

MINUTES  
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY  
BOARD OF DIRECTORS' MEETING  
JANUARY 18, 2005

The 253rd meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, January 18, 2005 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. The meeting was called to order at 9:06 a.m.

The following members were in attendance:

Dr. Robert J. McKenna, Chairman  
Dr. Anthony J. Santoro, Vice-Chair  
Dr. William Croasdale  
Ms. Kerrie Bennett, Designee of General Treasurer  
Paul J. Tavares  
Mr. William B. Hall  
Mr. John Howell  
Mr. Solomon A. Solomon

Members Absent:

Ms. Laura DiSano  
Ms. Miriam Curtis Coleman

Also Attending:

Mr. William H. Hurry, Jr., Executive Director, RIHEAA  
Ms. Gail Mance-Rios, Deputy Director, RIHEAA  
Mr. Marc Lacroix, Chief Financial Officer, RIHEAA  
Attorney Joseph Palumbo, RIHEAA Legal Counsel  
Ms. Nancy Ann Dooley  
Ms. Mary Ann Welch  
Mr. Michael Joyce  
Mr. Steven Mollica  
Mrs. Sue Zube  
Commissioner Jack Warner, Office of Higher Education  
Mr. Noel Simpson, RISLA  
Mr. Charles Kelley, NESLA

Chairman McKenna welcomed back Dr. Anthony Santoro after a long recovery period.

1) Approval of Minutes of the November 9 and December 10, 2004 Board Meetings:

Mr. Hurry noted one correction in the December minutes. Page 2, first paragraph under the Chairman's Report it should read, "Chairman McKenna reported that the 50<sup>th</sup> Anniversary..." Instead of the 60<sup>th</sup>.

On motion duly made by Mr. Solomon and seconded by Mr. Howell, it was

**VOTED:** That the minutes of the November 9 Board Meeting be approved and the December 10 Board Meeting be approved as amended and placed on file.

Voting in favor: Chairman McKenna, Dr. Santoro, Ms. Bennett, Mr. Hall, Mr. Howell, and Mr. Solomon.  
Voting against: none.

2) Chairman's Report:

a. Chairman McKenna mentioned that NEBHE would be celebrating it's 50<sup>th</sup> anniversary February 25 in Boston.

The new President of NEBHE, Mr. Evan Dobelle, will be visiting various institutions in Rhode Island at the end of this month.

The Chairman invited the board members to attend the anniversary event.

3) Executive Director's Report:

a. Mr. Hurry introduced to the Board the Commissioner of Higher Education, Mr. Jack Warner.

Mr. Warner gave a short background on issues regarding higher education and financial aid support. He also reviewed the overall agenda for the Office of Higher Education and the Board of Governors. The core of the agenda is to improve the level of performance and affordability. Commissioner Warner noted that it is important that the Authority Board and the Board of

Governors work together. Both Boards have been collaborating to put together a "White Paper" for the Governor to suggest that the investment needs to be increased dramatically to overcome these trends and patterns. The Boards have also been working together to design a program on affordability.

It is noted for the record that Dr. Croasdale arrived at 9:35 a.m.

Commissioner Warner reported that last year a Joint Admissions Agreement was drafted where students can be jointly admitted to CCRI and either URI or Rhode Island College. When the student completes the associates degree in a transfer program, the entire degree is transferred to the senior institution.

He expressed that he is very pleased to be working with the staff at RIHEAA.

a. Mr. Hurry updated the Board on the asset resolution discussion with the US Department of Education. The report of the consultants has been submitted to Washington. The Office of General Counsel in the Department of Education and OIG is reviewing it.

b. With respect to the "White Paper", Mr. Hurry publicly thanked Gail Mance-Rios, Mary Ann Welch, and Justin Greenough from the Authority's IT staff for their extraordinary effort during the past weeks to put the paper together.

c. A letter from Legal Counsel, Mr. Palumbo, was distributed regarding the "Separation of Powers" and its effect on the Authority.

