complies with the standards prescribed by the State of New Jersey. HESAA was happy to report that no major weaknesses were identified as a result of the review.

HESAA is currently in the process of completing the 2015 assessment. A kick-off meeting was recently held in March and evaluations are currently being reviewed.

**Quality Assurance/ Other**

In addition to the required reviews listed above, A&QA has also taken part in additional projects to contribute to HESAA’s ongoing success.

The annual internal controls review indicated that while risks appeared to be properly considered at HESAA, there was no formalized risk management process in place at the Authority. In order to address this shortcoming, A&QA developed an Enterprise Risk Management (ERM) program for HESAA to utilize in its decision making process. The ERM framework was rolled out to HESAA staff in March 2015. Risks will be maintained and reviewed periodically by a committee consisting of six members of HESAA’s management team.

The Consumer Financial Protection Bureau (CFPB) recently published the procedures it utilizes in performing reviews of lending institutions/ agencies for compliance with federal consumer financial laws. In an effort to keep on top of private student lending, servicing, and collections regulations, A&QA performed a mock federal review of its own processes utilizing the CFPB Examination Procedures. The review proved to be very beneficial, highlighting several areas that HESAA could improve upon in order to maintain CFPB compliance.

A&QA is also currently in the process of developing a policy and procedure manual specifically for the NJ STARS /NJ STARS II awards as well as an updated manual for institutional verification. HESAA’s current Grants & Scholarships P&P does include a section on these items but due to their complexity and frequent
changes it was determined that more robust manuals would be beneficial to assist institutions in complying with the regulations.

A&QA is also in the process of hiring a new staff member to it’s team in order to fill a vacancy that was left by the departure of one of our previous staff in December 2014. Responsibilities for this new staff member will mainly focus on the completion of HESAA’s management reviews. It is anticipated this will lead to an increase in the number of reviews HESAA can complete in the coming years.

Conclusion

The department is very pleased with the results of the past year and we look forward to another productive year, details of which are set forth in the attached review schedule.
## 2015 Review Schedule

<table>
<thead>
<tr>
<th>Type of Review</th>
<th>Auditee</th>
<th>Description</th>
<th>Review Date / Status Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sector: State College</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sector: State College</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFELP Lender Review</td>
<td>EdFinancial</td>
<td>CRI Lender/Servicer Review – 1 Desk Reviewer</td>
<td>March- April 2015</td>
</tr>
<tr>
<td>Annual Internal Control Evaluation</td>
<td>HESAA</td>
<td>Assessment of Internal Accounting and Administration Controls</td>
<td>March – June 2015</td>
</tr>
<tr>
<td></td>
<td>Sector: Independent</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Higher Education Student Assistance Authority
### Audits & Quality Assurance Unit

#### 2015 Review Schedule

<table>
<thead>
<tr>
<th>Type of Review</th>
<th>Auditee</th>
<th>Description</th>
<th>Review Date / Status Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFELP Lender Review</td>
<td>Nelnet</td>
<td>CRI Lender/Servicer Review – 1 Desk Reviewer</td>
<td>April - May 2015</td>
</tr>
<tr>
<td>Collection Attorney Review</td>
<td>Attorney 2015-1</td>
<td>Review of compliance with regulations for administering defaulted loans.</td>
<td>June - October 2015</td>
</tr>
<tr>
<td>HESAA Internal Review</td>
<td>HESAA</td>
<td>CFPB Consumer Compliance Risk Assessment</td>
<td>July – September 2015</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Members, Higher Education Student Assistance Authority

THROUGH: Gabrielle Charette, Esq.
Executive Director

FROM: Jules Cornelius, Graphic Designer

SUBJECT: Resolution 10:15 - Consideration and Approval of the Higher Education Student Assistance Authority 2014 Annual Report Pursuant to Executive Order 37 (Corzine).

DATE: April 23, 2015

Summary

Please find attached for your review, comment and approval Resolution 10:15 - Consideration and Approval of the Higher Education Student Assistance Authority 2014 Annual Report Pursuant to Executive Order 37 (Corzine).

Background

Paragraph 2 of Executive Order 37 (Corzine) requires each State authority to prepare a comprehensive report concerning the authority’s operations on an annual basis.

Executive Order 37 requires that the annual report set forth the significant actions of the authority from the previous year, including a discussion of the degree of success the authority had in promoting the State's economic growth strategies and other policies. The report is also required to include the authority’s financial statements and to identify internal financial controls at the authority that govern expenditures, financial reporting, procurement, and other financial matters and transactions. Pursuant to Executive Order 37, the report shall also contain a certification by the appropriate senior staff member that during the preceding year the authority has, to the best of their knowledge, followed all of the authority's standards, procedures, and internal controls, or, where such certification is not warranted, shall set forth the manner in which such controls were not followed and a description of the corrective action to be taken by the authority.
The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2014 Annual Report in compliance with Executive Order 37.

**Recommendation**

It is recommended that the Board approve Resolution 10:15, Consideration and Approval of the Higher Education Student Assistance Authority 2014 Annual Report pursuant to Executive Order 37 (Corzine) and authorize submittal of the 2014 Annual report to the Governor’s Authorities Unit, and posting on HESAA’s website, hesaa.org.

**Attachments**

1. Resolution 10:15
2. Higher Education Student Assistance Authority 2014 Annual Report
RESOLUTION 10:15

CONSIDERATION AND APPROVAL OF THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY 2014 ANNUAL REPORT PURSUANT TO EXECUTIVE ORDER 37 (CORZINE)

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

WHEREAS: Paragraph 2 of Executive Order 37 (Corzine) requires each State authority to prepare a comprehensive report concerning the authority's operations on an annual basis; and

WHEREAS: Executive Order 37 requires that the annual report set forth the significant actions of the authority from the previous year, including a discussion of the degree of success the authority had in promoting the State's economic growth strategies and other policies; and

WHEREAS: The report is also required to include the authority's financial statements and to identify internal financial controls at the authority that govern expenditures, financial reporting, procurement, and other financial matters and transactions; and

WHEREAS: Pursuant to Executive Order 37 the report shall also contain a certification by the appropriate senior staff member(s) that during the preceding year the authority has, to the best of their knowledge, followed all of the authority's standards, procedures, and internal controls, or, where such certification is not warranted, shall set forth the manner in which such controls were not followed and a description of the corrective action to be taken by the authority; and

WHEREAS: The Higher Education Student Assistance Authority (HESAA) has prepared the attached 2014 Annual Report in compliance with Executive Order 37.

