



1200 North Seventh Street, Harrisburg, PA 17102

**Meeting of the Board of Directors
March 19, 2020 – 10:00 AM**

A meeting of the Board of Directors was held on March 19, 2020, at 10:00 a.m. in the Boardroom.

Those in attendance were:

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

Those absent were:

Senator John P. Blake
Representative Angel Cruz
Representative Anita Kulik
Representative Steven Mentzer
Honorable Roy Reinard
Senator Mario Scavello
Representative Curtis Sonney
Secretary of Education Pedro Rivera

Also in attendance:

Ms. Alycia Lauretti, Representative Roebuck's Office **(via teleconference)**; Ms. Stephanie Buchanan, Senator Aument's Office **(via teleconference)**; Ms. Liz Craig, Senator Hughes' Office **(via teleconference)**; Dr. Kimberly McCurdy, Executive Assistant to the Deputy Secretary **(via teleconference)**; Mr. R. Michael Dotts, Higher Education Associate **(via teleconference)**; Tom Owad, Rock the Capital Video Crew; and the following PHEAA staff: Mike Garman, Nathan Hench, William Lindsey, Elizabeth McCloud, Andy Mehalko, LaWanda Morris **(via teleconference)**, Keith New, Tara Patterson **(via teleconference)**, 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 Fontana and seconded by Senator Hughes, the minutes of the February 20, 2020 meeting were unanimously approved.

Chairman Peifer called on Chancellor Thyreen for Agenda Item #2.

2. Committee on Need Analysis & Aid Coordination Report and Distance Education

Chancellor Thyreen thanked Chairman Peifer and reported that the Committee on Need Analysis met on Tuesday, March 17. The minutes from the September 16, 2019 meeting were adopted.

Chancellor Thyreen reminded the Board members that each April the Board reviews and adopts the State Grant Formula for the 2020-21 award year. The Committee received an overview of the 2020-21 PA State Grant Program awarding formula, as was recommended by the State Grant Advisory Committee (SGAC). The materials were provided for the members review and for full consideration at the April Board Meeting.

Chancellor Thyreen asked the Members to turn their attention to the memo entitled "2020-21 Matching Funds Program." The committee reviewed the Matching Funds allocations for 2020-21 and the Committee has recommended that the Board adopt the preliminary allocation methodology consistent with previous years. He read the resolution from Page 2 of the memo:

"That the Committee on Need Analysis and Aid Coordination recommends to the Board of Directors that staff be authorized to make 2020-21 allocations among the individual Matching Funds Programs as provided, based on the recommended appropriation of \$13,777,000, 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."

Chancellor Thyreen respectfully requested that the Board adopt the motion. A discussion among Members ensued focused on economic uncertainty related to COVID-19. Senator Phillips-Hill stated she was not comfortable committing a 5 percent increase to the Matching Funds Program at this time. She stated that Human Services agencies, Unemployment Compensation, and Small Businesses around the Commonwealth are going to require additional funding given the status of the current crisis. She is hesitant to commit to authorizing an increase when there is no certainty around the state of the budget. Senator Hughes stated that various institutions are directly or indirectly connected to the Commonwealth of Pennsylvania and PHEAA needs to be thoughtful and careful in sending the wrong message. He said PHEAA needs to continue to support students and providing aid for their education. Senator Hughes stated that he supports the Programs and encouraged the Members to continue to fully support education for students.

Chairman Peifer stated that he appreciated both points and expressed concerns of navigating uncharted territory and suggested that the Board take some time to filter through the details of budget impacts and student needs. He stated that the vote could be tabled and revisited at the April meeting once there is more clarity around the state of the Commonwealth's fiscal situation. Mr. Nathan Hench stated that the Board had three options to consider at this time: (1) adopt the motion as is; (2) flat fund the Matching Funds Program without a five percent

increase in funding; or (3) delay the vote until the April Board meeting after further discussions with the Governor's Appropriations Staff.

Following thoughtful and thorough discussion, on a motion made by Senator Fontana, seconded by Representative Delozier, the Members unanimously agreed to table the vote until the April Board meeting.

