

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
JANUARY 18, 2008

The 280th meeting of the Rhode Island Higher Education Assistance Authority was held on Friday, January 18, 2008 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, RI. Chairman McKenna called the meeting to order at 9:04 a.m.

Board Members in Attendance:

Dr. Robert J. McKenna, Chairman
 Dr. Anthony J. Santoro, Vice Chairman
 Dr. William Croasdale, Treasurer
 Mr. John Howell, Secretary
 The Honorable Frank T. Caprio, General Treasurer
 Dr. Brenda Dann-Messier
 Mr. J. Michael Costello
 Mr. Solomon A. Solomon

Board Members Absent:

Ms. Patricia A. 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. Joseph Palumbo, Esq., Legal Counsel, RIHEAA
 Ms. Nancy Ann Dooley
 Mr. Michael Joyce
 Ms. Mary Ann Welch
 Ms. Marisol Garcia
 Mr. Charles Miller
 Ms. Kathy Sisson
 Mr. Thomas Pearce
 Ms. Diane Carlin
 Ms. Sue Zube
 Ms. Paula Dominguez, House Education Policy Advisor

Ms. Liza Pinto, House Fiscal Advisory Staff
Mr. Peter Kerwin, Office of the General Treasurer
Mr. Xay Khamsyvoravong, Office of the General Treasure
Mr. Daniel Calhoun, Office of the General Treasurer
Mr. Noel Simpson, RISLA
Mr. Chad Pastorius, RISLA

1) Minutes were not available for approval.

2) Chairman's Report: Chairman McKenna took this opportunity to thank everyone for their hard work and efforts in 2007. He noted that we should be in contact with the Governor and key legislators to ask for their support in order to maintain the current funding in the coming year.

There are no further cuts on the national level.

3) Executive Director's Report:

a. Regarding budget issues at the Federal level, on the authorization side there was some movement in terms of enhanced support for the Pell Grant Program. On the appropriation side it is uncertain that the money will actually be received because the total amount that was appropriated is not sufficient to fund the increase that the authorization would have allowed.

In terms of the student loan business, as a result of the college cost reduction act agencies are struggling with significantly reduced Federal compensation for work done in the FELP program. This relates to the question of the default fee which will be discussed further in the meeting today.

Recently, in terms of the state budget situation, the Authority was informed via email that the supplemental budget reflects approximately a \$750,000 reduction in the current year in the \$10 million general revenue appropriation. There are no further details.

Mr. Lacroix noted that the significant change is that from the original enacted amount of \$10 million for general revenue for the grant program, it was suggested at a recent budget meeting that that number might be reduced to \$9,500,000 and the reduction is a little over \$750,000,000. He stated that the big change from original enacted and the revised request was essentially a three-quarter million dollar cut in the grant appropriation.

Mr. Hurry stated that Ms. Welch will report, later in the meeting, on the status of the current year awards. In reviewing the data he noted that we will not come in under what was projected. The Board's decision with respect to the awards will be one of whether there is an interest in

reducing the awards for the spring semester or whether a method will be developed to backfill whatever the deficit ultimately turns out to be.

b. Chairman McKenna expressed his gratitude to the staff for the outstanding job they did putting together the RIHEAA 30th Anniversary Event.

Ms. Garcia noted there were over 250 attendees. This was also a great opportunity to introduce the WaytoGO web portal. It was very successful. The Board approved an appropriation of \$25,000 and the committee spent \$22,000.

c. Ms. Garcia reported that the Authority has begun to schedule meetings with the Congressional delegation in Rhode Island. Also continuing to work with Mr. Richard Licht. Expect to have an event on February 6 where they will be holding an open session where General Assembly members can learn about the WaytoGo product.

The newly designed RIHEAA folder was also presented at the 30th Anniversary Event. The Authority received citations from the Lieutenant Governor, the Governor and Congressman Patrick Kennedy on the event.

Regarding the 30th Anniversary Event, Mr. Hurry noted that two awards were instituted, one in honor of Senator Pell and one in honor of Senator Reed. Ms. Mary Ann Welch was recipient of the first Reed Award.

Ms. Welch thanked everyone for their support.

d. Evan Dobell, President of NEBHE, has accepted the position of President of Westfield State College. The executive committee of NEBHE met last Monday. The committee offered the interim presidency to Michael Thomas.

Regarding Board attendance and Board participation, Mr. Hurry asked Mr. Palumbo to give a brief opinion.

With respect to the Rhode Island Public Open Meetings Law, Mr. Palumbo stated that the law requires that Board members personally attend the meetings. His thought is to have some discussions with the legislative leadership to see whether or not that law might be somewhat relaxed, such as a change in the statute that would permit Board members to participate by telephone who are unable to attend.

e. For public record, Mr. Hurry reported that the first Chairman of the Rhode Island Higher Education Assistance Authority Board of Directors, Mr. Thomas Carmody, passed away.

Dr. Croasdale suggested that a scholarship be created in his name.

f. Regarding RIHEAA Board Appointments, Mr. Hurry stated that Dr. Santoro's official reappointment time expired June 2007. The Board did send a request to the Governor's appointment office requesting that he be reappointed to the Board. Mr. Hurry spoke with Ms. Deborah Smith and she indicated that it would not be reviewed until Mid January.

