

MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY BOARD OF DIRECTORS' MEETING

February 27, 2015

The 353rd meeting of the Rhode Island Higher Education Assistance Authority was held Friday, February 27, 2015. Chairwoman Ms. LaSalle called the meeting to order at 9:20 a.m.

Board Members in Attendance:

Ms. Faith LaSalle, Chairwoman

Mr. Daniel Egan

Ms. Christine Jenkins

Mr. Robert Delaney

Ms. Leah Williams Metts

General Treasurer, Seth Magaziner

Dr. William Croasdale

Mr. John Howell

Members Absent:

None

Also Attending:

Ms. Gail Mance-Rios, Acting Executive Director

Mr. Joseph Palumbo

Mr. Charles Miller, CIO

Ms. Linda Makhlouf, HR
Ms. Dana Peterson-Fatuda, Administration
Ms. Patia Bertram, Accounting
Mr. Tom Pearce, Account Resolutions
Mr. Michael Joyce, S&G
Mr. Kevin Elliott, Acct. Resolutions
Ms. Winnie Antos, Accounting
Ms. Liza Pinto, Legislative Affairs
Ms. Laurie Brayton, Legislative Affairs
Mr. Stephen Strycharz, Council 94 President
Ms. Heather Hudson, Governor's Office
Ms. Susan Sowah, XAP Corporation
Mr. Peter Knepper, XAP Corporation
Ms. Gretchen Syverud, NEBHE
Mr. Steve Geremia, LGC&D
Mr. James Cooke, LGC&D
Mr. Charles Kelley, RISLA

1. Approval of Minutes: The Minutes of the RIHEAA Board of Director's meeting held on January 23, 2015 was unanimously approved.

2. Chair's Report: Ms. LaSalle provided the board with an update on her meeting with the State Investment Commission (SIC). She stated that at the last meeting Capital Cities, the group that is reviewing AllianceBernstein investments found a class of funds that are

cheaper than what AllianceBernstein is offering. The SIC will talk with representatives at AllianceBernstein. The SIC also announced that Capital Cities will grade AllianceBernstein's performance as Morningstar is unable to continue to do that. General Treasurer Magaziner stated he is hopeful that changes made to increase index funds will be a positive result. More details to come.

Ms. LaSalle stated the Governor's Office would like the Board's recommendation regarding RIHEAA's programs, and where should they go.

3. Acting Executive Director's Report: Ms. Mance-Rios reported on the CollegeBoundbaby and stated since the beginning of January 2015, there were 515 babies born, 234 parents declined the CollegeBoundbaby Grant and 281 accepted. Ms. Mance-Rios stated a poster in Spanish will be developed and distributed at the hospitals. Mr. Delaney asked to see the question on the birth worksheet.

Ms. Mance-Rios stated the U.S. Department of Education's response to the 2013 audit has been postponed again. She stated another request has come in from the United States Department of Education regarding information on claims, so far there have been no issues discovered.

Ms. Mance-Rios stated that the RFP for Auditing Services is in process, it currently is with the Department of Administration.

Ms. Mance-Rios introduced XAP's President Peter Knepper and Ms. Susan Sowah. Mr. Knepper stated that XAP is a private company that provides tools for students and adults to help with college and career success. They also work with K-12, workforce development and with individual state mandates. Mr. Knepper stated that the ILP (Individual Learning Plan) has been the most exciting and has gained in usage by all. Mr. Howell asked how many states has XAP contracted with. Mr. Knepper replied, 14 statewide and enterprise contracts as well as subscription users. Rhode Island is a state sponsored program and provides access to students without a fee. Mr. Knepper stated XAP does not share data. Sponsorships can be done on the portal. Mr. Delaney asked does XAP generate any money from corporations on the site. Mr. Knepper replied that there is a functionality within the XAP packaging that is offered to all users. Mr. Knepper stated he is okay with sponsorships but the data is a concern. He is willing to explore the opportunities. A motion was made to go into Executive Session pursuant to RIGL 42-46-5§ (a) (7) – Investment of Public Funds by Ms. Jenkins, seconded by Ms. Williams-Metts at 10:05 a.m.

