

MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY BOARD OF DIRECTORS' MEETING

March 14, 2014

The 334th meeting of the Rhode Island Higher Education Assistance Authority was held Friday, March 14, 2014 in the McKenna Conference Room, 560 Jefferson Blvd., Warwick, RI. Chairwoman Ms. LaSalle

called the meeting to order at 8:40 a.m.

Board Members in Attendance:

Ms. Faith LaSalle, Chairwoman

Mr. John Howell

Mr. Robert J. Delaney

Mr. Daniel Egan

Mr. Dennis Duffy, Esq.

Mr. Christopher Feisthamel, designee for General Treasurer Gina Raimondo

Board Members Absent:

Ms. Patricia Doyle

Dr. William Croasdale

Also Attending:

Ms. Gail Mance-Rios, Acting Executive Director

Mr. Charles Miller, CIO
Mr. Marc Lacroix, CFO
Ms. Linda Makhlouf, HR
Ms. Dana Peterson-Fatuda, RIHEAA
Ms. Lisa Shevlin, RIHEAA
Ms. Kim Cournoyer, RIHEAA
Mr. Michael Joyce, RIHEAA
Mr. Gary LeFrancois, RIHEAA
Mr. Kevin Elliott, RIHEAA
Ms. Kathy Berard, RIHEAA
Ms. Winnie Antos, RIHEAA
Ms. Maggie Cote, RIHEAA
Mr. Steven Straychzak, Council 94
Mr. Chris Lambert, Council 94
Mr. Ben Chandhok, Legislative Analyst
Ms. Beth Cotter, House Oversight Analyst
Ms. Laurie Brayton, Senate Analyst
Mr. Gregory Stack, Budget Analyst

1) Ms. LaSalle welcomed the board. Ms. LaSalle asked Ms. Mance-Rios to provide an overview of the House Finance Hearing last evening.

2) Ms. Mance-Rios thanked Mr. Chandhok who provided the overview of RIHEAA to the House Finance Committee. Ms. Mance-Rios stated

the meeting went well. Questions regarding the direct and indirect support of each program at the agency was asked. We will provide them with answers to each of their questions. Ms. Mance-Rios stated that we have been invited to come back once the strategic plan has been finalized and turned over to the House Oversight Committee. Mr. Feisthamel asked if the board can be copied on the responses to the House Finance Committee, Ms. Mance-Rios stated yes.

Ms. LaSalle asked for a motion to go into Executive Session for a Personnel Matter – pursuant to RIGL 42-46-5 §(a) (1) and Litigation Matter – pursuant to RIGL 42-46-5 § (a) (2) was made by Mr. Feisthamel, seconded by Mr. Howell.

Voted in favor: Mr. Egan, Mr. Delaney, Mr. Howell, Mr. Feisthamel, Mr. Duffy and Ms. LaSalle

Voted against: None

Public Session resumed at 10:20 a.m.

Ms. LaSalle stated that during the executive session the board did vote on two motions; the board agreed to authorized the chair to retain an outside counsel to assist the agency pursuant to RIGL 42-46-5 § (a)(4) matter on the agenda and the board voted to seal the minutes of the executive session, the votes were unanimous.

Ms. LaSalle moved the agenda to discuss the formation of a subcommittee to explore the Agency Action Plan. Ms. LaSalle asked for 3-4 volunteers to review the plan and make recommendations to the board.

Ms. Mance-Rios gave a quick overview of the changes to the Agency Action Plan, she stated we will continue to work with Sallie Mae on the full service contract, along with the appropriate reduction in staff. A revised personnel allocation has been completed and Ms. Mance-Rios stated she will share with the board.

Ms. Mance-Rios stated that the report considers restricting grant awards to the reciprocal states.

Finally, the agency reserves, we would like to consider endowing those funds to support student access and scholarship activities. Continue to use the RIHEST money to support the State Grant program. We can not touch the federal reserve money. Mr. Lacroix stated the he has a format, which will show true net access available to each fund.

Mr. Feisthamel stated he would like to see the corrected numbers up top and the recommendations with numbers on them.

Mr. Duffy requested separating the Agency Operating Fund endowed for scholarships and financial aid, and use the same language that is

used by statute.

Mr. Duffy asked are we still a guaranty agency if we go to a full service contract with Sallie Mae. Ms. Mance-Rios stated yes, we would still need to perform functions within the agency, ombudsman, federal reporting, compliance, oversight, etc.

Ms. LaSalle asked how many employees we would need to do these functions and if we get out of the guaranty business, would we need any employees. Ms. Mance-Rios replied, if we gave over the entire portfolio to the federal government there would be no functions attributable to the loan division. Ms. LaSalle asked if we give it back how much revenue would we lose for the state. Ms. Mance-Rios replied, we would lose all of the revenue from the loan division.

Ms. LaSalle stated she heard 2015, could this difference be explained. Ms. Mance-Rios stated in 2017 it shows a net income from just the guaranty agency with a full service contact with Sallie Mae of roughly \$265,000, this considers the full service model. In 2017 we make money, in 2018 we break even.

Mr. Duffy stated that we should include a statement that says, “We will reevaluate our continued participation in the guaranty role based on economics on an annual basis”.

Ms. Mance-Rios stated that there in a concerted effort in Washington

right now regarding guaranty agencies, and they have lobbyist looking to help us.

Ms. LaSalle stated, if we gave up the portfolio we would lose the stream of revenue coming into the state.

Ms. LaSalle stated our goal should be to try to obtain outside funding for WaytogoRI. Ms. Mance-Rios stated as we move forward with the CollegeBoundfund contract, that could be a feature embedded in the CollegeBoundfund contract regardless of vendor.

Mr. Feisthamel suggested another vendor for WaytogoRI, phase XAP out and get a new vendor.

Ms. LaSalle stated she would like a subcommittee of the board to review the recommendations from the agency, so we can have a plan voted on to submit to the House Oversight Committee.

Mr. Howell made a motion to engage a subcommittee to review the recommendations of the agencies strategic plan and report back to the board, those serving are Mr. Howell, Mr. Feisthamel, and Mr. Egan, Ms. LaSalle stated she would serve as ex-officio, seconded by Mr. Feisthamel.

Voted in favor: Mr. Egan, Mr. Delaney, Mr. Howell, Mr. Feisthamel, Mr. Duffy and Ms. LaSalle

Voted against: None

**Ms. LaSalle asked for a Board meeting at noon on March 21st. at
New England Tech.**

Adjournment was at 10:45 a.m.

Mr. John Howell

Secretary