

UNOFFICIAL BOARD MEETING MINUTES

MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY BOARD OF DIRECTORS' MEETING

December 14, 2012

The 318th meeting of the Rhode Island Higher Education Assistance Authority was held Friday, December 14, 2012 in the McKenna Conference Room at 560 Jefferson Blvd., Warwick, RI. Chairman Santoro called the meeting to order at 9:00 a.m.

Board Members in Attendance:

Dr. Anthony J. Santoro, Chairman

Dr. William Croasdale, Vice Chairman

Mr. John Howell, Secretary

Ms. Faith LaSalle, Esq.

Mr. Solomon A. Solomon

Mr. Christopher Feisthamel, designee for General Treasurer Gina Raimondo

Board Members absent:

Ms. Patricia Doyle

Also Attending:

Mr. Charles P. Kelley, Interim Coordinating Officer

Ms. Gail Mance-Rios, Deputy Director

Mr. Charles Miller, Chief Information Officer

Mr. Marc Lacroix, RIHEAA

Ms. Dana Peterson-Fatuda, RIHEAA

Ms. Clordine Cox, RIHEAA

Ms. Linda Makhoul, RIHEAA

Ms. Winnie Antos, RIHEAA

Ms. Sonia Rodrigues, RIHEAA

Mr. Matthew Kachanis, RISLA

Ms. Maggie Cote, RIHEAA

Mr. Nelson Sena, RIHEAA

Ms. Peg Votta, RIDE

Mr. William Golis, Budget Office

Mr. Ken DeLorenzo, Council 94

1. Minutes of the Board of Directors' meeting held on November 9, 2012 were unanimously approved.

2. Chairman's Report: Dr. Santoro made a motion to go into Executive Session regarding a litigation matter, seconded by Mr. Howell and Dr. Croasdale.

Voted in Favor: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Lasalle, Mr. Solomon, and Mr. Feisthamel.

Voted against: None

Executive session began at 9:05 a.m.

Open session resumed at 9:20 a.m.

Dr. Santoro stated that no votes were taken in executive session and made a motion to seal the minutes of the Executive Session, seconded by Mr. Feisthamel and Mr. Howell.

Voted in favor: Dr. Santoro, Dr. Croasdale, Mr. Howell, Ms. Lasalle, Mr. Solomon, and Mr. Feisthamel.

Voted against: None

Dr. Santoro stated that the discussion of the "Future of RIHEAA" has been going on since 2010. A Self Study was conducted in hopes of telling us in which direction the agency should take in the event that the Federal Government would go ahead with their Direct

Lending Program. We knew that the reason for RIHEAA's existence would no longer exist because there would not be any more loan guarantees. We knew we could continue for a couple of years. We knew we could wind-down the portfolio and move some programs to other areas. After speaking with policy makers, legislators, RIDE, and the Treasurer's Office, all agreed that we should not waste resources to keep the agency alive if there is no need, especially if the funds could be used elsewhere. No one knows the agency like we do stated Dr. Santoro, but they all suggest that we need to develop a plan on what we are going to do with the agency. We need to agree with a general plan that allows us to wind-down the agency in five to six years. We know that WaytogoRI is highly prized and should continue. We know that we have some liquid funds with restrictions placed on them by the federal government; the funds are to be used for higher education. We need to come to an agreement on the path to take. Dr. Santoro stated that he believes that we should let the portfolio wind-down and move the various components of the agency to other places where it would do the most good for the people of RI.

Dr. Croasdale stated that he disagrees. He stated that he would like to see a temporary Acting Director, the \$20 mil for the State Grant spent by retraining of older adults, returning veterans retraining and additional scholarships.

Mr. Feisthamel stated that the money that the agency has banked

over the years should be spent in the spirit in which Dr. Croasdale described. Mr. Feisthamel stated that he believes that we are all talking about the same thing.

Dr. Croasdale stated that he is also concerned with the employees, what are we going to do with them?

Dr. Santoro stated wouldn't it be easier to protect the employees if we make the negotiations and discuss with the other agencies now, versus seven years from now.

Dr. Croasdale stated that he hopes that while we are in discussions/negotiations we protect the employees.

Dr. Santoro stated let's take WaytogoRI for an example; we don't want to wind-down WaytogoRI, but place it in another location where it would be supported.

Dr. Santoro stated that as Board members we have the fiduciary responsibility to protect the employees.

Dr. Croasdale stated that if we can get that in writing he would support that. Dr. Santoro stated that who would sign that. Dr. Croasdale stated that it is called collective bargaining, and if another agency wants to take the program, discussions should include the employees.

Dr. Croasdale stated that he understands that the Federal Government can take the loan portfolio, but he would like to see plans that say, that we are working with other agencies and the \$20 mil go to scholarships and grants moving forward for both public and private colleges. Dr. Santoro agreed.

Dr. Santoro stated that the Board is responsible for the following: CollegeBoundfund, WaytogoRI, liaison to NEBHE, cash, certificate of deposit, building and land. We need to decide what to do with those; the guarantee agency can no longer support those sorts of things. The programs are important to the state of RI. While we are willing to continue to support them for a period of time it is probably better to put WaytogoRI into another agency that can nurture it, while we supply the funding for it for a couple of years. RIDE has suggested that they can go to the legislature and when the funding sunsets, they can get legislative funding.

Mr. Feisthamel stated that he would like to have a strategic discussion to articulate our opinion and make it's opinion known so that when decision makers are faced with doing something, they are going to do it in a manner that is best for college students and students of Rhode Island, as well as the employees of RIHEAA. Mr. Feisthamel stated that his objective would be to articulate some sort of document that says; "where as the default program is decreasing, it's likelihood would be 5-7 years, whereas we got a commitment to

use the cumulative funding to benefit of all RI college students both public and private, whereas WaytogoRI services over 100,000 RI students as a viable resource”, and make all of these known and agreements in the whereas the board of RIHEAA would like to put forth this recommendation. In that format, we can articulate our framework. Mr. Feisthamel stated that he would like to have a motion drafted to this effect.

