

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

May 10, 2007

The Higher Education Student Assistance Authority (HESAA) Board held a meeting by conference call on May 10, 2007 at 10:00 a.m. from the HESAA offices in Hamilton.

PRESENT: Mr. Michael Angulo, Esq.; Mr. James Avery; Mr. Raymond Castor; Mr. Kevin Collins; Ms. M. Wilma Harris (joined the meeting while in progress); Dr. Harvey Kesselman; Dr. Joann La Perla-Morales; Ms. Rossy Matos-Miranda; Ms. Jean McDonald Rash; Mr. Warren Smith; Ms. Nancy Style, Treasurer's Designee; and Ms. Maria Torres; members.

Also participating via teleconference were Sonia Frontera, Esq., Assistant Counsel, Governor's Authorities Unit; Melissa Hager, DAG.

Members of the Public in Person: Marguerite Beardsley, CHE.

ABSENT: La-Trenda Ross.

CALL TO ORDER

Chairman Smith called the meeting to order at 10:00 a.m. and stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Mr. Smith welcomed the Board members.

Mr. Smith asked the Board Secretary to call the roll.

Merci Powell called the roll.

CONSIDERATION OF THE MINUTES OF THE FEBRUARY 10, 2007 MEETING:

Raymond Castor made a motion to approve the minutes of the February 10, 2007 meeting. The motion was seconded by James Avery. The minutes were approved unanimously by roll call. (M. Wilma Harris was not yet on the call).

CONSIDERATION OF THE MINUTES OF THE APRIL 23, 2007 MEETING:

Nancy Style made a motion to approve the minutes of the April 23, 2007 meeting. The motion was seconded by Maria Torres. The motion was passed unanimously with two abstentions, Harvey Kesselman and Joann LaPerla-Morales (M. Wilma Harris was not yet on the call).

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RESOLUTION 04:07 ADOPTING A SCHEDULE OF MEETINGS FOR FISCAL YEAR 2008

Marnie B. Grodman, Esquire presented Resolution 04:07 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 2008 the meetings should be held at 10:00 am on Wednesday July 25, 2007, Wednesday October 24, 2007, Thursday February 7, 2008 and Thursday May 15, 2008. In addition, HESAA may call additional meetings, including telephone conference meetings, and specific notice of each meeting will be provided prior to each meeting pursuant to the Open Public Meetings Act.

A motion to approve Resolution 04:07 was made by James Avery and seconded by Kevin Collins. The FY 2008 meeting schedule was approved unanimously (M. Wilma Harris was not yet on the call).

CHAIR TO ANNOUNCE NOMINATING COMMITTEE APPOINTMENTS

Mr. Smith announced that he has agreed to chair the Nominating Committee and that Harvey Kesselman and Rossy Matos have agreed to be on the Nominating Committee. Mr. Smith thanked them for agreeing to be on this committee. The Nominating will meet in June to select the Chair, Co-Chair and Executive Committee for the HESAA Board, which will be announced at the July meeting.

EXECUTIVE DIRECTOR'S REPORT

Good morning Mr. Chair, Board and guests.

In this rapidly changing financial aid landscape, I wanted to reinforce a fact that should not be overlooked... HESAA is a non-profit governmental entity and 100% of Authority revenue is reinvested towards supporting our work with students, parents, and institutions. New Jersey is the leading state in producing college bound high school graduates, and is ranked 3rd in the nation for providing need-based aid per recipient. Maintaining an effective statewide financial aid delivery system is critical towards sustaining New Jersey's strong record of postsecondary achievement and economic growth.

HESAA is committed to professionalism and ethical integrity. We are closely monitoring the financial aid sector and taking all appropriate action to stay in step with industry "best practices" and regulatory changes as they evolve. The Authority is actively cooperating with the New Jersey Attorney General office and the ongoing Congressional inquiry into the student aid sector.

As you know, the Authority delivers over \$1.6 billion in financial aid this past year, and administers New Jersey grant, scholarship and loan programs. HESAA provides financial aid to over half a million students and assist over 1 million students and families each year with comprehensive information on the entire financial aid process.

I wanted to assure all of you that HESAA's mission has never changed. Everything we do is to benefit the students and the parents we serve. Among our notable programs, services and initiatives are:

