



1200 North Seventh Street, Harrisburg, PA 17102

**Meeting of the Board of Directors
June 18, 2020 – 10:00 AM**

A meeting of the Board of Directors was held on June 18, 2020, at 10:00 a.m. via teleconference.

Those in attendance were:

Representative Michael Peifer, Chairman
Senator Wayne D. Fontana, Vice Chairman **(via teleconference)**
Senator Ryan Aument **(via teleconference)**
Senator John P. Blake **(via teleconference)**
Representative Mike Carroll **(via teleconference)**
Representative Sheryl Delozier **(via teleconference)**
Senator Vincent Hughes **(via teleconference)**
Representative Steven Mentzer **(via teleconference)**
Senator Kristin Phillips-Hill **(via teleconference)**
Representative James Roebuck, Jr. **(via teleconference)**
Chancellor Timothy R. Thyreen **(via teleconference)**
Noe Ortega, Dep. Sec. for Postsecondary and Higher Ed. **(via teleconference)**
James H. Steeley, President and CEO **(via teleconference)**
Jim White, Board Counsel

Those absent were:

Representative Angel Cruz
Senator Arthur Haywood
Representative Anita Kulik
Honorable Roy Reinard
Senator Mario Scavello
Representative Curtis Sonney
Executive Director Robin Wiessmann
Secretary of Education Pedro Rivera

Also in attendance:

Liz Craig, Senator Hughes' office **(via teleconference)**; Alycia Laretti, Representative Roebuck's office **(via teleconference)**; Stephanie Buchanan, Senator Aument's Office **(via teleconference)**; Carolyn Simpson, PA Commission for Community Colleges **(via teleconference)**; Tom Owad, Rock the Capitol **(via teleconference)**; and the following PHEAA staff: Bethany Coleman **(via teleconference)**, Mike Garman, Nathan Hench, Kyle Lefever, Stephanie Martella, Andy Mehalko, LaWanda Morris **(via teleconference)**, Keith New **(via teleconference)**, Tara Patterson, Jodi Shomper, Kathleen Smith **(via teleconference)**, and Jean Svoboda

Ms. Jean Svoboda, Board Secretary read the name of each board member in attendance. After establishing the presence of a quorum, Chairman Peifer called the meeting to order and called up Agenda Item #1.

1. **Minutes**

On a motion made by Senator Blake and seconded by Vice Chairman Fontana, the minutes of the May 28, 2020 meeting were unanimously approved.

Chairman Peifer called up Agenda Item #2 and called on Representative Carroll for a report of the Audit Review Committee.

2. **Committee Reports**

Representative Carroll thanked the Chairman and reported that the Audit Review Committee met on June 17, 2020. After a quorum was established, the meeting was called to order. The minutes of the Committee meetings held on February 19, 2020 and May 27, 2020 were accepted. The Committee then went into Executive Session and reviewed the status of PHEAA's audit RFP, received an Internal Audit report and discussed the 2020-2021 Committee meeting schedule. Following the Executive Session, the Committee returned to Regular Session and the following actions were taken: the Committee authorized management to commence final contract negotiations with the auditing firms recommended by management and to report back to the Committee within 5 days of the execution of the agreements with such firms. The Committee approved the 2020-2021 Internal Audit Plan as presented. Finally, the Committee approved the 2020-2021 Committee meeting schedule as discussed. There being no further business, the meeting adjourned and Ms. Bines did not request a private session with the Committee. Representative Carroll concluded his report.

Hearing no questions for Representative Carroll, Chairman Peifer called on Representative Roebuck for a report of the Executive Committee.

Representative Roebuck thanked the Chairman and reported that the Executive Committee met on June 17, 2020. After a quorum was established, the Committee approved the minutes from the Committee meetings held on April 22, 2020 and May 27, 2020. The Committee entered into Executive Session and received an update on PHEAA finances, discussed strategic plans, and received a regulatory and ERM update. The Committee returned to Regular Session, and took the following actions: adopted the Enterprise Risk Management Risk Appetite Framework as presented and adopted the Exception Management Policy as presented. The Committee also accepted the 2020-2021 Committee Meeting Schedule as presented.