Mr. Palumbo stated that there is still a requirement for five members for a quorum. Mr. Palumbo also stated that in his opinion, given the Authority's enabling legislation and despite the passage of the Separation of Powers Amendment to the Constitution, this does not necessarily give the Governor the authority to appoint additional members to replace the legislative members that previously served.

d. Mr. Hurry noted that a copy of the letter from the Chair of NEBHE was also distributed. This was sent to each of the Governors of the six New England states. There are

data included in the letter in terms of the number of students and the amount of money which they save by virtue of our participation in the regional student program.

e. With regard to the Excellence Award Banquet Mr. Hurry asked that if any of the Board Members are interested in attending, they respond as soon as possible.

f. The Fiscal Integrity and Accountability Report (FIAR) for 2004 has also been distributed. Mr. Hurry encouraged the Board to review this report.

g. There is also an article included in the Board materials related to SallieMae's offer to buy PHEAA. A copy of PHEAA's earlier rejection of the offer has been distributed.

h. Mr. Hurry noted that there is material included with regard to two programs. One of the programs is the Mentor System, which the Authority has been researching collaboratively with regional guarantors and NEBHE. The other program is the College Summit Program about which the Authority will also gather additional information.

#### 4.) Financial Report:

Mr. Lacroix reported that there are no financial statements as we are between months on quarterly budget versus actual. However the Schedule of Cash and Investments is included in the materials.

a. Regarding the selection process for banking services, Mr. Lacroix noted that Dr. Croasdale, John Fitta and he met with three groups that were selected as finalists. They have been scheduled to come in and present demonstrations of their on-line banking software. The presentations will be completed next Monday, and it is expected that a decision will be made soon thereafter. Dr. Croasdale stated that they hope to have a recommendation for the next Board Meeting.

Mr. Howell asked what are the critical issues in terms of the selection. Dr. Croasdale stated that the critical issues are servicing and compatibility. Mr. Lacroix noted that pricing, customer service and systems are also a large part of the selection process.

Mr. Hurry expressed his compliments to Dr. Croasdale, Mr. Lacroix and all others involved in this process.

5) Investment Committee Report:

Regarding the Schedule of Cash and Investments for November 2004, which is included in the Board materials, Mr. Lacroix noted that there is nothing unusual to report.

6) Scholarship and Grant Update:

a. Ms. Welch stated that, when the Grant Program Activity report was prepared, there was an over-commitment of 27% with \$17 million in grants awarded to 15,593 students. Subsequently it was decided to go to the waiting list for students who applied between March 21 and March 31. An additional 732 eligible students have been offered grants for the spring semester only. The percentage of unmet need met is 30% which is in line with the previous year.

b. Regarding the Academic Promise Program, Ms. Welch reported that as of January 11, 2005 \$816,000 was expended for 335 students.

c. Ms. Welch stated that the Authority does administer the Children's Crusade Program for the Rhode Island Children's Crusade. There are 1,470 students that received RI Children's Crusade Scholarships for \$4,669,000.

d. This past week was Financial Aid Awareness Week which is conducted in conjunction with the Rhode Island Association of Student Financial Aid Administrators. The Governor declared it Financial Aid Awareness Week, and the proclamation is displayed in the foyer of the Authority. Channel 10 hosted a call-in panel on Wednesday in which Nancy Ann Dooley participated along with three other people from colleges to answer financial aid questions. This was very successful.

Mr. Justin Greenough, of the Authority's information technology staff developed a special financial aid website for the Financial Aid Awareness Week which is also advertised and is very successful.

Ms. Welch also noted that postcards were sent out to people in the data base who applied for scholarships or grants

last year, but were late in applying, reminding them of the March 1 deadline for applying for state grants.

Mr. Hurry mentioned as a footnote, that in conversations with the Governor's staff in anticipation of the State of the State Speech, one of the issues discussed was whether or not we would like to change the deadline. A final decision on this would, of course, depend on the size of the appropriation.

7) Loan Division Update: Ms. Dooley reported that the report for Certificates of Guarantee for December 2004 is included in the materials, and there has not been much change.

Consolidations have decreased.

As a follow up note, credit card payments for in-house collections began on January 4, 2005.

Ms. Dooley reported that Clordine Cox, a manager in the Collection Division, has developed a wall calendar designed to remind borrowers of their payment due date with a return envelope. These have been mailed to all borrowers. Copies were distributed to the Board.

Mr. Hurry also noted that with regard to the credit card utilization, the Board authorized the Authority to sign an agreement to do this. When reviewing the contract proposed by the vendor, a company which was authorized by the Department of Administration, the Authority noted language in the contract which would have precluded the Authority, in the future, from doing any internal development of any web-based applications and/or would have required the Authority to give all work to the company rather than issuing RFP's for outside development. Therefore, Mr. Palumbo developed an addendum to the agreement that protects and preserves the Authority's prerogatives in this regard.

