

**New York State Higher Education Services Corporation**  
**Board of Trustees Meeting**  
**Minutes**  
**September 23, 2009**  
**11:00a.m.**

The meeting was called to order by Mr. Philip Williams at 11:03 a.m. The following members of the Board were in attendance: Ms. Eileen Bagnoli, Executive Vice-President & COO of Pioneer Savings Bank; Ms. Angela Van Dekker, Assistant Vice President of Student Financial Services of Fordham University; Mr. Charles DeLaney, Director, New York Institute of Photography and the Sheffield School; Mr. Joseph Frey, designee of Dr. David Steiner, Commissioner of the New York State Education Department; Mr. Thomas J. Murphy, Principal of Trailhead Advisors; Dr. Robert Ptachik, designee of Dr. Matthew Goldstein, Chancellor of the City University of New York (CUNY); Mr. John Curtice, designee of Dr. Nancy Zimpher, Chancellor of the State University of New York (SUNY); Ms. Haleigh Tunis, Student, Columbia-Greene Community College; Ms. Melody Mercedes, President, State University of New York (SUNY) Student Assembly; and Mr. Philip Williams, President of the Utica School of Commerce.

Present for the Agency were: Ms. Elsa Magee, Acting President & Executive Vice-President; Ms. Cheryl Fisher; Mr. Charles Treadwell; Ms. Terri Gehrler; Ms. Kathy Crowder; Mr. Victor Stucchi; Mr. John Austin; Mr. Louis Christie; Mr. Matthew Downey; Mr. George Kazanjian; Mr. Keith Feltman; Mr. Donald Traver; Mr. Bernie Maskell; Mr. Thomas Brennan; Ms. Nancy Hoeltzel; Ms. Jennifer Dwire; Ms. Corinne Biviano; Mr. Warren Wallin; and, Ms. Pat Spath.

Present for the Leadership Council: Mr. Curt Guame, Director of Financial Aid at Canisius College and President of the New York State Financial Aid Administrators Administration (NYSFAAA).

Also in attendance: Mr. Ken Deon; and, Mr. Brendan Kennedy from KPMG.

### **Welcome HESC's Acting President**

Mr. Williams introduced Ms. Elsa Magee as HESC's Acting President.

### **Welcome to New Board Members**

Mr. Williams introduced and welcomed the following new board members: Ms. Melody Mercedes, President, SUNY Student Assembly; and, Mr. Charles DeLaney, Director of New York Institute of Photography and the Sheffield School.

### **Nominating Committee Report**

Mr. Williams, Chairman of the Nominating Committee introduced committee members: Mr. Murphy and Mr. DeLaney. Mr. Williams reported that the Nominating Committee had nominated the following officers to the board for the 2009/10 term: Ms. Bagnoli as Chairwoman, Ms. Van Dekker as Vice Chairwoman and Ms. Fisher as Secretary. There being no other nominees, Mr. Williams moved for the close of nominations. Nominations were thereupon closed and the proposed slate of officers was unanimously elected by a voice vote. Furthermore, Mr. Williams announced a motion for Mr. Murphy to serve as Chairman to the Audit Committee along with Ms. Bagnoli and Mr. Williams as committee members. Mr. Williams congratulated Ms. Bagnoli on her nomination as Chairwoman.

## **Chairperson's Report**

Chairwoman Bagnoli thanked and welcomed the board. In addition, she congratulated Ms. Magee, Ms. Mercedes and Mr. DeLaney on their appointments. She also announced the recent retirements of former HESC President Dr. Jim Ross and HESC's Director of Federal Relations, Joan Simmons. She also reported that U.S. House Bill 3221 (The Student Aid and Financial Responsibility Act "SAFRA") passed the House and was sent to the Senate for consideration. She further reported that the Etheridge Amendment, a bill co-sponsored by Congressman Paul Tonko, authorizes the Secretary of Education to contract directly with the state guarantee agencies (such as HESC) to provide certain services that benefit students including loan counseling, financial literacy and default aversion.