Mr. Steeley presented the Annual Complement Report, as required by the Executive Resolution dated November 19, 2014. With no other business before the Committee, the meeting was adjourned. Representative Roebuck concluded his report.

Hearing no questions for Representative Roebuck, Chairman Peifer called up Agenda Item #3.

3. **Strategy Update**

Chairman Peifer called on Mr. Nathan Hench. Mr. Hench thanked the Chairman and provided an update on the Agency Strategy for PHEAA. He reviewed the PowerPoint titled "Agency Strategy Update." He reminded the Members that Slide 2 shows the familiar building blocks diagram representing PHEAA's strategy of Give, Grow, Transform which is aligned to PHEAA's mission to give back to Pennsylvania students and families.

Mr. Hench highlighted the five workstreams and strategic goals on Slide 3. (1) Capital Markets / Balance Sheet workstream focuses on PA Forward Student Loan program. (2) Software-as-a-Service workstream focuses on providing a flexible technology stack that is marketable. (3) Commercial Servicing focuses on expanding PHEAA's third party commercial student loan inventory. (4) Overhead Expense workstream focuses on monitoring and decreasing overhead expenses. (5) Customer & Employee Satisfaction workstream was a new goal added in January that focuses on an investment in and execution of programs and initiatives that are highly valued by customers and employees to increase satisfaction. Mr. Hench stated that a year-end report will be provided to the Board in September once FY 2019-20 closes.

Mr. Hench deferred to Mr. Andy Mehalko to provide a report on the Capital Markets / Balance Sheet workstream. Mr. Mehalko reported that for fiscal year 2019-2020, PHEAA's goal was to disburse \$60 million of PA Forward Student Loans. Mr. Mehalko provided a recap of the program's first year. In October 2018, PHEAA announced the PA Forward Student Loan Program. In May 2019, the in-school program launched via the online application process. In December 2019, the refinance program launched. Mr. Mehalko provided the following statistics for the in-school program. The program received 16,000 applications totaling \$215.5 million. Four thousand applications were approved totaling \$62.1 million. The approval rate for completed applications was 31%. The number of loans disbursed was 3,000 for \$39.2 million. The top five schools included Penn State - 11%, Duquesne Univ. - 4%, Slippery Rock Univ. - 4%, Univ. of Pittsburgh - 4%, and Temple Univ. - 3%.

Mr. Mehalko provided an overview of the PA Forward Student Loan characteristics on Slide 5. As of May 31, 2020, the portfolio balance was \$36.8 million and the average borrower indebtedness was \$14,300.00. The weighted average FICO score was 764, the credit criteria being an important criteria to promote responsible borrowing. The weighted average debt to income ratio was 26%. The weighted average interest rate was 5.60%* (*after 0.98% interest rate reduction provided on March 19, 2020 as a result of market conditions and deal reception from investors). Additional interest rate reductions are available through direct debit (0.25%) and graduation benefit (0.50%), significantly lower than the average private student loan rate of 8.86% and the Federal PLUS loan rate of 6.97%. Interest rates ranged from 4.47% to 6.92%. Mr. Mehalko reviewed school type and grade level disbursements: four year public/private – 85%, freshman /sophomore – 72%, two year public/private – 5%, junior / senior – 20%, trade/technical/proprietary – 10%, and graduate level – 2%.

