



The 229th meeting of the Rhode Island Student Loan Authority was held on Friday, May 20, 2005 in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. The Honorable Robert J. McKenna called the meeting to order at 12:20 P.M.

The following Board members were in attendance:

Hon. Robert J. McKenna
Dr. William Croasdale
Mr. John Howell
Dr. Anthony Santoro
Ms. Laura Disano

Others in attendance:

Mr. Noel Simpson, Executive Director, RISLA
Mr. Kevan McAleer, CFO, RISLA
Mr. Charles Kelley, Executive Director, NESLA
Mr. David DeBlois, Director, College Planning Center
Mr. David Souto, Deputy Director, NESLA
Ms. Jennifer Dutch, RISLA
Ms. Gail Mance-Rios, Deputy Director, RIHEAA

Upon a motion by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED: To approve minutes from the board meeting held on February 18, 2005.

Chairman's Report

Dr. McKenna indicated that he is hopeful that the General Assembly will conclude soon and we are hopeful that it will do the right thing regarding student aid.

Mr. Howell asked what happened with regard to the Governor's proposal for additional funds for scholarships.

Dr. McKenna indicated that it is still being worked through but that there is some delay and that it seems that the additional funds for scholarships will be less than originally anticipated.

Executive Director's Report

Mr. Simpson thanked the Board for participating in the Strategic Planning Session. Mr. Simpson indicated that a letter of thanks will be sent from the Board to Christine Jenkins and Kathleen Smith of EFC for participating in the Strategic Planning Session.

Mr. Simpson indicated that a check signing event with the Governor, Rep. Constantino, Senator Alves, and Senator Walaska took place with respect to the second \$5 million payment received from the Nelnet transaction.

Mr. Simpson also indicated that in mid-February the SAT results were announced at an event with the Governor at North Providence High School. Mr. Simpson thanked Dave DeBlois for coordinating the event.

Mr. Simpson indicated that the announcement of the Sherlock Scholarship recipients will take place on June 22nd at 11:00 A.M. at Rhode Island College. Mr. Simpson indicated that RISLA plans to duplicate the event which took place last year. Mr. Simpson indicated that there were 169 students who applied for scholarships and there were 111 qualified applications. Mr. Simpson indicated that all of the award winners from last year are still enrolled in school.

Mr. Simpson discussed separation of powers. Mr. Simpson understands that the proposal to include the Treasurer and Lt. Governor on the RISLA Board has been

stalled. Mr. Simpson indicated that he is not aware of any legislation to add new members to the RISLA Board.

Mr. Simpson indicated that the advisory committee on financial aid to the RISLA and RIHEAA Board had its first meeting this week. Mr. Simpson reported that this was more of an organizational meeting but will report to the Board further information as it becomes available.

Mr. Simpson indicated that he had productive meetings with Senators Chafee, Reed, and Representative Langevin in April in Washington, D.C. to discuss reauthorization and reported that reauthorization is moving forward. Mr. Simpson indicated that he met with Rep. Boehner, the Chair of the House Education Committee, expressed his belief that reauthorization will happen before the end of the year.

Mr. Simpson reported on the media efforts by RISLA. Mr. Simpson indicated that RISLA will be starting its advertising campaign this Monday and will have 640 spots over the next six weeks (through June 30th) promoting the PLUS Loan Program. The ads will promote the 1-800-PLUSLOAN telephone number and the website, PLUSLoan.com. Mr. Simpson indicated that the volume of PLUS loans has increased 24% since last year.

Dr. Croasdale asked about campus based advertising during the sports season. Mr. Simpson indicated that the problem with campus based advertising, especially during football season, is that it would be after the financial aid season has gone by.

Dr. Croasdale asked about advertising at the Pawtucket Red Sox games. Mr. Simpson indicated that this could be tried next year. Mr. Simpson indicated that there is currently a College Bound Fund ad on the wall in the outfield and he will check to see how effective this advertising is.

Mr. Kelley indicated that there is currently a bid into the URI alumni association to promote consolidation loans to their graduates.

Mr. DeBlois spoke about financial aid discussions with AAA which were well attended. Mr. Kelley reported that AAA has a very effective marketing group and they are very interested in branding RISLA's education loan and are interested in expanding it across the country. AAA is using the RIHEAA guarantee in Rhode Island and Massachusetts.

Ms. Disano suggested that RISLA should ask Ben Mondor of the PawSox for pro bono advertising.

Mr. Simpson indicated that in the Board packet there is a one page summary regarding changes in the ethics rules and suggested that Mr. Palumbo give a report on this issue.

Mr. Simpson announced that the next meeting will cover a new bond issue and the RISLA budget and suggested June 17th or 24th for the next meeting date.

Discussion on the Sherlock Scholarship

Mr. Howell asked about having a sustained scholarship that extends beyond one year.

Ms. Disano indicated that if the scholarship is need based then the need doesn't go away in years 2, 3, and 4.

Dr. Santoro indicated that the progress of the students who receive scholarships needs to be monitored.