NOW THEREFORE, BE IT:

RESOLVED: That the Higher Education Student Assistance Authority Board approves the attached Higher Education Student Assistance Authority 2014 Annual Report; and be it further

RESOLVED: That the attached Higher Education Student Assistance Authority 2014 Annual Report shall be submitted to the Governor’s Authorities Unit and posted on the HESAA website, hesaa.org.

April 23, 2015
The Pursuit of Excellence

Annual Report 2014
Mission

HESAA is the only state agency with the sole mission of providing students and families with the information and resources necessary to attain an education beyond high school. HESAA serves a dual role as both a federal guaranty agency and a State higher education authority. This dual role allows HESAA to provide comprehensive one-stop shopping for all State and federal financial aid programs.

“*The noblest search is the search for excellence.*”
— Lyndon B. Johnson, U.S. President
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Message from the Board Chairman</td>
<td>4</td>
</tr>
<tr>
<td>Message from the Executive Director</td>
<td>5</td>
</tr>
<tr>
<td>Board Members</td>
<td>6</td>
</tr>
<tr>
<td>New Jersey Advisory Committee on Student Aid</td>
<td>7</td>
</tr>
<tr>
<td>Student Advisory Committee</td>
<td>8 - 9</td>
</tr>
<tr>
<td>Grants and Scholarships</td>
<td>10 - 16</td>
</tr>
<tr>
<td>Student Loans</td>
<td>17</td>
</tr>
<tr>
<td>College Savings</td>
<td>18</td>
</tr>
<tr>
<td>Outreach/Financial Literacy</td>
<td>19 - 21</td>
</tr>
<tr>
<td>Compliance Department</td>
<td>22 - 23</td>
</tr>
<tr>
<td>Office Relations Committee</td>
<td>24</td>
</tr>
<tr>
<td>Initiatives</td>
<td>25 - 27</td>
</tr>
<tr>
<td>Training</td>
<td>28 - 29</td>
</tr>
<tr>
<td>Promoting the State’s Economic and Growth Strategies</td>
<td>30</td>
</tr>
<tr>
<td>HESAA Staff</td>
<td>31</td>
</tr>
<tr>
<td>The Pursuit of Excellence</td>
<td>32</td>
</tr>
<tr>
<td>Student Aid Awards and Funds Distributed</td>
<td>33</td>
</tr>
<tr>
<td>Credits</td>
<td>34</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>35 - 36</td>
</tr>
<tr>
<td>Certification of Compliance with Executive Order 37</td>
<td>37</td>
</tr>
</tbody>
</table>
Message from the Board Chairman
Anthony J. Falcone, CPA

As Chairman of the Board of the Higher Education Student Assistance Authority (HESAA), I have the honor of overseeing an agency that each year equips thousands of students and families with the informational and financial resources necessary to pursue postsecondary education. Through the hard work and commitment to the pursuit of excellence by the entire HESAA team, I am proud to present this report.

In addition to the important mission of helping set State student financial aid policy, the HESAA Board is charged with making certain that the agency is in compliance with the myriad of laws and regulations that govern financial aid administration, student loans, and federal guaranty agency responsibilities. That is why it was a pleasure to welcome this year a new Chief Compliance Officer/Ombudsman, who will be working with staff to review and strengthen internal policies and procedures.

As Chairman of the Board, I am proud of the Authority’s compliance activities in 2014, and its recognition that compliance is not a fixed status, but rather an ongoing goal - just like the pursuit of excellence.

The foundation of compliance is training. HESAA’s commitment to training is ongoing and extends both internally and externally. Our first responsibility when it comes to compliance is to make certain our employees have the knowledge they need to be successful in their jobs. In 2014, in addition to operational training and updates in their individual units, all HESAA staff completed comprehensive web training in building security and cybersecurity.

Another responsibility of the Authority is to make certain the financial aid administrators at the colleges and universities that participate in the State student aid programs are trained in the laws and regulations that govern those programs. As you will read in this report, HESAA University was launched in 2014. This initiative presents a standardized curriculum on a year-round basis, making for a more professional and predictable training experience.

Since students are at the center of all that we do, they must also benefit from our training initiatives. In this report you will read about two exciting programs, the Student Loan Game Plan and the EverFi Financial Scholars Program. Both are helping young people become financially literate and make sound fiscal decisions.

Given the above, I, along with my colleagues on the HESAA Board, am confident that our compliance and training activities will continue to allow us to travel the road to excellence.

Sincerely,

[Signature]

Anthony J. Falcone, CPA
Message from the Executive Director
Gabrielle Charette, Esq.

We chose “the pursuit of excellence” as the theme for the 2014 annual report because we made significant strides in all areas of the Authority during the year. The pursuit of excellence is a journey rather than a destination. As this report details, HESAA’s journey in 2014 was a successful one.

The most notable of our accomplishments in 2014 is that SavingforCollege.com rated NJBEST number one in performance among college savings plans nationwide. As the costs of higher education continue to rise, HESAA is proud to be able to offer families a vehicle for tax-free savings, with excellent growth potential and low fees.

Another significant step forward was the signing of a Memorandum of Understanding with the New Jersey Division of Taxation. This agreement will automate the way HESAA performs State verification for need-based aid, and reduce the reporting burden on students and financial aid offices.

In 2014 we expanded the NJCLASS program to include a new variable rate loan. Unlike similar products on the market, the NJCLASS variable rate loan has a lifetime interest rate cap to protect students and families in inflationary periods.

Last, but certainly not least, our two premier need-based aid programs, the Tuition Aid Grant (TAG) and Part-Time TAG for County Colleges, continued to thrive with significant budgetary support from Governor Christie and the New Jersey Legislature. In 2013-2014, TAG appropriations exceeded $340 million while funding for Part-Time TAG for County Colleges exceeded $11 million.

While the theme for the next annual report will change, be assured our commitment to pursuing excellence will not.

Sincerely,

Gabrielle Charette, Esq.
Executive Director
Board Members
As of December 31, 2014

Executive Committee

Chairperson
Anthony J. Falcone
Public Member

Vice Chairperson
Christy Van Horn
Public Member

Secretary-Treasurer
Gabrielle Charette, Esq.
Executive Director
Ex-Officio

James P. Allen, C.F.E.
Public Member

Dr. Jon Larson
Representative
County Colleges

Andrew P. Sidamon-Eristoff
State Treasurer
Ex-Officio
Treasurer’s Designee
Christopher McDonough

Members

Michael L. Braden, S.J.
Representative
Independent Institutions
of Higher Education

George Garcia, Esq.
Public Member

Rochelle Hendricks
Secretary of Higher
Education
Secretary’s Designee
Audrey Bennerson

Dr. Harvey Kesselman
Representative
State Colleges

Jean McDonald Rash
Representative
Rutgers University

Bader Qarmout
Representative
Educational Opportunity Fund
Ex-Officio

Luis Padilla*
Chair
Student Advisory Committee

Kathleen Flynn*
Vice Chair
Student Advisory Committee

Maria Torres
Public Member

*Member as of July, 2014

One of the longest-serving HESAA Board members, Dr. Kesselman has been serving since June of 1999.