Mr. Mehalko provided an update on the PA Forward Refinance Loan Program. The program was introduced in December 2019. The program received 350 applications, totaling \$17.9 million. The number of approved applications was 112 totaling \$5.5 million. The number of refinance loans disbursed was 72 totaling \$3.2 million. He noted that due to the COVID-19 pandemic, PHEAA curtailed refinance program marketing efforts and contacted all applicants at the time of the CARES Act enactment to encourage these applicants to consider the benefits offered to federal direct loan borrowers prior to refinancing. Mr. Mehalko concluded his report and hearing no questions, Mr. Hench reviewed Slide 7 and provided an update on the Software-as-a-Service workstream.

Mr. Hench stated the goal of this workstream is to modernize PHEAA's IT infrastructure by executing transformation projects and to increase the number of new clients, in which PHEAA provides technology as a service using existing software servicing and platform. The data center move was completed and moved to the Iron Mountain secure facility in western

Pennsylvania. Most work has been completed for the contact center transformation project by implementing CRM and virtual hold. The mainframe re-platform continues as PHEAA moves from the legacy COBOLT system to a modern AWS cloud environment. PHEAA has enhanced and expanded client relations that include providing services to the Pennsylvania National Guard administering the EAP and MFEP programs. With the implementation of HB 2124, 88 schools have signed agreements for PHEAA to provide student loan notification letters to their students as a service, to date.

Mr. Hench deferred to Ms. Stephanie Martella who provided an update on the Commercial Servicing workstream. Ms. Martella provided an update on the initiative with the Department of Labor and Industry. She stated that businesses across Pennsylvania were suddenly closed due to the COVID-19 Pandemic as of March 13, 2020, which left millions of Pennsylvanians unemployed, causing a spike in requests for unemployment benefits. The CARES Act was enacted in response to the COVID-19 pandemic and provides relief to impacted student loan customers and citizens. To further assist in relief efforts, Federal Student Aid (FSA) advised all servicers to place an Emergency Forbearance on all loans in repayment beginning March 13, 2020 through September 30, 2020. Although commercially owned private and FFELP loans serviced by AES do not follow the same regulations as the U.S. Department of Education owned loans, a Natural Disaster Forbearance has been placed on accounts for up to 90 days. This left 5.9 million customers serviced by PHEAA on forbearance, resulting in a massive reduction in workload. Borrowers are not regularly or frequently engaging with PHEAA's call center staff during this forbearance. Therefore, PHEAA had excess capacity with call center staff. The Department of Labor and Industry are unable to hand the call volume as unemployment spiked. The Department reported 88,000 calls unanswered.

Ms. Martella stated that due to the reduction in workload brought on by COVID-19 and the CARES Act relief efforts, PHEAA had the opportunity to further assist residents of PA by working with the Department of Labor and Industry to help the Unemployment Compensation Office respond to customer inquiries. PHEAA has entered into an intra-agency agreement with the Department of Labor and Industry to take calls and potentially respond to emails for those individuals inquiring about unemployment benefits. Training for approximately 69 PHEAA staff members and 3 supervisors was completed on June 12, 2020. PHEAA has committed to lending support to this effort through September 30, 2020. For the duration of this agreement, the Department of L&I will be paying the direct costs for each PHEAA employee assisting in this effort. Upon training completion, PHEAA staff will be expected to take calls and answer questions regarding Pennsylvania's Pandemic Unemployment Assistance (PUA), which was specifically created for those that may not be eligible for traditional unemployment benefits due to COVID-19 reasons.

Senator Phillips-Hill asked if PHEAA employees are backfilling L&I vacancies. Chairman Peifer stated that PHEAA had the capacity to lend support due to a lack of work as a result of borrowers being on forbearances. Mr. Steele added that as part of PHEAA's staffing plan, PHEAA has recalled work from third party servicers and PHEAA still had significant staff capacity as a result of forbearances. He stated that management wants to keep staff engaged, because when the forbearance is lifted, PHEAA will have significant work volume. He stated that PHEAA's sister agency (L&I) experienced twice the call volume PHEAA experiences on its busiest days. PHEAA is assisting by lending agents to L&I through the summer.

