

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 313th meeting of the Rhode Island Student Loan Authority was held on Friday, May 23, 2014 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

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

Members Absent:

Mr. Robert R. Theroux

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Kevan McAleer
Ms. Deborah Machowski
Mr. Joseph Palumbo
Mr. Adrian VanAlphen
Mr. Chad Pastorius
Mr. Adrian Calcagni
Mr. Neal Pandozzi
Mr. Joseph Santoro

The meeting was called to order at 10:15 a.m.

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

VOTED to approve the minutes from the Board of Directors meeting held on March 21, 2014.

Executive Director's Report

Mr. Kelley highlighted a few articles that were presented in the board packets, one from the Wall Street Journal and one from USA Today. Mr. Egan commented that RISLA should be applauded for its recognition in the Wall Street Journal as having one of the lowest cost education loans in the country.

Mr. Simpson announced the Paul Sherlock Scholarship Event, which is to take place on Wednesday, June 25, 2014 at the State House. He stated that RISLA is planning to offer \$2,000 scholarships to 25 students and that RISLA has provided 321 students with \$500,000 in the ten years RISLA has offered the program.

Chairman's Report

Mr. Delaney discussed the upcoming Higher Education Summit and the agenda. It was discussed amongst the board members that the meeting should be scheduled for a later date and that a committee should be formed to obtain speakers. Mr. Egan, Ms. Jenkins and Mr. Feisthamel were selected as members of the committee.

Mr. Delaney reviewed legislation in which RISLA's enabling act would be amended to include refinancing and consolidation loans.

Bond Refinancing

Mr. Kelley introduced Mr. Neal Pandozzi from Nixon Peabody and Mr. Joseph Santoro from Bank of America Merrill Lynch, who were in attendance should any board members have questions related to the financings.

Mr. Kelley discussed the refinancing of variable rate bonds backed by State Street liquidity facility. He stated that RISLA has a letter of credit with State Street Bank that is due to expire on June 30, 2014, If RISLA were to renew the letter of credit, there is a risk that the Bank could increase the cost during the term of the letter of credit as a result additional capitalization requirements imposed by banking regulators. RISLA is looking to obtain the lowest cost of funds with the least risk to the Authority. Floating Rate Notes do not have the risk associated with potential additional costs imposed by letter of credit banks. The interest rate on the Bonds would be indexed to one month LIBOR and would not have a remarketing cost which is part of the cost of funds associated with the letter of credit.

Action Item #5: Authorizing Resolution

Mr. Feisthamel inquired how the deal would impact the rates on the loans. Mr. Kelley stated that the rates would not be affected because the bonds were issued to finance an existing portfolio of FFELP loans. A revised version of the authorizing resolution was handed out at the meeting. The minor change was included on the last page, which allows the Deputy Director and Chief Financial Officer to execute any documents related to the financing.

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

VOTED to approve the authorizing resolution.

Action Item #6: Bond Issuance Cost Budget

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

VOTED to approve the bond issuance cost budget.

Refinancing/Consolidation Program

Mr. Kelley told the board members that RISLA will be launching a \$10-20 million refinancing program at the end of May. The program will be offered to existing borrowers who have either a federal loan or a non federal loan, as well as non RISLA borrowers. Borrowers will be able to refinance their loans into a low fixed rate loan under 4% to low 6% depending upon term and cosigner. The credit criteria will be similar to RISLA's current private loan program. RISLA will use a line of credit provided by Santander Bank to fund the loans.

Action Item #8: Financing Resolution

Mr. Feisthamel asked why the resolution stated a maximum of \$10 million would be borrowed from Santander when Mr. Kelley announced the program would be \$10-20 million. Mr. Kelley explained that as this is an entirely new program we cannot be certain as to the demand.

Upon a motion made by Mr. Feisthamel and seconded by Mr. Duffy, it was unanimously VOTED to approve the financing resolution.

Action Item #9: Appointments to Audit Committee

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

VOTED to appoint Mr. Fesithamel and Mr. Theroux as members of the Audit Committee.

Items 10 and 11 were deferred to a later meeting.

Financial Markets and Organization Ratings

Mr. Kelley explained that RISLA is exploring the pros and cons of obtaining a rating as an organization. He said that each trust has its own rating, but RISLA as an organization does not have its own rating. He is researching the ongoing costs and benefits.

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

VOTED to adjourn at 10:53 a.m.

Secretary Protempore