Dr. Harvey Kesselman
Representative, State Colleges
New Jersey Advisory Committee on Student Aid
2013-2014

Members

County College Sector
Karyn Arnold
Associate Director
of Financial Aid
Brookdale Community College

NJASFAA Representative
Mark Singer
Director of Financial Aid
Ramapo College of New Jersey

EOF
Ruben Melendez
Director of EOF
Union County College

N.J. Bursars Association
Representative
Philip Sanders, Bursar
Thomas Edison State College

Rutgers Representative
Eo Hunt
Deputy Director of Financial Aid
Rutgers University

State College Sector
Jim Anderson
Director of Financial Aid
Montclair State University

Graduate Representative
Cheryl White
Campus Director
Student Financial Aid
Rutgers - Newark

NJIT
Ivon Nunez
Director of Student Financial Aid Services
NJIT

Non-Traditional Sector
Al Cama
Director of Student Finance
DeVry University

Independent Sector
Shawn O’Neill
Director of Financial Aid
Stevens Institute of Technology

During a meeting of the Advisory Committee, Cheryl White makes a point while Karyn Arnold and Ruben Melendez listen.
Student Advisory Committee
Academic Year 2013-2014

Committee Chairs

Chair
David Reeth
Caldwell University

Vice Chair
Sumana Prasai
Kean University

Members

Opeyemi Alade
New Jersey Institute of Technology

Eduardo Bustamante
Kean University

Valerie Batista
Bergen Community College

Colleen Carrol
Princeton University

"Excellence is doing ordinary things extraordinarily well."
—John W. Gardner, U.S. Secretary of Health, Education and Welfare (1964-68)
“Entrepreneurship is my true passion.”
— David Reeth

Student Advisory Committee Chair Values Hard Work

David Reeth of Highland Lakes started his career long before he pursued his bachelor’s degree in Business Administration. He started an automotive beautification company, “Awesome Auto,” at age 12. Over the past 10 years, this company has expanded its client base to over 300 customers in New Jersey.

In 2012, he was named New Jersey’s Collegiate Entrepreneur of the Year, and was interviewed by NJTV’s Steve Adubato. During the interview David expressed a modest but thoughtful reaction to the award: “It’s an honor to receive it,” he said, “but I know success doesn’t come without hard work.”

In addition to his superior work ethic, David has a passion for leadership. He served two consecutive terms as president of the Caldwell College Student Government Association, and just weeks before graduation, he spearheaded “Meeting of the SG Voices,” a statewide executive coaching conference, which included student government leaders from 11 independent New Jersey institutions, five State legislators, and higher education officials, including representatives from HESAA and the Office of the Secretary of Higher Education. The conference included sessions on debt management and college affordability.

David also played a leadership role at HESAA for two years. He served as chair of its 2013-2014 Student Advisory Committee, and as a voting member of the HESAA Board. In the future, David hopes to continue in his pursuit of entrepreneurship.
Grants and Scholarships

Tuition Aid Grant

The National Association of State Student Grant and Aid Programs (NASSGAP) has consistently ranked New Jersey's premier need-based Tuition Aid Grant (TAG) program as one of the most generous in the nation.

TAG was in demand during the 2013-2014 academic year. HESAA received 544,000 applications for aid and made 73,347 awards.

New Jersey's investment in this important program has made the dream of higher education a reality for over two million low and moderate-income students. The Pell Institute for the Study of Opportunity in Higher Education published a report in 2013 about college participation rates for students from low-income families between the years 1993 and 2012. The report looked at all 50 states plus the District of Columbia. Only four jurisdictions had college participation rates above 50% for low-income students. The first was New Hampshire, followed by New Jersey, New York and Massachusetts.

Maximum TAG awards for AY 13-14

<table>
<thead>
<tr>
<th>Type</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>County College</td>
<td>$2,578</td>
</tr>
<tr>
<td>State College</td>
<td>$6,822</td>
</tr>
<tr>
<td>Public Research</td>
<td>$10,562</td>
</tr>
<tr>
<td>Non-Public</td>
<td>$11,958</td>
</tr>
</tbody>
</table>

Maximum Part-Time TAG for County Colleges

<table>
<thead>
<tr>
<th>Type</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Half-Time</td>
<td>$644</td>
</tr>
<tr>
<td>Three-Quarter Time</td>
<td>$966</td>
</tr>
</tbody>
</table>
TAG Helps Ease Concern Over College Costs

Antonia "Toni" Sorrentino says that receiving TAG has helped her academically and financially. "Knowing that some of my expenses are covered through TAG allows me to focus on my studies, with less stress about the cost of college."

Toni earned an associate's degree from Mercer County Community College in West Windsor. She will continue her studies at Mercer through its partnership with William Paterson University (WPU) in Wayne. The joint venture allows WPU to offer bachelor's degree coursework at the West Windsor campus. The program offers cost savings and an inside track for enrollment at WPU. Toni commenced her junior year in the Fall 2014.
Part-Time TAG for County Colleges

The Part-Time TAG for County Colleges program allows students who attend a New Jersey county college and demonstrate financial need to receive a grant. Students must be enrolled for at least six, but no more than 11 credits. The amount of an individual award varies based upon the student's need, the cost of tuition and available funding.

Part-Time TAG for Educational Opportunity Fund (EOF) Students

The Part-Time TAG for EOF Students program provides prorated TAG awards to eligible EOF students who have been counseled by institutional EOF staff to attend college part-time to address personal, financial, and/or academic concerns that impede their ability to pursue a full-time course of study. This program is open to students enrolled for at least six credits, but no more than 11 credits, at two and four-year institutions approved by the EOF Board to award part-time EOF grants.

Luis Padilla has been a recipient of both the Part-Time TAG for County Colleges and the Part-Time TAG for EOF Students. A member of HESAA's Student Advisory Committee, he is currently enrolled at Union County College.
Governor’s Urban Scholarship

Created in 2012, this is a merit-based award of up to $1,000 annually for students ranked within the top five percent of their high school class and who have a minimum GPA of 3.0 at the end of their junior year. The award is renewable for up to four years and provides students with a persistency bonus in their last semester before degree completion. To be eligible for this award, students must attend a TAG participating institution and must reside, but not necessarily attend high school, in one of the following communities:

- Asbury Park
- City of Camden
- East Orange
- Irvington
- Jersey City
- Lakewood
- Millville
- Newark
- New Brunswick
- Paterson
- Plainfield
- Roselle
- Trenton
- Vineland

Berod Merilus, a Governor’s Urban Scholarship recipient, hails from East Orange. He is in his third year at The College of New Jersey, where he is majoring in Marketing.