Representative Delozier asked if PHEAA staff is being reimbursed for their services. Mr. Steele stated that L&I is reimbursing PHEAA at cost for assisting with calls. PHEAA has not

publicized this initiative for lending a hand at a time when PHEAA has the capacity to do so and it's the right thing to do to help Pennsylvania.

Hearing no other questions or comments, Mr. Hench reviewed Slide 9 and stated the goal is to reduce overhead expense by \$25 million over the next two fiscal years.

Mr. Hench stated that the Customer & Employee Satisfaction workstream is the foundation of the Agency strategy building blocks. The goal is to invest in and execute programs and initiatives that are highly valued by customers and employees to increase satisfaction. He stated that through Mike Garman the Agency designed and implemented the SERVE Challenge, (which stands for Service with Empathy, Respect and Valuing Everyone). He noted that the challenge is so that every employee knows how their work contributes to the Agency strategy and how their position relates to the Agency goals. Mr. Hench stated the objectives included for this workstream are to improve communications, reassess contact center workflow and increase employee engagement.

Mr. Hench concluded his update. Hearing no questions, Chairman Peifer stated that when the forbearance period ends, PHEAA has a plan to explore every opportunity to expand business and properly position the Agency to generate new business options.

Chairman Peifer called up Agenda Item #4.

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

Chairman Peifer called on Mr. James Steeley, President and CEO. Mr. Steeley thanked the Chairman and called for Executive Session. The following topic was covered: received an update on PHEAA finances. The purpose of this executive session was to discuss Agency business, which if conducted in public, could lead to the disclosure of information and confidentiality that is protected by statute. The Members stayed in Executive Session for Agenda Item #5 2020 – 2021 Budget.

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

5. **2020 – 2021 Budget**

Chairman Peifer called on Mr. Michael Sauers, VP Financial Performance & Analysis. Mr. Sauers thanked the Chairman and stated he would be presenting for Board approval the PHEAA budget for the year ending June 30, 2021. This budget originates from a period in which PHEAA experienced significant change. PHEAA has engaged in a strategic program to help transform, enhance, and modernize PHEAA's people, processes, and technologies, as well as bring on new revenue streams. Additionally, over the past few months there has been significant change to the student loan industry and economy due to the COVID pandemic. There is also uncertainty for the future as a result of the multiple solicitations issued by the U.S. Department of Education (Department), Office of Federal Student Aid (FSA). In preparing the budget, PHEAA continues to be challenged with margin compression as our most profitable lines of business, which are tied to the legacy FFELP program, continue to run off at 10-15% annually. The proposed budget was developed based on what PHEAA considers to be realistic and known expense and revenue assumptions.

Mr. Sauers reviewed the summary of budget assumptions that included: assumed no impact (positive or negative) from the current EPS solicitation issued by FSA, due to the

uncertainty surrounding possible outcomes of the solicitation. If PHEAA is appointed as a component winner in the solicitation, the budget may change and PHEAA may need to come back to the Board for additional authorization. It was assumed that the PHEAA owned loan portfolio will decrease by 12.6%, coupled with continued net interest margin compression due to the elimination of a historical gain from restructuring bonds that has lowered our effective interest expense rate in previous years. It was assumed that the FedLoan Servicing borrower revenue is expected to decrease by 3.8% due to a \$4.0 million one-time back billing in 2019-20 and a decrease in expected revenue per borrower due to COVID-19 impacts to pricing and per borrower billing statuses through September 30, 2020. It was assumed that the commercial loan portfolio PHEAA services for others (AES line of business) will decrease by approximately 11.9%. It was assumed that guaranty rehabilitation volume is expected to decrease by 34.6% based on expected impacts of COVID-19 as well as continued pay down of the Guaranty portfolio leading to less rehabilitation volume leading to significantly lower retention of collection revenue. No change to the current rehabilitation loan sale price was assumed. It was assumed that Account Maintenance Fee (AMF) received on loans guaranteed by the Agency will be included in reauthorization legislation. AMF has historically been excluded from the initial Federal budget, but has been ultimately been included in the final budget each time. The revenue included in the budget for these fees is \$10.1 million. PHEAA estimated the total other post-employment benefit (OPEB) obligations to remain steady at a negative \$20.4 million, which is based on assumptions from the most recent valuation. PHEAA estimated the total pension obligations (cash and non-cash portions) to decrease to \$59.8 million, a 1.3% decrease from FY19-20, as a result of having fewer employees.

