

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.

**DRAFT/UNOFFICIAL** MINUTES  
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY  
BOARD OF DIRECTORS' MEETING  
JUNE 1, 2007

The 275th meeting of the Rhode Island Higher Education Assistance Authority was held on Friday, June 1, 2007 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. Chairman McKenna called the meeting to order at 9:00 a.m.

The following members were in attendance:

Dr. Robert J. McKenna, Chairman  
 Dr. William Croasdale, Treasurer  
 Mr. John Howell, Secretary  
 Mr. J. Michael Costello  
 Dr. Brenda Dann-Messier  
 Ms. Patricia A. Doyle  
 Mr. Solomon A. Solomon  
 Mr. Xay Khamsyvoravong, designee of the General  
 Treasurer

Members Absent:

Dr. Anthony J. Santoro, Vice Chairman

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 R. Palumbo, Esq., Legal Counsel, RIHEAA  
 Ms. Nancy Ann Dooley  
 Ms. Mary Ann Welch  
 Mr. Michael Joyce  
 Ms. Marisol Garcia  
 Mr. Greg Silva  
 Ms. Sue Zube  
 Ms. Paula Dominguez, House Education Policy Advisor  
 Ms. Meredith Holderbaum, Senate Fiscal Office  
 Mr. Noel Simpson, Executive Director, RISLA

1) Approval of minutes.

On motion duly made by Dr. Croasdale and seconded by Ms. Doyle it was

**VOTED:** That the minutes of the March 23, 2007 Board of Directors meeting be approved and placed on file.

Voting in favor: Chairman McKenna, Dr. Croasdale, Ms. Doyle, Mr. Solomon, Mr. Khamsyvoravong. Voting against: None. Abstentions: Mr. Costello, Dr. Dann-Messier.

2) Chairman's Report: Chairman McKenna informed the Board of the two new appointments made by the Governor, and confirmed by the Senate, to sit on the RIHEAA Board of Directors for a five-year term ending July 2012. He took this opportunity to introduce Dr. Brenda Dann-Messier and Mr. J. Michael Costello. The Chairman gave a brief bio of each.

Chairman McKenna also informed the Board of the reappointment of Mr. Solomon A. Solomon to the RIHEAA Board for a five-year term ending July 2012.

The Academic Promise Scholarship Reception was held Thursday, May 31, at the Community College of Rhode Island Warwick Campus. Mr. Hurry was the Master of Ceremonies. It was very nice event. A group picture was taken. The Chairman congratulated Mr. Hurry and staff for their excellent work.

It is noted for the record that Mr. Howell arrived at 9:06 a.m.

Regarding the state budget issues, the Chairman reported that the state is in serious financial need. An additional \$80 million of revenue for fiscal year 2008, which was expected when the Governor submitted his proposal, is not expected now until fiscal year 2009. The General Assembly must now cut \$80 million.

For the benefit of the new Board appointees, a brief overview was given before each update/report during this meeting.

Dr. Croasdale noted that Dr. Santoro is recovering from surgery and doing well. His term on the RIHEAA Board ends on July 1, 2007. Dr. Croasdale suggested that a letter be sent to the Governor supporting his reappointment.

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

**VOTED:** To have a letter sent to the Governor requesting reappointment of Dr. Anthony Santoro to the RIHEAA Board of Directors for another five year term.

Voting in favor: Chairman McKenna, Dr. Croasdale, Dr. Dann-Messier, Mr. Khamsyvoravong, Mr. Costello, Mr. Howell, Mr. Solomon, Ms. Doyle. Voting against: none.

3) Executive Directors Report:

a. With respect to the federal and state budget situation, Mr. Hurry reported that there has been no further word.

Since the last meeting Mr. Licht and his assistant, Ms. Mance-Rios, Ms. Garcia and Mr. Hurry had a very cordial meeting with Senator Alves. The Senator was open to the situation and expressed interest in assisting.