Voted in favor: Ms. LaSalle, Dr. Croasdale, Mr. Howell, General Treasurer Magaziner, Mr. Delaney, Mr. Egan, Ms. Jenkins and Ms. Williams-Metts.

Voted against: None

Public session resumed at 10:40 a.m.

It should be noted; upon return to Open Session Mr. Egan and General Treasurer Magaziner were not present.

A motion to seal the minutes was made by Ms. LaSalle and seconded by Mr. Howell.

Voted in favor: Ms. LaSalle, Dr. Croasdale, Mr. Howell, Mr. Delaney, Ms. Jenkins and Ms. Williams-Metts.

Voted against: None

Ms. LaSalle stated there were no votes taken in Executive Session.

4. Scholarships & Grants: The NEBHE presentation was postponed until the next Board of Director's meeting.

5. Review of Financial Projections & Budget vs. Actual: Mr. Cook stated the 2015 projections look good. Mr. Geremia stated the 2016-2017 assumptions from Navient loans and rehabs less commission and revenue streams percentages were adjusted as changes were projected. LGC&D did their own projections to compare differences of Navients, in 2017 expenses will exceed revenue, and 2018 could break-even if waytogori was eliminated.

6. Cash & Investments: item tabled.

7. Action Item (s): A motion to approve a table sponsorship of the New England Board of Higher Education (NEBHE) dinner was made by Ms. Jenkins and seconded by Mr. Howell.

Voted in favor: Mr. Delaney, Ms. Jenkins, Mr. Howell, Ms. LaSalle and Dr. Croasdale

Voted against:

A motion to approve the sponsorship of the Academic Decathlon in the amount of \$1,500 was made by Ms. Jenkins and seconded by Mr. Delaney.

Voted in favor: Mr. Delaney and Ms. Jenkins,

Voted against: None

• It should be noted that Mr. Howell and Ms. LaSalle recused themselves of the vote.

8. Action Item (s) Approval of Directors and Officers Liability Policy term April 12, 2015 – April 12, 2016: Item tabled

9. Action Item (s): Discussion & response to Governor's meeting re:

FY16 Budget Recommendation. Ms. LaSalle stated she met with the Governor's Education Policy team, they are asking the Board's recommendation for RIHEAA and its programs. The Governor will include RIHEAA in her 2016 Budget and would like the board to provide her with their thoughts about each program. Ms. LaSalle stated she would like to generate a letter from the Board to the Governor to keep the agency. RIHEAA does not cost the state anything, we bring money into the state through the Loan Portfolio, and we administer the State Grant, CollegeBoundfund and WaytogoRI programs. With the report from Mr. Cooke, RIHEAA is sustainable until 2017, 2018 without WaytogoRI.

Mr. Howell and Dr. Croasdale would like the agency to stay as is. Dr. Croasdale stated if they are looking to put the State Grant somewhere, perhaps the Treasurer's Office, both private and public colleges. Mr. Howell stated he believes the Governor wants to see the impact on students & grants.

Mr. Delaney stated the Governor's Office has already made their decision and we should work with the Governor's Office. We would need to say the agency is important, student grants and WaytogoRI.

The group agreed that Scholarships & Grants should stay with RIHEAA.

Ms. Jenkins stated access, affordability and choice for all students.

It should be noted that Ms. Williams-Metts left the meeting at 11:10 a.m.

Ms. LaSalle stated she will contact the Governor's Education Policy team to see if they are able to attend a meeting with the Board next Friday, March 6th to provide the Governor with the Board's recommendation.

10. Date of Next Board Meeting: Friday, March 6, 2014

There being no further business to come before the Board of Director's, the meeting adjourned.

Adjournment was at 11:20 a.m.

Mr. John Howell

Secretary