“Perfection is not attainable, but if we chase perfection we can catch excellence.”
— Vince Lombardi, Professional Football Coach
New Jersey Governor's Industry Vocations Scholarship (NJ-GIVS)

In the summer of 2013, Governor Christie announced the creation of NJ-GIVS to assist individuals interested in pursuing a career in construction trades.

NJ-GIVS is administered by HESAA and funded by the Schools Development Authority (SDA). The award benefits women and minority students pursuing a certificate or degree program in a construction related field. NJ-GIVS pays up to $2,000 per year for the cost of enrollment in an eligible program at one of New Jersey's community colleges or county vocational/technical schools. The scholarship can be renewed for one year.

"NJ-GIVS gave me the opportunity to continue my education in the New Home Construction program at Ocean County Vocational Technical School (OCVTS)."

-Teddy Rolle, OCVTS student
NJ STARS and NJ STARS II

Created in 2004, the New Jersey Student Tuition Assistance Reward Scholarship (NJ STARS) is a merit program providing New Jersey students graduating in the top 15.0% of their high school class with a scholarship to attend the community college in their county of residence free of tuition charges.

The success of NJ STARS prompted the creation of the New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) program. NJ STARS II provides successful NJ STARS scholars with a $2,500 award to continue their undergraduate studies at a four-year public or private institution of higher education in New Jersey.

On September 10, 2014, Governor Christie signed A-2364/S-1985, expanding eligibility for the NJ STARS program to students whose class rank at the end of either their junior or senior year of high school is in the top 15.0%. As noted above, the program was previously open only to students who graduated in the top 15.0% of their high school class. Upon the Governor’s signature, the law became effective immediately.

Marnie Grodman, Esq., Director of Legal and Government Affairs, drafts all of HESAA’s regulations and works with the Legislature and Governor’s Office on measures such as the NJ STARS bill.
NJ STARS Student Has a Bright Future Ahead

Upon graduation from college in 2014, Jaime D’Angelo was in an enviable position. He had a bachelor’s degree, a promising position with a major corporation, and best of all, no student debt. This financial position, unusual among today’s graduates, is a testament to his mother, HESAA and his own commitment to achievement.

The accomplishment took root long ago when Jaime was only seven years old. That’s when his mother Annette, a long-time HESAA employee, started making $100 payroll deductions toward an NJBEST 529 college savings account. The account was open long enough to earn Jaime a $1,500 scholarship from NJBEST. Annette said saving in advance was a wise choice that benefitted her as well as Jaime and “by saving in advance we avoided borrowing and the burden of long-term debt.”

Jaime also had financial assistance through the NJ STARS program and attended Mercer County Community College. With support from NJ STARS II, he went on to graduate magna cum laude from Rutgers-New Brunswick with a degree in supply chain management.

Last but certainly not least, Jaime contributed to his education. He worked part-time and during breaks. He also completed internships, where his potential for success impressed management, and landed him six postgraduate job offers.

Although these opportunities were valuable, Jaime continued to fill out applications and interview potential employers. He ultimately accepted an offer from Amazon.

Naturally, Jaime is grateful to his mom for her foresight. “Without needing to work to pay bills,” he said, “I was able to take on two six-month co-ops, which added to my experience and greater success in launching my career with one of the largest and best companies in the world.”
Student Loans

NJCLASS

During 2014, the New Jersey College Loans to Assist State Students (NJCLASS) program continued to help students meet the cost of a higher education. The Authority successfully negotiated the sale of $250 million in tax exempt bonds in May 2014, providing funds for the 2014-2015 academic terms. From June to November, HESAA approved more than $168 million in loans across all product offerings, with over $9 million still in processing at year end.

A new feature offered in 2014 was the 10-year, variable-rate repayment option with monthly principal and interest payments. This new repayment option has no origination fees, the interest rate is based on the three-month LIBOR rate plus a 4.25% margin, and it carries an interest rate cap of 9.50%. The rates over the first six months have ranged from 4.48% to 4.49%. The interest rates on traditional 15-year NJCLASS loans rose slightly in 2014 from the 6.65% offered in 2013 to 6.95% in 2014.

In the Fall of 2014, HESAA unveiled a new feature for borrowers, providing online access to bill statements. This online access is the first step in the Authority’s initiative to provide borrowers with paperless bills. Bill statements can now be viewed within the HESAA portal and, over the coming year, HESAA will work to send emails to participating borrowers notifying them of their bill statements and eliminating their paper statements. While this project will help the Authority save on the costs associated with printing and postage, it will also present borrowers with more information at their fingertips to facilitate better management of their student loan accounts.

During 2014, HESAA responded to all borrower inquiries and complaints filed through the federal government’s Consumer Financial Protection Bureau’s private student loan portal. HESAA’s responses always provide detailed summaries of the servicing of the loans, offer suggestions to borrowers to address student loan debt including loan consolidation and reinforce repayment responsibility.

FFELP Loans

In September 2014, the U.S. Department of Education released the annual three-year cohort default rate calculations for institutions, lenders and guaranty agencies. While the cohort default rates fell one percentage point from 14.7% to 13.7% nationally, HESAA’s three-year cohort rate fell from 9% to 7.5%, as we continue to actively counsel FFELP borrowers on how to manage their FFELP debt.

New federal regulations for loan rehabilitation became effective in July 2014, requiring a reasonable and affordable payment arrangement using a 15% formula, based upon the defaulted borrower’s family size and adjusted gross income. While the impact in the number of eligible rehabilitated borrowers will not be evident until the first half of 2015, it is expected that the new lower monthly payment for many borrowers will aid those seeking to resolve their defaulted student loan account.
College Savings

NJBEST

As of March 31, 2014, SavingforCollege.com rated NJBEST the number one college savings plan in the United States.

In 2014 NJBEST assets under management grew to over $4.5 billion. As importantly, NJBEST had also made over $1 billion in qualified distributions since its inception. That represents $1 billion that students and families did not need to borrow.

In 2013, as required by law, HESAA went through a public bid process for an investment manager for the State’s 529 college savings plan. In 2014, following the bid process, Franklin Templeton was reappointed investment manager. As a result of the bid process, Franklin Templeton agreed to lower its re-appointed fees for both its advisor and direct-sold programs. Fees for the direct-sold program were reduced by half and fees for the advisor-sold program were reduced by 37.5%.

