

MINUTES
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
OCTOBER 31, 2006

The 270th meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, October 31, 2006 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. Chairman McKenna called the meeting to order at 9:06 a.m.

The following members were in attendance:

- Dr. Robert J. McKenna, Chairman
- Mr. John Howell, Secretary
- Ms. Miriam Curtis Coleman
- Mr. William B. Hall
- The Honorable Paul J. Tavares, General Treasurer
- Mr. Solomon A. Solomon

Members Absent:

- Dr. Anthony J. Santoro, Vice Chair
- Dr. William Croasdale, Treasurer
- Ms. Patricia Doyle

Also Attending:

- Mr. William H. Hurry, Jr., Executive Director, RIHEAA
- Ms. Gail Mance-Rios, Deputy Director, RIHEAA
- Mr. Marc Lacroix, Chief Financial Officer, RIHEAA
- Mr. Michael Joyce
- Mr. Steven Mollica
- Ms. Marisol Garcia
- Ms. Sue Zube
- Ms. Rebecca Johnson, Office of the General Treasurer
- Ms. Liza Cohen, House Fiscal Office
- Ms. Meredith Holderbaum, Senate Fiscal Office
- Ms. Patricia Dominguez, House Educ. Policy Advisor
- Mr. Noel Simpson, RISLA

1) Approval of Minutes of Board of Directors Meetings held on June 27, August 22 and September 12, 2006.

Action was deferred.

2) Chairman's Report:

Chairman McKenna noted that RISLA celebrated its 25th anniversary on October 20 at the Providence Marriott Hotel with a very inspiring event. He congratulated the staff on a job well done. He also thanked the RIHEAA staff and Board for their good work and support through the years.

3) Executive Director's Report: Mr. Hurry notified the Board that the State Police would be doing a walk-through of the building today due to a personnel issue about which a report was filed.

a. As an update on the state budget, included in the materials is a copy of the summary of the Governor's proposals for restoring general revenue for the state grant program and additional general revenue support for a new combined need and merit program. If there are any questions, Mr. Hurry will respond.

Mr. Hurry also noted that Lieutenant Governor Fogarty had also issued a proposal which would increase the funding for the state grant program going forward.

b. Update on RFP for Web-Based Portal. Ms. Mance-Rios introduced Jo-Ann Schofield, Vice President of The Rhode Island Mentoring Partnership. Ms. Schoefield is a member of the RFP review committee. She shared with the Board her experiences and her feelings on the work that the RFP committee accomplished in arriving at its decision for recommendation of a vendor. The committee received five proposals. Of those, two were chosen as most responsive to and capable of implementing a system of the type and scope envisioned in the RFP, Bridges and Xap Corp. These two vendors offer different but key components to the program. Subsequently the two vendors have merged, and the committee feels that this will give the outreach system the best of both proposals.

General Treasurer Tavares asked if the merger is definite, and, if so, will any features the committee is interested in be lost or eliminated due to the merger?

Ms. Mance-Rios explained that the vendor is putting together a group that is looking at the best of both products. They are looking for products their clients want to keep. Mr. Hurry noted that it appears we would not lose any desired features.

Mr. Hall asked how the cost will be managed. Mr. Hurry stated that no actual price has been put on the table. The next step would be to get into the actual contract negotiations. We are looking to fund this out of the loan division.

General Treasurer Tavares questioned that, absent the actual dollar amount, the approval today would be to enter into negotiations and, if the negotiations are unsatisfactory, there would be no commitment from this vote today, that we have any obligations?

Mr. Hurry stated that this is correct.

Ms. Coleman asked what school year is it anticipated this will be in effect.

Mr. Hurry explained that, depending on how quickly the negotiations progress, portions of the program could be in effect before the next school year. It is hoped that the main portion would be available by the beginning of 2007 school year.

9.c Action Item:

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

VOTED: To endorse the recommendation of the RFP committee to select this vendor (XAP/Bridges) and authorize the Authority to begin contract negotiations.

Voting in favor: Chairman McKenna, Ms. Coleman, General Treasurer Tavares, Mr. Hall and Mr. Solomon. Voting against: none.

c. With respect to the Cooperative Agreement with Nelnet, Mr. Hurry noted that a meeting is scheduled between the parties for November 20.

3.d. & 9.d As an update on the terms for legal services, Mr. Hurry noted that there is a copy of a letter from Mr. Palumbo included in the materials which relates to action item 9.d. There have been conversations with the finance and audit committee regarding fees associated with legal services. Mr. Palumbo has been providing legal services to both authorities from the outset and brings irreplaceable knowledge and experience to the job..

It is noted for the record that Mr. Howell arrived at 9:40 a.m.

Mr. Palumbo has requested an increase in his hourly rate. Mr. Lacroix researched the legal fees structure of two other quasi-public agencies. There also have been conversations with RISLA because it is felt that the rates should be the same for both Authorities. The recommendation, which comes with Mr. Simpson's support as well, is to increase Mr. Palumbo's hourly rate to \$150.00.

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

VOTED: To increase the legal fees for Mr. Palumbo to \$150.00/hour.

Mr. Howell asked if we were at the point where we could retain an attorney instead of working on an hourly rate and would the agency as a whole benefit?

Mr. Hurry explained that past conversations have taken place regarding this, and Mr. Palumbo decided at that time not to pursue this avenue. The conversation could be raised again notwithstanding the decision this morning.

Voting in favor: Chairman McKenna, Ms. Coleman, General Treasurer Tavares, Mr. Hall, Mr. Howell, and Mr. Solomon.
Voting against: none.

e. Mr. Hurry noted that as part of Marisol Garcia's joining the staff, a Board sub-committee which includes Mr. Howell and Ms. Doyle was created to advise us regarding marketing and public relations. Ms. Doyle could not be here this morning to give the report for the committee with respect to the work of the committee and the question of lobbying services. Action Item 9.e, therefore, will be deferred to another meeting.

