

DRAFT/UNOFFICIAL MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY

BOARD OF DIRECTORS' MEETING

March 26, 2009

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 draft minutes are being submitted in accordance with the time requirements as specified in the Open Meetings Law. Official minutes will be promptly submitted after they have been approved and adopted by the Board of Directors at its next official meeting.

The 290th meeting of the Rhode Island Higher Education Assistance Authority was held Thursday, March 26, 2009 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. Chairman McKenna called the meeting to order at 11:05 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

**Mr. Xay Khamsyvovong, Official designate representative for
General Treasurer Frank Caprio**

Mr. Solomon A. Solomon

Ms. Patricia Doyle

Board Members Absent:

Dr. Brenda Dann-Messier

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. Peter Kerwin, Chief Program Developer, RIHEAA

Ms. Dana Peterson-Fatuda, Assistant Administrative

Ms. Nancy Ann Dooley, Director

Mr. Michael Joyce, Director

Ms. Kathy Sisson, Program Director, WaytogoRI.org

Mr. Greg Silva, Director of Communications

Ms. Christina Faulkner, CPA

Mr. Joseph R. Palumbo, Esq., Legal Counsel, RIHEAA

Mr. Charles Kelley, Executive Director, RISLA

Mr. Noel Simpson, RISLA

Ms. Gail Walker, RISLA

1. Approval of Minutes of the Board of Directors' meeting held on February 26, 2009 was approved.

2. Chairman's Report: Upon a motion duly made by Dr. McKenna and seconded by Mr. Solomon it was unanimously

VOTED: to go into executive session pursuant to RIGL 42-46-5§ (a) (7) to discuss a matter involving the investment of public funds.

The open session was reconvened at 11:25 a.m.

Vice Chairman Dr. Santoro announced that no votes were taken during the closed session.

3. Executive Director's Report: Mr. Hurry stated that if you check the financials you will see the Governor's recommendations, but no recommendation from the legislature on RIHEAA;s programs.

On the Federal side in terms of the House and Senate Budget Committee actions, the National Council of Higher Education Loan Program (NCHELP) Budget Action Committee has included reconciliation language in it's budget, a billion dollars from the Education Committees. The Senate did not include reconsolidation language in their budget.

Mr. Hurry reported that the staff of RIHEAA have been writing letters to their congressional delegation regarding the FFELP program, along with their local union president supporting this initiative.

Mr. Hurry stated that the Students for a Democratic Society (SDS) met with Gail Mance-Rios and himself to discuss RIHEAA programs.

Mr. Hurry commented that Deborah Smith of the New England Board of Higher Education (NEBHE) Board term expires in May 2009. The Board will be looking for a reappointment or recommendation of another candidate. Her appointment belongs to the RIHEAA Board. Dr. Croasdale stated that the Committee will have a recommendation. Mr. Hurry stated that Dr. Croasdale's RIHEAA Board reappointment is moving along, it has not been scheduled for a hearing, as of yet. Mr. Hurry stated that Patricia Doyle's Board term has expired. He asked Ms. Doyle to think about being reappointed and inform the Board of her decision. Mr. Hurry asked Vice Chairman Santoro to discuss with the Nominating Committee the election/renewal of RIHEAA Board Member expirations. Dr. Croasdale will put together a Nominating Committee.

Mr. Hurry reported that RIHEAA is still working on the Self Study and will provide details at the next Board Meeting.

4. Financial Report: Mr. Lacroix distributed his financial report. Mr.

Lacroix reported that the Governor's 2010 Budget has minor changes to the Personnel and Operating Expenses.

a.) Mr. Lacroix stated that the one item that warrants discussion is under other funds; our request for Student Financial Assistance funded by the Tuition Savings Program was a \$4 million supplement for the State Grant Program, \$1 million to fund the newest cohort in Academic Promise. \$300,000 each to fund the Adult Education Initiative and the Matching Grant Program. The Governor's office has eliminated the funding for Academic Promise and Matching Grant and moved them into the State Grant Program. A Budget hearing has not taken place this year. The good news is they have opposed level funding for the general revenue appropriation from 2009-2010. Marc stated there are sufficient funds in contributions for the Matching Grant Program to fund one to two years of the program. There has been increased participation as a result of the program rule changes.

b.) Analysis of the Tuition Savings Program - Mr. Lacroix stated that one question from the legislature, with respect to the 2010 Budget, is do you have sufficient funds from the Tuition Savings Program to support the Governor's recommendation? The answer is yes, but with very little margin for error by the end of 2010. The 2009 projected revenue is accurate. All of the existing cohorts are fully funded; no student will see any loss. We just funded the cohort for students that will begin September 2009 – June 2013; all of those funds are invested and available to the students.

5. Investment Report: Dr. Croasdale stated that we are still awaiting

file rates on the CEDAR's. Discussion will follow once the information is obtained. We are 1.22 on the Alliance contract. And maybe 2.1, we are trying to push the accounts up in interest.

a.) Marc Lacroix stated that we are still working on the Rehab purchase. The funds are liquid on the sideline. We are continuing to analyze the portfolio. There have been some recent developments with USA Funds, and other entities that we have benefited from understanding what they are doing.

