

MINUTES
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
NOVEMBER 28, 2006

The 271st meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, November 28, 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
Dr. William Croasdale, Treasurer
Mr. John Howell, Secretary
Mr. William B. Hall
The Honorable Paul J. Tavares, General Treasurer

Members Absent:

Dr. Anthony J. Santoro, Vice Chair
Ms. Miriam Curtis Coleman
Ms. Patricia Doyle
Mr. Solomon A. Solomon

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. Joseph Palumbo, Esq., Legal Counsel, RIHEAA
Ms. Nancy Ann Dooley
Ms. Mary Ann Welch
Mr. Michael Joyce
Mr. Steven Mollica
Ms. Marisol Garcia
Ms. Sue Zube
Ms. Rebecca Johnson, Office of the General Treasurer
Ms. Meredith Holderbaum, Senate Fiscal Office
Ms. Patricia Dominguez, House Educ. Policy Advisor
Mr. Noel Simpson, RISLA
Mr. David Souto, NESLA
Ms. Trish Connor, XAP/Bridges Corp.

1) Approval of Minutes of Board of Directors Meetings held on June 27, August 22, September 12, and October 31, 2006.

On motion duly made by Dr. Croasdale and seconded by General Treasurer Paul Tavares it was

VOTED: That the minutes of the June 27, August 22, September 12 and October 31, 2006 Board of Directors Meetings be approved and placed on file.

Voting in favor: Chairman McKenna, Dr. Croasdale, Mr. Howell, Mr. Hall and General Treasurer Tavares. Voting against: none.

9.a) Action Item: Election of RIHEAA Board Officers.

On motion duly made by Dr. Croasdale and seconded by General Treasurer Tavares it was,

VOTED: To re-elect the slate of Board officers that currently exists for a term of one year.

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| Dr. Robert J. McKenna | Chairman |
| Dr. Anthony J. Santoro | Vice-Chairman |
| Dr. William Croasdale | Treasurer |
| Mr. John Howell | Secretary |

Voting in favor: Chairman McKenna, Dr. Croasdale, Mr. Howell, Mr. Hall and General Treasurer Tavares. Voting against: none.

2) Chairman's Report:

Chairman McKenna gave a brief outline of the National and State election results for the new Congress beginning January 2007 and the changes that will take place regarding higher education.

Major legislation will be proposed and at this time it is thought that there should be well-balanced support on the position from both parties in the area of education.

Also, it is expected that the interest rate for guaranteed loans will be reduced by 50%. It will also be proposed that at no time will any student, who has borrowed funds, have to pay more than 15% of their adjusted gross income.

The Chairman noted that Governor Carcieri has indicated that he will propose an increase in the State grant aid to \$15 million.

NEBHE held its Board meeting on November 18 in Providence. It was an excellent and inspiring meeting. Chairman McKenna reported that at this meeting he officially stepped down as Treasurer to become Treasurer Emeritus, and Mr. William Hurry was elected Treasurer of NEBHE.

3) Executive Director's Report:

Mr. Hurry wished everyone a happy holiday season.

With the Board's permission the meeting moved to agenda item 3.b at this time.

b. Mr. Hurry reported that since the last Board meeting, staff and Mr. Palumbo have been in contact with, and in negotiations with XAP/Bridges, Inc. on contract language. The final documents have not yet been finalized, but progress is moving along nicely. For the benefit of members of the Board who were not present at the full presentation of the system Trish Connor from XAP was invited to give an abbreviated presentation today.

Ms. Connor presented the Board with an overview and history of XAP and gave a presentation on the portal system. She explained briefly the reasons for putting a portal up.

Some of the main components are: career planning; currently XAP/Bridges has 35 portals in 28 states; they build custom solutions; they will provide an integrated system.

Within the Rhode Island portal there will be a section for college planning. There will also be a transcript exchange system.

Dr. Croasdale asked how they plan to handle fraudulent transcripts.

Ms. Connor made note and stated that she will talk to the IT people at XAP.

The portal will also include mentor modules.

In reviewing the elementary career awareness portion of the portal, Dr. Croasdale asked Ms. Connor if she has looked into what Piaget says about some of this material. She stated that she would have the developers research this.

After completion of the overview of the portal Mr. Howell asked how this will mesh with what the state is doing in terms of digital portfolios and graduation by proficiency.

Ms. Connor explained that XAP is willing to work with the appropriate persons to integrate this into the system.

2) Chairman's Report (cont.):

Chairman McKenna noted that a draft resolution has been prepared for the Board's review and approval to honor General Treasurer Paul J. Tavares for his great support and contributions throughout his term on the RIHEEA Board.

Dr. Croasdale presented the resolution.

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

Voted: To approve the resolution.

Voting in favor: Chairman McKenna, Dr. Croasdale, Mr. Hall, Mr. Howell. Voting against: none.

General Treasurer Tavares expressed his gratitude. He commented that he is proud of what has been accomplished collectively throughout his term and stated that it has been an experience in life that he will cherish and regard highly for the rest of his life. He thanked everyone for the opportunity to be a part and all the courtesies that have been extended to him during this time.

Mr. Hurry presented the General Treasurer with a remembrance on behalf of the Board of Directors and staff of RIHEEA.

Due to personal reasons Mr. Hurry suggested that the December Board meeting be rescheduled to a later date.

