



1200 North Seventh Street, Harrisburg, PA 17102

**Meeting of the Board of Directors  
April 25, 2019 – 10:00 AM**

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A meeting of the Board of Directors was held on April 25, 2019, at 10:00 a.m. in the Boardroom.

***Those in attendance were:***

Representative Michael Peifer, Chairman  
Senator Wayne D. Fontana, Vice Chairman **(via teleconference)**  
Senator Ryan Aument  
Senator John P. Blake **(via teleconference)**  
Representative Mike Carroll **(via teleconference)**  
Representative Sheryl Delozier  
Senator Arthur Haywood **(via teleconference)**  
Representative Anita Kulik **(via teleconference)**  
Representative Steven Mentzer  
Representative Curtis Sonney  
Chancellor Timothy R. Thyreen  
Secretary Robin Wiessmann **(via teleconference)**  
Noe Ortega, Deputy Secretary for Postsecondary and Higher Education  
James H. Steeley, President and CEO  
Jim White, General Counsel

***Those absent were:***

Representative Angel Cruz  
Senator Vincent Hughes  
Honorable Roy Reinard **(via teleconference)**  
Representative James Roebuck, Jr.  
Senator Mario Scavello  
Senator Robert M. Tomlinson  
Secretary of Education Pedro Rivera

***Also in attendance:***

Liz Craig, Senator Hughes' office **(via teleconference)**; Christine Zubeck, Senator Scavello's office **(via teleconference)**; Alycia Laureti, Representative Roebuck's office **(via teleconference)**; Stephanie Applegate, Senator Aument's office; Brian Kimmett, Rock the Capitol; Tom Foley and Nichole Duffy, Association of Independent Colleges and Universities (AICUP); Jan Murphy (PennLive); Joshua Elsner, Penn State University; Carolyn Simpson, PA Commission for Community Colleges; and the following PHEAA staff: Judith Bines **(via teleconference)**, Amanda Foster, Nathan Hench, Keith New, Todd Mosko, Mike Garman, Lisa Gipe, Isaac Greene, William Fisher, LaWanda Morris, Andrew Mehalko, Elizabeth McCloud, Dana Hepner, James Jarecki, Jodi Shomper, Kathleen Smith, Jean Svoboda, and Martin Samaniego

Upon establishing the presence of a quorum, Chairman Peifer called up Agenda Item #1.

## 1. **Minutes**

On a motion made by Representative Mentzer and seconded by Representative Sonney, the minutes of the March 21, 2019 meeting were unanimously approved.

Chairman Peifer called up Agenda Item #2.

## 2. **Committee Reports**

Chairman Peifer called on Representative Mentzer to provide a report of the Audit Review Committee. Representative Mentzer thanked the Chairman and reported that the Audit Review Committee met yesterday afternoon and, once a quorum was established, the Committee reviewed and adopted the minutes from the February 20, 2019 Audit Review Committee Meeting. Following our discussion regarding financial matters, the Committee entered Executive Session to discuss internal audit, litigation, and regulatory matters. Upon returning to regular session, and hearing no other business, the meeting was adjourned.

Hearing no questions for Representative Mentzer, the report is accepted as reported. Chairman Peifer called on Representative Delozier to provide a report of the Executive Committee.

Representative Delozier thanked the Chairman and said that the Executive Committee met last evening and, once a quorum was established, the Committee reviewed and adopted the meeting minutes from the March 20, 2019 Executive Committee Meeting.

The Executive Committee then reviewed a resolution that was presented by Mr. Andy Mehalko, PHEAA's Interim Chief Financial Officer, which effectively replaces Mr. Steeley by appointing Mr. William Walker as his successor to the Student Loan Foundation Board. Mr. Walker works in PHEAA's Financial Management group.

The Committee then moved into Executive Session to receive a privacy, compliance, and litigation report from PHEAA's management, to consult with professional advisors and internal auditors regarding PHEAA finances, and to discuss Agency business. If conducted in public, this would lead to the disclosure of confidential information that is protected by statute.

