



The 235th meeting of the Rhode Island Student Loan Authority was held on Thursday, April 13, 2006 in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Anthony Santoro called the meeting to order at 1:10 PM.

The following Board members were in attendance:

Dr. William Croasdale
Mr. John Howell
Dr. Anthony Santoro
Hon. Paul J. Tavares, General Treasurer

Others in attendance:

Mr. Noel Simpson, Executive Director, RISLA
Ms. Jennifer Dutch, RISLA
Mr. Charles P. Kelley, Executive Director, NESLA
Mr. David Souto, NESLA
Mr. Kevan McAleer, CFO, NESLA
Mr. David DeBlois, NESLA
Ms. Rebecca Johnson, Office of the General Treasurer
Mr. Marc Lacroix, CFO, RIHEAA
Ms. Gail Mance-Rios, Deputy Director, RIHEAA
Mr. Greg Silva, RIHEAA
Ms. Nancy Ann Dooley, RIHEAA
Mr. Marisol Garcia, RIHEAA

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

VOTED: To approve the minutes of the Board meeting held on February 9, 2006.

Chairman's Report

No Chairman's report.

Executive Director's Report

Mr. Simpson handed out three press releases that RISLA issued over the last month. Mr. Simpson noted that the press releases relate to RISLA's 1% discounted PLUS Loan, the RIFEL loan program, and the Teaching and Nursing Rewards Program.

Mr. Simpson also noted that RISLA has also started an advertising campaign promoting RISLA's PLUS Loans with 224 advertisements over the next 8 weeks across the State of Rhode Island. Mr. Simpson also noted that the PLUS Loan is being promoted on local radio advertisements during the traffic and weather portion.

Mr. Simpson discussed Separation of Powers. There was a hearing last week on RIHEAA legislation. Mr. Simpson mentioned that he met with Representative Coderre to express concerns that if RIHEAA's legislation is passed in its present format it will create a disconnect between the amendment to RISLA's enabling act enacted a year ago and the RIHEAA legislation. Mr. Simpson noted that RIHEAA'S legislation proposes 8 members to be chosen by the Governor, 5 from the public and 3 based on recommendations of the board of governors and RISLA's legislation provides for five gubernatorial appointees, with no guidance on which of the Governor's 8 appointees to RIHEAA become members of the RISLA board. Mr. Simpson has suggested that RISLA's legislation be amended to provide that the five gubernatorial appointments from the public at large be designated as the board members of RISLA.

Dr. Santoro asked about the role of the General Treasurer on boards related to this legislation. Mr. Tavares stated that with this amendment being passed he is unsure of the Treasurer's seat on any boards.

Mr. Simpson noted that this could create a problem for RISLA when RISLA goes out for a bond issue and getting an opinion of counsel stating that the RISLA Board is validly constituted.

Financial Report

Ms. Dutch provided a summary of the financial report for the year to date and for the present month.

College Planning Center

Mr. DeBlois reported that over 2300 college profiles were completed by the staff over the last few months. Mr. DeBlois noted that the College Planning Center is now answering financing questions.

Mr. DeBlois reported that the SAT program has started in six schools. He noted that one of the schools that participated last year is no longer in the program this year due to absenteeism of participants in the program. Mr. DeBlois noted that there are approximately 180 student enrolled in the course in the six schools this year.

Mr. DeBlois noted that the Sherlock Scholarship deadline has been moved to June 1 and there have been about 75 applications submitted. There will be another letter going out to guidance counselors next week as a reminder about the availability of the scholarship.

Mr. DeBlois indicated that he, Mr. Simpson and the graphic group at RISLA are working on a newsletter to send to guidance counselors. A letter has also been created by RISLA for guidance counselors to provide students with information about RISLA's various programs.

Executive Director's Report (cont)

Mr. Simpson noted that this year marks RISLA's 25th anniversary and he would like to do something to commemorate that and to recognize the people who were around when RISLA was created and to promote some of RISLA's programs. Mr. Simpson suggested a subcommittee on this but members of the Board wished to wait for Dr. McKenna to return before making any decision on this matter.

Action Item – Selection of Accounting Firm

Mr. Simpson provided the Board with a memo describing the process RISLA used in soliciting audit firms. Mr. Simpson noted that RISLA is on a three year cycle and has been with Prescott, Chatellier, Fontaine & Wilkinson, LLP for 12 years. Mr. Simpson indicated that an RFP was prepared and reviewed and approved by the Auditor General and RISLA received bids from three firms. Mr. Simpson provided an analysis of the three bids. Mr. Simpson indicated that he is aware of the Board's concerns about the length of engagement of the present audit firm but when he spoke with members of the Auditor General's office they indicated there is no restriction on the rotation on the number of years that a firm has been present in an engagement.

Dr. Croasdale suggested waiting three weeks and then going out to bid again.

Mr. Simpson indicated that RISLA would have to reject the first set of bids and that it could be costly to go out to bid again.

Dr. Croasdale indicated he would like a letter from the Auditor General stating his practices and his thoughts on the length of time for an audit firm.

Mr. Tavares indicated he would like Prescott to rotate partners.

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

VOTED: To accept Prescott, Chatellier, Fontaine & Wilkinson, LLP as RISLA's audit firm for the next three years with a rotation of the partners within the firm subject to the Auditor General's approval.

Action Item – Payment of Default Fee

Mr. Tavares commended Mr. Kelley and Mr. Simpson on this issue.

Mr. Tavares indicated that RISLA will pay the default fee for Stafford Loans and 50% of the PLUS default fee from July 1 – June 30. Before the end of the calendar year, a review will be done to see how it will be paid for the next school year.

Mr. Kelley stated that Nelnet would pay the Stafford and PLUS default fee for those borrowers who use RIHEAA guarantee in Massachusetts, Connecticut and Rhode Island under the same terms and conditions given to other lenders.

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

VOTED: That RISLA will pay 100% of Stafford Loan default fee and 50% of the PLUS default fee for the period commencing July 1st for the full academic year and reviewed prior to year end to establish a new policy for the next school year.

Nelnet Report

Mr. Kelley indicated that Nelnet has picked up New England College of Optometry in partnership with RIHEAA. Mr. Kelley indicated that the school is actually going to act as the lender. Mr. Kelley indicated that this will probably be an additional \$10-\$12 million dollars Stafford loan business for RIHEAA and RISLA.

Mr. Kelley noted that the Nelnet Board meeting will be held on May 18th in Newport, RI.

Upon a motion duly made it was unanimously

VOTED: To adjourn.

Dr. Santoro adjourned the meeting at 2:00 P.M.

Adjournment was at 2:00 P.M.

Dr. William Croasdale
Secretary/Treasurer