

# **MINUTES**

## **RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY**

### **BOARD OF DIRECTORS' MEETING**

**MAY 3, 2012**

**The 312th meeting of the Rhode Island Higher Education Assistance Authority was held Thursday, May 3, 2012 in the McKenna Conference Room, 560 Jefferson Blvd., Warwick, RI. Chairman Santoro called the meeting to order at 2:00 p.m.**

#### **Board Members in Attendance:**

**Dr. Anthony J. Santoro, Chairman**

**Dr. William Croasdale, Vice Chairman**

**Mr. John Howell, Secretary**

**Mr. Solomon A. Solomon**

**Ms. Faith LaSalle, Esq.**

**Mr. Christopher Feisthamel, designee for General Treasurer Gina Raimondo**

#### **Board Members Absent:**

**Ms. Patricia Doyle**

#### **Also Attending:**

**Ms. Gail Mance-Rios, Deputy Director**

**Mr. Joseph Palumbo, Esq., Legal Counsel**  
**Mr. Marc Lacroix, Chief Financial Officer**  
**Ms. Dana Peterson-Fatuda, Assistant Administrative Officer**  
**Mr. Charles Miller, Chief Information Officer**  
**Ms. Kathleen Sisson, Director, WaytogoRI**  
**Ms. Linda Makhlouf, RIHEAA**  
**Ms. Clordine Cox, RIHEAA**  
**Mr. Thomas Pearce, RIHEAA**  
**Mr. Kevin Elliott, RIHEAA**  
**Mr. Noel Simpson, RISLA**  
**Ms. Winifred Antos, Union Steward RIHEAA**  
**Ms. Gina Macris, The Providence Journal**  
**Mr. John Breguet, Esquire, Legal Counsel**  
**Ms. Paula Dominguez, Legislative Policy Advisor**

**1. Chairman's Report: Dr. Santoro stated that Charlie Kelley, Interim Coordinating Officer, could not attend this Board meeting; therefore there will not be an Interim Coordinator's Report.**

**Dr. Santoro stated that following his meeting with the Governor he had a meeting with George Zannia, Steve Hourihan, Lance Adrian**

and the Governor's Policy Director, Kelly Mahoney. Dr. Santoro stated that he met with Mr. Adrian prior to the Governor's meeting, to get his thoughts about the merger and the programs of OHE and RIHEAA. They are scheduled to meet next week with Dr. Ray DePasquale.

Dr. Santoro stated that Mr. Adrian's concerns are the need for additional staff to do research. They are researching ways to cut the cost of higher education.

In regards to the \$20 million in reserves, Mr. Adrian expressed that he too would support an endowment. Dr. Santoro stated that Mr. Adrian does not know where WaytogoRI would fit. Dr. Santoro stated that meetings are on-going regarding the programs.

Dr. Santoro stated that after meeting with the Governor's Office and George Zannia, it is abundantly clear that the Governor does not want this agency to do anything that would not be consistent with the his budget request. Dr. Santoro stated that we do have some options, and discussion with the Office of Higher Education will be scheduled.

Dr. Santoro stated that he did speak with the Governor about waytogori, the Grant program, endowment possibilities and veterans and older students as well. He stated that we need to sit back and reflect before we make any decisions regarding the \$20 mil and the merger. Dr. Santoro stated that he explained that he doesn't know if

**RIHEAA could continue for more than a couple of years, it will depend on the Federal Government.**

**Dr. Santoro stated that he talked about the possibility of seeding the \$20 mil for investment over to the Treasurer's Office, but nothing was said about that.**

**Dr. Santoro stated they wanted to know if the Board was opposed or in favor of the merger, and Dr. Santoro stated that he had no particular concern of merging the two agencies, but doesn't think that the WaytogoRI program, State Grant Program and the CollegeBoundfund should be placed in the Office of Higher Education. He explained that it might be a little bit difficult to support the funds necessary to hire the FTE's that we no longer have. Dr. Santoro stated that he would support the wind-down of the agency.**

**Mr. Howell asked Dr. Santoro if he spoke about the State Grant funding. Dr. Santoro stated that he did speak about the programs, and stated the number of applicants for grants this year did not increase by the numbers that we thought. So, the appropriation will give us the \$700, we could raise it to \$900 if we added another \$3 mil from the reserves. We could bring it to \$1000.00 if we use \$4 million, but no one took it up. Dr. Santoro stated that the State supports the Grant Program administration by giving us \$500,000 and explained that we could do without it, but no one took it up. Dr. Santoro stated**

that he believes that there were two reasons for the meeting; one was to make sure that Dr. Santoro met with Loran Adrian and the other was to make certain that the board does not do anything that was inconsistent with what the Governor proposes.

Mr. Howell asked when do we have to make the decision on the State Grant. Mr. Joyce stated that we have until July; that is when the notices will be sent out. Dr. Santoro stated that we would have to go before the legislature if we wanted to up the grant amount and use \$3 mil in reserves.

Dr. Santoro asked Mr. Feisthamel if the state invests money outside of the Treasurer's Office. Mr. Feisthamel stated that it is unusual; most of the state's accounts are in a money market account. Some agencies manage their own money, but most do not.

Mr. Feisthamel asked Dr. Santoro if the programs that generate revenue, does the revenue pay for the lights, heat and the salaries, and if you decide to take the revenue centers and ship them off to different agencies and keep the employees here, how are you going to pay for it? Dr. Santoro stated we would still get the funds. Dr. Santoro stated that he thought the Treasurer's Office could manage the fund. Mr. Feisthamel asked then how do the rest of the employees get funded? Dr. Santoro stated that they get funded by the profits generated by the administration of the guarantee program, except for the \$500,000 from the State Grant Program. Mr.

**Feisthamel stated, if you don't ship the grants with the people, how do the people get funded? Dr. Santoro responded the State Grant program is funded by \$500,000 appropriation from the state; we think we could move the Grant Program to RISLA and not require that \$500,000, we think the RISLA profits can support it. We think this year; RIHEAA's profits can support it.**

**Mr. Howell stated that Chris' question is valid, how do you take 28 employees and put them in Higher Education if you are not going to take along the guarantee agency and the source of revenue that it generates. Dr. Santoro stated that the merger would generate a profit, that profit would be utilized to hire additional staff. When the guarantee portfolio winds-down, I don't know what they are going to do with the employees. Dr. Santoro stated that the Governor stated that the reserves should not be used to pay salaries. The endowment sounds like a good idea stated Dr. Santoro.**

**Legislation is required stated Joe Palumbo.**

**Dr. Santoro stated that he has another meeting scheduled with Mr. Adrian and Dr. DePasquale.**

**A motion was made to take a 20 minute break, seconded by Chris Feisthamel and Dr. Croasdale. The motion was unanimously approved.**

**Upon return from the break a motion was made to go into Executive**

**Session to discuss Personnel Matters pursuant to RIGL 42-46-5 § (a)(1), seconded by Mr. Solomon and Mr. Howell. The motion was unanimously approved.**

**It should be noted that Dr. William Croasdale recused himself from the Executive Session.**

**Open session resumed at 6:50 p.m.**

**Dr. Santoro stated that a vote was taken in Executive Session and asked that the minutes be sealed, seconded by Mr. Feisthamel and Mr. Howell.**

**Voted against: None**

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

**Adjournment was at 6:50 p.m.**

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**Mr. John Howell**  
**Secretary**