Hearing no other comments or questions, Chairman Peifer called on Chancellor Thyreen. Chairman Thyreen asked the Board to turn to the memo entitled "Pennsylvania Targeted Industry Program – Programs of Study Review Process." The Committee has requested that the Board consider a proposal to update the list of currently eligible programs of study by removing those that do not map to an in-demand occupation based on the Department of Labor and Industry's PA IDOL list. He stated this change ensures that the needs of students and school partners are being met pursuant to Act 82 of 2012. PHEAA has developed processes that: 1) avoid disrupting program completion by grandfathering students who are currently enrolled in eligible programs of study which would be slated for removal in 2020-21; and 2) provide a mechanism for institutions to appeal and provide evidence that a program of study, which does not map to an occupation requiring a less-than-2-year-degree as listed on the PA IDOL, still addresses an area of immediate workforce need.

Chancellor Thyreen requested that the motion found on Page 2 of the memo be adopted. Chancellor Thyreen read the following motion:

"That the Committee on Need Analysis and Aid Coordination recommends to the PHEAA Board of Directors that staff be authorized to generate a list of eligible programs of study that will be based on in-demand occupations requiring a less-than-2-year-degree for entry level per the rolling PA IDOL list as generated by L&I, and that such review would occur every 3 years to ensure that PHEAA is best targeting "areas of immediate workforce need," starting with the 2020-21 year."

On a motion made by Senator Fontana, seconded by, Representative Delozier the motion passed unanimously.

Chancellor Thyreen and asked that the Board turn their attention to the memo entitled "Spring 2020 – PA State Grant and Special Programs COVID-19 Impact. He stated that "we are in remarkable times and difficult times and suggested that PHEAA, as a state agency, take all necessary steps within our power to relieve unnecessary burdens that are being placed on PA schools and students as they relate to COVID-19. He stated that Governor Tom Wolf wrote a letter requesting that PHEAA review its policies and take all appropriate actions in PHEAA's power to minimize disruptions for Pennsylvania students and families. As a result, the Committee on Need Analysis and Aid Coordination reviewed two courses of action that the Committee encourages the Board to adopt. The first action is to authorize the President and CEO to temporarily suspend program requirements for the various programs that PHEAA administers on behalf of the Commonwealth. The second action would extend the PA State Grant deadline for the 2020-21 academic year from May 1 to May 15, 2020. Chancellor Thyreen called on Mr. Nathan Hench who read the following resolutions:

RESOLUTION #1 – "The PHEAA Board of Directors hereby directs the President and CEO to temporarily suspend, amend, or relax certain program requirements, to the extent permitted by statute, that have been imposed by the PHEAA Board of Directors, CEO, or program staff, and that are impacting the ability for Pennsylvania students to continue their

postsecondary education due to the COVID-19 virus. The President and CEO shall temporarily suspend, amend, or relax program requirements for schools and students that participate and/or are enrolled in the Winter or Spring 2020 term for the following programs: PA State Grant Program, Institutional Assistance Grant (IAG) Program, Matching Funds Programs, Higher Education of the Disadvantaged (Act 101) Program, Higher Education for Blind or Deaf Students Program, Pennsylvania Internship Program, Ready to Succeed Scholarship Program (RTSS), and the PA Targeted Industry Program (PA-TIP). The President and CEO shall monitor and intermittently report to the PHEAA Board of Directors on the adjustments to program administration that have been made as a result of this resolution and provide a full report at the September 2020 PHEAA Board of Directors Meeting.”

RESOLUTION #2 – “The PHEAA Board of Directors hereby directs the President and CEO to extend the PA State Grant deadline for renewal applicants and first-time applicants who plan to enroll in a college or university from May 1, 2020 to May 15, 2020.”

Chancellor Thyreen requested that the Board adopt the resolutions – either together or one at a time. Vice Chairman Fontana stated that the resolutions are intended to give PHEAA the flexibility to be as helpful to Pennsylvania students and families as it can. Chairman Peifer stated that since the PA Department of Education closed K-12 schools he has received many inquiries.