As the cost of education continues to climb, HESAA and our investment manager Franklin Templeton Distributors will continue to encourage families to save for education costs through the State’s 529 college savings plan.

The Borowick Family of Monmouth Junction, NJ (left to right: Kathy, Jenny, Matthew, Lauren, Alexander and Meghan) are joined by the Seton Hall Pirate at the University’s annual “Many Are One” black-tie alumni gala. Both Matt and Kathy are Seton Hall alumni. Today, Meghan is making the most of her NJBEST savings by following in mom and dad’s footsteps at Seton Hall. Alex and Lauren also plan to tap into their NJBEST accounts as they decide where they will attend college. Matt says, “We were thrilled with the steady returns Meghan’s NJBEST account provided. Plus, by attending a New Jersey school she also received the $1,500 scholarship.” Meghan is completing a degree in public relations with a minor in business. Kathy adds, “We rest much easier at night knowing our children’s college plans are in good hands with NJBEST.”
Outreach/Financial Literacy

College Goal Sunday

Each year HESAA sponsors College Goal Sunday. In 2014, HESAA and our College Goal Sunday partner, the New Jersey Association of Student Financial Aid Administrators, decided to expand College Goal Sunday from a one-day event to a series of workshops that help students and families complete the FAFSA.

HESAA received a grant from USA Funds to help finance the 2014 program. USA Funds retained the Survey Research Center at Indiana University-Purdue University Indianapolis (IUPUI) to evaluate the effectiveness of the College Goal Sunday programs it had sponsored across the country. In May of 2014, HESAA received the Survey Research Center’s evaluation of New Jersey’s program. The Center reported:

“New Jersey College Goal Sunday did an excellent job of recruiting participants from the target populations. They stand out from other states in their success at recruiting minority, low-income and first-generation students.”
Sharon Austin, Senior
Co-Chair, College Goal Sunday
Marketing Manager for HESAA

"It gives me great personal and professional satisfaction to be involved in planning FAFSA completion days all over the State. These events offer families the upfront advantage of filing the FAFSA correctly and completely with the assistance of dedicated financial aid professionals. In turn, this results in less follow-up for the family and a faster turnaround time on processing at the financial aid office."

Grace-Ann Giglio
Co-Chair, College Goal Sunday
Financial Aid Officer, VA Certifying Official
Ocean County Vocational Technical School

"College Goal Sunday helps ensure that New Jersey higher education students -- regardless of resources -- have access to expert assistance in completing the FAFSA. When parents and students tell me how much they appreciate this help, it’s gratifying to play a part in helping a student accomplish their higher education dreams."
Financial Literacy

On the financial literacy front, HESAA worked in partnership with EverFi to create the New Jersey Financial Scholars Program. In academic year 2013-2014, the first year of the program, 18 secondary schools agreed to offer the program to their students and 624 students were certified as financial scholars.

Students who participated in the program had their financial knowledge evaluated prior to taking any of the course modules. After completion of the program, students were again evaluated. In every category students realized a significant overall knowledge gain as demonstrated below.

<table>
<thead>
<tr>
<th>Overall Knowledge Gain</th>
<th>Pre-Assessment</th>
<th>Post-Assessment</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63</td>
<td>86</td>
<td>23%</td>
</tr>
</tbody>
</table>

The top modules with the highest growth were: Investing and Taxes and Insurance.

Knowledge Change: 30% 22% 12% 29% 20% 14% 34% 10% 34%

Source: EverFi

Dr. Tiffini Andorful gave the HESAA Board a presentation on the New Jersey Financial Scholars Program at the April Board meeting.

"I am proud to serve as the EverFi Schools Manager for the New Jersey Financial Scholars Program sponsored by NJ HESAA. I had the privilege of not only conducting outreach on HESAA's behalf, but also training and supporting teachers in using our online financial literacy course. I look forward to another great year of this partnership. Together, EverFi and HESAA will continue to impact students’ lives through financial education."
Compliance Department

The Compliance Department is responsible for ensuring HESAA’s compliance with all Federal and State laws and regulations, as well as industry best practices that govern the financial aid sector. Through HESAA’s Compliance Management System (CMS), the Compliance Department ensures that compliance responsibilities are established and communicated to employees; and that those responsibilities for meeting legal and regulatory requirements are incorporated into HESAA’s business practices. Continuous self-evaluation and improvement of our Compliance Program ensures that the board and management have the required degree of oversight of Compliance issues, and ensures operational excellence throughout the Authority. Finally, rounding out our CMS is HESAA’s response to consumer complaints and inquiries which are managed by the Ombudsman’s office and our Compliance audit function which is handled by A&QA.

Audits & Quality Assurance Unit

To ensure compliance with Federal and State legal requirements, HESAA’s Audits & Quality Assurance unit (A&QA) is tasked with conducting internal reviews of HESAA’s own processes, as well as reviews of external parties with which HESAA conducts business.

In 2014, A&QA reviewed four colleges and universities resulting in $974,646 being returned to the State General Fund, successfully completed an annual internal control evaluation as required by the New Jersey Office of Management and Budget (OMB), assisted in the completion of three FFELP lender reviews through participation in the Common Review Initiative, completed the review of a law firm engaged in the collection of defaulted FFELP and NJCLASS loans, completed an internal self-review of compliance with federal consumer financial laws using CFPB Examination Procedures, and assisted with the development and improvement of policies, procedures and the creation of HESAA University.

Office of the Chief Security Officer

HESAA’s Chief Security Officer (CSO) is responsible for oversight of both the physical and cyber security of the Authority, including providing security information and support to staff, reviewing security issues, and consulting on various project teams with regard to security issues.

In 2014, the CSO worked with HESAA’s training coordinator to implement mandatory annual SANS Securing the Human security training and on the evaluation, recommendation, and implementation of additional anti-phishing testing and training for staff.

The CSO coordinated HESAA’s response to the NJ Office of Information Technology’s (OIT) 2014 Cyber-Preparedness, Disaster Recovery Readiness and Continuity of Operations Assessment and,
with HESAA's Chief Information Officer, participated in the New Jersey Statewide Office of Information Security (SOIS)-sponsored Security Breach Notification Table Top Exercise.

**Office of the Ombudsman**

HESAA's Ombudsman is responsible for conducting comprehensive investigations in responding to borrower requests for administrative review, closed school discharges, false certification discharges, unpaid refunds, ombudsman inquiries, FMS offset appeals, CFPB Complaint Portal and fraud and forgery claims.

In 2014, the Office of the Ombudsman reviewed and closed 51 Fraud & Forgery cases for NJCLASS and FFELP loans, completed 11 closed school reviews, reviewed 17 false certification claims and responded to 50 ombudsman review requests. In addition, the Office of the Ombudsman coordinated HESAA's responses to all Consumer Financial Protection Bureau inquiries throughout the year.