- Since 1999, HESAA has waived over \$31 million in guaranty insurance fees for federal loans for NJ borrowers, helping to defray students' indebtedness.
- The State's need-based Tuition Aid Grant programs (TAG) provided over 66,000 awards totaling more than \$198 million in FY 2006. Since its inception in 1978, the TAG program has awarded over \$1 billion in grants to our neediest students.
- The Authority buys down interest rates to secure favorable fixed rates for our NJCLASS program. Last year alone, the interest rates on loans in NJCLASS were as low as 5.9%, that's 2.6% below what is available through the federal PLUS loan program. These rates are among the lowest supplemental loan rates in the nation.
- HESAA administers NJ STARS, which provides high achieving students free tuition at the state's county colleges. STARS' success is reflected in its incredible growth. In 2006-07, approximately 2,500 students participated in the program that number will continue to grow.
- Through its "Real Money 101" initiative, the Authority works with students to encourage loan repayment, default aversion, and financial literacy. Last year, over 1,500 young adults participated in these workshops and learned financial principles that will be valuable in managing their student loan debt and throughout their lives.
- HESAA's *Helping Hands* initiative assists institutions with high student loan default rates by providing counseling to borrowers, thereby keeping default rates below the federal threshold that would make the corresponding school ineligible for federal funds.
- The Authority publishes a variety of informative brochures including the #1 New Jersey enrollment management publication, *Going to College in NJ*, and the extremely popular magazine *Life 101*, a favorite among high school students. HESAA mails out over half a million publications and informational brochures to students and their families each year.
- To ensure that our students timely apply for financial aid, this past month, HESAA mailed out approximately 40,000 letters to current TAG recipients whose

2007-08 FAFSA information had not yet been on file with HESAA, and reminded them of the June 1 deadline. A second, and final, reminder mailing will issue either this week or next week. As you know, timely submission of the FAFSA form is a requirement for continued TAG eligibility.

- HESAA offers training and assistance with program administration to financial aid professionals across the State.
- HESAA trains over 1,000 high school guidance counselors each year throughout New Jersey on State and federal financial aid to ensure they are able to assist their students with related questions.
- Through the Authority's comprehensive outreach initiatives this past year, we presented to tens of thousands of parents, students, educators, guidance counselors and aid professionals throughout the State, in a wide range of venues – high schools, elementary and grade schools, PTAs, churches, YM&WCA's, college fairs, and community events – providing information about higher education and financial aid. These outreach efforts are complemented by our toll-free hotline, which handled over 200,000 incoming calls during past years, answering inquiries in English and Spanish, during evenings and weekends.

Because of our operating revenue, HESAA is able to provide these initiatives, and many more, to New Jersey students and institutions at no cost. The Authority is proud of its important role in making the dream of a higher education a reality for our students.

I would like to provide some program updates:

For NJCLASS, the Authority is pleased to announce that the anticipated fixed interest rate for this program this year will be comparable to last year's favorable rate. Also, electronic NJCLASS applications continue to grow to handle increased use of the Internet. More than 80% of our students and parents have utilized NJCLASS on the web for their supplemental loan program.

HESAA recently replaced its NJCLASS Trustee to address repeated problems following the acquisition of Wachovia's trustee operations by U.S. Bank. This change followed a thorough RFP process, including conducting interviews and obtaining references of each trustee candidate that was being considered. HESAA's new Trustee is Wells Fargo. We were especially pleased with the Wells Fargo staff's knowledge, skills, and abilities. Wells Fargo has been twice voted Best Trustee Bank for North America, and has strong student loan trustee experience.

The Authority also anticipates unveiling a redesigned and more capable website later this summer. The new site will contain a fresh look and feel, while serving as the foundation for students and parents to access our products. As for user-friendly enhancements, some of the features will include a secure student access portal that enables students to update their address and other contact information, and view all their HESAA awards. I thank the Student Advisory Committee for their invaluable suggestions and assistance on this project.

I want to thank the many institutions and sector representatives for their support and encouragement during this significant time for the financial aid sector. Rest assured that HESAA will continue to provide professional, top level service to the students, parents, and schools that we serve.

Thank you.

NEW BUSINESS

Mr. Smith read resolutions acknowledging and thanking the Student Advisory Committee members, LaTrenda Ross and Raymond Castor, for their service and dedication to the Higher Education Student Assistance Authority Board. A copy of the resolutions will be noted in all the official records of the Authority.

Harvey Kesselman made a motion to approve the Resolutions, Maria Torres seconded and the motions were unanimously approved.

Mr. Angulo reminded Board members that Financial Disclosure Statements must be filed by May 15, 2007. Mr. Kesselman advised that they could be filed on line. Ms. Harris advised the Board that they could print out their statement from last year to help prepare this year's statement.

ADJOURNMENT

Mr. Smith announced after we adjourn this Board Meeting we would like to enter a closed session, pursuant to the Open Public Meetings Act, to discuss with HESAA's counsel the current regulatory actions and inquiries in the student loan industry. This will be a closed session pursuant to N.J.S.A. 10:12-4b(7), matters that fall under the attorney-client privilege. Details of the discussion that takes place in the closed session cannot be disclosed to the public until the conclusion of all investigations and or litigation, if any occurs. A motion to adjourn and go to closed session was made by Harvey Kesselman and seconded by Maria Torres. Motion was approved unanimously. Mr. Smith noted that the next Board meeting is scheduled for July 25, 2007 at 10:00 a.m.

The meeting adjourned at 10:25 am.