Following the return to regular session, the Executive Committee immediately adjourned. Representative Delozier concluded the report and said she would be happy to answer any questions that the Board may have. Hearing no questions or comments, Chairman Peifer said the report is accepted and called on Senator Fontana to provide a report of the Revenue Bond Committee.

Senator Fontana thanked the Chairman and said the Revenue Bond Committee met yesterday and the first order of business, after establishing a quorum, was to call on Mr. Andy Mehalko, Interim Chief Financial Officer, to review two resolutions. The first resolution that was before the Committee for review and action was the appointment of the bond team for the PHEAA 2019-A tax exempt bond issuance of up to \$50 million. The team consists of two lead underwriters and one co-manager, bond, underwriters, and trustee's counsel and financial advisors.

The second resolution was reviewed by the Committee and is being brought forward today, for the full Board's consideration. The Resolution for the Board of Directors authorizes

the issuance of up to \$50 million in tax-exempt financing by PHEAA for the funding of PHEAA's PA Forward Student Loan Program.

Senator Fontana asked Mr. Mehalko to further describe the resolution that the Revenue Bond Committee is requesting the Board to adopt today. Mr. Mehalko thanked Senator Fontana and said that the Resolution for the Board of Directors authorizes the issuance of up to \$50 million in tax-exempt financing by PHEAA for the funding of PHEAA's PA Forward Student Loan Program. The resolution authorizes the issuance of various customary bond documents including, but not limited to, official payment to investors, bond purchase agreement, indentures, continuing disclosure agreements, and other bond documents, not to exceed 30 years in length. The Resolution authorizes the execution of the various documents and agreements in connection with the issuance of debt by the President, designees, the Chief Financial Officer, and satisfactory to the Chief Legal Officer as to form and legality.

The Resolution also accepts the recommendation of the Revenue Bond Committee's appointments and authorizes the Chair and Vice Chair, President, and CFO to approve, enter into, and execute the various bond documents and pay costs of issuance. The Resolution also authorizes the President and CFO to transfer PHEAA funds in connection with the transition to the appropriate accounts within the indenture.

Mr. Mehalko said that concluded his summary of the Resolution for the Board's consideration. Chairman Peifer asked if there were any questions about the Bond Resolution.

Secretary Wiessmann had two questions. The first question was regarding the language, as the purpose of the bond issuance seemed unclear. Mr. Mehalko said the purpose of the Resolution is for funding of the Student Loan Program. The Secretary had concerns because bonds are typically issued for a very specific purpose, and the language wasn't narrowly tailored to the Student Loan Program. Mr. Jim White responded that, in general, the loan program was developed to allow access to higher education by providing discounted rates compared to other loans offered. According to the statute, the Board has discretion to decide the details, as long as the program meets the purpose of providing access to higher education. Secretary Wiessmann wanted clarification that the purpose is for loans and not grants.

Secretary Wiessmann's second question was to identify the members of the bond team. Mr. Mehalko said the team consists of Underwriters: Merrill Lynch Pierce Fenner Incorporated (Bank of America) (Lead), PNC Capital Markets LLC (Co-lead), Piper Jaffray & Co. (Co-Manager); Bond Counsel: Stradley Ronon Stevens & Young; Municipal Advisor: PFM Financial Management, LLC, SL Capital Strategies; Underwriters' Counsel: Raffaele Puppio; Trustee: Manufacturers and Traders Trust Company; Trustee's Counsel: Ballard Spahr, LLP.

Hearing no other questions or comments, Vice Chairman Fontana made the motion to accept the resolution and it was seconded by Chairman Peifer. Secretary Wiessmann abstained from the vote because of a conflict of interest with one of the team members. Hearing no negative votes, the Resolution was passed and is attached to these minutes.

Hearing no other questions or comments, Chairman Peifer then called up Agenda Item #3.