**HESAA’s Compliance Leadership**

*Michael McCulley, Esq., Chief Compliance Officer (CCO) & Ombudsman; Gena Carapezza, Director of Audits & Quality Assurance; Paula Luther, Chief Security Officer (CSO); Rita Larkin, Office of the Ombudsman Program Officer*
Office Relations Committee

ORC Contributes to Worthy Causes and Staff Morale Raises Nearly $13,000 in 2014

The Office Relations Committee (ORC) is something of an institution at HESAA. Comprised of a small group of employees, these volunteers are highly regarded for mobilizing the caring spirit among staff members.

One of the ORC’s main activities is selling snacks and soda to employees. This might not seem like a lucrative endeavor, but added to the sale of bagels, muffins, and freshly-made pretzels, the ORC raised more than $13,000 in 2014 alone, and donated nearly $6,000 to worthy causes.

In 2014, the ORC organized several fundraisers, among them the trendy ALS Ice Bucket Challenge, which drew a large staff turnout. ORC events also generated donations for the American Heart Association, St. Jude Children’s Research Hospital and breast cancer awareness. And when one of our employees lost her home in a fire, ORC took up a collection to help out.

Another cause close to our hearts is the Mercer Chapter of the Sunshine Foundation. Each year HESAA supports Operation Dreamlift, the foundation’s trip to Disney for chronically ill and special needs children. In 2014 ORC’s donation of $1,750 paid the airfare for five of these children, who were flown from Mercer County Airport for a one-day adventure.

The ORC does more, however, than just fundraising. In 2014, the committee coordinated collections for the Homefront Back-to-School Campaign, Operation Stars and Stripes, Trenton Area Soup Kitchen Food Pantry and Toys for Tots.

Equally important to supporting charitable efforts, ORC contributes to staff morale through its sponsorship of the Annual Holiday Luncheon, hoagie day, an ice cream social and an international lunch.

We at HESAA are extremely proud of the ORC, and grateful for their volunteerism.

Children on board at Mercer County Airport ready for their day trip to Disney through Operation Dreamlift.
Initiatives

HESAA and Taxation Execute MOU

On June 26, 2014, Michael J. Bryan, Director of the NJ Division of Taxation and Gabrielle Charette signed a Memorandum of Understanding (MOU). The MOU will allow Taxation to match Social Security numbers and other demographic data reported by an applicant on the FAFSA with Taxation’s database of New Jersey State personal income tax returns. If the match is successful, Taxation will report to HESAA the value of the data items and whether a resident or non-resident return was filed.

The partnership with Taxation will allow HESAA to transform and automate State verification. It will eliminate the burden on students selected for verification to submit their IRS transcript to HESAA, provided they or their parents filed a New Jersey return.

HESAA wishes to thank State Treasurer Andrew P. Sidamon-Eristoff for his support of this initiative and Director Bryan for his cooperation in this joint venture.
HESAA Opens Its Own University

In October 2014, HESAA launched an initiative to strengthen its partnership with New Jersey institutions of higher education.

HESAA University (www.hesau.org) was developed to provide financial aid administrators with in-depth training in the Authority’s programs and services. A year-round calendar of training sessions is geared to help financial aid personnel—who play an important role in higher education—enhance their knowledge of our programs and better inform their students.

Pilar Sanchez, HESAA’s Assistant Director of Grants & Scholarships, conducts a HESAA University training session for financial aid administrators at Brookdale Community College in Lincroft.
Student Loan Game Plan

In May 2014 HESAA launched its Student Loan Game Plan on its website. As the issue of student loan debt looms large nationally, HESAA wants to make sure we are doing everything possible to encourage responsible borrowing and discourage over borrowing. The Student Loan Game Plan helps students understand concepts such as compounding interest, capitalization, the difference between federal loans and private loans and the estimated monthly payment borrowers should expect to see once they enter into repayment. It also helps students prepare both in-school and post-graduation budgets and estimate the income levels they can anticipate after degree completion based on their major.

The results for the first seven months of this new initiative have been very favorable and the program appears to be influencing students’ borrowing decisions in a positive manner. For example, approximately 39% of students who completed the Student Loan Game Plan decreased the amount they planned to borrow.
Training

School Counselor Training Institute

Every fall, HESAA hosts its annual School Counselor Training Institute where over 800 high school counselors are trained on the latest developments in State and federal student aid. In 2014, the Institute took place at the following locations:

- Bergen Community College
- Burlington County College
- College of Saint Elizabeth
- Georgian Court University
- Gloucester County College
- Rider University
- Salem Community College
- Seton Hall University
- Stockton University

HESAA conducts hundreds of presentations each year to raise awareness of State and federal financial aid programs. Here, Acting Director of Client Services, André Maglione, gives a presentation at West Windsor-Plainsboro South High School.
Business Writing Seminar

While HESAA invests a considerable amount of its resources in training financial aid officers, high school counselors, and students and parents on the latest developments in State financial aid, we recognize it is also important to invest in training our own staff.

In 2014, HESAA retained The College of New Jersey’s School of Business to conduct a business writing seminar for HESAA employees. Good writing skills help us effectively communicate with our various constituencies. Employees who attended the seminar found it extremely helpful.

TCNJ Professor Susanna Monseau explains good writing strategies.
Promoting the State’s Economic and Growth Strategies

HESAA Helps New Jersey Students Become the Educated Workforce that Lures Business to the State

New Jersey is home to an array of colleges and universities with varying missions, programs of study and campus settings. These institutions allow New Jersey to play a key role in preparing students with skills that are essential for them to participate in the 21st century workforce. As New Jersey’s Higher Education Student Assistance Authority, HESAA plays a key role in helping students and families plan for and finance the costs of higher education.

As study after study has consistently shown, educated workers command higher salaries and are positioned for career advancement that leads to a better quality of life. A Pew Research Center report issued in 2014 says that college graduates have a higher degree of job satisfaction, and about 9 out of 10 say college is worth the cost. Less encouraging, however, is Pew’s finding that adults with only a high school diploma are stuck at the low end of a widening income gap, and worse off than those in previous generations.

Fortunately, a significant percentage of New Jersey residents have earned a degree. Census Bureau data shows that 41.6% have an associate degree or higher, compared to 35.2% nationwide. Further, graduate and professional degree attainment in New Jersey outpaces the national rate, 13.4% to 10.6%, which may explain why the State’s 4.5 million workers earn the second highest median household income in the nation.

Entities like Choose New Jersey, whose mission is to attract companies to locate within our borders, have taken notice of our citizenry’s higher education credentials. Choose New Jersey touts the State as “highly educated, perfectly located.”