## **Approval of April 29, 2009 Minutes**

Chairwoman Bagnoli asked for a motion adopting the draft minutes from the April 29, 2009 Board Meeting. Ms. Van Dekker moved to adopt the minutes and Mr. Williams seconded the motion. The motion passed unanimously and the minutes were adopted without change. Mr. DeLaney abstained.

## **Audit Committee Report**

Mr. Murphy, Chairman of the Audit Committee presented the Audit Committee Report. Mr. Murphy reported that the committee had received a satisfactory audit from the New York State Banking Department ("Banking Department") regarding external audits. He further reported that the Banking Department had identified a couple of issues, one of which involves HESC's investment policy. Mr. Murphy also reported that a resolution to make two minor changes in response to the Banking Department's audit

will be presented to the board for adoption. Furthermore, Mr. Murphy stated that the Audit Committee recommends that the board adopt the proposed changes to the investment policy. Mr. Murphy also informed the board of an ongoing dispute with the United States Department of Education (“DOE”). Mr. Murphy stated that the issue relates to the accounting treatment of some funds that HESC set up over ten (10) years ago. He also reported that HESC’s legal and finance staff is diligently negotiating this issue with DOE.

Mr. Murphy further reported that the Peer Review by other New York State agencies of HESC’s internal controls is near completion. He also reported that there were two to three minor deficiencies and that HESC staff will implement the changes. Mr. Murphy advised that audit activities of HESC were reviewed and that the Audit Committee has been concerned about the resources to accomplish the audit plan. The Banking Department audit did note that HESC fell behind in implementing some of the audit plan due to the lack of resources. Mr. Murphy in concluding the report stated that he has shared his concerns with Ms. Magee in regards to alternative resources to accomplish the audit plan.

### **KPMG Report**

Mr. Ken Deon from KPMG reported that he had the results of the 2009 audit. Mr. Deon reported that the external financial statements and the federal single compliance audit of the Federal Family Education Loan Program (FFELP) had been performed. He reported that the audit went smoothly and that he received full cooperation from management at HESC. Mr. Deon issued an unqualified opinion of the financial

statements and an unqualified opinion on compliance of HESC's administration of FFELP.

### **President's Report**

Acting President Magee informed the board that among SAFRA's other provisions it makes the federal government the direct lender for all federally backed student loans effective July 1, 2010. Ms. Magee further reported that SAFRA also invests funds to bolster college access and completion support programs as well as funds state and institutional programs that focus on increasing financial literacy and retaining students through graduation.

Ms. Magee reported that New York is home to over one million students who attend three hundred colleges located in the state. She also stated that with a customer base of this size there are many opportunities for HESC to offer new services that benefit many of these students. Ms. Magee reported to the board that in many ways HESC is moving toward this direction and referenced the pending launch of the New York Higher Education Loan Program (NYHELPS) as one example.

In conclusion, Ms. Magee thanked board members for their support of HESC and looked forward to working with each of them. In addition, Ms. Magee thanked HESC managers, staff, congressional delegation and the Governor's Office staff.

### **NYHELPS Report**

Chairwoman Bagnoli asked Mr. Charles Treadwell, Senior Policy Advisor, to give an update on NYHELPS. Mr. Treadwell reported that the State of New York Mortgage Agency (SONYMA) will be managing the bonding for HESC and will aid in the development of a secondary market. He also reported that HESC has contracted with

Nelnet subsidiary, Firstmark, as servicer. Mr. Treadwell also reported that HESC has contracted with Element K Learning Solutions and Online Training as HESC's financial literacy developer. Mr. Treadwell further reported that financial literacy will be a key component of NYHELPS. Furthermore, he reported that HESC will be working with college partners to get an estimate of their participation—particularly their estimated demand for HESC's first term which will commence in the Spring of 2010. Mr. Treadwell informed the board that participation agreements were sent out with a return date of October 6, 2009. Mr. Treadwell reported that the participation agreement will help HESC estimate the projection of demand for the program. Mr. Treadwell also stated that HESC will be processing NYHELPS applications by the first week of December.