### 3. **Pennsylvania State Grant Program and Matching Funds Program**

Chairman Peifer called on Chancellor Thyreen to provide two updates on the Pennsylvania State Grant Program. Chancellor Thyreen thanked the Chairman and said the Committee on Need Analysis and Aid Coordination met on Tuesday and the members unanimously agreed to the following recommendation to the Board, with which they hoped the Board of Directors would agree.

He asked the members to turn their attention to the first memo from Mr. Steeley, entitled, "2019-2020 Matching Funds Program." The Committee reviewed and recommended the allocation of \$13.1 million, based on the Governor's proposed budget. If the Board agreed, the following motion would be in order.

*That the Committee on Need Analysis and Aid Coordination recommends to the Board of Directors that staff be authorized to make 2019-2020 allocations among the individual Matching Funds Programs as provided, based on the recommended appropriation of \$13,121,000, and that the President and Chief Executive Officer be given the authority to adjust the Matching Funds Program allocations from time to time if demands within the program change throughout the year.*

Chairman Peifer called for the motion, the motion was made by Representative Delozier, seconded by Senator Aument, and it was unanimously approved.

Chancellor Thyreen continued and asked the members to draw their attention to the second memo from Mr. Steeley, entitled, "2019-2020 Pennsylvania State Grant Program." The Committee reviewed the total resources that will be allocated to the program – including the 13.5-percent increase which equates to a \$36 million increase to the program. The Committee also reviewed the final spend for the current academic year of 2018-2019 and received a report that this program is only spending \$70 million of the \$101 million supplement that the PHEAA Board allocated to the program.

On Page 1 of the memo from Mr. Steeley, you will find a chart that outlines the total resources potentially allocated to the 2019-2020 PA State Grant Program, totaling \$332.2 million.

<b>2019-2020 PA State Grant Program Resources</b>	
<b>Governor's Appropriation<sup>1</sup></b>	\$ 310.2 M
<b>Potential PHEAA Resources</b>	\$ 30.0 M
<b>Total Resources</b>	\$ 340.2 M
<b>Summer 2020 Awards</b>	(\$ 8.0 M)
<b>Total for Academic Year Awards</b>	\$ 332.2 M

<sup>1</sup> This represents a 13.5% increase over the current year's appropriation of \$273.391 million

Turning to Page 2 of the memo, Chancellor Thyreen reviewed the motion, highlighting what the Committee on Need Analysis and Aid Coordination is recommending to the full Board today. The first motion outlines the general parameters of the 2019-2020 PA State Grant Program formula, holding the maximum award level at \$4,123.

*That, effective with the 2019-2020 award year, the Pennsylvania State Grant Program establish the following parameters for students evaluated under the State Grant formula:*

*Set the cost tiers and minimum and maximum awards at Pennsylvania approved institutions to:*

<u>Cost Tiers</u>	<u>Minimum Award</u>	<u>Maximum Award</u>
\$ 0 to \$12,000	\$500	\$2,500
\$12,001 to \$19,000	\$500	\$4,000
\$19,001 to \$29,000	\$500	\$4,300
\$29,001 to \$32,000	\$500	\$4,700

Cap college costs at \$32,000. Allowable costs are calculated using tuition, fees, a book allowance of \$1,000, and an educational expense allowance of \$4,000 for all applicants.

Make \$600 the maximum award for non-veterans at eligible out-of-state schools in reciprocal states, and \$800 for veterans at eligible out-of-state schools in reciprocal states.

Set the percent of need met based on an Expected Family Contribution (EFC) calculated in accordance with the Federal Need Analysis Methodology and PHEAA policies to:

<u>EFC Range</u>	<u>Percent of Need Met</u>
(1) 0 to 4,000	50%
(2) 4,001 to 6,000	38%
(3) 6,001 to 8,000	32%
(4) 8,001 to 10,000	27%
(5) 10,001 to 12,000	14%
(6) 12,001 and above	3%

Apply an award adjustment factor of 0.8772 across all awards to keep expenditures within resources. This would set actual maximum awards for 2019-2020 as follows:

<u>Cost Tiers</u>	<u>Minimum Award</u>	<u>Maximum Award</u>
\$ 0 to \$12,000	\$500	\$2,193
\$12,001 to \$19,000	\$500	\$3,509
\$19,001 to \$29,000	\$500	\$3,772
\$29,001 to \$32,000	\$500	\$4,123

However, if this calculation causes the student's award to go below the minimum award, the student will instead receive the minimum award. All awards are equalized across terms.