The budget includes negotiated union salary increases in October 2020 and April 2021. No management increases have been included in the budget. Investment income on unrestricted investments was based on historical returns on invested assets. PHEAA assumed the forbearance placed on federally owned loans as a result of COVID would expire on September 30, 2020.

Hearing no questions for Mr. Sauers, on a motion made by Vice Chairman Fontana, seconded by Senator Blake, the PHEAA 2020 – 2021 Administrative Budget was unanimously passed and is attached to these minutes.

Chairman Peifer called up Agenda Item #6.

6. **PA Forward**

Chairman Peifer called on Mr. Andrew Mehalko, Chief Financial Officer. Mr. Mehalko thanked the Chairman and asked the Members to turn their attention to the memo titled "Resolution for Federal CARES Act Funds". He stated there is a resolution attached requiring adoption by the Board, for Federal CARES Act relief for PA Forward Student Loan program borrowers as well as PHEAA owned legacy private loan program borrowers. The resolution authorizes the President and CEO and the CFO to grant relief to these borrowers through the appropriation from the Commonwealth of Pennsylvania of \$2.2 million of Federal CARES Act funds.

He stated the resolution authorizes the Agency to take the necessary steps needed, including obtaining rating agency confirmation, execution of the necessary supplemental indenture for the 2020A bond issue and deposit of funds required to maintain the current ratings on the bonds in the amount of \$1.9 million. These actions will permit PHEAA to provide relief to private student loan borrowers by effectively reducing their interest rate to 0% for the period of

March 13, 2020 thru September 30, 2020, suspend payments going forward through September 30, 2020 through the application of a forbearance, and provide that any payments that were scheduled to occur during this period are deemed to be timely for the required number of on-time payments to obtain co-signer release in the future. In addition, any payments made by borrowers during the period of March 13th thru Sept. 30th will be applied to principal balance reduction. PHEAA is on schedule to have the required actions taken and borrower accounts updated by June 30th.

Hearing no questions, Mr. Mehalko respectfully requested that the Board of Directors approve the Resolution. Vice Chairman Fontana made the motion, seconded by Representative Delozier, and the Resolution was unanimously passed and is attached to these minutes.

Chairman Peifer called up Agenda Item #7.

7. **Other Business**

Mr. Steeley stated that included with Board Materials was an informational memo titled "Processing of Late 2019-20 Pennsylvania State Grant Applications." Mr. Hench advised the Members that the President and CEO is authorized to grant exceptions to PA State Grant filing deadlines for applicants falling into certain categories. This allows administration of the PA State Grant Program in accordance with the policies established by the Board of Directors. As part of this routine annual process and as part of the program's administration, PHEAA is required to advise the Board of the categories and number of students who have been awarded under this regulation as reported on the memo.

Hearing no questions for Mr. Steeley and hearing no other business, on a motion made by Vice Chairman Fontana, seconded by Senator Blake, Chairman Peifer thanked the Members and the meeting was adjourned.

