

Please be advised that these unofficial minutes have not been approved by the RIHEAA Board of Directors and may contain incorrect and/or misleading information. These minutes are being submitted in accordance with the time requirements as specified in the Open Meetings Act. Official minutes will be submitted promptly after they have been approved and adopted by the Board of Directors at its next official meeting.

MINUTES  
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY  
BOARD OF DIRECTORS' MEETING  
JUNE 27, 2006

The 267th meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, June 27, 2006 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. Chairman McKenna called the meeting to order at 9:10 a.m.

The following members were in attendance:

Dr. Robert J. McKenna, Chairman  
 Mr. John Howell, Secretary  
 Ms. Miriam Curtis Coleman  
 Ms. Patricia Doyle  
 Mr. William B. Hall  
 Ms. Rebecca Johnson  
 Mr. Solomon A. Solomon

Members Absent:

Dr. Anthony J. Santoro, Vice Chairman  
 Dr. William Croasdale, Treasurer  
 The Honorable Paul J. Tavares, General Treasurer

Also Attending:

Mr. William H. Hurry, Jr., Executive Director, RIHEAA  
 Ms. Gail Mance-Rios, Deputy Director, RIHEAA  
 Mr. Marc Lacroix, Chief Financial Officer, RIHEAA  
 Ms. Nancy Ann Dooley  
 Mr. Michael Joyce  
 Mr. Steven Mollica  
 Ms. Marisol Garcia  
 Ms. Mary Ann Welch  
 Ms. Sue Zube  
 Ms. Meredith Holderbaum, Senate Fiscal Office  
 Lynda Gilbert, Carlin, Charron & Rosen, LLP (audit  
     firm)  
 Scott Trenholm, Carlin, Charron & Rosen, LLP (audit  
     firm)  
 Mr. Noel Simpson, RISLA  
 Mr. Chad Pastorius, NESLA

1) Approval of Minutes of Board of Directors Meetings held on April 11 and May 9, 2006.

Approval was deferred to the next meeting.

2) Chairman's Report:

a. Chairman McKenna introduced the new member to the RIHEAA Board, Ms. Patricia Doyle. Her appointment has been confirmed by the Senate. The Chairman noted that he and the executive director, Mr. Hurry, met with Ms. Doyle earlier and were impressed with her interest in and enthusiasm for serving on the Board of Directors. She was welcomed by all.

Chairman McKenna mentioned that he and Mr. Hurry attended the NEBHE meeting last Thursday and Friday. The topic was the College Ready New England initiative, which is an attempt to be sure that students are prepared for college and that there is sufficient funding and other support for them to do so.

3) Executive Director's Report: On behalf of the staff Mr. Hurry welcomed Ms. Doyle and expressed his interest in working with her.

The Executive Director reported that, after consulting with the Chairman, Ms. Doyle and Mr. Howell, a subcommittee of the Board has been created to advise and assist with marketing and public relations. Ms. Doyle has agreed to chair the committee.

Mr. Hurry updated the Board on the status of Dr. Santoro, who is recuperating well and should be back shortly.

It is noted for the record that Ms. Coleman arrived at 9:15 a.m.

Mr. Hurry reported that the Separation of Powers Bill, that included the RIHEAA section, did pass; however, there still remain issues that need to be cleaned up.

With respect to NEBHE, Mr. Hurry noted that it was a two-day retreat that he and the Chairman attended. The concentrations were NEBHE's future direction and the adoption of College Ready New England as a new principal theme/focus. NEBHE is currently waiting on a letter with the details on the decision of Nellie Mae for a substantial grant to support the project. Also, more generally, NEBHE is experiencing a financial crunch.

The NEBHE fall conference and meeting are scheduled for November 17 and 18 at the Biltmore Hotel in Providence. Senator Pell is to be honored at the dinner on the 17th. Mr. Hurry asked the Board members to please hold that date.

a. With respect to the State budget, Mr. Hurry explained that Mr. Lacroix will be presenting the update later in the meeting.

b. Ms. Mance-Rios reviewed the background of the RFP for the web-based outreach system to bring the Board and especially our new Board member, Ms. Doyle, up to date.

She reported that, as of this morning, there have been 192 hits on the web site for viewing the RFP; she has received contact from six different organizations with respect to questions about the RFP; the deadline for submission is noon on Friday, June 30; after the deadline the proposals will be reviewed and the committee that developed the RFP will be brought back to review the proposals also. A recommendation will be brought to the Board for approval possibly in early September.

4.a) Financial Report: Mr. Lacroix reported that budget versus actual reports are for the nine months ended March 31. The student financial assistance section for the Scholarship and Grant program shows the revised request which was the Governor's original recommendation and does not reflect the \$2.2 million reduction in general revenue funding. He noted that the Board had previously authorized the use of up to \$2.2 million in loan division agency operating funds to cover the reduction in general revenue. In the personnel and purchased services and operating categories in the S&G budget, the amounts in the revised request column as well as the actual amounts represent three quarters of the year's activity. Personnel amounts are close to the budgeted amounts. It is expected that there will be unspent funds in the operating section against the budgeted amounts which will be used to repay the loan division for the S&G web development costs. Mr. Lacroix noted that if we receive the same operating budget in 2007 that was received in 2006 the Grant program will have repaid the web development cost by the end of FY 07.