Senator Haywood questioned the course of action should schools not reopen until September. Mr. Hench stated that PHEAA will continue to monitor the impact and direction of COVID-19 directives and will bring recommendations to the Board at the April Meeting should it be needed.

Chairman Peifer called for a motion to adopt both resolutions with one vote. Vice Chairman Fontana made the motion, seconded by Ms. Wiessmann, and the resolutions were unanimously adopted and are attached to these minutes.

Chairman Peifer thanked Chancellor Thyreen, the Committee on Need Analysis and Aid Coordination and the PHEAA Executive Team for their hard work during these times.

Chairman Peifer called up Agenda Item #3.

3. PA Forward Refinance Purchase Program Resolution

Chairman Peifer called on Mr. Andrew Mehalko. Mr. Mehalko thanked the Chairman and stated that he had good news for the Board regarding the In-school bond issuance. Mr. Mehalko then presented a resolution which permits and authorizes the President and Chief Executive Officer and the Chief Financial Officer to purchase, acquire or enter into forward purchase commitments of refinanced private student loan pools which were originated by third party lenders and may or may not be serviced by PHEAA to borrowers whether or not they are residents of the Commonwealth. The purpose is to provide PHEAA the ability to complement the PA Forward Refinance Student Loan originations with potential third party refinance loan purchases to meet the requisite volume needed to permanently finance these loans avoiding as much market and interest rate risk as possible. The resolution also directs the President and Chief Executive Officer and Chief Financial Officer to inform and consult with the Chairman and Vice-Chairman in advance of any potential purchase of third party refinance loans. Mr. Mehalko requested that the Board of Directors approve the Resolution.

Ms. Wiessmann asked Mr. Mehalko to clarify the language of the resolution regarding avoidance of market and interest rate risk. Mr. Mehalko stated that the resolution provides clarification around the Refinance Loan Program allowing PHEAA to repurchase loans in the secondary market. PHEAA is unsure of the volume for the PA Forward Refinance Program, purchasing refinance loans from other originators mitigates interest rate and market risk with the ability to enter the markets much quicker than PHEAA would be able to do with PA Forward Refinance loans only.

Hearing no other questions, Vice Chairman Fontana made the motion, seconded by Ms. Wiessmann and the Resolution was unanimously passed and is attached to these minutes.

Chairman Peifer called up Agenda Item #4.

4. President and Chief Executive Officer's Report

Chairman Peifer called on Mr. Steeley, who reviewed the 2019 Performance Results and FSA allocations on Slides 4 and 5. Mr. Steeley stated that PHEAA has worked to improve service to customers over the past two years. During that time PHEAA continuously improved overall ratings among the servicers, moving to seventh place, then to fifth place and most recently to fourth place. PHEAA is now the highest rated of the independent TIVAS since Great Lakes was purchased. Much of PHEAA's improvements have come from improving outcomes for the customers we service by increasing the percentage of the portfolio in current repayment. The scores for PHEAA's customer service agents have also improved, which is a great tribute to the workforce and employee engagement efforts. PHEAA's biggest opportunity for further improvement comes in the area around ratings for the portal and communications. PHEAA has projects underway in both of these areas.

Mr. Steeley called on Ms. Kathleen Smith to provide a federal update on the economic relief packages in response to COVID-19 under consideration that would impact PHEAA's customers. She thanked Mr. Steeley and stated that President Trump announced that interest would not accrue on student loans for a period of 60 days. Since that announcement the Department of Education has been working with PHEAA and the other servicers on the best way to implement. She stated that the situation has been very fluid and there are several high dollar legislative vehicles aimed at providing relief for health care, labor provisions, unemployment compensation, paid sick leave, and higher education provisions. The administration is working daily on the best way to implement economic relief. Hearing no questions for Ms. Smith, Mr. Steeley provided an update on PHEAA's COVID-19 response and the impact to PHEAA's employees. NOTE: since the time of this meeting, the President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act; P.L. 116-136) into law providing a myriad of relief opportunities for students, families and institutions of higher education.