At the federal level, there is full leadership change. With respect to the student loan portion of what the agency does, the issues in the media regarding allegations of misbehavior is backdrop to the debate about how to fund the student loan industry. This is basic issue between the direct loan program and the FELP program.

Mr. Hurry is currently chairing the Guarantor Caucus which is made up of the thirty-five CEO's of the guaranty agencies across the country. The group developed a proposed revised funding model for guarantee agencies. He met with Sen. Kennedy's chief aide in this area. The undercurrent is a negative situation for the FELP industry at this time. There is anticipation of significant future cuts in lender yields. From a guarantee perspective there will be substantial reductions in default collection retentions and certain fees.

Dr. Dann-Messier requested a copy of the revised funding model.

b. Regarding the web portal update Ms. Mance-Rios reported that the first phase is in process. The soft launch will be available in July 2007. On June 19 representatives from XAP and Bridges will be visiting to review the main portal which will be available in 2008. Next week Ms. Mance-Rios will attend a client meeting. Rhode Island's web portal system will be the first fully integrated program

c. An RFP was put out for Guarantor System and related Services. Two bids were received for a comprehensive system which are Sallie Mae and Great Leaks Higher Education Services Corporation. We also received 8 incomprehensive bids which are CTI, Account Control Technology (ACT), Premier Credit, Van Ru, Out-Sourcing Inc. (OSI), R&B Solutions, Windham Professionals and Student Loan Counseling Service. There are no local bidders. The committee is in the process of reviewing first the comprehensive proposals. An extension of the existing agreement will need to be negotiated, which will expire on September 30, 2007.

d. Mr. Hurry welcomed the new Board members.

e. Mr. Hurry reported that Chairman McKenna's term on the New England Board of Higher Education ended as of May 31, 2007.

9.a. On motion duly made by Dr. Croasdale, chairman of the nominating committee and seconded by Mr. Solomon, it was

**VOTED:** To nominate Chairman McKenna for reappointment to the New England Board of Higher Education for a three-year term through May 31, 2010.

Voting in favor: Dr. Croasdale, Dr. Dann-Messier, Mr. Khamsyvoravong, Mr. Costello, Mr. Howell, Mr. Solomon, and Ms. Doyle. Voting against: none. Chairman McKenna abstained.

f. Regarding the RIHEAA 30<sup>th</sup> anniversary event, Mr. Hurry reported that the committee has suggested that the event be held in October. One issue is how to pay for the event. The committee is looking to have more of a professional development 30<sup>th</sup> anniversary event and to incorporate the launch of the national awareness campaign, the web portal and workshops. After further discussion, it was agreed to authorize Mr. Hurry and staff to come back to the next meeting with a more definitive and detailed proposal.

Mr. Hurry asked if any Board members would like to join the committee.

Mr. Howell, Ms. Doyle and Mr. Khamsyvoravong agreed to join.

4.a Mr. Lacroix reported that one significant issue regarding budget versus actual results for the Loan Division Operations for the nine months ended March 31 is that the operating results for the first nine months of 2007 have been much better than anticipated. The net income has already been exceeded for the entire year as compared to the previous year. Current fiscal year includes the reduction of revenue from consolidation transactions on defaulted student loans. As noted, the results are better than expected.

Under purchased services and operations there is nothing unusual to report.

Budget versus actual results for the Scholarship and Grant Program and Tuition Savings Program the revised request amounts represent 100% of the appropriation for the year. The personnel, purchased services and operating sections show 75%. Actual expenditures in the Grant Program will come in around \$700,000 less than the total budget amount.

Regarding the College Savings Program there is nothing unusual to report. At this time the personnel section is under budget. Purchased services and operating expense the marketing and promotion expense of \$300,000 is estimated through three quarters.

5.a Dr. Croasdale made a clarification. He stated that he always recommends that investments be put in treasuries. Percent yields are up at Sovereign Bank.

b. Mr. Lacroix reported that one comment from the management letter last year was the absence of a comprehensive policies and procedures manual for the agency. The agency has retained a CPA firm, O'Connor and Drew to develop and produce an accounting policies and procedures manual. This work is underway at this time. The first draft is expected in two weeks.