Whether it is assisting thousands of families in savings for college through NJBEST, or assisting thousands of students in obtaining grants, scholarships, and/or loans, HESAA will continue to play an important role in New Jersey Higher Education and therefore the State’s economic growth strategies.

Ralph LaRossa
President and Chief Operating Officer, PSE&G; Chairman, Choose New Jersey; and Member, Board of Trustees, Montclair State University

“A highly educated workforce is the backbone to New Jersey’s economic growth, which is a key element of Choose New Jersey’s message to the global business community as we seek to attract and grow business in the Garden State. We will continue to work with HESAA to ensure New Jersey scholars continue to choose New Jersey’s institutions of higher education, and remain part of New Jersey’s talent pool when they enter the workforce.”
HESAA Staff

Executive Staff

Executive Director
Gabrielle Charette, Esq.

Chief Financial Officer
Eugene Hutchins

Chief of Staff
Greg Myer

Chief Compliance Officer and Ombudsman
Michael McCulley, Esq.

Chief Information Officer
Ruth Odom

Director of Legal and Government Affairs
Marnie Grodman, Esq.

Senior Staff

Director of Student Loans
Teresa Gervasio

Director of Grants and Scholarships
Larry Sharp

Acting Director, Client Services
André Maglione

Director, Audits and Quality Assurance
Gena Carapezza, CPA

Director of Human Resources
Patricia Maske

Controller
Robert Clark, CPA

In Memoriam
Patricia Sosnak, employed by HESAA for over seven years, passed away on 5/10/14.
The Pursuit of Excellence for Many Students Sometimes Includes More Than One of HESAA's Programs

Many New Jersey students take advantage of a number of HESAA's grants and scholarships during their academic careers. Brandi Nessen of Millville is an example. Brandi has been a recipient of the Governor's Urban Scholarship, the Tuition Aid Grant, and NJ STARS. She earned an associate's degree in justice studies at Cumberland County College and is pursuing a baccalaureate degree in criminal justice at Stockton University. Brandi plans a career with the FBI, where she hopes to become an analyst or detective.

“I was raised to believe that excellence is the best deterrent to racism and sexism. And that is how I operate my life.”

—Oprah Winfrey, Media Proprietor and Philanthropist
Student Aid Awards and Funds Distributed by HESAA in FY 2014 by Program and by Sector

<table>
<thead>
<tr>
<th>County College Sector</th>
<th>Program</th>
<th>TAG</th>
<th>Part-Time TAG for County Colleges</th>
<th>Distinguished/Urban Scholars**</th>
<th>NJ STARS</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>NJCLASS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards</td>
<td>16,598</td>
<td></td>
<td></td>
<td></td>
<td>11,092</td>
<td></td>
<td>165</td>
<td>2,340</td>
<td>20,329</td>
</tr>
<tr>
<td>Amount</td>
<td>$39,416,422</td>
<td>$8,295,744</td>
<td>0</td>
<td>$5,098,212</td>
<td>$56,000</td>
<td>$144,875</td>
<td>$1,158,759</td>
<td>$54,170,012</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Senior Public Sector*</th>
<th>Program</th>
<th>TAG</th>
<th>Part-Time TAG for County Colleges</th>
<th>Distinguished/Urban Scholars**</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>NJCLASS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards</td>
<td>16,965</td>
<td></td>
<td></td>
<td></td>
<td>14,590</td>
<td></td>
<td>169</td>
<td>2,340</td>
<td>20,096</td>
</tr>
<tr>
<td>Amount</td>
<td>$78,444,946</td>
<td>$6,510</td>
<td>$882,662</td>
<td>$106,500</td>
<td>$173,500</td>
<td>$26,638,049</td>
<td>$106,252,167</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research Sector*</th>
<th>Program</th>
<th>TAG</th>
<th>Part-Time TAG for County Colleges</th>
<th>Distinguished/Urban Scholars**</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>NJCLASS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards</td>
<td>17,434</td>
<td></td>
<td></td>
<td></td>
<td>19,227</td>
<td></td>
<td>290</td>
<td>2,340</td>
<td>22,091</td>
</tr>
<tr>
<td>Amount</td>
<td>$116,933,148</td>
<td>$4,650</td>
<td>$916,930</td>
<td>$185,100</td>
<td>$203,375</td>
<td>$27,328,302</td>
<td>$145,571,505</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Profit Independent Sector</th>
<th>Program</th>
<th>TAG</th>
<th>Part-Time TAG for County Colleges</th>
<th>Distinguished/Urban Scholars**</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>NJCLASS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards</td>
<td>1,014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,091</td>
<td></td>
<td>2,105</td>
</tr>
<tr>
<td>Amount</td>
<td>$97,663,771</td>
<td>$24,180</td>
<td>$204,910</td>
<td>$79,000</td>
<td>$82,000</td>
<td>$23,107,276</td>
<td>$121,161,137</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proprietary Sector</th>
<th>Program</th>
<th>TAG</th>
<th>Part-Time TAG for County Colleges</th>
<th>Distinguished/Urban Scholars**</th>
<th>NJ STARS II</th>
<th>Governor's Urban Scholarship</th>
<th>NJBEST Scholarship</th>
<th>NJCLASS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awards</td>
<td>2,647</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>126</td>
<td></td>
<td>2,772</td>
</tr>
<tr>
<td>Amount</td>
<td>$18,064,196</td>
<td>0</td>
<td>$11,250</td>
<td>$1,000</td>
<td>$1,750</td>
<td>$1,128,817</td>
<td>$19,207,013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Effective FY2014, Rowan University moved from Senior Public Sector to Research Sector.
**Effective FY2011, Distinguished and Urban Scholars funding was limited to renewal students.
Credits