If the available resources change at a later date, the President and Chief Executive Officer is authorized to reset the formula and award adjustment factor to keep the projected year-end expenditures for student awards within available resources.

Chancellor Thyreen turned the Board Members' attention to Page 3 of the memo, to the section entitled "Distance Education." As the Board will recall, for 2018-2019, the first year of Distance Education Integration, the Board suppressed the Distance Education (DE) award by 50 percent. The primary driver of the suppressed award was to reduce the risk of unknown program expenditures to support the integration of DE. The Committee discussed the policy decision surrounding DE suppression at length and arrived at the recommendation to suppress the award by 25 percent instead of 50 percent. The Board will find a motion at the bottom of Page 3 that recommends that DE students receive 75 percent of the award value of a traditional student. This increase in funding will cost the program approximately \$2 million.

*That, effective with the 2019-2020 award year, the Pennsylvania State Grant Program establish the following additional parameter for students evaluated under the State Grant formula:*

*Limit awards to students enrolled more than 50 percent online in a given term or enrolled in a program of study that is structured to be at least 50 percent online at an otherwise-eligible institution headquartered and domiciled in Pennsylvania, so that 2019-2020 awards to this population are equal to 75% of the in-classroom award value.*

*Apply an award adjustment factor of 0.6578 across all awards to keep expenditures within resources. This would set actual maximum awards for 2019-2020 as follows:*

<u>Cost Tiers</u>	<u>Minimum Award</u>	<u>Maximum Award</u>
\$ 0 to \$12,000	\$500	\$1,645
\$12,001 to \$19,000	\$500	\$2,631
\$19,001 to \$29,000	\$500	\$2,829
\$29,001 to \$32,000	\$500	\$3,092

*However, if this calculation causes the student's award to go below the minimum award, the student will instead receive the minimum award. All awards are equalized across terms.*

*If the available resources change at a later date, the President and Chief Executive Officer is authorized to reset the formula and award adjustment factor to keep the projected year-end expenditures for student awards within available resources.*

Chancellor Thyreen then turned the attention the Board Members' attention to Page 4, and reviewed the third and final motion for the Board's consideration, which will reallocate the \$30 million of unused funds from 2018-2019 and move those dollars forward to 2019-2020. Chancellor Thyreen stated that the combined resources of the Governor's proposed Pennsylvania State Grant Program increase of \$36 million, plus the \$30 million carryforward, will allow us to carry the current 2018-2019 formula forward into 2019-2020 with only one tweak - an increase in the DE awards. Program staff are confident that the total resources allocated will be able to maintain the maximum award.

*That the President and Chief Executive Officer be given the authority to allocate up to \$30,000,000 in remaining 2018-2019 PA State Grant Program Resources to supplement the General Assembly's 2019-2020 appropriation for the 2019-2020 PA State Grant Program.*

Chancellor Thyreen concluded his remarks and strongly encouraged the Board to adopt all three motions that are highlighted in the memo, which were unanimously approved by the Committee. Chancellor Thyreen said that it is important that the Board acts on the formula recommendations so that students and families can begin receiving preliminary notice of their estimated awards, which historically occurs in early May.

