

MINUTES  
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY  
BOARD OF DIRECTORS' MEETING  
MARCH 14, 2006

The 264th meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, March 14, 2006 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. Vice Chairman Santoro called the meeting to order at 9:07 a.m.

The following members were in attendance:

- Dr. Anthony J. Santoro, Vice Chairman
- Dr. William Croasdale, Treasurer
- Mr. John Howell, Secretary
- Ms. Miriam Curtis Coleman
- Mr. Solomon A. Solomon
- The Honorable Paul J. Tavares, General Treasurer

Members Absent:

- Dr. Robert J. McKenna, Chairman
- Mr. William B. Hall

Also Attending:

- Mr. William H. Hurry, Jr., Executive Director, RIHEAA
- Ms. Gail Mance-Rios, Deputy Director, RIHEAA
- Mr. Marc Lacroix
- Ms. Mary Ann Welch
- Ms. Nancy Ann Dooley
- Mr. Michael Joyce
- Mr. Steven Mollica
- Mr. Greg Silva
- Ms. Rebecca Johnson, Office of the General Treasurer
- Ms. Meredith Holderbaum, Senate Fiscal Advisor
- Ms. Sue Zube
- Mr. Charles P. Kelley, Executive Director, NESLA
- Mr. Noel Simpson, RISLA

1) Approval of Minutes of Board of Directors Meetings held on January 31 and February 14, 2006. The minutes were not available for approval.

2) Chairman's Report: Vice Chairman Santoro noted that there was no report.

3) Executive Director's Report: Mr. Hurry updated the Board on Chairman McKenna's recovery. The Chairman is doing well. Mr. Hurry conveyed to Mrs. McKenna the Board's concerns and well wishes.

a. Regarding the budget, Mr. Hurry reported that RIHEAA had its budget hearing at the Senate and House Finance Sub-Committees. He thanked Mr. Solomon and Mr. Howell for attending the hearings. The authority received a very warm reception at the Senate finance sub-committee. Mr. Palumbo expressed the authority's legal and fiduciary concerns with respect to the proposed \$2.2 million transfer. The sense after the hearing was that the Senate finance committee was seriously concerned with the issues that were raised but needed additional information for their legal counsel to review.

On the House side there was less receptivity and more cynicism vis a vis the legal and fiduciary issues raised by the Authority. . The staff left the hearing with a sense there might not be any relief on the House side, but information/documentation is also to be provided to Atty. Carr, legal advisor to the House Finance Committee. The House sub-committee requested further information on the Authority's accounts, which Mr. Lacroix has subsequently prepared in consultation with and delivered to Ms. Liza Cohen, budget analyst for the House Finance Committee. A follow-up hearing may be scheduled, but there has been no word as to when.

Regarding the proposal for the web-based portal, Mr. Hurry reported that the Chair of the sub-committee asked how much it would cost and from where the funding might come? Mr. Hurry explained that he did not know at this time because the project is not yet at a stage where we have proposals that have costs attached to them. Mr. Hurry did point out that the costs associated with such a system would be consistent with the expectations and understandings as between guarantee agencies and the U.S. Secretary of Education in terms of appropriate uses of FFELP Agency

Operating Funds. A committee working on the RFP is made up of representatives from the R.I. Department of Education, the Office of Higher Education, the Office of Information Technology in the Department of Administration, and the state school counselors' association, etc.

b. Mr. Hurry reported that the Authority was recognized and received a beautiful citation at the NEBHE awards banquet for it's important work over the years. The citation was displayed for review.

Mr. Hurry noted also, NEBHE's concern about, the University of Rhode Island's proposal to withdraw the Pharmacy program at URI from the Regional Student Program (RSP). This is a serious issue/concern. Mr. Hurry noted that there will be an effort undertaken to talk with university representatives hoping to find alternative solutions to the University's concerns.

c. A College Ready New England (CRNE) initiative was launched at the NEBHE meeting. There is considerable excitement across the Region for this new initiative to be lead by NEBHE.

d. Mr. Hurry noted to the Board that under Tab 3 in the materials is an article "Saving for College.com". This is an organization that ranks college savings programs. The Rhode Island CollegeBoundfund has been raised up in the rankings based on the outstanding returns generated from the underlying investments.

e. He reported the RIHEAA recently joined the National College Access Network (NCAN). This organization is dedicated to issues surrounding college access and affordability.

f. Mr. Hurry reminded the Board that there is still a vacant seat on the Board and asked for suggestions for nominations to fill the vacancy.

g. The Authority has received it's draft Cohort default rate for 2004. It has dropped from 6.48% to 5.64%.