Mr. Steeley provided an update on management's actions to properly address the Coronavirus pandemic based on the information that PHEAA knew at the time. PHEAA's actions have followed a structured response governed by PHEAA's pandemic plan. PHEAA's top priority through this challenge has been the health and safety of employees. He stated that on Monday, March 16, PHEAA management announced that PHEAA was closing on-site operations commencing on Tuesday, March 17th for a period of 5 business days. The basis for that decision was in response to Governor Wolf's directive earlier that day that non-essential businesses should close and state employees should telecommute when possible as well as the guidance received from federal, state and local authorities. The closure of on-site operations

allowed PHEAA to immediately direct more than 1,100 employees to work remotely. It also allowed PHEAA time to assess the best approach to meet customer needs and concerns while balancing the safety of employees. The closure also provided an opportunity to thoroughly clean and sanitize PHEAA facilities.

Since the closure, PHEAA was able to clarify the Governor's directive and the definition of essential businesses. Based on this clarification, PHEAA found a workable solution to continue to perform the key activities and to support millions of students and families in Pennsylvania and throughout the nation. Our assessment determined that the approximately 1,100 employees working from home, was not sufficient to serve customers at a time when many of them needed help. PHEAA quickly developed a workable solution to maintain core essential functions, which included call center and processing as well as back office employees in support of PHEAA's lending partners and Pennsylvania customers.

Mr. Steeley called on Mr. Mike Garman to update the Members on PHEAA's pandemic plan that was in process. Mr. Garman thanked Mr. Steeley and stated that PHEAA's plan in response to needing additional critical mass to staffing was communicated to the workforce and required the voluntary recall of more than 500 essential employees targeted by skill to return back to work on Friday, March 20. Approximately 450 employees were recalled to the headquarters location, 56 employees to Parkway, and 22 to employees to the State College office. Managers contacted those employees to facilitate their return to work. The more than 1,100 employees already working remotely continued to do so.

This plan allows PHEAA to specifically be able to meet the needs of PHEAA's commercial customers by allowing receipt of commercial client phone calls and performance of processing tasks. Additionally, the effort also allows PHEAA to continue federal processing tasks such as PSLF, IDR, and forbearances. Included in this group of employees was a select group of State Grant and Special Program employees specifically to take phone calls and perform processing work including emails for all of PHEAA's state grant and special programs.

Mr. Garman stated that PHEAA was also in the process of acquiring over 500 laptops with an additional 200 desktops that will be made available to employees by the end of March to enable additional employees to telecommute. Mr. Garman stated PHEAA's employees are its top priority and he highlighted the actions taken to ensure the health and safety of employees:

- Social distancing in accordance with guidelines by the CDC and the World Health Organization (WHO) was implemented for employees recalled to their facility
- Employees will be separated and spread throughout all work areas – which is possible since Headquarters has approximately 2000 workstations and will only utilize approximately 450 workstations spread over 4 floors.
- PHEAA has employed and will continue to deploy special cleaning efforts that have thoroughly disinfected Headquarters, including all workstations, conference rooms, and entry/exit spaces to further ensure the safety of our employees.
- Similar measures have occurred at our Parkway and State College contact centers.
- PHEAA provided frequent, recurring communications and situational updates to the workforce.
- PHEAA created an employee intranet site dedicated to providing updates, preventative measures, and additional resources related to the Coronavirus.

Mr. Garman concluded his update and stated that PHEAA would continue to evaluate the situation and the effectiveness of actions in response to this extraordinary situation. He stated PHEAA would continue to work hard to strike a proper balance between running an essential business and the safety of all.

Ms. Wiessmann asked a question about waiving late fees and whether the DOE had issued any guidance on this topic. Mr. Steeley stated that there were borrower relief drafts in circulation but nothing was finalized yet. He further stated that late fees are not charged by PHEAA and rarely charged by most student lenders. Ms. Wiessmann asked if PHEAA anticipated any kind of relief from the U.S. Department of Education. Mr. Steeley stated PHEAA anticipated receiving guidance aimed at struggling borrowers and confirmed guidance would be provided to servicers on actions that could be taken to relieve the burden on borrowers.