3.a) Regarding the state budget, Mr. Hurry reported that RIHEEA had its meeting with the state budget office. The proposed budget as it now stands is as the Governor

reported it in his October press conference. Conversations are continuing with the budget office.

At the Federal level, Mr. Hurry commented that it is important to be cautious. From the FFELP program point of view there is great concern that there not be a return to the idea of eliminating the FFELP program.

c) With respect to the cooperative agreement with NELNET, Mr. Hurry stated that he and Mr. Palumbo met last week with representatives from NELNET. The meeting was positive. A conceptual agreement was met on some of the remaining issues that were outstanding. Mr. Palumbo is in the process of codifying those changes in the document. The next step is for that amended document to go back to the sub-committee for its approval. Then it will go to NELNET for their final review. A recommendation should be available for Board approval at the next meeting.

d) Regarding the default fee issue, Mr. Hurry stated that the finance committee is scheduled to meet to review this again and will have a recommendation for the next meeting.

At this time Mr. Hurry asked for a moment of silence in memory of Helen Matheson who passed away. Ms. Matheson was the confidential secretary to John Madigan, the first executive director of RIHEAA, and then for Woody Farber, before retiring in 1992.

The Guidance Counselor Workshop will be held on Wednesday, Nov. 29 at the Radisson in Warwick. Included in the workshop will be a XAP presentation for the guidance community.

The Governor's PK-16 Council has the portal issue on its agenda for their next meeting on December 8.

Mr. Hurry noted that it is expected that a recommendation for the contract for the portal will be ready for the next Board meeting.

Regarding the annual schedule of meetings for 2007, Mr. Hurry asked the Board if it would be problematic to move the days from the second Tuesday to the third Tuesday of each month. There was no objection.

The December meeting will be rescheduled with the Board's permission. There was no objection.

Mr. Palumbo stated that in the past a committee was formed to do an annual performance review of the Executive Director. He reminded the Board that this should be done annually. Chairman McKenna suggested this be made an item on the agenda for the next meeting.

4. Financial Report: Mr. Lacroix reported that the budget versus actual report are for the three months ended September 30 for the Scholarship and Grant Program and the College Savings Program. The student financial assistance section reflects the full-year appropriation, personnel purchased services and operating sections represent 25% of the revised request. He noted that of the \$5.7 million appropriation from general revenue, \$4.5 million has been expended. The controller's office and budget office requested that we begin to provide the supplemental funding from the tuition savings program earlier in the process, so as not to exhaust the general revenue funds before providing any supplemental funding. This has been done.

In the college savings program, of the budgeted amount of \$7.6 million, at September 30 no supplemental funding had been provided. Since September 30, \$1.5 million has been provided.

Regarding the budget versus actual report for the Loan Division, Mr. Lacroix mentioned that the first quarter results are skewed to the positive. This is attributable to the change in the method used by the U.S. Department of Education to pay RIHEAA the Account Maintenance Fee and also that rehabilitations revenue is higher in the first quarter due to a change made at the Federal level. It is estimated that the operating results in the loan division for the current year will be approximately the same as they were for the past year.

5) Investment Committee Report: Mr. Lacroix reported that RIHEAA has purchased two additional short-term treasury notes. Regarding the longer-term notes the interest rates are less than the short-term.

Mr. Lacroix reported that Mr. Steven Mollica, a key person on the accounting staff, is retiring after thirty-five years. Congratulations were expressed.

6) Grant/Scholarship Update: Ms. Welch reported that the state grant program is being looked at carefully. The program is in a good position at this time. We are over-

expended at about the same percentage as last year at this time. The final expenditure should be at approximately \$12.8 million, which is the goal.

Regarding the Academic Promise Scholarship, there are 419 students with awards totaling \$1 million.

At the Guidance Counselor Seminar which is co-sponsored by RIHEAA and RISLA, in addition to the XAP presentation, RIHEAA and RISLA will be doing the general program updates. Also, the President of the high school guidance counselor association will be doing a presentation on a program to introduce students to going to college and financial aid processes.

Mr. Hurry noted that the Spanish Financial Aid Night was a great success. Ms. Marisol Garcia did an excellent job, and the program was well received.

With respect to NEBHE, Mr. Hurry reported that the Board did vote a 5% increase in the state assessment rates for 2008.

7) Loan Programs Update: Ms. Dooley reported that consolidations have decreased. We expect that we will not see as many consolidations in the future as we have in the recent past.

This is the first year that the Graduate Plus Loans have been offered. Total for this year is \$7,100,000.

The ERC workshop was held where the financial aid administrators were presented information on identity theft. The workshop was well received.

High School nights will begin next week.

8) CollegeBoundfund Update: Mr. Joyce reported that as of November 10 there are over 477,000 Cbf accounts for a total amount of \$7.3 billion in assets. Of those accounts, over 16,000 are Rhode Island resident accounts with over \$187 million in assets.

An advertising campaign for "5&10" has begun for which Ms. Garcia received full credit.

10) Communications: There were no communications.

11) The December meeting will be rescheduled.

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

VOTED: To adjourn the meeting

Voting in favor: Chairman McKenna, Dr. Croasdale,
Mr. Hall, Mr. Howell, and General Treasurer Tavares.
Voting against: none.

The meeting adjourned at 10:40 a.m.

Mr. John Howell
Secretary