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The 238<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on Friday, August 22, 2006 in the 2<sup>nd</sup> floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Robert McKenna called the meeting to order at 10:33 A.M.

The following Board members were in attendance:

Dr. Robert McKenna  
Dr. William Croasdale  
Mr. John Howell  
Dr. Anthony Santoro  
Ms. Rebecca Johnson, Office of the 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  
Ms. Gail Bessette Walker, NESLA  
Ms. Lindie Thibodeau, NESLA  
Mr. Kevan McAleer, NESLA  
Ms. Alison Hand  
Ms. Gail Mance-Rios, Deputy Director, RIHEAA  
Mr. Gregory Silva, RIHEAA  
Ms. Nancy Ann Dooley, RIHEAA  
Ms. Jennifer Dias  
Joseph R. Palumbo, Jr., General Counsel

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 July 20, 2006.

## **Chairman's Report**

No Chairman's report.

## **Executive Director's Report**

Mr. Simpson reviewed the following information sent to the Board members in their packets – including:

- A letter to RISLA from Senator Reed.
- A letter from Mr. Simpson to Mrs. Sherlock regarding the Sherlock Scholarship award ceremony.
- A letter from a Sherlock Scholarship recipient.
- A press release for enhancing the Nurse Rewards Program.
- An article on the reduction on the PLUS loan interest rate.
- A summary of the \$100 million bond issue.

Mr. Simpson noted that Dr. Santoro had previously asked about the loan volume at Roger Williams Law School and why RISLA is not getting the entire volume.

Ms. Walker indicated that the 2% increase in the PLUS loans has helped the volume. Ms. Walker indicated that Roger Williams Law School uses RIHEAA for Stafford Loans, whose volume has substantially increased, but uses ASA as guarantor for Law Access loans. Overall, according to Ms. Walker, there has been improvement in RISLA's volume from the Law School.

Mr. Simpson noted that the Finance Committee met with the auditors and went over the entrance interview.

Dr. Croasdale inquired about what progress has been made with nurse educators who have loans. Mr. Simpson indicated that he has spoken with the Dean at CCRI and would follow up with the five schools.

## **NESLA Annual Report**

Mr. Kelley introduced to the Board three new employees of NESLA -- Alison Hand who has a background in marketing, Lindie Thibideau who has a background in advertising, and Jennifer Dias who has a background in application

development and web application. One is a replacement and two are additional employees.

Mr. Kelley reviewed the volume of financial assistance provided by NESLA over the past academic year.

Mr. Kelley reviewed the PLUS loan disbursements all of which go to RISLA. The data shows that PLUS loan volume mentions increased significantly in the past year.

Mr. Kelley highlighted the alternative loan volume. He indicated that there is overall increase in alternative loans in Rhode Island – up 21.5%. Mr. Kelley noted that this is the fastest growing segment of the market. Mr. Kelley noted that Salve Regina University is down perhaps because it has converted some of its alternative loan business to Education Finance Partners which pays them a fee for every loan they process.

Mr. Kelley spoke briefly about the amount of phone call volume and indicated that about 26% of the people who took out RISLA loans heard about them through the College Planning Center. Mr. Kelley indicated that NESLA has picked up more loan volume at some new schools.

Mr. Kelley reviewed the RIHEAA guarantee volume associated with loans made by NESLA. There has been a dramatic increase in guarantee volume due in large part to an increase in volume from out of state schools.

.Dr. Santoro asked Mr. Kelley if he believes NESLA will be able to sustain this growth.

Mr. Kelley indicated that the competition is going to get more difficult and the goal is to add more schools in Massachusetts and Connecticut.

Mr. Kelley indicated that more and more people are inquiring about nonfederal loans both because of the favorable terms and because Stafford loans are not adequate to meet borrower need.

Mr. Kelley noted several examples of the trend across the country of state based entities like RISLA partnering with others to gain economies of scale.

Mr. Kelley discussed some of the projects that RISLA and NESLA have been working on in the past year including credit pricing of alternative loans, portfolio optimization (which should result in an increase in RISLA's net revenues of \$500,000-\$600,000 in FY 07), and getting a more favorable rate on broker dealer fees resulting in a savings of \$600,000.

Dr. Croasdale asked to move to action item #9. He reported that the finance subcommittee voted to recommend that the Board hire an independent third party to provide an initial evaluation of the management of RISLA.

Dr. Santoro indicated that he would like someone to review management and policy issues at RISLA and believes that Mr. McJennett would be most suitable for this job.

Mr. Howell indicated that he is looking to find someone who can do an analysis of the agency in 30-40 hours of time to do an overall analysis of the agency looking at long range potential goals and opportunities, existing staff, and how it's set up in its relationship with Nelnet. The initial step would give us from an outside perspective, a view of the agency – strong points, assets, liabilities, opportunities-- and at that point there would be a decision if someone else is needed to address any issues provided in the initial analysis.

Dr. Santoro indicated that his sense is this person would talk to each of the board members and each of the staff, what each is now doing, what they would like to be doing if they were given more resources, what problems do they have, what does the board expect to see from management, what does management expect to see from the board, do they need more resources to do things, etc, and also talk with NESLA, RIHEAA personnel, and folks at the college planning center to see what can be done to maximize the efficiency of the operation.

Board members further discussed its sense of the scope of work of the initial phase of the independent review.

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

**VOTED:** To accept the report of the finance subcommittee concerning the engagement of a consultant to perform an independent review of RISLA.

Rebecca Johnson noted that Mr. Tavares is in favor of hiring Mr. McJennett.

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

**VOTED:** That Mr. McJennett be hired to perform an independent review of management of RISLA within the parameters discussed by the Board, and, that an engagement letter be drafted by Mr. Palumbo consistent herewith .

Dr. Santoro noted that he would like Mr. McJennett to provide a focused written report within thirty-forty days of his engagement.

Mr. Simpson noted that RISLA has the opportunity to open a satellite office of the College Planning Center for approximately 20 hours per week at the

Providence Public Library. The rent at the library would be \$125/month plus telephone costs.

Dr. Croasdale requested that the approval for the budget for the expansion of the College Planning Center be postponed until after Mr. McJennett has provided his report.

Mr. Simpson provided an update on RISLA's 25<sup>th</sup> anniversary and noted that Governor Garrahy will be honored.

Upon a motion by Dr. Croasdale and seconded by Dr. Santoro is was unanimously

**VOTED:** To approve the budget for RISLA's 25<sup>th</sup> anniversary event.

Upon a motion duly made it was unanimously

**VOTED:** To adjourn.

Dr. McKenna adjourned the meeting at 11:47 AM.

Adjournment was at 11:47 A.M.

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Dr. William Croasdale  
Secretary/Treasurer