Hearing no other questions or comments, Chairman Peifer thanked the management team for keeping the Board Members updated and for their actions to do the right things for borrowers, clients and employees. He then 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 statute.

Mr. Steeley recommended 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. Senator Haywood made the motion, seconded by Representative Carroll, and the resolution was unanimously adopted and is attached to these minutes.

6. **Other Business**

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

**Resolution of the Board of Directors
Pennsylvania Higher Education Assistance Agency
PA State Grant and Special Programs COVID-19 Impact
Adopted March 19, 2020**

The PHEAA Board of Directors hereby directs the President and CEO to temporarily suspend, amend, or relax certain program requirements, to the extent permitted by statute, that have been imposed by the PHEAA Board of Directors, CEO, or program staff, and that are impacting the ability for Pennsylvania students to continue their postsecondary education due to the COVID-19 virus. The President and CEO shall temporarily suspend, amend, or relax program requirements for schools and students that participate and/or are enrolled in the Winter or Spring 2020 term for the following programs: PA State Grant Program, Institutional Assistance Grant (IAG) Program, Matching Funds Programs, Higher Education of the Disadvantaged (Act 101) Program, Higher Education for Blind or Deaf Students Program, Pennsylvania Internship Program, Ready to Succeed Scholarship Program (RTSS), and the PA Targeted Industry Program (PA-TIP). The President and CEO shall monitor and intermittently report to the PHEAA Board of Directors on the adjustments to program administration that have been made as a result of this resolution and provide a full report at the September 2020 PHEAA Board of Directors Meeting.”

The PHEAA Board of Directors hereby directs the President and CEO to extend the PA State Grant deadline for renewal applicants and first-time applicants who plan to enroll in a college or university from May 1, 2020 to May 15, 2020.”

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY
CONCERNING PRIVATE STUDENT LOAN PROGRAMS**

Adopted March 19, 2020

WHEREAS, on August 27, 2018, 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”), the Executive Committee of the Board of Directors of the Pennsylvania Higher Education Assistance Agency (the “Agency”), authorized the Agency to establish, undertake, administer and modify, as appropriate, from time to time an Initial Private Student Loan Program and a Refinanced Private Student Loan Program, collectively, the “Private Student Loan Programs”), and to undertake certain Transactions and other activities in connection therewith; and

WHEREAS, the Board of Directors of the Agency has determined that it is in the interests of the Agency to update the Agency’s authority in connection with such Private Student Loan Programs; and

WHEREAS, the Board of Directors of the Pennsylvania Higher Education Assistance Agency (the “Agency”) acknowledges that it is in furtherance of the Agency’s statutory purposes and powers set forth under the Act for the Board to authorize the Agency to, from time to time, establish programs 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; and

WHEREAS, the cost of higher education continues to exceed education funding available to students as grants, federal direct student loans, and other student aid programs; and

WHEREAS, there continues to be an opportunity for the Agency to lower the cost of education loans by providing for the refinancing thereof at lower interest rates; and.

WHEREAS, in connection with the Initial Private Student Loan Program authorized and established under the 2018 Resolution, the Board of Directors has determined that it is advisable to clarify that the definition of “Initial Private Student Loans” and the authority granted to the

Agency thereunder shall extend to the student loans therein described whether or not the Agency acts as a servicer with respect thereto; and

WHEREAS, in connection with the “Refinanced Student Loan Program” authorized and established under the 2018 Resolution, the Board of Directors has determined that the it is advisable for such program to be bifurcated into an origination program and a purchase program (collectively, the “2020 Refinanced Student Loan Programs”), and that the Agency, in furtherance of each of the 2020 Refinanced Student Loan Programs shall have the authority granted under these resolutions; and