#### **Customer Service Report**

Mr. John Austin, Senior Vice President of Customer Relations, reported that Marketplace went live in April of 2009. He went on further to report that over 13,107 visitors have visited Marketplace. Mr. Austin also reported that lenders PNC and Discover offer nine (9) different loan products in Marketplace. Mr. Austin was pleased to announce that State Employees Federal Credit Union (SEFCU) is now on board. He also reported that to date 440 loans have been transmitted to lenders with an average loan amount of \$14,300 and to date in total has amounted to 6 million in loans involving 90 different colleges. Mr. Austin introduced Ms. Jennifer Dwire, Client Relations Manager of Customer Relations, to give a HESC Student Loan Marketplace update.

Ms. Dwire reported that users of the Marketplace are seeing their own interest rate, APR and fee structure of loan products. She also reported that HESC is developing a learning center for Marketplace. Ms. Dwire informed the board that the learning center

will include a “top ten questions” on what to ask your lender before you borrow. She also reported that it will include information on your rights and responsibilities as a borrower. In addition, Ms. Dwire reported that users will see helpful icons that give plain English definitions and terms to follow throughout the process. Ms. Dwire concluded that e-learning is also being developed for Marketplace.

Chairwoman Bagnoli asked Ms. Terri Gehrer, Director of Training & Outreach in Customer Relations, to give an update to the board on HESC’s Symposium that was held September 16-17, 2009. Ms. Gehrer reported that the symposium was created in 2005 and that over one thousand people have attended over the last five years. Ms. Gehrer reported that keynote speakers this year were: Dr. Nancy Zimpher, Chancellor of SUNY; and Laura Anglin, President on the Committee of Independent Colleges and Universities; Tim Ranzetta from Student Lending Analytics and Jeffrey Northcoate from Nelnet. She further reported that there were discussions with Jim McDonough, Director, and Andy Davis, Senior Trainer, from the New York State Department of Veteran Affairs. Ms. Gehrer concluded by reporting that HESC received evaluations from the symposium and she was pleased to announce that 98% of the attendees reported that they would recommend the event to their colleagues.

### **Motions to Adopt Resolutions**

Chairwoman Bagnoli asked the Secretary to the Board, Cheryl Fisher, to address the Board. There were four resolutions for the Board to consider: NYS District Attorney and Indigent Legal Services Attorney Loan Forgiveness Program; Continental Airlines Flight 3407 Memorial Scholarship; Senator Patricia K. McGee Nursing Faculty

Scholarship; and HESC Investment Policy. A motion to adopt was made by Mr. Frey and seconded by Mr. Murphy.

### **Resolutions of Appreciation**

Ms. Cheryl Fisher presented Resolutions of Appreciation to Dr. Jim Ross, former HESC President; Dr. Richard Guarasci, President of Wagner College; Sister Lauren Fitzgerald, President of Maria College; Ms. Cheryl Fell, Director of the Cheryl Fell School of Business; Dr. Richard Mills, former Commissioner of the New York State Education Department; and, Mr. John O'Connor, Vice-Chancellor State University of New York.

### **Leadership Council**

Chairwoman Bagnoli then asked the members of the Leadership Council if they would like to address the Board with any comments or questions. Mr. Guame welcomed HESC to NYSFAAA's upcoming conference. Mr. Guame also informed the board that NYSFAAA would be available to provide information or expertise in developing new products in respect to financial literacy.

### **Set date for Spring Board of Trustees Meeting**

The Chairwoman announced that the next meeting of the Board of Trustees would be held on April 28, 2010.

### **Adjournment**

Chairwoman Bagnoli then asked for a motion to end the meeting. The motion was made by Mr. Guame and seconded by Ms. Mercedes. The meeting was adjourned at 11:50 pm.