Also, Dr. Croasdale's term will end June 2008. With the Senate confirmation process now in effect Mr. Hurry wanted to alert the Board to this and suggested that we get this into the process now. General Treasurer Caprio volunteered his office in the effort.

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

VOTED: That a recommendation is made to reappoint Dr. Croasdale to the RIHEAA Board for another term.

Voting in favor: Chairman McKenna, Dr. Santoro, Dr. Dann-Messier, General Treasurer Caprio, Mr. Costello, Mr. Howell, and Mr. Solomon. Voting against: none. Abstentions: Dr. Croasdale.

Preliminary work has been done on developing rules and regulations for the adult education initiative. It is expected that a set of proposed rules will be available for the next meeting.

4.a) There is no report.

5.a) Investments Committee Report: Dr. Croasdale reported that we are still investing in Treasuries and this has been and still is his recommendation. The latest print out is included in the materials.

Mr. Lacroix noted that the section, Federal Student Loan Reserve Fund, is at a historically low point as a result of change in Federal legislation. There was an acceleration

of claims payments. This resulted in cash balances available in the Federal Fund getting progressively smaller. It is expected that this spike in activity is passing and the balance will return to more normal levels.

Mr. Lacroix mentioned that AllianceBernstein has just notified us that the payment for account maintenance fees for the participants as of December 31, 2007 is basically \$4.3 million. This has been consistent for the past two years.

Dr. Croasdale noted that when he and Dr. Santoro met with the auditors he asked about the way the Authority invests in Treasuries. RIHEEA is top as far as investing.

General Treasurer Caprio took this opportunity to commend Dr. Croasdale for his superior work and attention to detail.

6) Grant/Scholarship Programs Update: Ms. Welch reported that the recent update materials are based on a \$10 million state appropriation. We are over-expended by 26% whereas it was 19% last year at this time. This does not reflect the new figures received yesterday. The percentage will begin to decrease rapidly within the next month.

If we do not go out to a waiting list we will be a little over-expended. This is and will continue to be, monitored daily.

Mr. Hurry stated that there will be no cuts in awards for the spring semester and no awards will be added for the spring. This will be monitored and hopefully it will decrease at \$14.4 million. It is understood that if we get to the \$14.4 million number we will have to make up the funds that the budget office is suggesting they will take away in the current budget. If it goes above \$14.4 we will be over the \$750,000 and if it comes in under we will have to make up less than \$750,000.

Mr. Hurry asked the permission of the Board to move to agenda item 9.

9) WaytoGoRI Update: Ms. Mance-Rios introduced, and gave a brief background of Ms. Kathleen Sisson, Program Planner for the WaytoGoRI Portal.

Ms. Sisson reported on, numerous trainings which she attended, as Program Planner during the introductory period, and program outreach. She also presented an update on training she has provided to counselors, teachers and students to date. Ms Sisson highlighted some information on usage and noted that information will be provided on a regular basis. There has been very positive feedback on the program.

7) Loan Programs Update: Ms. Dooley introduced Mr. Thomas Pearce, the new supervisor in the collections division. She gave a brief background on him.

Ms. Dooley also introduced Ms. Diane Carlin, manager of the guarantee services division, a long-standing RIHEAA employee.

Regarding consolidations, there has been a substantial decrease. This was anticipated.

Another significant issue is the Grad Plus Program. More students are borrowing. There has been an increase and this should continue.

8) CollegeBoundfund Update: Regarding the changes in the Matching Grant Program, Mr. Joyce reported that program made it through the "regulatory waiting period" and the "5&10 Matching Grant Program" has now officially become "The CollegeBoundfund Matching Grant Program". We are in the process of receiving the updated printed materials. They will be mailed out to the recipients shortly.

The new CollegeBoundfund radio spot went live approximately one month ago.

In terms of performance, Mr. Hurry noted that the CollegeBoundfund program has once again received a high rating from Savingforcollege.com.

7.a) Policy on Federal Default Fee for 2008/2009:

Mr. Hurry noted that in the current year RISLA has been paying the default fee. They are not in a position to do that in the year ahead. We are not in a position to make a recommendation to the Board today. As we go forward into the new funding model under the college cost reduction act our own margins in RIHEAA on an annual basis are not sufficient to pay the default fee out of those margins. The issue will continue to be monitored and discussions

will continue with the Finance Committee. It is hoped that there will be a recommendation for the Board at the February 15 meeting.

10.b) Action Item: Approval of Proposed Board Meeting Schedule for 2008.

A proposed meeting schedule is included in the materials. Mr. Hurry noted that it reflects the third Friday of each month at 9:00 a.m.

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

VOTED: To approve the RIHEAA meeting schedule for 2008.

Voting in favor: Chairman McKenna, Dr. Santoro, Dr. Dann-Messier, General Treasurer Caprio, Mr. Costello, Mr. Howell, and Mr. Solomon. Voting against: none. Abstentions: Dr. Croasdale.

11) There were no communications.

12) The next meeting is scheduled for February 15, 2008.

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. Santoro, Dr. Dann-Messier, General Treasurer Caprio, Mr. Costello, Mr. Howell, and Mr. Solomon. Voting against: none.

The meeting adjourned at 10:50 a.m.

Mr. John Howell
Secretary