Mr. Hurry updated the Board on the Rhode Island Children's Crusade with respect to trying to use the 5&10 Matching Grant Program in some way to enhance the Crusade's ability to continue their scholarship program and also to enhance

the 5&10 Grant Program. There was a second meeting between respective staff, including Rebecca Johnson from the General Treasurer's Office, yesterday, and there is continuing conversation/planning underway.

Mr. Howell complimented Mr. Hurry on his comments at the NEBHE meeting which were well presented. He also took this time to thank Mr. Charles Miller for his assistance in correcting a computer glitch in the program for the Academic Decathlon. Due to the assistance from RIHEAA, the Academic Decathlon now has scores and winners who will now go on to the Nationals.

Mr. Charles Kelley also took this opportunity to thank Diane Carlin, Greg Silva and Nancy Dooley for their assistance and great work in trying to get the New England College of Optometry to work with NELNET and use RIHEAA as the guarantor.

On motion duly made by General Treasurer Tavares and seconded by Mr. Solomon, it was

**VOTED:** That the meeting enter into Executive Session. Mr. Palumbo signified for the record that this is pursuant to RI General Laws 42-46-5 § (a)(2) which would deal with actual or potential litigation.

Voting in favor: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Coleman, Mr. Solomon and General Treasurer Tavares.  
Voting against: none.

The meeting entered into Executive Session at 9:22 a.m.

Executive Session ended at 10:49 a.m.

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

**VOTED:** To reconvene into Open Session.

Voting in favor: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Coleman, Mr. Solomon and General Treasurer Tavares.  
Voting against: none.

The meeting reconvened into Open Session at 10:50 a.m.

On behalf of Vice Chairman Santoro, Mr. Palumbo reported that during executive session a motion was made by Dr. Croasdale to transfer up to \$2.2 million out of the Agency Operating Fund into the Authority's Grant Division grant award line to make up any shortfall in student grant awards resulting from the proposed after the fact reduction in the state's general revenue appropriation for student grants in fiscal year 2006. This motion was seconded by Mr. Solomon, and it was voted unanimously by the members of the Board.

9) Action Item:

c. Decision on Charging Federal Default Fee.

After a brief explanation, Mr. Hurry proposed that under the current circumstances as between RIHEAA, RISLA and NELNET, that three members from the Board be assigned to work with RIHEAA in conjunction with RISLA to sort through the default fee issue and to come to a decision/recommendation that is consistent with the Board's policies of having a program that responds fully to the needs of Rhode Island students and would redound to the long-term survivability/viability of both agencies. He noted that he is not prepared to give a formal recommendation today.

On motion duly made by Dr. Croasdale and seconded by Mr. Howell it was agreed to develop a sub-committee.

Upon agreement the Vice-Chairman appointed General Treasurer Tavares, Dr. Croasdale and Mr. Howell.

Voting for: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Coleman, Mr. Solomon and General Treasurer Tavares.  
Voting against: none.

9.b. Action Item:

Approval of 2006/2007 RI State Grant Award Formula.

Mr. Hurry and Ms. Welch recommended to the Board that we use the same formula. The proposed 2007 budget would restore some of the proposed FY2006 cut.

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

**VOTED:** Based on the 2007 proposed budget, that we go out with initial awards using the same formula as the current year (Academic Year 2005/2006).

Voting for: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Coleman, Mr. Solomon and General Treasurer Tavares.  
Voting against: none.

The next meeting is scheduled for April 11.

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

**VOTED:** To adjourn the meeting.

Voting for: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Coleman, Mr. Solomon and General Treasurer Tavares.  
Voting against: none.

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Mr. John Howell  
Secretary