Mr. Simpson suggested the possibility of a loan forgiveness program for recipients after the first year.

Discussion on Separation of Powers

Mr. Simpson indicated that he spoke with Mr. Palumbo who believes the quorum requirements are set in the statute.

Mr. Simpson indicated that logistically this creates a problem for RISLA because there will be a need for 2 additional board members or change the quorum requirements. Mr. Simpson indicated that the Governor's office appoints 5 members of the Board and 2 members of the General Assembly were members of the Board by virtue of their position in legislature and those two members were removed by the separation of powers movement and now the legislature is trying to deal with how to add new members on Boards.

Dr. McKenna indicated that it is clear that the members of the legislature cannot serve on the Board but there is a question of whether they can play a role in selecting members of the Board.

Mr. Howell suggested that he would be willing to talk to the Governor's office regarding the issue of separation of powers.

Mr. Simpson indicated that the current statute only allows for the Governor to appoint five members to the RISLA Board.

Financial Report – Kevan McAleer

Mr. McAleer reported that \$5 million was given to the State of Rhode Island in March and another \$3 million will be given to the State of Rhode Island in 2007.

Mr. McAleer provided a report of the financials from April, 2005. Mr. McAleer reported that the net revenues remain stable.

Mr. McAleer reported that the loan origination fees RISLA paying on behalf of borrowers is approaching approximately \$3 million year to date which is a direct borrower benefit.

The administrative expenses are on budget.

The College Planning Center is up this month on their budget but overall the College Planning Center is under budget.

2006 Budget – Noel Simpson

Mr. Simpson indicated that RISLA is going to present a full budget at the next Board meeting for FY 2006 year but wanted to provide an overview. Mr. Simpson feels that revenues will remain stable for next year, despite the fact that interest rates are going to go up by 2 percentage points.

Mr. Simpson indicated that the College Planning Center's lease with the Warwick Mall ends in August, 2005. Mr. Simpson indicated that the location at the mall gives the CPC high visibility but the downside is there is no privacy for counseling and the cost of \$1800 per month. Mr. Simpson indicated that RISLA is looking for space in the mall in the food court area which may give them more privacy.

Mr. Howell suggested hooking up with financial institutions to provide space for the College Planning Center.

Mr. Simpson indicated that Mr. DeBlois is the only full time staff at the College Planning Center. Mr. Simpson indicated that there is a need for another full time person at the College Planning Center and may be put in the budget for this year.

Mr. Simpson indicated that the SAT program will remain the same for this year as RISLA is not anticipating any growth and will wait until they see the result to determine any need for expansion of the program.

Mr. Simpson indicated that he is considering hiring an administrative assistant. Mr. Simpson indicated that there will be no other staffing changes to RISLA.

Mr. Simpson indicated that he is not anticipating any big increases in marketing or administrative costs.

Mr. Simpson announced that there will be a full budget for 2006 presented at the next Board meeting.

NESLA REPORT – Charles P. Kelley

Mr. Kelley reported that Nelnet will be having a meeting in Newport on August 23rd and 24th at the Viking Hotel.

Mr. Kelley indicated that Nelnet is marketing loans using the RIHEAA guarantee.

Mr. Kelley also reported that the NESLA computer folks have revamped the web application for the RIFEL loan, a 4.95% fixed rate loan offered to Rhode Islanders or to people who go to school in Rhode Island.

Mr. Kelley reported that the annual Nelnet report mentioned RISLA.

Ms. Disano asked Mr. Simpson and Mr. Kelley if they would speak at the Providence Rotary.

Action Item #6 – Selection of Trustee

There was an RFP for Trustee and six bids were received. The Trustee would handle the cash received by RISLA on a daily basis which is tedious work.

A very aggressive offer was made by U.S. Bank, who RISLA currently uses and who RISLA has a very good working relationship with.

RISLA is going to recommend staying with U.S. Bank because of the good relationship it currently has with it and because of the competitive offer which would save RISLA \$20,000 for the next two years.

Upon a motion by Mr. Howell and seconded by Ms. Disano it was unanimously

VOTED: To accept U.S. Bank as RISLA's Trustee.

College Planning Center Report – David DeBlois

Mr. DeBlois reported that the College Planning Center is finishing with a mailing about the services of the College Planning Center which also advises about the benefits to Rhode Islanders who use RISLA as their lender. There is also a follow up mailing to those who visit the College Planning Center

Sherlock Scholarship discussion

Mr. DeBlois indicated that the Sherlock Scholarships recipients have been announced and awarded and students have been notified. Mr. DeBlois indicated that RISLA is committed to \$50,000 per year in scholarships.

There was a lengthy discussion among the Board members on how recipients of the Sherlock Scholarships should be awarded after the first semester, including a discussion on whether grade point averages should be a factor in the determination process.

Upon a motion by Mr. Howell and seconded by Ms. DiSano it was unanimously

VOTED: To adjourn.

Dr. McKenna adjourned the meeting at 1:43 P.M.

Adjournment was at 1:43 P.M.

Dr. William Croasdale
Secretary/Treasurer