WHEREAS, the Board of Directors has determined that it is advisable for the Agency, in furtherance of its statutory powers and purposes under the Act, to establish, undertake, administer, and modify, as appropriate, from time to time, a program to (1) originate and make commitments to originate or finance, loans that refinance student loans serviced by the Agency or by others (“Refinanced Private Student Loans” and together with Initial Private Student Loans, “Private Student Loans” and singularly, a “Private Student Loan”) to students, parents, and cosigners whether or not such persons are “Residents of this State” as defined for purposes of the Act, and which are evaluated and priced in accordance with the processes and policies presented to the Executive Committee at the August 27, 2018 meeting (as the same may be revised from time to time as provided for in these resolutions), (2) develop underwriting and rate setting criteria policies for such Refinanced Private Student Loans, (3) service, collect upon, and administer the Refinanced Private Student Loans, if and as applicable, and (4) fund, finance, assign, pledge, encumber, sell, securitize, or otherwise dispose of, such Refinanced Private Student Loans (all such activities, collectively, the “Refinanced Private Student Loan Origination Program”); and

WHEREAS, the Board of Directors has determined that it is advisable for the Agency, in furtherance of such statutory powers and purposes under the Act, to establish, undertake, administer, and modify, as appropriate, from time to time, a program to (1) purchase, acquire, make commitments to purchase, take assignments of, or invest in Private Student Loans, whether or not the Agency originated or services such student loans, and whether or not such persons are “Residents of this State” as defined for purposes of the Act, and which are evaluated and priced

in accordance with the processes and policies presented to the Executive Committee at this meeting (as may be revised from time to time as provided for in these resolutions), (2) develop policies for the purchase and acquisition of such Refinanced Private Student Loans, (3) service, collect upon, and administer the Private Student Loans, if and as applicable, and (4) fund, finance, assign, pledge, encumber, sell, securitize, or otherwise dispose of, such Private Student Loans (all such activities, collectively, the “Refinanced Private Student Loan Purchase Program” and together with the Initial Private Student Loan Program and the Refinanced Private Student Loan Origination Program, the “2020 Private Student Loan Programs”); and

WHEREAS, the Board of Directors of the Agency has determined that, in connection with, and in furtherance of, the 2020 Private Student Loan Programs, it is advisable to authorize the Agency to (1) use any available funds of the Agency to make or acquire Private Student Loans made pursuant to the processes described above; and (2) obtain funds to make or purchase such Private Student Loans through (a) direct or indirect borrowings, including through warehouse or other aggregation facilities, bond or note issuances and bond or note repurchase agreements, or (b) securitizations and other structured finance transactions (those activities described in this paragraph, collectively, the “Transactions”).

NOW, THEREFORE, IT IS RESOLVED, that the 2020 Private Student Loan Programs and the Transactions and all actions taken, and documentation, procedures and guidelines adopted in connection therewith prior to the date hereof are authorized, ratified, confirmed and approved, and all actions to be taken as set forth below are hereby authorized and approved; and

FURTHER RESOLVED, each of the President and Chief Executive Officer (the “President”), and the Chief Financial Officer, severally, in consultation with the Chairman and Vice-Chairman, is hereby authorized and instructed to engage appropriately qualified and experienced managers and/or professionals in connection with the 2020 Private Student Loan Programs and the Transactions, and to cause the Agency to pay fees and expenses in connection with the services provided; and that all letters of appointment and/or contracts for same shall be in form and substance satisfactory to the Agency’s Chief Legal Officer and the President or the Chief Financial Officer, as applicable; and

FURTHER RESOLVED, the Chief Financial Officer is assigned full lending authority to make Private Student Loans on behalf of the Agency and the Chief Financial Officer is further authorized to exercise such authority through subordinates; and

FURTHER RESOLVED, that the Agency is, and each of the President and the Chief Financial Officer, severally, for and on behalf of the Agency be, and hereby is, in compliance with these Resolutions, and in furtherance of the 2020 Private Student Loan Programs and the Transactions, and with funds of, or made available to, the Agency in connection therewith, authorized to engage in the following activities:

1. make Private Student Loans;
2. develop, establish, and modify such criteria, processes, policies, and procedures relating to the Agency's 2020 Private Student Loan Programs as may be necessary or desirable in the discretion of the President or the Chief Financial Officer, in consultation with the Agency's Chief Legal Officer, including without limitation, with respect to underwriting, credit quality, due diligence, interest rates, borrower geographic location, borrower payment plans, borrower benefits, default management, quality control, exception policies and/or document retention;
3. engage and pay loan origination vendors, credit scoring vendors, credit evaluation vendors, modeling consultants, and pricing consultants, and other vendors and consultants, as shall be deemed necessary or desirable by the President or the Chief Financial Officer in consultation with the Chairman and Vice Chairman;
4. negotiate and establish the terms and conditions and execute and deliver any and all necessary, convenient or desirable documents, instruments, agreements and certificates in connection with the 2020 Private Student Loan Program, the Transactions, or any replacement financing therefor, providing or accepting any required security or collateral therefor, the investment of the proceeds thereof, or any derivatives, swaps or hedging arrangements in connection therewith;

5. purchase, acquire, or make commitments to purchase or acquire Private Student Loans, and negotiate, enter into, execute, deliver, and perform under Private Student Loan purchase agreements; and
6. to co-brand with other entities, including but not limited to, referral sources, brokers or originators, as shall be deemed necessary or desirable by the President or the Chief Financial Officer in consultation with the Chairman and Vice-Chairman;
7. negotiate with banks, financial institutions and other lenders or credit providers, the terms of borrowings including without limitation loans, lines of credit, credit facilities, credit enhancement and/or liquidity support, and to enter into agreements setting forth the terms and conditions thereof, in each case in form and substance acceptable to the President or the Chief Financial Officer and to execute, deliver, borrow, and perform pursuant to such agreements;
8. withdraw funds of the Agency on deposit with the Pennsylvania Treasury;
9. sell, pledge, transfer, or otherwise convey the Private Student Loans or interests therein or other assets of the Agency or interests therein, including but not limited to the transfer thereof to one or more special purpose entities or vehicles;
10. negotiate, enter into, execute, deliver, and perform pursuant to the terms of one or more hedge or derivative transactions or agreements. and other instruments constituting hedges or derivatives, or containing embedded derivatives in connection with the Transactions;
11. negotiate, enter into, execute, deliver, file and perform pursuant to any and all documents, instruments, agreements, contract, promissory notes, financing statements, and certificates, and any amendments or supplements to, or restatements or modifications of, any documents, instruments, agreements, promissory notes, certificates, financing statements or other documents, whether existing or new, as may be necessary, convenient or desirable, to accomplish the Transactions or the purposes and intent of these Resolutions, 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 in such officer's discretion,

provided that, any transaction involving a purchase or borrowing in excess of \$100,000,000, shall be undertaken only after consultation with the Chairman and Vice-Chairman, the execution and delivery, from time to time, of any such documents, instruments, agreements, promissory notes and certificates shall constitute conclusive evidence of such approval;

12. obtain all licenses, authorizations, and approvals of governing and regulatory bodies and obtain such legal advice and opinions as may be necessary or desirable, from time to time, in connection with the 2020 Private Student Loan Programs, or either of them, or the Transactions;

13. shall pay or cause to be paid the costs relating to the 2020 Private Student Loan Programs, or either of them, and the Transactions and any and all related expenses;

14. utilize such loan servicing system platform (internal or external) as the Agency may utilize from time to time to service and generate data or reports with respect to the Private Student Loans under the 2020 Private Student Loan Programs;

15. service Private Student Loans, and negotiate, enter into, amend, supplement, modify and perform under, servicing agreements, sub-servicing, special servicing, collection and administration agreements in connection with the Private Student Loans, the 2020 Private Student Loan Programs, and/or the Transactions;

16. negotiate, enter into, amend, supplement, modify and perform under, any agreement with referral sources or as the referral source for the referral of borrowers or cosigners of Private Student Loans;