8) CollegeBoundfund Update: Mr. Joyce reported that as of January 7, 2005, total accounts are over 446,000 with a total asset value of over \$5.3 billion. Of those accounts over 13,000 are Rhode Islanders, and there is a total Rhode Island asset value of over \$125 million. Numbers reflecting the qualified withdrawals from Rhode Island resident accounts have been reported. Over \$9.8 million

has been withdrawn for qualified educational expenses from 1,657 accounts since the beginning of the program. In 2004 there was \$5.9 million withdrawn from 906 accounts.

The marketing committee will be reconvening shortly to further research the amount for advertising. Mr. Hurry noted that the final copy of the College Savings Plan Network disclosure principle statement is included in the materials.

Board materials also include two "op eds" which the General Treasurer and Mr. Hurry issued previously, and there is one article on the "5&10" program included. Also included is an email from Jenn DeLong with information regarding the comparative returns and costs associated with the CollegeBoundfund® program and other competitive programs.

Mr. Hurry mentioned that shortly a joint RIHEEA-Treasury committee established to review the renewal of the contract with Alliance Capital will be meeting. The targeted renewal date is July 1, 2005.

9) Action Item:

a. Ms. Mance-Rios reported that the Board had previously passed a resolution to establish a Financial Aid Advisory Group. The committee is comprised of eight members; a Chair and seven members. The Board of Directors for RISLA and RIHEEA will appoint three of the seats and the Chair. One seat is reserved for the President of the Financial Aid Association in Rhode Island, one seat is reserved for the Rhode Island Guidance Counselor representative and the Executive Directors or their designees from RISLA and RIHEEA will also serve ex-officio. Mr. Simpson, Executive Director from RISLA and Ms. Mance-Rios are recommending Christine Jenkins as the Chair of the committee, and for the three seats Harry Amaral from URI, Larry Blair from NEIT, and William McCardle from Johnson & Wales.

Mr. Simpson stated that he spoke individually to the three people and they are very enthusiastic about serving. All four candidates have accepted.

Ms. Mance-Rios spoke with Linda Norton, the current president of the Rhode Island Financial Aid Administrators, and, if appointed, she has accepted this position. She also has spoken with the guidance counselor president, and

he indicated that he would get back to her after bringing this to his board.

On motion duly made by Dr. Croasdale and seconded by Dr. Santoro, it was

**VOTED:** To accept the slate of candidates for the Financial Aid Advisory Group.

Voting in favor: Chairman McKenna, Dr. Santoro, Dr. Croasdale, Ms. Bennett, Mr. Hall, Mr. Howell, and Mr. Solomon.

Voting against: none.

Ms. Mance-Rios explained that the Board must set the terms of the committee. Recommended are, three-year terms with the first cycle staggering the three financial aid officers, and the Chair serving for three years with no limitation on the number of terms served.

On motion duly made by Dr. Croasdale and seconded by Mr. Solomon, it was

**VOTED:** To accept staggered three-year terms for members of the advisory committee with no limit on the number of terms a candidate can serve.

Voting in favor: Chairman McKenna, Dr. Santoro, Ms. Bennett, Mr. Hall, Mr. Howell, and Mr. Solomon.

Voting against: none.

b. Election of Secretary of the Board has been deferred.

Dr. Croasdale volunteered to take the position of Acting Secretary in the interim.

10) Communications: Dr. McKenna noted that communications were included in the materials but no comments are necessary.

11) The next meeting is scheduled for Tuesday, February 15, 2005 at 9:00 a.m. The March meeting is scheduled for March 8 at 9:00 a.m. The Board members will be polled for their availability for the March meeting.

There being no further business to come before the Board it was agreed to adjourn the meeting.

On motion duly made by Dr. Croasdale and seconded by Mr. Solomon, it was

**VOTED:** To adjourn the meeting.

Voting in favor: Chairman McKenna, Dr. Santoro, Dr. Croasdale, Ms. Bennett, Mr. Hall, Mr. Howell, and Mr. Solomon.

Voting against: none.

The meeting adjourned at 10:40 a.m.

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Dr. William Croasdale  
Acting Secretary