



The 279th meeting of the Rhode Island Student Loan Authority was held on **Friday, June 25, 2010** in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony J. Santoro
Dr. William Croasdale
Mr. John Howell
Mr. Michael Solomon for Treasurer Caprio
Charles P. Kelley

Members Absent:

Dr. Robert J. McKenna
Ms. Patricia Doyle

Others in attendance:

Mr. Noel Simpson, CFO, RISLA
Mr. Joseph Palumbo, General Counsel
Mr. David DeBlois, College Planning Center
Mr. Kevan McAleer, RISLA
Mr. Chad Pastorius, RISLA
Ms. Gail Walker, RISLA

The meeting was opened by Dr. Santoro at 9:30AM

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

VOTED: to accept and approve the minutes of the April 23, 2010 Board meeting.

Chairman's Report

Dr. Santoro congratulated Noel Simpson on his appointment to the Board of Directors of the Education Finance Council.

Dr. Santoro thanked Gail Walker for taking the Board meeting notes.

Dr. Santoro requested that the Board go into Executive Session to discuss financing issues.

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

VOTED: to go into Executive Session pursuant to RIGL §42-46-5(a)(1).

The open session was reconvened at 9:52 a.m.

The Chairman announced that no votes were taken in the closed session.

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

VOTED: to seal the minutes of the Executive Session.

Executive Director's Report

Mr. Kelley discussed the following activities which the Authority has been involved in since the last Board meeting:

- Item 1 Sale of Stafford Loans which will occur in July and August..
- Item 2 Bond refinancing of federal loans is complete and the funds have been received from same.
- Item 3 PLUS Loans have been moved to State Street
- Item 4 Financing into Federal Conduit.

Dr. Santoro inquired about the cost of the Dexia Trust.

Mr. Kelley indicated that there is no cost involved with the termination of the Dexia Trust except for a legal fee of approximately \$2,000 to be paid to the bond attorney for State Street.

Mr. Kelley thanked Dr. Croasdale for suggesting an SAT prep class for students in the Providence schools. Mr. Kelley noted that the class was very successful and he is scheduled to meet with folks from the Providence schools in July to map out a plan for the upcoming academic year.

Mr. Kelley indicated that he will be attending a meeting next week with other New England student loan groups to discuss forming a consortium to work on the non-profit direct loan servicing option.

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

VOTED: to recommend to the Governor that Mr. Howell be reappointed to the RISLA Board of Directors.

Mr. Kelly indicated that he will write a letter to the Governor's office formally requesting the reappointment of Mr. Howell.

Mr. Kelley reported that the Rhode Island Family Education Loan volume is a little ahead of the target volume.

Mr. Kelley reported that Brown University recently received a call from the Department of Education questioning why the Rhode Island Family Education Loan was on its preferred lender list. Mr. Kelley indicated that Brown has since taken the RIFEL loan off its preferred lending list and is issuing an RFP to conform with Dept regulations as Brown see our RIFEL program as a desirable financing vehicle for their students and families.

Mr. Kelley noted that he recently spoke with the Providence Journal and expects to see a newspaper article on the RIFEL loan program.

Mr. Kelley mentioned that the RI Family Education Loan lacks a forgiveness program. The Board discussed loan forgiveness possibilities.

Mr. Solomon asked if the Board meeting agenda had been posted on the Secretary of State's website. Mr. Simpson responded that it had. Mr. Solomon suggested that the agenda be printed and posted in the event there are any questions regarding same..

College Planning Center Report.

Mr. DeBlois presented the monthly activity report for the College Planning Center. He noted that in the future there will be better software to track clients.

Mr. Howell pointed out the low numbers of students from Newport.

There was a discussion about possible new locations for the College Planning Center Dr. Santoro asked Mr. Kelley and Mr. DeBlois to look into space on Aquidneck Island.

Mr. DeBlois provided a report on the status of the space at the Warwick Mall. He noted that the Mall had offered the Liberty Travel space for \$40,000 per year. Mr. DeBlois indicated that the College Planning Center in Warwick is continuing to operate out of the RISLA offices, but does not have evening hours. There was a discussion about various options concerning the Warwick Mall space.

Review of Monthly Financials and Financings.

Mr. Kelley stated that RISLA has made \$9.9 million to date on buy backs of auction rate securities and \$200,000 through a firm called Second market.

Mr. Kelley stated that the administrative expenses are below last year and below budget because of layoffs and two vacant positions.

Dr. Croasdale requested that financial reports be sent to the finance committee.

Dr. Santoro asked if RISLA paid off the debt owed to Nelnet. Mr. Kelley stated that RISLA still owes Nelnet \$2 million.

Dr. Croasdale asked if the JumpStart program was included in the budget. Mr. McAleer responded that the JumpStart program is in the budget under advertising and expenses. Dr. Croasdale requested to have these types of expenditures listed in the budget as separate line items.

Mr. Simpson stated that the Sherlock Scholarship event was held at the State House and 25 students were awarded scholarships.

Action Item: Federal Conduit Resolution

Mr. Palumbo reported that the Department of Education has made technical changes to the Conduit financing documents.

Chad Pastorius stated that the changes involved new monthly reporting requirements instead of weekly and included clarifications by of the Department.

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

VOTED: to adopt the new Conduit Resolution.

Discussion of Congressional Actions & Budget Revisions

Action Item: Budget Revision

There was a discussion about the need to hire an additional full time in-house attorney and a part time Human Resources Manager.

Dr. Santoro asked how the current legal team was working out. Mr. Kelley responded that it is working well and collection volume is up.

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

VOTED: to hire one additional full time attorney and one part time Human Resources Manager.

Non- Federal Loan Servicing

It was noted that UAS was recently at RISLA to provide training on non-federal loan servicing which is set to begin within sixty days.

Action Item: Selection of a firm to provide a feasibility study for Direct loan servicing

The Board discussed the two firms which submitted responses to the RFP for consulting on direct loan servicing. It was noted that both firms are well established. The Board stated that it would be their preference to hire a firm from Rhode Island to provide these services. Mr. Kelley stated that he has received suggestions of various Rhode Island firms and will send them the RFP. The selection of a consulting firm for direct loan servicing was deferred to a later date.

Update - Federal Grant Applications

It was noted that Mr. DeBlois, Mr. Kelley, Gail Walker, Bill Bianchi, and some staff from RIHEAA are working on the College Access and Completion Grant proposal.

Mr. DeBlois also indicated that a \$40,000 grant application was submitted to FEMA

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

VOTED: to go into Executive Session pursuant to RIGL §42-46-5(a)(1).

The open session was reconvened at 11:30 a.m.

The Chairman announced that no votes were taken in the closed session.

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

VOTED: to seal the minutes of the Executive Session.

Upon a motion duly made it was unanimously

VOTED: To adjourn.

Meeting adjourned at 11:30AM

John Howell
Secretary