Hearing no questions, Chairman Peifer thanked the Chancellor and said this time last year was a real challenge for the Board, including staff and management. He thanked the many people who worked on educating the Governor, Appropriations staff, the General Assembly, and the Board Members in order to maintain the maximum award. He thanked the Governor for the \$36 million appropriation noting that it is very important to get us to where we need to be to maintain the award. Chairman Peifer opened for discussion and reminded members that Ms. McCloud and Mr. Hench are available to answer questions. Hearing no questions, Vice Chairman Fontana congratulated everyone for their hard work, all of the work communicating to

the Governor's Office, and that they should feel proud to be able to maintain the maximum award. Vice Chairman Fontana made the motion to approve all three motions, seconded by Representative Mentzer, and the motions were unanimously approved.

Hearing no more questions or comments, Chairman Peifer called up Agenda Item #4.

#### 4. **President and Chief Executive Officer's Report**

Chairman Peifer called on Mr. Jim Steeley. Mr. Steeley thanked the Chairman and asked the members to turn their attention to the presentation available on BoardEffect. The first item of general interest is the addition of two members to PHEAA's Executive Team. Ms. Jean Svoboda started on April 1<sup>st</sup> as Chief Legal Counsel & Board Secretary. She previously served as senior counsel at M&T Bank, Susquehanna Bancshares and at Sterling Financial Corporation, and we are excited to have her on the team. The Board will see much more of Ms. Svoboda in the coming months in her role as Board Secretary. Ms. Kathleen Smith started with PHEAA on April 15th as PHEAA's Senior Vice President and Director of Federal Relations. Ms. Smith will represent PHEAA in Washington, DC and serve as the primary liaison between the PHEAA and the U.S. Congress, along with federal agencies. She held this role previously in the 1990's and was Scott Miller's predecessor.

Mr. Steeley then called for an Executive Session to receive a litigation and contract update which, if conducted in public, would lead to the disclosure of information and confidentiality that is protected by statute.

Upon the return to Regular Session, Chairman Peifer called up Agenda Item #5.

#### 5. **Entry of Additional Orders of Default**

Chairman Peifer called on Mr. Steeley, who reported that there are several orders of default that require Board action. The borrowers outlined on the attached spreadsheet have been notified several times by PHEAA that they need to repay certain obligations to the Agency. In all of these cases, recipients received a grant for college but did not fulfill their obligations for receiving the grant. Board action is necessary in order for PHEAA staff to continue to attempt to collect on these grants - now converted to loans – as required by the program's statutes.

Mr. Steeley suggested to Chairman Peifer that the Board adopt the attached resolution in order to authorize PHEAA staff to continue to collect on the loans.

Hearing no questions, Chairman Peifer called for a motion to adopt the Order of Default Resolution, as presented. Representative Mentzer made the motion, seconded by Representative Sonney, and the Resolution was unanimously adopted and is attached to these minutes.

Chairman Peifer called up Agenda Item #6.

#### 6. **Other Business**

Hearing no other business, Representative Delozier made a motion to adjourn, seconded by Senator Aument, and Chairman Peifer adjourned the meeting.

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**Resolution of the Board of Directors  
Pennsylvania Higher Education Assistance Agency  
Adopted April 25, 2019**

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**WHEREAS**, the Pennsylvania Higher Education Assistance Agency (the "Agency") has determined that it would be advisable, at this time, to authorize the issuance of up to a maximum of \$50,000,000 aggregate principal amount of tax-exempt bonds in one or more series (the "Obligations") in order to provide financial benefits and assistance to certain student loan borrowers identified pursuant to Agency programs and to fund additional student loans at rates favorable to the students (which issuance of Obligations is anticipated to occur in calendar year 2019);

**WHEREAS**, the Agency, has determined that it would be in the best interest of the Agency to take all steps necessary to issue and sell the Obligations at fixed or variable rates of interest, depending upon market conditions, thereby permitting the making or purchase by the Agency of the maximum amount of student loans at rates favorable to the students;