Mr. Hurry noted that the audit firm Carlin, Charron and Rosen has been at the agency and has begun preliminary work on the 2007 audit.

6.a Ms. Welch reported that for the 2006-07 academic year with total funding of \$13.78 million award offers are now at \$13.39 million which is 2.8% under the appropriation and 4% over the final expenditure for 05-06 academic year. Currently awards are being given to 12,032 students with an average award of \$1122. There are 11,056 students on the waiting list.

b. For the 07-08 academic year is based on total funding of \$10,316,000, assuming that the state appropriation is going to be \$5.8 million. Currently the program is over extended. Award offers are out to 14,821 students for \$15.7 million. The average award is \$1,092. The maximum award was reduced from \$1400 to \$1200.

Mr. Hurry referenced the article included in the Board materials by Jennifer Jordan regarding the Board's decision to cap awards at \$1200.

Regarding the Academic Promise Scholarship reception Ms. Welch noted that those students received full time awards and they received \$2,500 per year for a maximum of \$10,000 for four years. There is a cumulative grade point average requirement when in college which increases each year. The students are chosen based on their need and their merit. The goal is to end with approximately 100 students in each cohort class.

6.a/b The Academic Promise Scholarship Program report shows the 07/08 academic year. There are 449 awards for \$1,122,500. The students that were awarded for the 07/08 academic year had an average SAT score of 1228, the highest was 1560 and the lowest was 1090. The need component is the estimated family contribution (EFC). Sixty-seven percent of these students had zero for their EFC. The average EFC is \$275 the highest was \$3618.

7) Regarding the Loans Program, Ms. Dooley noted that there is a correction on the report. The total number of loans for April 2007 should be 2,332.

There is more business this year than last year. There really is not much change.

Regarding NSLDS we have received access again.

Ms. Dooley reported that she attended the EASFPA conference this past week at which RIHEAA was a vendor. The conference took place at Niagara Falls, NY.

8.a Mr. Joyce reported that as of May 18, 2007 total CollegeBoundfund assets are over \$8.3 billion. Total accounts are 487,100 and of those, 18,153 are Rhode Island accounts for total Rhode Island assets over \$222,835,000.

Mr. Joyce distributed a copy of an email announcing that colleagues at AllianceBernstein have received the "2007 Best Media Campaign of the Year Award" by the Bulldog Reporter, which is an association of journalists, for their efforts on the College Savings Crunch. The College Savings Crunch was an extensive research and media campaign launched by Alliance in 2007 regarding the need to save for higher education.

b. Regarding marketing, the RFP deadline for a new media firm is May 21 for the larger media agency and 5/25 for the grass roots on the ground agency.

Ms. Garcia reported that interviews for the RFP's are scheduled for June 20 and 21, 2007.

Ms. Doyle asked if there are deliberate intentions for separating the two.

Mr. Khamsyvovavong and Ms. Garcia explained that we have had the New York media agency and the intention is to bring it to Rhode Island. The new strategy is to focus more on opening accounts so that we have the awareness out there. This is why the committee wanted to separate the media from the on ground where they want the on ground to focus more on actually opening more accounts in Rhode Island.

After further discussion it was noted that no decision has been made at this time whether to choose two firms or one comprehensive.

9.b Action Item: Possible Modification(s) to 200/08 State Awarding Formula.

Action has been deferred awaiting results of the budget hearing.

10) There were no communications.

11) The next meeting is scheduled for July 20 with the possibility of scheduling a special meeting beforehand.

There being no further business to come before the Board, 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. Croasdale, Mr. Costello, Dr. Dann-Messier, Ms. Doyle, Mr. Howell, Mr. Solomon and Mr. Khamsyvoravong. Voting against: none.

The meeting adjourned at 11:00 a.m.

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Mr. John Howell  
Secretary