Regarding the College Savings Program, the Board had authorized \$4 million to supplement the state grant program. All of those funds were transferred and expended.

The Academic Promise Scholarship Program was funded for the 2010 cohort earlier in the year, and the \$500,000 allocation for the Five and Ten Matching Grant Program has recently been funded.

Regarding the budget versus actual results for the loan division, Mr. Lacroix reported that the Authority was projecting its net income for the year to be in the \$1.6-\$1.8 million range excluding amounts expended to supplement the grant program.

5) Investment Report:

a. Mr. Lacroix stated that with respect to the schedule of cash and investments, Dr. Croasdale had expressed some concerns about large balances at Sovereign Bank. The rates on the accounts at Sovereign still exceed the short-term treasuries. Dr. Croasdale, aside from this, has an interest in purchasing treasuries. Mr. Lacroix stated that, before doing this, he would like Dr. Croasdale's input on the right approach.

Mr. Lacroix mentioned that the U. S. Department of Education issued statistics on the reserve ratios for guarantee agencies. The newest release ranks RIHEAA third among approximately thirty guarantee agencies in the strength of our federal fund.

3.a) Mr. Lacroix reported that in the final 2006 budget there were other minor adjustments in addition to the \$2.2 million reduction in general revenue. He stated that RIHEAA is in the process of settling and finalizing the grant awards and will tie up loose ends with respect to personnel and agency operating expenses for the general revenue expenses.

For 2007, the original request was level funding from the original 2006 budget of approximately \$9 million. RIHEAA made the mandatory 10% cut for 2007 from the 2006 enacted level, which was approximately \$1 million. The case was made to the budget office that this level of funding was insufficient to support the maintenance of effort for the Federal programs. The Governor's budget recommendation was to fund the grant program at \$8.3 million but the enacted budget is down to \$5.7 million. The enacted budget replaces the reductions in general revenue funds with increases in the Tuition Savings Program. Mr. Lacroix noted that management will need to work on a proposal for the Board with respect to these developments in the FY 07 budget.

6) Grant/Scholarship Update:

6.0) Ms. Welch reported that the state grant program activity for 2005/2006 is for the current academic year as of June 20, 2006. The state appropriation is \$6.7 million with a potential of \$2.2 million from the agency operating fund. At this time the program is 5% under-expended. Award offers are \$13,190,000. There are a few schools that still need to verify students. The estimated range is between \$600,000-\$900,000 under budget. The average award at the end of the year will be approximately \$1,100 to just under 12,000 students.

For the 2006/2007 academic year, with the appropriation at \$5.7 million and the supplement from the *CollegeBoundfund* being at \$7.5 million, the program is over-expended by 34%. Awards are \$18.5 million to 14,439 students. At this time the average award is \$1,282.

6.1) Regarding the Academic Promise Scholarship Program activity, Ms. Welch reported that, at the end of the 2005/2006 academic year, 431 students were awarded a little over \$1 million. For academic year 2006/2007 award offers totaling \$1.1 million are out to 448 students.

7) Loan Programs Update:

Ms. Dooley reported that for the fiscal year the number of borrowers has decreased yet the number of loans has increased. After some research it was discovered that more, older students are eligible for the subsidized and unsubsidized Stafford loans. Those are counted as one borrower but two loans.

Next week the Grad Plus Loan will be available.

8) CollegeBoundfund Update: Mr. Joyce reported that, as of June 16, total assets are over \$6.68 billion, and total accounts nationally are over 474,000. Total Rhode Island assets are over \$168 million with total RI accounts of 16,017.

Regarding the 2005 5 & 10 matching grant program, the files were submitted to Alliance. The total this year is 196 approvals; total matching grants came in at about 145,000.

The 2006 draft application has recently been approved and materials are on order in both English and Spanish.

Mr. Hurry noted that the CBF RI marketing team met recently. Representatives from Alliance are expected at the next Board meeting.

9) Communications:

Mr. Hurry reported that RIHEAA has received a letter from the U. S. Department of Education. This letter closes the last Federal program review on the loan division activities. There was one outstanding issue to which RIHEAA had responded. The department accepted the response, and the review is now officially closed.

4.b) Mr. Lacroix introduced the representatives from the new independent audit firm, Carlin, Charron and Rosen.

The representatives plan to meet informally with the audit committee of the Board.

10) The date for the next meeting, July 11, 2006 will need to be rescheduled.

There being no further business to come before the Board, on motion duly made by Mr. Solomon and seconded by Mr. Howell it was

**VOTED:** To adjourn the meeting.

Voting in favor: Dr. McKenna, Ms. Coleman, Ms. Doyle, Mr. Hall, Mr. Howell, Ms. Johnson and Mr. Solomon. Voting against: none.

The meeting adjourned at 10:49 a.m.

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Mr. John Howell  
Secretary