17. negotiate, enter into, amend, supplement, modify and perform under, any note or other asset purchase agreements in connection with the 2020 Private Student Loan Programs or the Transactions;

18. create, or cause to be created, directly or indirectly, any special purpose entities necessary or desirable to facilitate and participate in securitizations or other financing transactions to access replacement financing for any assets acquired by the Agency through the 2020 Private Student Loan Programs or the Transactions;

19. negotiate and establish the terms and conditions and execute and deliver any and all necessary, convenient or desirable documents, instruments, agreements, notices, elections and certificates in connection with the 2020 Private Student Loan Program, the Transactions, and/or the redemption, payment or defeasance of any outstanding debt of the Agency; and

20. make subordinated contributions, cash contributions, and transfer and otherwise convey cash, property and other value as may be necessary, desirable or convenient in furtherance of the Transactions or to accomplish the purposes and the intent of these resolutions; and

FURTHER RESOLVED, that the documents, instruments, agreements and certificates necessary, desirable or convenient to effectuate the transactions contemplated by the "WHEREAS clauses" herein, and in subparagraphs (1) through (20) above, are collectively referred to herein as the "Program Documents" and are hereby authorized and approved, and such Program Documents, in each case, shall be in form and substance satisfactory to the Agency's Chief Legal Officer, and the President or the Chief Financial Officer, as applicable, at the time of delivery, their execution and delivery to constitute conclusive evidence of such approval; and

FURTHER RESOLVED, that the President shall inform and consult with the Chairman, Vice-Chairman, in advance, of the structure and amount of each new 2020 Private Student Loan Programs' purchase, borrowing or securitization (or combination thereof) to be entered into in connection with these Resolutions to the extent any such individual transaction exceeds \$100,000,000; and

FURTHER RESOLVED, that each of the President and the Chief Financial Officer, severally, be and hereby is, authorized to negotiate and establish all of the terms and conditions

of, and to execute, acknowledge, attest and deliver each of the Program Documents and any other documents, agreements, instruments and certificates necessary, desirable or convenient to facilitate the 2020 Private Student Loan Programs or accomplish the Transactions 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 of such approval; and

FURTHER RESOLVED, that each of the President and the Chief Financial Officer, severally, and any other officer of the Agency having a title of Vice President or higher, be, and they hereby are, authorized to cause the filing of any and all financing statements required in order to perfect any security interests granted by the Program Documents, and to cause such financing statements to be filed with the appropriate filing offices; and

FURTHER RESOLVED, that each of the President and Chief Financial Officer, severally, shall be, and he hereby is, authorized from time to time to do all other acts necessary to establish and negotiate the terms and conditions of and to prepare, execute and deliver all other agreements, certificates, documents and instruments required to be performed, executed or delivered by the Agency to carry out the purposes or intent of these Resolutions, whether pursuant to the terms and provisions of the Program Documents or otherwise in connection with the 2020 Private Student Loan Programs or the Transactions, the execution and delivery of any and all such other agreements, documents, instruments and certificates to constitute conclusive evidence of the approval, authorization and acceptance of all such terms and conditions and of any and all such other documents, agreements, instruments and certificates; and

FURTHER RESOLVED, that the Agency shall not make or purchase any Private Student Loan made to any member of the Agency's Board of Directors or the Agency's President, Chief Financial Officer, or any person with a title of Senior Vice President, or higher; and

FURTHER RESOLVED, that the engagement of SL Capital Strategies LLC as a pricing consultant and to assist in the development of the Private Student Loan Programs or the 2020 Private Student Loan Programs is hereby ratified, confirmed and approved; and

FURTHER RESOLVED, that any and all actions taken by any officer or representative or agent of the Agency in connection with the 2018 Resolutions or any of the transactions described in the foregoing whereas clauses or elsewhere in these resolutions are hereby ratified, confirmed and approved; 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.

**Resolution of the Board of Directors
Pennsylvania Higher Education Assistance Agency
Order of Defaults
Adopted March 19, 2020**

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 March 19, 2020; 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 March 19, 2020.