Ms. Garcia reported on marketing and public relations. She noted that the committee has been working on several activities, one of which includes the translation of RIHEAA's Financial Aid Handbook. Both the English and Spanish versions are now available. The "official" announcement of the availability of the Spanish version will be on November 15.

Regarding *CollegeBoundfund* sponsorships, last year was the first year we sponsored PBS. Part of the sponsorship includes ads in their programming. The ads are in Spanish and English. The sponsorship was very successful. This year we had the opportunity to do a 2-3 minute PSA which will run on PBS. This will be launched mid-January.

With respect to 5&10 Matching Grant activities, a number of summer activities were held. These activities are what RIHEAA has done in addition to Vision Strategies and *CollegeBoundfund* who have separate activities. The advertising campaign for the 5&10 program will begin on November 7 and run through December 3. Advertisement will be in local papers, radio and television. Advertising will be supplemented with workshops.

Ms. Garcia reported that on October 18 Michael Joyce, Greg Silva and she visited with Finance Authority of Maine. They have a very successful matching grant program. In studying their program she noted that they will be meeting with the marketing sub-committee to consider the possibility of increasing the income level for the Rhode Island 5&10 Matching grant program and also expanding the program to increase the participation. They will do an impact study regarding the different scenarios, and then bring it to the committee and Board.

They will be working on developing public relations materials for the Authority and its programs/services. Hopefully a briefing kit will be ready for December.

Regarding the Poster Contest Event, General Treasurer Tavares reported that there were 252 respondents to the contest in three age brackets. There was excellent media coverage. The event was very successful and should continue.

Mr. Hurry reminded the Board members that the NEBHE Conference and awards dinner honoring Senator Pell will

take place November 17 at the Biltmore. If anyone plans to attend please advise as soon as possible.

Mr. Hurry also noted that Kevin Madigan's wife passed away. Mr. Madigan works for the Senate Finance Office, and his father was a former Executive Director of RIHEAA.

4. Financial Report: Mr. Lacroix noted that the regular financial reporting with budget vs. actual reports will resume at the next meeting.

Final copies of the audit documents were distributed. There are separate documents for the required auditor communications and the management advisory letter. There are four documents for RIHEAA and two documents for RIHEST.

Mr. Hall reported that the audit and finance committee met with the auditors on September 29 regarding the RIHEAA financial statement audit and the single audit whereas in the RIHEST audit, which came later, the committee conducted a conference call. The audit went very well. The audit and finance committee reviewed and approved the RIHEAA financial statement, the single audit and the RIHEST financial statement for FY 06.

9.a.b. Action Item:

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

Voted: To approve the RIHEAA Financial Statement Audit, Single Audit, and RIHEST Financial Statement Audit for FY 2006.

Voting in favor: Chairman McKenna, Ms. Coleman, General Treasurer Tavares, Mr. Hall, Mr. Howell, and Mr. Solomon.
Voting against: none.

Chairman McKenna thanked the audit committee for their hard work.

Mr. Hurry also thanked the committee and Mr. Lacroix and his staff for a job well done.

5) Investment Committee Report: Mr. Lacroix reported that the Board packages include Cash and Investment reports for August and September 2006. There is nothing unusual to report. He commented that returns continue to be healthy.

6) Grant/Scholarship Update: Mr. Joyce reported that in terms of state grant activity, in comparison this year we are 23% over expended as opposed to 31%. In terms of actual, verified awards for the colleges, we are 69% at this time compared to last year of 53%.

Regarding Academic Promise Scholarship for 2006/2007, in the 2006 cohort there are three students that are enrolled in bona fide five-year programs. An alteration was made to the awarding program to accommodate these students beyond their fourth year.

The new financial aid handbooks are ready to be delivered to the high school guidance offices.

On November 29 there will be a counselor training session.

Mr. Hurry reported that we are operating under the Board's decision to sustain the grant program in the current year at the 2006 level. There are more awards verified than last year at this time. He reaffirmed that we will continue to evaluate these figures, and, if necessary, go to the waiting list.

7) Loan Programs Update: Ms. Mance-Rios reported that the consolidation volume from this time last year to this year has changed dramatically due to the change in the consolidation program itself.

Loan volume shift to increase PLUS and Stafford loans is a good sign because this means we are increasing our portfolio.

The Loan Division is involved in the College Access Initiative, and we have been providing information and uploading this information to a national web site, which will be announced early in November. This will provide additional resources for Rhode Island students.

8) CollegeBoundfund Update: Mr. Joyce reported that as of October 20 the program has a total of 476,568 accounts comprising a total asset value of over \$7.2 billion. Of these accounts 16,500 are Rhode Island accounts with total asset value of over \$184 million.

Regarding the visit to FAME, it was the most productive experience within the last year in terms of coming back with tangible information. It was most worthwhile!

The campaign for the upcoming event, "Gift of Education", will begin on November 24.

Alliance-Bernstein did a study of students who have graduated from college and found that 41% of those students move back home due to financial difficulties. Alliance will be doing an advertising campaign focusing on this research.

Alliance Bernstein will be invited to the next meeting to speak to this.

10) Communications: There were no communications.

11) The regularly scheduled date of November 14 for the next meeting is being changed to November 28, 2006 at 9:00 a.m. if there are no objections.

There were none.

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

VOTED: To adjourn the meeting

Voting in favor: Chairman McKenna, Ms. Curtis Coleman, General Treasurer Tavares, Mr. Hall, Mr. Howell, and Mr. Solomon. Voting against: none.

The meeting adjourned at 10:25 a.m.

Mr. John Howell
Secretary