

December 21, 2007

The 249th meeting of the Rhode Island Student Loan Authority was held on Friday, December 21, 2007 in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Anthony Santoro called the meeting to order at 9:03 A.M.

The following Board members were in attendance:

Dr. Anthony Santoro

Mr. John Howell

Dr. Robert McKenna

Mr. William Croasdale

Mr. Xay Khamsyvovong, by designation of the State Treasurer, ex-officio

Others in attendance:

Mr. Charles P. Kelley, Executive Director, RISLA

Mr. Noel Simpson, Chief Financial Officer, RISLA

Mr. Joseph Palumbo, General Counsel, RISLA

Ms. Jennifer Dutch, RISLA

Ms. Gail Walker, RISLA

Ms. Dawn Sabelli-Silva, RISLA

Mr. William H. Hurry, Jr., Executive Director, RIHEAA

Ms. Gail Mance-Rios, Deputy Director, RIHEAA

Mr. Marc LaCroix, CFO, RIHEAA

Mr. Gregory Silva, RIHEAA

Karen Grande, Esquire

Mr. Chad Pastorius, RISLA

Mr. Kevan McAleer, RISLA

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

VOTED: to accept and approve the minutes of the October 19, 2007 Board meeting.

Chairman's Report

Dr. Santoro announced that the change over from NELNET to RISLA went extremely well. Dr. Santoro also shared information from a Chronicle of Higher Education article that quoted Jeff Nordhook from NELNET about the difficulties in the student loan industry.

Executive Director's Report

Mr. Kelley spoke about the need for loan forgiveness for nursing programs in RI, and referred everyone to a recent article in the Providence Journal. He stated that RISLA has picked up a number of new schools and that loan volume has increased.

#4 – Financial Literacy

Mr. Kelley stated that RISLA has been working with JumpStart and made a presentation at URI to address student spending and making them aware of obligations and consequences.

Mr. Kelley referred to handout #3 pertaining to the requirement in the new federal regulations that schools have three “unaffiliated” lenders on their preferred lender lists. Mr. Kelley is sending this handout to the schools, and will have Mr. Palumbo help with the explanation of what “unaffiliated” means.

#5 - College Planning Center

Mr. Kelley stated that the Bristol office of the CPC is now operational and will officially open the first week of January. The filming of a commercial about the CPC started yesterday and will air in mid-January on local TV stations. The Middletown location is on hold at the moment until a suitable location is selected. Mr. Kelley announced that he has received three responses in reference to the ad for the Managing Executive Director position for the CPC. Dr. Croasdale stated that he is reviewing the responses.

Mr. Simpson is working on the College Goal Sunday event that will be held on January 27th, which will help out low income families to fill out forms. The event will take place at all CCRI campuses – Warwick, Lincoln, and Middletown. Several RISLA staff members are working on this. We now have part time staff people at the CPC sites – 2 Spanish speaking and 1 Laotian speaking.

Mr. Kelley asked everyone to refer to the handout with the Wall Street Journal quote from Thursday, December 20th.

#6A - ACTION ITEM – Authorization by Chairman or Executive Director with respect to maximum rate on auction rate securities

Mr. Kelley explained the current capital markets environment and the potential impact on RISLA's variable rate bonds. The Board discussed the following options:

Option #1---Maintain the current definition of Maximum Rate as stated in RISLA's trust indentures.

Option #2---Send a letter to the Auction Agent and Trustee notifying them that RISLA has consented to a waiver of the Maximum Rate definition to allow for a temporary increase in the Maximum rate through January 31, 2008.

Option #3---- Amend the definition of Maximum Rate as stated in RISLA's trust indentures to allow for a temporary increase in the Maximum Rate through January 31, 2008.

Mr. Kelley expressed a concern that either waiving or amending the definition of Maximum Rate could potentially be considered a reissuance which would trigger the repayment of over \$20 million in excess interest to the federal government. Dr. Santoro state that this is a concern to him because this is how RISLA funds its borrower benefit programs.

On a motion made by Dr. McKenna and seconded by Mr. Howell it was unanimously

VOTED: That the Chairman and the Executive Director shall consult with the General Treasurer and Bond Counsel in determining whether to execute the Supplemental Indentures, or execute the waiver, or to leave the existing provisions of the Indentures in effect, and if one of these options is not selected, the Board shall reconvene to consider these issues on December 27, 2007 at 9:00AM.

#7 – ACTION TIME - Borrower Benefits for 08/09

Mr. Kelley stated that RISLA will experience a 50% earnings reduction on STAFFORD loans and a 56% earnings reduction on PLUS loans. Schools want to know what the borrower benefits will be as soon as possible so that they can include such information in their literature. Mr. Kelley referred everyone to the news article about Sallie Mae offering a ZERO origination fee for students, and while RISLA will have lower cost loan programs for students and families, RISLA must act quickly so schools can provide our program information to families.

After discussion, a recess was taken and RIHEAA's Executive Director, William Hurry, was asked to join the discussion.

After further discussion, on a motion made by Mr. Howell and seconded by Dr. Croasdale, it was unanimously

VOTED: To approve the borrower benefits set forth in handout #7, with the Board to revisit borrower benefits in June 2008.

Item # 8 – Review of FY2008 RISLA Budget

Mr. Simpson stated this would be addressed at the next scheduled Board Meeting. Mr. Simpson asked everyone to look at the proposed Board meeting schedule for 2008, with no discussion.

On motion duly made by Mr. Howell and seconded by Dr. McKenna, it was unanimously

VOTED To adjourn.

Adjournment occurred at 11:50 A.M.

John Howell
Secretary