



1200 North Seventh Street, Harrisburg, PA 17102

**Meeting of the Board of Directors
October 17, 2019 – 10:00 AM**

A meeting of the Board of Directors was held on October 17, 2019, at 10:00 a.m. in the Boardroom.

Those in attendance were:

Representative Michael Peifer, Chairman
Senator Wayne D. Fontana, Vice Chairman
Senator Ryan Aument (**via teleconference**)
Senator John P. Blake
Representative Sheryl Delozier
Senator Arthur Haywood (**via teleconference**)
Representative Steven Mentzer
Senator Kristin Phillips-Hill
Honorable Roy Reinard
Representative Curtis Sonney (**via teleconference**)
Chancellor Timothy R. Thyreen (**via teleconference**)
James H. Steeley, President and CEO
Jim White, General Counsel

Those absent were:

Representative Mike Carroll
Representative Angel Cruz
Senator Vincent Hughes
Representative Anita Kulik
Representative James Roebuck, Jr.
Senator Mario Scavello
Secretary Robin Wiessmann
Secretary of Education Pedro Rivera
Noe Ortega, Dep. Sec. for Postsecondary and Higher Ed.

Also in attendance:

Liz Craig, Senator Hughes' office (**via teleconference**); Alycia Lauretti, Representative Roebuck's Office (**via teleconference**); Mike Dotts, Office Deputy Secretary for Postsecondary and Higher Ed. (**via teleconference**); Caitlin McGurn and William Lewis, Guidehouse; Carolyn Simpson, PA Commission for Community Colleges; Nichole Duffy, AICUP; and the following PHEAA staff: Judith Bines, Mike Garman, William Fisher, Nathan Hench, James Jarecki, Kyle Lefever, William Lindsey, Elizabeth McCloud, Andy Mehalko, LaWanda Morris, Todd Mosko, Keith New, Tara Patterson, Jodi Shomper, Kathleen Smith, Jean Svoboda, Michael Veet, Patti Gilbert, and Terry Goodjohn.

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

1. **Minutes**

On a motion made by Senator Fontana and seconded by Mr. Roy Reinard, the minutes of the September 19, 2019 meeting were unanimously approved.

Chairman Peifer then called on Mr. Roy Reinard for Agenda Item #2 – Committee Reports.

2. **Committee Reports**

Mr. Reinard thanked Chairman Peifer and reported that the Executive Committee met yesterday afternoon. No quorum was established and no formal votes or action items were taken. Ms. Amanda Foster, Chief Compliance Officer, reviewed PHEAA's Identity Theft Detection, Prevention and Mitigation Program and changes that had been made to such program. Mr. Steeley then requested that the Committee enter into Executive Session to receive a financial report, discuss legal and personnel matters, and to consult with outside consultants, which if conducted in public, would lead to the disclosure of information protected by statute.

When the Committee returned to regular session, Mr. Mike Garman, SVP Human Resources, provided a Human Resources update with regard to two items: the first item was an update to Non-Union Sick Leave Changes in which the Wolf Administration finalized the 2019-2023 AFSCME Master Agreement which includes changes to leave provisions which the Commonwealth has also implemented for its non-union workforce. PHEAA will adopt and implement these same changes for the union and nonunion workforce consistent with the Commonwealth's approach. The second item was a report on the Annual Professional Incentive Plan. This report is required pursuant to the Executive Committee Resolution dated April 18, 2018, which authorized the establishment of the Digital Technology Solutions (DTS) Executive Incentive Payment Plan to assist in recruiting top IT talent needed to execute PHEAA's Business Transformation Strategy. The incentive plan is narrowly-defined, limiting eligibility to a maximum of ten key positions hired on or after April 18, 2018 and who report directly to the Chief Digital Officer. Based upon the four metrics comprised of financial targets and individual performance, two DTS executives have earned an incentive compensation award. Upon hearing no other business, the meeting was adjourned.

Hearing no questions for Mr. Reinard, Chairman Peifer called up Agenda Item #3 - President and CEO Report. Mr. Steeley said he will call for Executive Session to deliver his report but before doing that he wanted to share a hand-written letter he had received. Mr. Steeley read a letter from a borrower expressing sincere thanks to PHEAA and to the Customer Service Representative who assisted her. The customer had a large upcoming payment due that she could not afford. The customer described how she was in a panic and her blood pressure was spiking when she received the statement and knew she could not make the payment. She then went on to describe how our representative calmed her down and helped to "come up with a game plan for success." The customer went on to say that, because our representative was such a people-person and expressed genuine concern, she left the call feeling much better and empowered.

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

Mr. Steeley called for Executive Session to cover the following topics: receive a litigation report from PHEAA's Chief Legal Officer, to discuss contractual matters and strategy and to consult with external advisors. The purpose of this executive session was to discuss agency business, 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 #4.

4. **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 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 Delozier made the motion, seconded by Senator Fontana, and the Resolution was unanimously adopted and is attached to these minutes.

Chairman Peifer called up Agenda Item #5.

5. **Other Business**

Hearing no other business, Senator Fontana made a motion to adjourn, seconded by Mr. Reinard, and Chairman Peifer thanked the Members and adjourned the meeting.

**Resolution of the Board of Directors
Pennsylvania Higher Education Assistance Agency
Order of Defaults
Adopted October 17, 2019**

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 October 17, 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 October 17, 2019.