**WHEREAS**, in order to issue and sell the Obligations it will be necessary for the Agency to, among other things, from time to time: (a) approve the issuance and circulation of preliminary and final official statements and offering documents relating to the Obligations; (b) enter into bond purchase agreements, remarketing agreements, continuing disclosure agreements, indentures, trust agreements, and other documents, agreements and instruments relating to the issuance, sale, remarketing, pricing and repricing of the Obligations at maturities not to exceed 30 years and approve and authorize the execution and delivery of certain certificates and letters of representation required under the various agreements, indentures, trust agreements and/or loan agreements, instruments, certificates and other documents; (c) approve and authorize the execution and delivery of one or more indentures, trust agreements, and/or loan agreements for the various series of Obligations; (d) authorize, execute, deliver and authenticate the Obligations and all necessary and desirable documents, agreements, instruments and certificates to provide for the issuance and remarketing of the Obligations; (e) authorize the execution and delivery of one or more tax certificates as needed for the Obligations; (f) authorize the execution and delivery of any and all documents, agreements, instruments and certificates

necessary or desirable to secure credit enhancement and/or liquidity support for the Obligations; (g) authorize the execution of all necessary or desirable financing statements, security agreements and other collateral pledge documents, agreements and instruments; (h) authorize all necessary or desirable actions, agreements, documents and instruments in connection with the investment of the proceeds of the Obligations; (i) authorize all necessary or desirable derivative agreements, including but not limited to, interest rate swaps, options or other derivative products (collectively, the “Derivatives”) in connection with the issuance of the Obligations; and (j) authorize such other actions in connection with the foregoing as are necessary or desirable to complete the issuance and sale of the Obligations contemplated hereby;

**NOW, THEREFORE, IT IS RESOLVED**, the issuance and sale of the Obligations in one or more series from time to time is hereby authorized and approved.

**FURTHER RESOLVED**, the recommendations of the Revenue Bond Committee for the appointment of the members to the financing teams for the issuance and sales of the various series of Obligations are accepted; and that all letters of appointment and/or contracts for same shall be in form and substance satisfactory to Agency’s Chief Legal Officer and the President or the Chief Financial Officer; and

**FURTHER RESOLVED**, that the President (or his designee including, but not limited to any Executive Vice President of the Agency) and the Chief Financial Officer each individually be, and they hereby are, authorized, for and on behalf of the Agency to, among other things:

1. approve any preliminary official statements, final official statements and other offering documents which may be needed for the Obligations;
2. enter into bond purchase, remarketing, continuing disclosure, and other related agreements with one or more banks, investment banks, financial institutions or other entities providing for the purchase, sale and distribution of the Obligations;
3. negotiate with banks, financial institutions, bond insurers or other providers of credit enhancement and/or liquidity support, and enter into agreements, documents and instruments setting forth, the terms and conditions of such credit enhancement and/or liquidity support, if any, for the Obligations;

4. negotiate with and enter into one or more agreements with market agents, tender agents, trustees, paying agents or any other necessary parties in connection with the issuance of the Obligations, as applicable and appropriate;

5. appoint trustee(s), paying agents, tender agents, auction agents and any other persons not appointed by the Board of Directors, in order to accomplish the issuance of the Obligations and the purposes of these resolutions;

6. negotiate, enter into and deliver any and all documents, instruments, agreements and certificates as may be appropriate or necessary to accomplish the issuance and remarketing of the Obligations;

7. cause the issuance and sale of the Obligations at such time(s) and from time to time and with such terms and conditions as the President or the Chief Financial Officer shall approve, the execution and delivery of the Obligations from time to time to constitute conclusive evidence of such approval;

8. cause to be paid from the proceeds of the Obligations and from funds of the Agency, as applicable, the costs of the issuance and maintenance of the Obligations and any and all related costs;

9. negotiate the terms and conditions and to execute and deliver any and all necessary or desirable documents, instruments, agreements and certificates in connection with the Obligations, the investment of the proceeds of the Obligations and any Derivative Products.