Pennsylvania Higher Education Assistance Agency Budget Resolutions
Board of Directors
Adopted June 18, 2020

1. That the Agency's fiscal year 2020-21 Consolidated budget of \$479.2 million in operating expenses (\$477.2 million of which is the Unrestricted Budget), and \$27.9 million in capital items, totaling \$507.1 million be approved.
2. In addition to the spending authority for the above budget, in order to support the operations of the Agency, the following are granted:
 - a. That the President and Chief Executive Officer be given authority to respond to new business initiatives and is authorized to hire additional personnel and to incur necessary operating expenses and capital expenditures for such initiatives within the constraints of existing Agency cash reserves and approved budget and that the President and Chief Executive Officer shall report to the Board of Directors on a quarterly basis the status of any such initiatives.
 - b. That the President and Chief Executive Officer be given authority, in the event of an emergency, to implement the business continuity plan to address critical business needs and is authorized to hire additional personnel and to incur necessary operating expenses and capital expenditures for such initiatives within the constraints of existing Agency cash reserves, and that the President and Chief Executive Officer shall report to the Board of Directors on this activity within three days.
 - c. That the President and Chief Executive Officer be given authority to address increased fees to contract collection agencies in response to increased collection volume, provided that the increased revenue expected to be generated is equal to or greater than the fees, and that the President and Chief Executive Officer shall report to the Board of Directors on a quarterly basis in the event that this authority is exercised.
 - d. That the President and Chief Executive Officer be given authority to address an increase in the pension liability and other post-employment benefits if it should exceed this authorization, and that the President and Chief Executive Officer shall report to the Board of Directors in the event that this authority is exercised.

**Resolution of the Board of Directors
Pennsylvania Higher Education Assistance Agency
Adopted June 18, 2020**

WHEREAS, the Pennsylvania Higher Education Assistance Agency (the "Agency") previously issued its \$41,870,000 Education Loan Revenue Bonds Senior Series 2020A (Tax-Exempt AMT Fixed Rate Bonds) and \$5,700,000 Education Loan Revenue Bonds Subordinate Series 2020B (Tax-Exempt AMT Fixed Rate Bonds) (collectively, the "2020A&B Bonds") pursuant to that certain Indenture of Trust dated as of March 1, 2020, (the "Master Indenture"), as amended and supplemented by that certain Series 2020 A&B Supplemental Indenture of Trust, dated as of March 1, 2020 (the "2020A&B Supplemental Indenture" and together with the Master Indenture, the "Indenture");

WHEREAS, the Board of Directors of the Agency previously established its PA Forward Student Loan Program in furtherance of the Agency's statutory purposes and powers set forth under the Act of August 7, 1963, P.L. 549, as amended (the "Act"), for the Agency to, from time to time, as a program designed to assist students or parents (or both) in meeting their expenses of attending approved institutions of higher education in the Commonwealth of Pennsylvania or elsewhere;

WHEREAS, the 2020A&B Bonds are secured by and payable from revenues derived from certain PA Forward Student Loan Program loans (the "PA Forward Student Loans") and certain other sources all of which are subject to the lien of the Indenture (the "2020A&B Loans");

WHEREAS, the Agency has previously obtained a Line of Credit from the Treasury Department of The Commonwealth of Pennsylvania (the "Treasury"), pursuant to a certain Note Purchase Agreement made as of the 31st day of December, 2019 (the "Treasury LOC Agreement") and the Agency has pledged certain PA Forward Student Loans (the "Treasury LOC Loans") and other loans as security therefor pursuant to a Security and Trust Agreement made as of the 31st day of December, 2019

WHEREAS, the Agency has previously acquired and made certain legacy private student loans which are not currently pledged as security for any Agency obligation (the “Legacy Loans”);

WHEREAS, On March 6, 2020, Governor Wolf declared that the COVID-19 situation was a “disaster emergency” and on March 11, 2020, the World Health Organization declared that COVID-19 had become a pandemic (the “COVID-19 Pandemic”). Shortly thereafter, Pennsylvania and several other states ordered the closure of non-essential business and advised, then ordered, people to “stay home” (subject to limited exceptions). On March 13, 2020, President Trump declared a national emergency pursuant to Sec. 501(b) of Stafford Act to avoid governors needing to request individual emergency declarations. All 50 states, the District of Columbia, and 4 territories have been approved for major disaster declarations to assist with additional needs identified under the nationwide emergency declaration for COVID-19;