Dr. Santoro stated that he thinks that the “whereas clauses” are correct, but we still need to make a decision as to where these programs will go.

Mr. Howell stated that the “therefore clauses” are at the critical point. We are in agreement that we need to do this ourselves because we have tried to go other avenues, like the Governor’s Office and the legislature. Everyone dances around, but if we have a proposal, then we will get their feed-back.

Ms. Lasalle stated that another option would be to let it continue for another five years; we could put that in the therefores, at least they will understand what the issues are.

Mr. Feisthamel stated that as a Board, we have not been able to articulate a consistent opinion. That should be our mission.

Dr. Santoro stated that we have two to three whereas clauses;

explore the appropriate location for WaytogoRI and funding, explore the appropriate location for the CollegBoundfund which was in the Treasure's Office a couple of years ago, the same with the New England Board of Higher Education (NEBHE), which is probably better located in the Office of Higher Education.

Dr. Santoro reviewed the whereas clauses and stated the federal government has gone to Direct Lending and we no longer have our main purpose of existing, therefore we now should review the various components of the organization to determine one location funding and strategic direction.

Mr. Feisthamel asked Chairman Santoro if we can have a drafted document, created by the agency, laying out the whereas clauses and circulated to the Board for comment.

Dr. Santoro asked Mr. Lacroix "how far out can the agency go"? Mr. Lacroix responded with current staffing levels about 3-5 years barring any action from the federal government. Mr. Lacroix stated that if the Board creates a conceptual framework, he is in a position to respond and say this is how it can work financially over a period of time.

Mr. Lacroix stated that the guarantee agency is the core operation, as you hand off the subsidiary programs then the need for administrative services emerges. A management process needs to

be taken into consideration.

Mr. Howell asked if RIHEAA is in a position to acquire other agencies, Mr. Lacroix responded it is unlikely.

Dr. Santoro asked Mr. Kelley to provide the Board with a drafted document outlining the whereas clauses of the agency, and use best efforts for the timeline.

Mr. Howell stated that he was thinking that perhaps we should be looking at other avenues like expanding the agency or take the portfolio somewhere else. Dr. Santoro stated that we can not sell the portfolio. Ms. Mance-Rios stated that we do not own the loans, we service them for the federal government.

3. Interim Coordinator's Report: Mr. Kelley stated that Michael Joyce could not be here today, but he is hoping at the next Board meeting in January a decision regarding the Matching Grant Program will be discussed. Information will be provided in the board packets.

4. Future of RIHEAA: Report deferred to next Board meeting.

5. Financial Report: A copy of the Schedule & Investments was distributed by Dr. Croasdale. Discussions are on-hold until the next Board meeting.

6. WaytogoRI RFP Update: Mr. Kelley stated that the RFP that was issued to use funds provided by a federal grant that was a conduit with the RI Department of Education, Mr. Kelley asked Peg Votta to come to the table. Mr. Kelley stated that the Board instructed him to negotiate with XAP the reduction of the ongoing maintenance fee of the enhancements, which was \$1.1 mil. Mr. Kelley distributed a document laying out the on-going discussions between XAP and RIDE. Ms. Mance-Rios stated the big sticking point is the \$125,000 maintenance fees for phase two of the project, which is the enhancement. Until that is defined, XAP is willing to give us a “ball-park” figure. After discussions with RIDE and RIHEAA it was decided to move ahead with the E-transcript piece and after meeting with the Advisory Group and define the specific pieces that we want added to waytogori, XAP will have a better idea of the cost.

Dr. Santoro asked will the grant be jeopardized? Ms. Mance-Rios stated hopefully not, if done by June 30, 2013. Ms. Mance-Rios stated that the window is closing on the E-Transcript piece. Dr. Santoro stated that phase two is really the balance of the grant.

Mr. Kelley stated that to make sure that the Federal Grant is not lost we should include in the agreement a not to exceed 18% clause, Mr. Miller agreed.

Ms. Lasalle asked if there some reason why the Board’s lawyer is not included in these negotiations. Mr. Kelley stated that Mr.

Palumbo was involved until taken ill. Dr. Croasdale asked if Paul Pontarelli (attorney) from RIDE has seen this contract, Ms. Votta stated yes.

Mr. Feisthamal asked if we have a list of enhancements. Mr. Miller stated yes, it was outlined in the XAP response.

Mr. Feisthamel stated that he would support the \$1.5 mil left on the grant to fund the three years, the e-transcript is the first part, and then whatever is left is whatever we can afford. The design, implementation, development and enhancement will be for the next three years of service. Mr. Howell and Ms. Lasalle stated that they agree.

Ms. Mance-Rios introduced Sonia Rodrigues; Ms. Rodrigues is the Program Planner for the WaytogoRI program. The Board welcomed Ms. Rodrigues.

7. Action Item (s):

a. XAP – signing of the E-Transcript Contract: A motion was made to accept the E-Transcript contract subject to inclusion of phase one of a three year operation and maintenance cost and approve phase two for a price not to exceed the difference between \$1.1 mil and the amount spent for phase one for three years, noting that phase two includes three years of maintenance, seconded by Mr. Solomon and

Mr. Feisthamel.

Voted in Favor: Dr. Croasdale, Mr. Howell, Ms. Lasalle, Mr. Feisthamel Mr. Solomon and Dr. Santoro.

Voted Against: None

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

Adjournment was at 10:35 a.m.

Mr. John Howell

Secretary