

MINUTES

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

February 24, 2011

The Higher Education Student Assistance Authority (HESAA) Board held a special meeting by conference call on February 24, 2011 at 2:30 pm from the HESAA offices in Hamilton.

PRESENT: Mr. Michael Angulo, Esq.; Mr. Richard Garcia; Mr. Edward Graham; Ms. M. Wilma Harris; Dr. Harvey Kesselman; Mr. Christopher McDonough, Treasurer's Designee; Ms. Rossy Matos-Miranda; Ms. Jean McDonald Rash; Mr. Jonathan Nycz; Ms. Maria Torres; Ms. Kristy Van Horn; members.

Also participating via teleconference were Cheryl Clark DAG; David Reiner, Esq., Governor's Authorities Unit; Leah Sandbank, Bond Counsel, McManimon and Scotland; Joseph Santoro, Senior Manager, Bank of America Merrill Lynch; Dr. Robert Messina, President, Burlington County College and Fr. Michael Braden, President, St. Peter's College.

ABSENT: Mr. Julio Marengo; Mr. Warren Smith and Mr. Wilmot Wilson.

CALL TO ORDER

Chair Garcia called the meeting to order at 2:33 pm and stated that the meeting had been noticed in compliance with the requirements of the Open Public Meetings Act.

Mr. Garcia welcomed the Board members.

Mr. Garcia welcomed Cheryl Clarke, Deputy Attorney General; David Reiner, Governor's Authorities Unit; Leah Sandbank, Bond Counsel, McManimon and Scotland; and Joseph Santoro, Senior Manager, Bank of America Merrill Lynch.

Mr. Garcia introduced Christopher McDonough, Deputy Director, New Jersey Division of Investments as the new Treasurer's Designee to the HESAA Board.

Ms. Garcia asked the Board Secretary to call the roll.

Roseann Sorrentino called the roll.

RESOLUTION 03:11 – RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE OF TRUST BY AND BETWEEN THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (THE “AUTHORITY”) AND WELLS FARGO BANK, NATIONAL ASSOCIATION (THE TRUSTEE), TO AMEND THE FIRST SUPPLEMENTAL INDENTURE WHICH SUPPLEMENTS THE INDENTURE OF TRUST, DATED AS OF JANUARY 1, 2010, BETWEEN THE AUTHORITY AND THE TRUSTEE AND OTHER MATTERS IN CONNECTION THEREWITH

Mr. Eugene Hutchins, Chief Financial Officer, presented the resolution.

There are unexpended funds in the 2010-bond issue totaling \$41 million (\$11 million in unexpended bond proceeds and \$30 million in recycling funds) that were originally designated in the 2010-1 indenture to make NJCLASS Consolidation Loans through January 1, 2011.

Dr. Kesselman asked what are recycling funds. Mr. Hutchins explained that recycling funds are funds resulting from principal repayments of student loans.

Mr. Hutchins continued to explain that Resolution 03:11 does two things. First, it extends the origination and recycling period for making new loans from January 1, 2011 to June 1, 2011. Second, it allows the \$30 million in recycling funding to be utilized for NJCLASS Undergraduate Loans during this period.

The \$11 million in unexpended proceeds will be used strictly for consolidation loans. Of the \$30 million in recycling funds, the Authority will pay back the \$7 million in temporary funding borrowed from reserves as approved at the last meeting, as well as to fund any remaining NJCLASS Undergraduate Loans that still need to be funded for this Spring. This will have the beneficial effects of not having to fund these loans from the next bond issue and maximizing the use of the 2010-1 bond funds. The recycling funds will also be used for consolidation loans.

The approval of Resolution 03:11 by the Authority Board will trigger the release of Rating Agency Confirmation Letters from Moody's and Standard and Poor's that are also required under the bond indentures.

Mr. Hutchins offered to answer any questions. There were no additional questions.

Motion to approve the resolution was made by Dr. Harvey Kesselman and seconded by Ms. M. Wilma Harris.

The motion was passed unanimously.

ADJOURNMENT

Chair Garcia announced the next HESAA Board meeting will be held on Tuesday, April 26, 2011 at 10:00 am. A motion to adjourn was made by Dr. Harvey Kesselman and seconded by Ms. Maria Torres.

The meeting adjourned at 2:40 pm.

RESOLUTION 03:11

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE OF TRUST BY AND BETWEEN THE HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY (THE "AUTHORITY") AND WELLS FARGO BANK, NATIONAL ASSOCIATION, (THE "TRUSTEE") TO AMEND THE FIRST SUPPLEMENTAL INDENTURE WHICH SUPPLEMENTS THE INDENTURE OF TRUST, DATED AS OF JANUARY 1, 2010, BETWEEN THE AUTHORITY AND THE TRUSTEE, AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

Moved: Dr. Harvey Kesselman

Seconded: Ms. M. Wilma Harris

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

WHEREAS, pursuant to the Act and the Indenture of Trust, dated as of January 1, 2010, between the Authority and Trustee, as amended and supplemented (the "2010-1 Indenture"), the Authority has issued \$713,000,000 in aggregate principal amount of its Student Loan Revenue Bonds, 2010-1 (the "2010-1 Bonds"), consisting of 677,120,000 Student Loan Revenue Refunding Bonds, Series 2010-1A and \$35,880,000 Student Loan Revenue Bonds, Series 2010-1B, as authorized by the First Supplemental Indenture, dated as of January 1, 2010 (the "First Supplemental Indenture") between the Authority and Trustee; and

WHEREAS, pursuant to a resolution adopted May 18, 2010, the Authority and Trustee entered into a Second Supplemental Indenture dated June 1, 2010 (the "Second Supplemental Indenture");

WHEREAS, the Authority wishes to authorize the execution and delivery of a Third Supplemental Indenture between the Authority and the Trustee (the "Third Supplemental Indenture") to (i) extend the Origination Period for 2010-1 Consolidation Loans to June 1, 2011 and (ii) provide for the use of Recoveries of Principal (i.e. recycling proceeds) to originate new Fixed Rate Standard NJCLASS Loans as more particularly provided below; and

WHEREAS, pursuant to Section 8.1(15) of the 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, is not to the prejudice of the Trustee or the Bond Owners; and

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

Section 1. The Authority hereby authorizes the execution and delivery of the Third Supplemental Indenture for the purpose of providing for the use of Recoveries of Principal to originate new Fixed Rate Standard NJCLASS Loans (as defined in the Third Supplemental Indenture) bearing the terms and conditions set forth in the Third Supplemental Indenture.

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

Section 3. The Authority hereby determines that the execution and delivery of the Third Supplemental Indenture does not materially adversely affect any Bondholders or the Trustee.

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

Section 5. All actions authorized pursuant to this Resolution are subject to receipt by the Authority of a Rating Agency Condition from each Rating Agency stating that the execution and delivery of the Third Supplemental Indenture and the amendments contained therein will not result in a reduction, qualification or withdrawal of the then-current rating of any of the Bonds.

Section 6. Capitalized terms used but not defined in this Resolution shall have the meanings given to them in the 2010-1 Indenture.

Section 7. This Resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

Dated: February 24, 2011