

## 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 314<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on Friday, June 27, 2014 in the McKenna Conference Room, 1<sup>st</sup> Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

### Members in attendance:

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

### Members Absent:

Mr. Robert Delaney

### Others in attendance:

Mr. Charles Kelley  
Mr. Noel Simpson  
Ms. Jennifer Dutch  
Mr. Kevan McAleer  
Ms. Deborah Machowski

The meeting was called to order at 8:35 a.m. by Ms. Jenkins.

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

VOTED to approve the minutes from the Board of Directors meeting held on May 23, 2014.

### Chairman's Report

Mr. Kelley reported that the Sherlock Scholarship event took place on Wednesday, June 25 at the RI State House.

### Executive Director's Report

Mr. Kelley mentioned that there is a brochure in the board packets from the State Senate Youth Internship Awards event that recognizes RISLA's internship program. He also mentioned the PawSox Scholarship Event in which RISLA provided scholarship checks to five students that attended the 4<sup>th</sup> Annual RISLA Pawtucket Red Sox college fair at McCoy Stadium. Mr. Kelley announced that the RISLA received another \$200,000 grant from the RI Foundation, which provides loan forgiveness for specific healthcare related fields including primary care physicians.

### Review of Bond Issue

Mr. Kelley discussed the refinancing of the letter of credit bond issue to a LIBOR Floating Rate Note. This refinancing will reduce RISLA's costs by eliminating the remarketing fee on the VRDN and eliminates both renewal risk and the possibility of the letter of credit bank increasing its fees. It also

reduces the risk should a letter of credit bank be downgraded by the Rating Agencies. By obtaining permanent financing with a LIBOR floating rate note RISLA has locked in a spread over the cost of funds and received a AAA rating.

#### RISLA's Education Loan Refinancing Program

Mr. Kelley stated that borrowers who have existing RISLA loans, federal PLUS loan, and other education loans could be eligible to refinance their loans under RISLA's new program. There are five year, ten year, and fifteen year repayment options. He announced that RISLA has already helped its first borrower by reducing the individual's monthly payment by \$117 and will save her approximately \$5,600 over the life of the loan. Mr. Kelley said the challenge for the program will be that with RISLA's strict credit criteria, many will not qualify. This is expected to be a \$10-20 million program. RISLA is the only state or not for profit agency in the country that is offering a student loan refinancing program of its own.

#### ACTION ITEM – 2015 Budget

Mr. Kelley discussed the fiscal year 2015 budget. He noted two major changes, an increase of \$100,000 for data security and compliance costs and wage increases that mirror wage increases agreed to and implemented by the State. Mr. Simpson stated RISLA is conservative on bond interest, building in risk hedges for unforeseeable increases in interest rates and anticipating revenues going down. Mr. Theroux inquired why auditing expenses increased 108%. This is due to RISLA budgeting audit fees to perform a SSAE16 Servicing Audit Report (SOC1) and an Agreed Upon Procedures (AUP) Report required by the Rating Agencies. These are done independently and annually and help with bond financings.

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

VOTED to approve the 2015 Budget.

#### ACTION ITEM – Servicing System for Line of Credit

Mr. Kelley said the original intent was to use UAS, the same timeshare system RISLA uses for non-federal loans. UAS had originally quoted \$10,000, but now has revised that to \$100,000 with no timeline for completion. RISLA has gone out to bid and received three bids. Mr. Kelley recommends Nortridge who bid \$50,000 with an annual maintenance charge of \$9,000. RISLA would license the software and own any customization that it does

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

VOTED to purchase a servicing system from Nortridge.

#### Schedule Meeting of Audit Committee with CPA Firm

Ms. Machowski would get in contact with Audit Committee consisting of Mr. Feisthamel and Mr. Theroux to determine a mutually agreeable time to meet with the CPA firm.

#### Review of Plans for Education Summit

Ms Jenkins mentioned that she recently heard a presentation at the June RIASFAA meeting and that the presenter might be interested in speaking at the Education Summit. It was stated that it would be further discussed at the July Board of Director's meeting.

Upon a motion made by Mr. Feisthamel and seconded by Ms. Jenkins, it was unanimously  
VOTED to adjourn at 9:15 a.m.

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Mr. Robert Theroux  
Secretary