

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.

UNOFFICIAL MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY

BOARD OF DIRECTORS' MEETING

MARCH 21, 2008

The 281st meeting of the Rhode Island Higher Education Assistance Authority was held on Friday, March 21, 2008 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, RI. Chairman McKenna called the meeting to order at 10:20 a.m.

Board Members in Attendance:

Dr. Robert J. McKenna, Chairman
 Dr. Anthony J. Santoro, Vice Chairman
 Mr. John Howell, Secretary
 Ms. Patricia A. Doyle
 The Honorable Frank T. Caprio, General Treasurer
 Dr. Brenda Dann-Messier
 Mr. Solomon A. Solomon

Board Members Absent:

Dr. William Croasdale, Treasurer
 Mr. J. Michael Costello

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. Greg Silva
 Ms. Christina Faulkner
 Ms. Sue Zube
 Ms. Paula Dominguez, House Education Policy Advisor
 Ms. Meredith Holderbaum, Senate 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 available for October 2007 and January 2008 meetings.

On motion duly made by Dr. Santoro and seconded by Dr. Dann-Messier, it was

VOTED: That the minutes of the RIHEAA Board of Directors Meetings held on October 19, 2007 and January 18, 2008 be approved and placed on file.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Dr. Dann-Messier, General Treasurer Caprio, Mr. Solomon and Ms. Patricia Doyle. Voting against, none:

2) Chairman's Report: Chairman McKenna apologized for beginning the meeting late. The prior meeting took longer than anticipated.

The Chairman reported that, regarding both state and federal budget issues, we are operating in a very critical time.

3) Executive Director's Report: Mr. Hurry expressed congratulations to Dr. Santoro and Dr. Dann-Messier for confirmation of reappointment to their respective Boards, Dr. Dann-Messier to the Board of Governors for Higher Education and Dr. Santoro to the RIHEAA and RISLA Boards.

Mr. Solomon was also congratulated for his induction into the CCRI Hall of Fame last week. Mr. Solomon took this opportunity to thank everyone for their support.

Congratulations were also extended to Ms. Gail Mance-Rios, Deputy Director of RIHEAA. At the RISCA (Rhode Island School Counselor Association) Spring Conference, which was held this week, Ms. Mance-Rios was recognized as "Advocate of the Year" for her work in support of the "WaytogoRI" Program. The plaque presented to her was distributed. Regarding the program, Mr. Hurry reported that he received a note from the director of counseling at Our Lady of Fatima School in Warren stating their appreciation of and praise to Ms. Mance-Rios for her outstanding assistance. Mr. Hurry stated that she is a wonderful asset to the Authority and to him.

a. Regarding the state budget issue, Mr. Hurry noted that other than what is in the media he has heard nothing else.

The RIHEAA Budget hearings at the House and Senate Finance Committees have not yet been scheduled. When we receive the information about the scheduling he asked that some of the Board members try to be available to assist at the hearing(s).

In terms of legislative relations RIHEAA is continuing to work with Mr. Richard Licht.

b. As an update on the Guarantor Servicing Agreement Mr. Hurry reported that an RFP was put out for vendors for guarantor servicing. A committee has been reviewing the proposals; there are two comprehensive proposals, Great Lakes Higher Education Servicing Corp. and Sallie Mae Guarantor Services. The committee has honed in on the preferred vendor. Action Item 10.a asks that the Board authorize Mr. Hurry along with Mr. Palumbo to work toward the development of a tentative agreement. Negotiations are continuing.

10.a) On motion duly made by Dr. Santoro and seconded by Ms. Doyle, it was

VOTED: To authorize the Executive Director, Mr. Hurry and legal counsel, Mr. Palumbo to work towards the development of a tentative agreement to be resolved and brought to the Board for final approval at it's next meeting.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Dr. Dann-Messier, General Treasurer Caprio, Mr. Solomon and Ms. Patricia Doyle. Voting against, none:

10.b) A draft of the proposed rules and regulations to implement the "Adult Education Initiative Scholarship Program" is included in the Board materials. Mr. Hurry recommended that the name be changed to the "Adult Education Grant Program". The Board has already authorized and dedicated funds which have been set aside in an omnibus account at AllianceBernstein in a 529 account to fund adult education grants over the next two years. The proposed regulations are to implement the program effective with the academic year beginning fall 2008. The committee consists of Mr. Johan Uvan the state director of adult education, Ms. Mary Ann Welch, Ms. Gail Mance-Rios and Dr. Brenda Dann-Messier.

On behalf of the adult education students, Dr. Dann-Messier noted that this fund will be enormously helpful and the Board is to be commended for proposing this grant program for adult students.

There has been a lot of talk and excitement regarding this program. The reason why it is so important is because so many adult students who are transitioning to college really must attend less than half time. There are limited financial aid opportunities available for less than half time students. This will be a tremendous support for adult students. The Board of Governors has put together a task force of underrepresented groups in higher education. This was a recommendation that additional funds be sought. The Board of Governors has been very responsive to those recommendations.

The state, for the first time, funded adult transitions out of the Rhode Island Department of Education.

