

MINUTES OF MEETING

The 303rd meeting of the Rhode Island Student Loan Authority was held on Friday, April 26, 2013 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Mr. John Howell
Mr. Chris Feisthamel, Designee of the General Treasurer

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Kevan McAleer
Mrs. Jane Creta
Ms. Deborah Machowski
Mr. Joseph Palumbo
Mr. Solomon Solomon

The meeting was called to order by Dr. Santoro at 10:00 a.m.

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

VOTED to approve the minutes from the Board of Directors meeting held on March 22, 2013.

There was no Chairman's Report

Executive Director's Report

Internship Program - Dr. Croasdale wanted to thank the staff for including the US Department of Labor's list for Internship Programs that he recommended at a prior board meeting.

Income Based Repayment – Mr. Kelley announced to the board that RISLA is the first in the country to implement the program on non-federal loans. Mr. Howell inquired how the program would work and what percent of RISLA loans would qualify. Mr. Kelley explained that there is a formula that determines the payment which mimicks the federal government's program. It is based on the household family income and number of members in the family and would need to be certified yearly. Mr. Kelley said that the percentage of RISLA loans that would qualify for this program would be low because RISLA's current default rate is 2%.

Loan Comparisons – Mr. Kelley highlighted RISLA's new Parent Loan that is being offered for the 2013-2014 academic year at a rate of 5.39% compared the Federal Parent PLUS Loan at a rate of 7.9%.

Dr. Santoro asked about Way to Go and the College Planning Center. Mr. Kelley stated that it was a matter of reality versus perception and that neither presented a problem. Dr. Santoro suggested that he would like to see the two agencies bundled together. The Board discussed combining Way to Go with the College Planning Center. Dr. Croasdale agreed and said that both agencies are helping students. Mr. Feisthamel added that risk management is already in place and asked if RISLA should be doing anything in preparation of taking on Way to Go. Mr. Kelley would come back to the board at a future meeting with some information.

Lease Renewal

Mr. Kelley said that the lease renewal with RIHEEA is set for renewal on October 13, 2013. The Board agreed that RIHEEA should not sign a lease at the present time.

Dr. Santoro asked if the gain on the early extinguishment of debt was a year –to-date figures or a years-to-date figure. Mr. McAleer explained that this was a year –to- date figure.

Dr. Croasdale asked for a VCAP update. Mr. Simpson told the board that there is nothing new to report. Pennsylvania has settled with the IRS for \$12 million and is a larger entity than RISLA, but has the same amount of tax exempt bond volume. Vermont, which was audited, paid more than PHEAA, and has more outstanding tax exempt debt than RISLA. Mr. Simpson said that RISLA currently has approximately \$100 million in auction rate debt outstanding and \$30 million in fixed rate debt outstanding that are subject to the VCAP process.

CFPB Activity

Mr. Simpson presented a memo to the Board regarding the Consumer Finance Protection Bureau's oversight of customer complaints on private student loans. The CFPB has launched a web site that chronicles customer complaints of certain consumer banking activities including student loans. Since the web site was launched eight months ago, the CFPB has recorded 3,400 complaints from consumers regarding student loans. Five of those complaints involved RISLA regarding repayment issues. Those complaints were resolved with the customer and the CFPB in a timely manner. Mr. Kelley mentioned that the implementation of the Income Based Repayment program should help reduce the number of complaints. Mr. Simpson also mentioned that the CFPB wants to see private student loan lenders systems for tracking and resolving customer complaints involving private student loans. Mr. Simpson said that Jane Creta, RISLA's manager of loan servicing currently manages the systems and processes that RISLA has in place to resolve customer complaints.

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

VOTED to adjourn at 10:30 a.m.

Robert Theroux
Secretary