WHEREAS, Previous guidance by the United States Department of Education in Dear Colleague Letter DCL GEN-17-08 provides that in the event of a federal disaster declaration that provides for “Individual Assistance”, such as the COVID-19 Pandemic major disaster declaration, borrowers of FFELP loans and Federal Direct loans can be granted forbearance, among other relief;

WHEREAS, the Agency has determined that the COVID-19 Pandemic is a disaster and has adversely affected the economy of the Commonwealth of Pennsylvania and the borrowers and co-signers of the 2020A&B Loans, the Treasury LOC Loans, and the Legacy Loans (collectively, the “Borrowers”);

WHEREAS, the Agency has determined to provide relief to Borrowers of the 2020A&B Loans, the Treasury LOC Loans, and the Legacy Loans (the “COVID-19 Relief Provisions”) as follows:

(a) to provide that the interest on all 2020A&B Loans, the Treasury LOC Loans, and the Legacy Loans (collectively, the “COVID-19 Affected Loans”) will be waived for the limited period beginning March 13, 2020 and continuing through September 30, 2020 (the “COVID-19 Forbearance Period”),

(b) to provide a special forbearance period coinciding with the COVID-19 Forbearance Period which shall be automatically granted to Borrowers of the COVID-19 Affected Loans, such forbearance period shall be in addition to any Hardship Forbearance period of up to 12 months of forbearance currently provided by the PA Forward Student Loan Program (the “Hardship Forbearance Period”) which must be requested by the Borrower and is granted at the discretion of the Agency,

(c) to permit a Borrower to verbally decline forbearance during the COVID-19 Forbearance Period,

(d) to provide that the Agency capitalize any accrued interest for a Borrower who was granted an administrative forbearance (as that term is used in the Program Documentation) with respect to a student loan for a period immediately preceding the COVID-19 Forbearance Period (such capitalization to be as of the beginning of such COVID-19 Forbearance Period) and to deem such Borrower or Cosigner to no longer be delinquent,

(e) to provide that any payments which were scheduled to occur during the COVID-19 Pandemic Period are deemed to be timely made for purposes of the required number of on-time payments required to apply for cosigner release, if applicable,

(f) in connection with such waiver of interest during the COVID-19 Forbearance Period, to provide that any Borrower with loans in an in-school status who has chosen to pay interest only or partial interest will have bills (which would otherwise be due during the COVID-19 Forbearance Period) inactivated, and

(g) to provide that any Borrower may obtain additional forbearance (a “Disaster Forbearance”) upon the Federal declaration of a major disaster as defined in The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5122(2)), other than with respect to the current COVID-19 outbreak, which forbearance shall be in addition to any previously received Disaster Forbearance (the number of separate instances of Disaster Forbearance are unlimited in number during the term of any Student Loan);

WHEREAS, In order to offset the costs of such relief and to provide additional security for the 2020A&B Bonds issued pursuant to the Indenture, the Agency is authorized to

deposit an amount equal to \$1,900,000.00 (or such greater amount as is necessary to maintain the ratings on the 2020A&B Bonds) to the Capitalized Interest Fund established by the Indenture. Such amounts in the Capitalized Interest Fund shall be available to pay Indenture Expenses and interest on the 2020A&B Bonds through December 1, 2023, when any unused amounts will be transferred to the Retirement Account of the Debt Service Fund;

WHEREAS, the Agency will amend and supplement the Indenture to provide that the Agency will not make transfers (distributions) from the Revenue Fund pursuant to Subsections 5.03(b)(x) and (xi) of the Master Indenture until after December 31, 2020;

WHEREAS, the Commonwealth has appropriated the sum of \$2,200,000.00 to the Agency to enable the Agency to fund the COVID-19 Relief Provisions, and other related costs and expenses;

WHEREAS, the granting of the relief to the Borrowers as described above and the taking of related actions will require obtaining a Rating Agency Confirmation and providing Rating Agency Notification, as applicable, with respect to the 2020A&B Bonds;

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

NOW, THEREFORE, IT IS RESOLVED, that the Agency is authorized to undertake the actions necessary to effectuate the granting of the relief described above and actions related thereto, and any such action taken by or on behalf of the Agency in furtherance thereof from time to time are hereby authorized, ratified, confirmed and approved.