Mr. Uvin, as a state director, has notified the United States Dept. of Education Office of vocational adult education of this proposal and they want to promote this nationally as a model for other states.

Dr. Dann-Messier thanked Mr. Hurry for his wisdom and leadership and the Boards support on this mission.

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

VOTED: To approve the rules and regulations for the Adult Education Grant Program.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Dr. Dann-Messier, General Treasurer Caprio, Mr. Solomon and Ms. Patricia Doyle. Voting against, none:

Mr. Hurry recommended that the Board entertain a motion to go into Executive Session under the rationale of Investment of Public Funds to discuss the issue related to the Federal Default Fee.

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

VOTED: That the Board enter into Executive Session pursuant to Rhode Island General Law 42-46-5 § (a)(7) Investment of Public Funds where premature disclosure may be adverse to the public interest.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Dr. Dann-Messier, General Treasurer Caprio, Mr. Solomon and Ms. Patricia Doyle. Voting against, none:

The meeting entered into Executive Session at 10:45 a.m.

Executive Session ended at 11:24 a.m.

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

VOTED: To reconvene to Open Session.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Dr. Dann-Messier, General Treasurer Caprio, Mr. Solomon and Ms. Patricia Doyle. Voting against, none:

The meeting reconvened to Open Session at 11:25 a.m.

10.d) Mr. Palumbo reported that during Executive Session the Board voted unanimously to authorize the Authority to pay the default fee on FFELP Loans guaranteed on or after July 1, 2008 out of the agency's operating fund.

4.a) Mr. Lacroix reported that there is nothing significant to report on the Budget vs. Actual for six months ended 12/31/07 for the Loan Division, Scholarship and Grant, and College Savings Program.

He did note, however, regarding the Scholarship and Grant Program and the Tuition Savings Program that the appropriation for the Scholarship and Grant award the budget amount represents the Governor's revised which includes the \$756,000 reduction in the general revenue appropriation. In fact, as of this date, we have exhausted the general revenue appropriation and have provided approximately \$4 million in supplemental funding from the tuition savings program. The expenditures in the grant program are much farther along as of today than what the statements represent.

Mr. Lacroix took this opportunity to introduce Christina Faulkner, a new member of the RHIEAA finance staff.

6) Grant/Scholarship Programs Update: Mr. Hurry stated that as a result of the legislative and administrative action last year the restoration of the state appropriation, the Board authorized the Authority to make more awards to more students. This has been done.

a) Ms. Welch reported that as of March 11 for 07-08, total funding is \$14.4 million and offers are out for \$16.5 million which is 14% over expended. This is more than in past years. The program at this time is \$2 million over expended. Last year at this time it was \$1.2 million over expended from where it ended which is 9% as compared to 14% this year.

10.c) After further discussion, on motion duly made by Dr. Dann-Messier and seconded by Ms. Doyle, it was

VOTED: To not withdraw or retract any awards for the current academic year and to support any overage from CollegeBoundfund revenues.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Dr. Dann-Messier, General Treasurer Caprio, Mr. Solomon and Ms. Patricia Doyle. Voting against, none:

c.) Regarding the State Grant award formula for FY 09, Mr. Hurry suggested that given the current uncertainty as to what the appropriation is that discussions be deferred to, and a decision made, at the next meeting. It was agreed.

8) CollegeBoundfund Update: Mr. Hurry noted that there is a new commercial on television.

He reported it was learned last week from AllianceBernstein that SEC has approved their proposal for the market timing adjustment.

Mr. Howell asked if the Bear Sterns issue has had any impact on the CollegeBoundfund.

Mr. Joyce stated that he has not heard of any actual impact. This will be researched and reported on at the next meeting.

9) WaytoGoRI Update: Mr. Hurry noted that he has received a couple of very positive email messages about Ms. Sisson and her work getting out there about WaytoGoRI.

Ms. Sisson reported she has been busy with program outreach. The primary target was the school counselors. She has gone out to 29 schools, trained 179 counselors. In addition approximately 125 others have heard presentations through community based organizations. Within that there were 15 school districts. A RISCA spring conference was held this past Wednesday and as a result 12 more districts expressed interest.

In reviewing the statistics, Ms. Sisson reported that there are about 22,000 student accounts, this is about 34% of students, eighth through twelfth grade have an account already. There were about 631,000 page views and 59,583 visits since August.

Next on the agenda for the program is electronic transcript. They are looking for pilot schools and at this there are approximately ten schools that are interested. The wire frame of transitions, which is the portal, will begin in the fall.

The adult component will be added within the next week and also looking at adding a GED component.

Regarding the question about number2.com, at this point data is not available due to the fact it is a national product but in phase two they will be have the ability to assess how much Rhode Island is using the product.

Feedback has been positive.

11) There were no communications.

12) The next meeting is scheduled for April 18, 2008.

There being no further business to come before the Board, on motion duly made by Dr. Santoro and seconded by Dr. Dann-Messier, it was

VOTED: To adjourn the meeting.

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

The meeting adjourned at 11:50 a.m.

Mr. John Howell
Secretary