6. Grant/Scholarship Update: Mr. Joyce reported that we are 2% over expanded as of March 16, 2009, compared to last year when we were at 14% over. We are actual only 1.6% in January we were at 8%, so within two months we have seen quite a drop. We will come in under where we want to be. The deadline is end of May to pay these bills. A notice will be sent out to all schools to request payment before that time. Mr. Hurry congratulated Michael Joyce on his promotion to Director. Mr. Hurry stated that a committee to review the Awarding Formula have concluded that the approach the Authority has taken, focusing on need as the basic criteria, have a student centered approach, oppose to an institutionally centered approach, allowing the students to take their grants follow them, with certain limitations, instate-out of state dollar flow, virtually all, but not all take their money to states that have reciprocal agreements with Rhode Island and their students can bring their scholarships into Rhode Island. Rhode Island is a 3-1 imported state of students. University of Rhode Island freshman class is about 55% of non Rhode Islander's every year. If we get into a range war with these other states we would

certainly lose in the process in terms of the in's and out's of the cash flow. For all of these reasons, we conclude the approach the Agency has used remains to be a sound one, a good one, and consistent with the mission of the agency. Mr. Hurry asked the Board to review the analysis and provide their recommendations at the next Board meeting.

7. Loan Programs Update: Ms. Dooley reported that tab number seven, we are up this month, it's expected due largely to the spring starts and spring semester and trimesters begin. Our consolidations are looking strong there at zero. In the Loan Division we're moving into the cohort default rate appeals time period, we have three appeals; Arthur Angelo's, Lincoln Tech, and the Sawyer School. Schools are paying attention this year, especially looking at the three year cohort. The appeal is based on the "incorrect data challenge". The most frequent appeal that we see is when they are saying the out of school date doesn't appear correct. When the student enters repayment figures in how they figure in the cohort so they challenge which cohort the student should be in. On occasion, we see a student rehabilitated a loan, those should not be in the defaulted piece of the cohort, but on occasion they do pop up and the school will challenge that. Johnson & Wales have not submitted their cohort, but they have informed me that they have a really big challenge that they are going to submit.

8. CollegeBoundfund Update: Mr. Kerwin reported that the number of asset value is holding steady, the total accounts in Rhode Island are steady and have gone up. People are still looking at 529's as viable. A

letter to the members of the Congressional delegation is being prepared asking them to support a 529 Bill in Congress that would make permanent a couple of temporary changes that the Treasurer made.

a.) Rhode Island Rhode Show: Mr. Kerwin stated that State Treasurer Frank Caprio made two appearances on the Rhode Island Rhode Show, where he discussed college savings. Charles Kelley, Executive Director of Rhode Island Student Loan Authority (RISLA) will also appear later on this month to discuss the College Planning Center. Mr. Kerwin asked the Board if they had any interest in appearing or have specific topics that they would like to see on the program to let him know. Mr. Hurry stated that since Marisol Garcia left, Peter Kerwin has become the Chief Spokesman for RIHEAA. Dr. Croasdale stated that Board Members, Mr. John Howell and Ms. Patricia Doyle have agreed to provide assistance with advertising needs.

9. WaytogoRI Update: Ms. Kathy Sisson distributed her WaytogoRI report. Ms. Sisson stated that she asked school counselors to provide feedback to her about how they are using the WaytogoRI program. Overwhelmingly, the counselors are finding the program hugely successful. Ms. Sisson stated that a couple of technical challenges are being resolved. Some of the ways in which the program is used are: Cumberland Schools use the program to help students determine what they want to do when they graduate, East Greenwich Schools use the program for seventh and eighth graders to determine career searches and interest inventories, and how they

share the program with parents, they integrate it in the History and Science Classes and Life skill courses.

Also included in Ms. Sisson's report, are schools in which she has gone to provide detailed trainings to Educators about the waytogori website.

A copy of the Professional Center aggregate data was included in the packet, Ms. Sisson stated this Dashboard of what an educator would see, helps to determine how many students have an account, how many have completed an interest profile, (which is a career assessment. This would help guidance counselors determine course selections, guest speakers and college visits. This data could assist high schools with future college selections.

Ms. Sisson stated, that a sample of a form that Coventry Middle School created, for their Individualized Learning Plan (ILP), a state requirement, they have integrated every piece of waytogori.org in their ILP. Every student must complete the nine steps in order to meet the state mandate. Information is also shared with the parent and/or their guardian.

10. Action Items: None

11. Communications: Mr. Hurry asked the Board to consider inviting Alliance Bernstein Representatives to the next Board Meeting,

referencing the strategies of the continued marketing and development of the program. They are in the process of looking at the underlying investments and the various investment options. They have recommendations/changes that need to be reviewed.

a.) New England Board of Higher Education (NEBHE)- Mr. Hurry has asked Mr. Michael Thomas to provide a report to the Board some time in May.

There being no further business to come before the Board of Directors the meeting adjourned.

Adjournment was at 12:00 p.m.

Mr. John Howell

Secretary