FURTHER RESOLVED, that the President and Chief Executive Officer (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:

request and obtain a Rating Agency Confirmation from Moody's Investors Service and provide a Rating Agency Notification to Standard & Poor's with respect to the 2020A&B Bonds and the application of COVID-19 Relief Provisions to the 2020A&B Loans;

negotiate, enter into and deliver any and all documents, instruments, agreements and certificates as may be appropriate or necessary to accomplish the amendment and supplement of the Indenture to provide that the Agency will not make transfers (distributions) from the Revenue Fund pursuant to Subsections 5.03(b)(x) and (xi) of the Master Indenture until after December 31, 2020;

offset the costs of such relief and to provide additional security for the 2020A&B Bonds issued pursuant to the Indenture, the Agency is authorized to deposit an amount equal to \$1,900,000.00 (or such greater amount as is necessary to maintain the ratings on the 2020A&B Bonds) to the Capitalized Interest Fund established by the Indenture (such amounts in the Capitalized Interest Fund shall be available to pay Indenture Expenses and interest on the 2020A&B Bonds through December 1, 2023, when any unused amounts will be transferred to the Retirement Account of the Debt Service Fund), such amount shall be paid from any Agency funds available or that may become available;

amend and supplement any Program Documentation (including any Servicing Guidelines) to effectuate the COVID-19 Relief Provisions and make any additional changes that are necessary or desirable in connection to effectuate the intent of such COVID-19 Relief Provisions;

cause to be paid from the Commonwealth appropriation to the Agency or other funds available or that may become available, the costs of the review by Moody's Investor Services and Standard & Poor's, the costs and fees of the Trustee incurred in connection with the amendment and supplement of the Indenture, and any and all fees and costs incurred by the Agency in connection with effectuating the COVID-19 Relief Provisions; and

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 amendment or supplement to the Indenture as described above.

FURTHER RESOLVED, that the documents, instruments, agreements and certificates necessary to effectuate the transactions contemplated by the "whereas clauses" and subparagraphs (1) through (6) above are collectively referred to herein as the "COVID-19

Pandemic Relief Documents" and shall be in form and substance satisfactory to Agency's Chief Legal Officer and the President and Chief Executive Officer 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 and Chief Executive Officer, 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 COVID-19 Pandemic Relief Documents and any other documents, agreements, instruments and certificates related thereto 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 Executive Officer and the Chief Financial Officer or any Executive Vice t of the Agency be, and hereby is, authorized to affix the seal of the Agency to each of the COVID-19 Pandemic Relief 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 COVID-19 Pandemic Relief 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 Chief Executive Officer, 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 COVID-19 Pandemic Relief Documents; and

FURTHER RESOLVED, that each of the President and Chief Executive Officer, 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 COVID-19 Pandemic Relief 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; and

FURTHER RESOLVED, that the COVID-19 Relief Provisions shall not become effective unless and until a Rating Agency Confirmation has been obtained from Moody's Investor Service and Rating Agency Notification shall have been provided to Standard & Poor's as required by the Indenture, and Standard & Poor's does not downgrade any of the 2020A&B Bonds due to such Rating Agency Notification; and

FURTHER RESOLVED, that the COVID-19 Relief Provisions shall not become effective unless and until the Commonwealth shall contribute the sum of approximately \$2,200,000.00 to the Agency to enable the Agency to fund the COVID-19 Relief Provisions and other related expenses; and

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.