

## WARNING-UNAPPROVED MINUTES

*These minutes have not been reviewed or accepted by the RISLA Board of Directors. This draft is being supplied in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.*

The 258<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on **Monday, August 22, 2008** in the 2<sup>nd</sup> floor Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island. Dr. Anthony Santoro called the meeting to order at 9:12 A.M.

### **Board Members in attendance:**

Dr. Anthony Santoro  
Dr. William Croasdale  
Dr. Robert McKenna  
Mr. John Howell  
Mr. Frank Caprio, General Treasurer

### **Board Members absent:**

Ms. Patti Doyle

### **Others in attendance:**

Mr. Charles P. Kelley, Executive Director, RISLA  
Mr. Noel Simpson, RISLA  
Mr. Joseph Palumbo, Attorney  
Mr. Kevan McAleer, RISLA  
Mr. David Souto, RISLA  
Mr. Chad Pastorius, RISLA  
Mr. Dave DeBlois, RISLA  
Ms. Gail Walker, RISLA  
Ms. Jennifer Dutch, RISLA  
Ms. Lindie Thibodeau, RISLA  
Mr. William Bianchi, RISLA  
Mr. Greg Silvia, RIHEAA  
Ms. Gail Mance-Rios, RIHEAA  
Mr. Xay Khamsyvoravong, Treasurer's Office

Dr. Santoro opened the meeting by stating that there are no minutes to be reviewed.

Mr. Simpson brought the Board's attention to an article in today's US News and World Report magazine stating that non-profit state loans are the least expensive option, making mention of RISLA in the article. Handout was given of this morning's Providence Journal editorial mentioning RISLA having available funding, unlike MEFA.

### **Item #2: *Change of date for future Board meetings***

Dr. Santoro stated that he will be unable to attend future Board meetings due to conflicts in his schedule. After discussion, group agreed that Tuesday late morning would be best time for next Board meetings.

**Item #4:            *Executive Director's Report***

Mr. Kelley deferred any report and asked to move right into Agenda Item #5, College Planning Center Statistics.

**Item #5:            *College Planning Center Statistics***

Ms. Thibodeau directed everyone to the handout marked #5 in Board packets. Statistics for 07/08 academic year state that more than 5,700 students and families have been assisted and 73 financial aid seminars were held. Dr. Santoro asked if any of the statistics were broken down by ethnicity, answer was no. Ms. Thibodeau stated that the online survey was completed by 165 people. The 5,722 number includes people who have used the CPC on multiple occasions.

**Item #7:            *Report on closing of State Street transaction***

Mr. Kelley stated that State Street transaction for \$100 million refinancing was closed on August 14<sup>th</sup>. This included \$65 million of refinancing of prior VRDNs from AMBAC. With the drop in the interest rate, RISLA will save at least \$1.2 million in 12 months. Mr. Kelley thanked Mr. Simpson for getting the RFP out for letter of credit providers. State Street proposal offered 60 basis points, while the current market is 85. This was a difficult deal, as State Street realized they dramatically underpriced the transaction. RISLA saved about \$250,000 per year by locking in at the 60 BPS rate. Mr. Palumbo stated that this was a very difficult transaction with many unique characteristics. He stated that the Board should be very proud of both Mr. Kelley and Mr. Simpson for all the work they did. Dr. Santoro stated that the Board is also very appreciative of Mr. Palumbo's work on this deal.

**Item #11:          *Budget for Dexia transaction***

Mr. Simpson stated that the total cost for the Dexia transaction should be \$396,750 to convert \$30 million in existing bonds, and issuing \$70 million in new bonds. Legal fees may be higher due to prior transaction's experience. Dr. Santoro stated that perhaps the Board should vote on making the maximum budget for the transaction to be \$450,000.

ON MOTION duly made by Dr. Croasdale and seconded by Dr. McKenna, it was unanimously

**VOTED**           to accept the maximum budget for the Dexia transaction to be \$450,000.

At 9:50AM Dr. Santoro made a motion to go into Executive Session, seconded by Mr. Howell and approved by entire Board.

At 10:08AM Board meeting was re-opened. Mr. Palumbo stated that a vote was taken to make an increase to the budget for the State Street transaction subject to staff negotiations with State Street's attorney and others.

ON MOTION duly made by Mr. Howell, it was unanimously

**VOTED**           to have the Executive Session information remain confidential.

**Item #6:            *Update on default prevention & counseling***

Mr. Palumbo stated that RISLA senior staff came up with idea of using RISLA people to do in house collections on Alternative Loans. Mr. Palumbo has observed the people on the phones and they are doing a great job – both Bill Bianchi and Chad are doing a great job training them. A study will be done of the cost savings of doing this in house, versus using an outside firm.

At this time, both Mr. Palumbo and Dr. McKenna excused themselves from the meeting.

Mr. Bianchi presented information and statistics about the delinquency program started in house at RISLA on June 15<sup>th</sup>.

***Item #12: Finance Subcommittee Report***

Mr. Simpson stated that the Finance Subcommittee met on July 26<sup>th</sup>. Thanks to Kevan and Jen for putting all of the information together for this meeting. The auditors are at RISLA right now. Mr. Simpson stated that the main point is that the College Cost Reduction Act has caused issues across the country.

ON MOTION duly made by Mr. Caprio and seconded by Mr. Howell, it was unanimously

**VOTED** to accept the Finance Subcommittee report of the '09 budget.

***Item #9: Update on DOE line of credit***

Mr. Simpson stated that he, Mr. Palumbo and the finance team at RISLA are currently working on this. There are still some challenges with the software. The Department of Education's Line of Credit issue should be completed by September. Dr. Santoro asked if this was a prelude to direct lending and Mr. Kelley stated that the DOE has been terrific with trying to help state agencies.

ON MOTION duly made by Dr. Croasdale and seconded by Mr. Caprio, it was unanimously

**VOTED** to adjourn.

Adjournment occurred at 10:44 A.M.

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John Howell

Secretary