**FURTHER RESOLVED**, that the documents, instruments, agreements and certificates necessary to effectuate the transactions contemplated by the "whereas clauses" and subparagraphs (1) through (9) above are collectively referred to herein as the "Financing Documents" and shall be in form and substance satisfactory to Agency's Chief Legal Officer and the President or the Chief Financial Officer and the person executing the same at the time of delivery, their execution and delivery to constitute conclusive evidence of such approval; and

**FURTHER RESOLVED**, that the Chairman or Vice Chairman, the President, the Chief Financial Officer, or any Executive Vice President of the Agency be, and each of them hereby is, authorized to execute, acknowledge, attest and deliver each of the Financing Documents and any other documents, agreements, instruments and certificates related to the issuance and sale of the Obligations and the investment of the proceeds of the Obligations in the

name and on behalf of the Agency and to acknowledge the same to be the act and deed of the Agency; the execution and delivery thereof to constitute conclusive evidence that the Chairman or Vice Chairman, the President and Chief Financial Officer or any Executive Vice President of the Agency be, and hereby is, authorized and directed to affix the seal of the Agency to each of the Financing Documents and any other documents, agreements, instruments and certificates related to the issuance, sale and remarketing of the Obligations when so executed, and to attest to the same, and said officers or any of them be, and they hereby are, authorized and directed to deliver the Financing Documents and any other documents, agreements, instruments and certificates related to the issuance and sale of the Obligations to the other parties thereto; and

**FURTHER RESOLVED**, that each of the President and the Chief Financial Officer, separately, or his designee be, and they hereby are, authorized to cause the transfer of funds of the Agency to the proper accounts under the indentures, agreements, documents and instruments evidencing and securing the Obligations in the amounts required by the applicable Financing Documents; and

**FURTHER RESOLVED**, that each of the President and the Chief Financial Officer, or any Vice President of the Agency, separately, be, and they hereby are, authorized to execute any and all financing statements required in order to perfect any security interests granted by the Financing Documents, and to cause such financing statements to be filed with the appropriate filing offices; and

**FURTHER RESOLVED**, that each of the President and the Chief Financial Officer or any Executive Vice President of the Agency, or their respective designees be, and they hereby are, authorized to do all other acts necessary to negotiate, prepare, execute and deliver all other agreements, certificates, documents and instruments required to be performed, executed or delivered by the Agency pursuant to the terms and provisions for the Financing Documents or otherwise in connection with the issuance, sale, delivery and remarketing of the Obligations or the investment of the proceeds of the Obligations from time to time.

**FURTHER RESOLVED**, these resolutions shall become effective immediately;  
and

**FURTHER RESOLVED**, in the event any provision, section, sentence, clause or part of these resolutions shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of these resolutions, it being the intent of the Agency that such remainder shall be and shall remain in full force and effect; and

**FURTHER RESOLVED**, all resolutions or parts of resolutions inconsistent herewith are expressly repealed hereby.

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**Resolution of the Board of Directors  
Pennsylvania Higher Education Assistance Agency  
Order of Defaults  
Adopted April 25, 2019**

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*WHEREAS, Act 102 of 1982 authorized an Administrative Loan Collection Process for the Pennsylvania Higher Education Assistance Agency, including use of a Statement of Claim; and*

*WHEREAS, this legislation provides that the Agency "may initiate action against borrowers whom it deems to be indebted to it by filing a statement of claim in the records maintained by the Agency"; and*

*WHEREAS, a Statement of Claim has been filed against each of the borrowers whose names appear on the List of Recommended Cases for Entry of an Order of Default dated April 25, 2019; and*

*WHEREAS, a summary of the Statement of Claim has been served on each such borrower by first-class mail in compliance with the requirements of Act 102; and*

*WHEREAS, 30 days from the date of service have elapsed and none of these borrowers has filed a response to the Statement of Claim as required by Act 102; and*

*WHEREAS, the President and Chief Executive Officer has recommended to the Board of Directors of the Agency that an Order of Default against these borrowers be entered by the Board to be lodged in Agency records;*

*NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Pennsylvania Higher Education Assistance Agency enters an Order of Default to be lodged in Agency records against each borrower whose name appears on the List of Recommended Cases for Entry of an Order of Default dated April 25, 2019.*