Gabrielle Charette, Esq. - Executive Editor

Jules Cornelious - Technical and Creative Editor

Robert Clark - Financial Editor

Carol Muka - Statistical Analyst

Karen Chamberlin - Photographer

Linda Nasta - Assistant Editor

Barbara Hargadon - Editorial Assistant
# Financial Statements

## State of New Jersey Higher Education Student Assistance Authority

### Combined Statements of Net Assets

<table>
<thead>
<tr>
<th></th>
<th>As of June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJBEST</td>
<td>$1,410,186</td>
<td>$62,346</td>
</tr>
<tr>
<td>NJCLASS/FFELP</td>
<td>541,228,144</td>
<td>536,536,776</td>
</tr>
<tr>
<td>Other</td>
<td>9,594,299</td>
<td>17,798,823</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJBEST</td>
<td>4,497,624,765</td>
<td>3,695,778,285</td>
</tr>
<tr>
<td>NJCLASS/FFELP</td>
<td>5,545,661</td>
<td>3,695,586</td>
</tr>
<tr>
<td>Other</td>
<td>43,272,484</td>
<td>38,425,628</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal government</td>
<td>7,876,690</td>
<td>6,919,008</td>
</tr>
<tr>
<td>Loans</td>
<td>2,105,286,391</td>
<td>2,089,735,376</td>
</tr>
<tr>
<td>Other</td>
<td>47,170,152</td>
<td>66,529,076</td>
</tr>
<tr>
<td>Fixed Assets, Net</td>
<td>944,263</td>
<td>270,288</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$7,259,953,035</td>
<td>$6,455,751,192</td>
</tr>
<tr>
<td>Deferred Outflow - Interest Rate Swaps</td>
<td>6,666,303</td>
<td>11,508,885</td>
</tr>
</tbody>
</table>

### Liabilities and Fund Balances

#### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$53,192,508</td>
<td>$55,235,385</td>
</tr>
<tr>
<td>Due to federal government</td>
<td>5,411,935</td>
<td>6,668,983</td>
</tr>
<tr>
<td>Revenue bonds payable</td>
<td>2,469,075,000</td>
<td>2,486,155,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,527,679,443</td>
<td>2,548,059,368</td>
</tr>
</tbody>
</table>

#### Financial Instrument Liability - Interest Rate Swaps

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,666,303</td>
<td>11,508,885</td>
</tr>
</tbody>
</table>

#### Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved for loan servicing</td>
<td>172,458,047</td>
<td>156,491,163</td>
</tr>
<tr>
<td>Restricted</td>
<td>4,559,815,545</td>
<td>3,751,200,661</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>4,732,273,592</td>
<td>3,907,691,824</td>
</tr>
</tbody>
</table>

#### Total Liabilities and Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,259,953,035</td>
<td>$6,455,751,192</td>
</tr>
</tbody>
</table>
# Financial Statements

State of New Jersey Higher Education Student Assistance Authority Combined Statements of Revenues, Expenditures and Changes in Net Assets

<table>
<thead>
<tr>
<th>For the Years ended June 30,</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State grant &amp; scholarship appropriations</td>
<td>$374,624,400</td>
<td>$350,208,437</td>
</tr>
<tr>
<td>Federal and other grants</td>
<td>28,014,002</td>
<td>51,859,722</td>
</tr>
<tr>
<td>Fees</td>
<td>30,890,453</td>
<td>29,818,290</td>
</tr>
<tr>
<td>Investment earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJBEST</td>
<td>70,382,662</td>
<td>69,544,030</td>
</tr>
<tr>
<td>NJCLASS</td>
<td>150,593,971</td>
<td>149,265,445</td>
</tr>
<tr>
<td>Other</td>
<td>366,875</td>
<td>240,285</td>
</tr>
<tr>
<td>NJBEST subscriptions</td>
<td>1,145,137,776</td>
<td>1,007,224,673</td>
</tr>
<tr>
<td>Net realized and unrealized gain (loss) on NJBEST investments</td>
<td>606,943,119</td>
<td>340,985,764</td>
</tr>
<tr>
<td>Other</td>
<td>725,475</td>
<td>31,902,689</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>2,407,678,733</td>
<td>2,031,049,335</td>
</tr>
</tbody>
</table>

| **Expenditures**            |            |            |
| Direct grant aid to students| 367,988,344 | 352,832,543 |
| NJBEST redemptions           | 991,257,400 | 832,688,928 |
| Program expenses             | 94,701,149  | 126,061,586 |
| Administrative expenses      | 16,242,870  | 13,582,009  |
| Debt service interest        | 105,587,917 | 108,023,711 |
| **Total Expenditures**       | 1,575,777,680 | 1,433,188,777 |

| Excess of Revenues over Expenditures | 831,901,053 | 597,860,558 |

| Less:                           |            |            |
| Year-end Lapsed Funds           | (7,319,285) | (7,724,426) |
| Cumulative Effect of Accounting Change | -         | (10,498,192) |

| Net Assets - Beginning of Year  | 3,907,691,824 | 3,328,053,884 |

| Net Assets - End of Year        | $4,732,273,592 | $3,907,691,824 |
Certification of Compliance with Executive Order #37 (Corzine)

We jointly certify that in compliance with Paragraph 2 of Executive Order #37, HESAA has, to the best of our knowledge, followed all of the Authority’s standards, procedures, and internal controls. We further jointly certify that HESAA fully participated in the prescribed Internal Control Assessment as directed by the Office of Management and Budget and no internal control weaknesses were revealed.

We hereby certify that the foregoing statements are true to the best of our knowledge. We understand that if any of the foregoing statements are willfully false, we are subject to punishment.

By:  

Gabrielle Charette, Esq.  
Executive Director

By:  

Eugene Hutchins  
Chief Financial Officer
A Resolution Expressing Appreciation to
Dr. Harvey Kesselman

WHEREAS, in 1999 Dr. Harvey Kesselman was appointed by Governor Christine Todd Whitman to the inaugural Board of the Higher Education Student Assistance Authority (HESAA) as the Representative of State Colleges and Universities; and

WHEREAS, during his years of service to HESAA, Dr. Kesselman has demonstrated a sincere commitment to his duties as a Board member, as exemplified by his distinguished service as the institutional representative to the Board’s executive committee; and

WHEREAS, Dr. Kesselman has dedicated himself to the field of higher education for over thirty years through his leadership roles at Stockton University, formerly the Richard Stockton College of New Jersey, through positions such as Provost and Executive Vice President, Dean of the School of Education, Interim Vice President for Administration and Finance, Vice President for Student Affairs, and CEO of the Southern Regional Institute and Educational Technology Training Center; and

WHEREAS, Dr. Kesselman’s contributions have advanced postsecondary education and enhanced the delivery of student aid in New Jersey, with his diverse background in college services and programs which encompass admissions, financial aid, institutional research, counseling and the Educational Opportunity Fund Program; and

WHEREAS, Dr. Kesselman’s dedicated and unfailing service to the Authority has been instrumental in serving the needs of New Jersey students and families; and

WHEREAS, the members of the HESAA Board wish to express their sincere appreciation to Dr. Kesselman and best wishes as he begins his new endeavor as President of Southern Maine University; now, therefore, be it

RESOLVED, that HESAA acknowledges the years of service and dedication which Dr. Kesselman has demonstrated throughout his membership on the Higher Education Student Assistance Authority Board; and

Be it further RESOLVED that a copy of this resolution be noted in the official records of the Authority and the original copy be presented to Dr. Kesselman.

April 23, 2015