

MINUTES OF MEETING

These minutes have not been reviewed or approved by the RISLA Board of Directors. These minutes are being posted in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 305th meeting of the Rhode Island Student Loan Authority was held on Friday, July 19, 2013 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Mr. Robert J. Delaney
Ms. Christine Barnes Jenkins
Mr. Robert R. Theroux
Mr. Dennis J. Duffy, Esq.
Mr. Daniel P. Egan
Mr. Chris Feisthamel, Designee of the General Treasurer

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Kevan McAleer
Ms. Deborah Machowski
Mr. Joseph Palumbo
Mr. Adrian Van Alphen
Mrs. Stacy Crooks
Ms. Faith LaSalle
Mr. Bruce Serchuk
Ms. Laurie Brayton

The meeting was called to order at 10:27 a.m.

Upon a motion made by Ms. Jenkins and seconded by Mr. Theroux, it was unanimously

VOTED to accept the minutes from the Board of Directors meeting held on April 26, 2013.

Upon a motion made by Mr. Theroux and seconded by Ms. Jenkins, it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on June 21, 2013.

Chairman's Report

Mr. Kelley explained to the Board members that the lease with RIHEAA expires in October 2013. Mr. Delaney suggested forming a committee to determine if RISLA should consider moving to a new location and/or defining the terms of a new lease. Mr. Egan suggested having the finance subcommittee review the terms and look into a potential new space.

Executive Director's Report

Mr. Kelley discussed the Quasi Public Accountability Legislation which did not get signed, but suggested that RISLA put into place procedures and controls and engage an auditor/firm to do a quarterly review of agreed upon procedures to share with the Board. He estimates that cost to be approximately \$1500 per quarter.

Mr. Kelley introduced Mr. Serchuk, who has been hired as outside counsel to represent RISLA with the VCAP settlement with the IRS. He is a tax expert who works for Nixon Peabody.

Mr. Serchuk told the Board that this is not an issue unique to Rhode Island but affects all tax exempt bond issuers nationwide who moved loans from one bond trust to another bond trust. He said the IRS made an announcement in April 2012 that there were two ways to resolve the matter. One was for the IRS to audit the issuer and the other was to self correct via entering the VCAP. Mr. Serchuk explained that RISLA submitted its request to enter the VCAP in July 2012. Mr. Serchuk said he believes that while the settlement costs are high, settling is the preferred choice to move forward. Mr. Kelley stated that RISLA has reserved approximately \$11.5 million for potential excess interest liability which could be used to fund the settlement. In response to a question from Mr. Delaney, Mr. Kelley explained how and why loans were moved from one bond trust to another. Mr. Kelley told the Board that he would like to have this wrapped up soon. Mr. Delaney suggested having this as an agenda item for the next Board meeting.

Review of RISLA Budget

Mr. Kelley said he met with the Chairman to review the fiscal year 2014 budget and that RISLA continues to do well. He highlighted that RISLA has one open position in the IT department, an increase in advertisements for the internships program, fees from Direct Loan Servicing, and 2% pay increases – which will not be implemented without board approval.

#8 Action Item: Approval of RISLA Budget

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

VOTED to approve the RISLA Budget for the fiscal year 2014.

#9 Action Item: Resolution to Seek Private Letter Ruling for Parent and Consolidation Loan Program

Mr. Kelley explained the new Parent Loan and Consolidation Loan programs. He indicated that RISLA is requesting clarification from the IRS that proceeds from tax exempt bonds may be used to finance these loan programs. He stated there is an \$18,000 fee payable to the IRS associated with obtaining a private letter ruling.

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

VOTED to approve the Resolution to Seek Private Letter Ruling from the IRS for Parent and Consolidation Loan Program.

Scheduling of Required Orientation for New Board Members.

Mr. Palumbo informed the Board members that there was going to be an Open Meetings Summit at Roger Williams University Law School on August 2nd conducted by the Attorney General's Office. He also said he would also arrange a time to meet with Mr. Theroux and Ms. Jenkins.

Suggested Dates for Future Board Meetings

Mr. Duffy inquired as to whether or not Board members who could not be in attendance could call in to a Board meeting. Mr. Palumbo said he believed a member could call and listen but not participate. Mr. Palumbo was going to look into and get back to the board with a definitive answer.

The remaining RISLA board meetings are as follows and are scheduled to begin at 10:00 a.m.:
Friday, August 23, 2013

Friday, September 20, 2013
Friday, October 25, 2013
Friday, November 29, 2013 and
Friday, December 20, 2013

Upon a motion made by Ms. Jenkins and seconded by Mr. Theroux, it was unanimously

VOTED to adjourn at 11:56 a.m.

Mr. Robert Theroux
Secretary