

## MINUTES OF MEETING

The 325<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on Friday, May 15, 2015 in the McKenna Conference Room, 1<sup>st</sup> Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

### Members in attendance:

Mr. Robert J. Delaney  
Ms. Christine Barnes Jenkins  
Mr. Andrew Roos, Designee of the General Treasurer, State of RI  
Mr. Daniel Egan

### Members Absent:

Mr. Robert R. Theroux  
Mr. Dennis R. Duffy, Esq.

### Others in attendance:

Mr. Charles Kelley  
Mr. Noel Simpson  
Ms. Jennifer Dutch  
Mr. Kevan McAleer  
Mr. Joseph Palumbo  
Ms. Debbie Machowski  
Mr. Kyle Lynch  
Ms. Laurie Brayton

The meeting was called to order at 9:40 a.m. by Mr. Delaney.

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

VOTED to approve the minutes from the March 20, 2015 Board of Director's Meeting.

### Chairman's Report

Mr. Delaney reported on a congressional delegation letter sent to Treasury Secretary Lew on behalf of student loan issuers requesting clarification of certain tax exempt bond rules that limit the use of tax exempt bonds for certain parent and education refinancing loans.

### Executive Director's Report

Mr. Kelley highlighted a Wall Street Journal article in which RISLA was mentioned as having interest rates lower than the federal government. The Federal PLUS Loan rate was set at 6.84% with a fee of 4.3%. RISLA has a fixed rate, no fee 3.99% family education loan.

#### Discussion of Proposed Legislative Changes to RIHEAA

There was a discussion of RISLA's lease provisions.

#### Delinquency and Default Data Presentation

Mr. Kelley reported on RISLA's credit based, non-federally guaranteed loans. He stated that RISLA's cumulative default rate is 2%. He reviewed media reporting high defaults for the Federal student loans which have no or minimal credit standards. Board members commended Mr. Kelley and Mr. Simpson for implementing a great program and guiding staff to help counsel and provide borrowers with the knowledge to make informed decisions.

#### Results of Bond Sale and New Interest Rates

Mr. Kelley said the new program will provide significant savings to borrowers for the 2015/2016 academic year.

#### Internship Recognition Event – Follow Up

Mr. Delaney discussed the Internship Recognition event. He said it was well attended. He mentioned that the Governor and Treasurer were both in attendance as well as employers and interns.

#### ACTION ITEM – Selection of Financial Auditors

Mr. McAleer announced that Marcum LLP was the low bidder followed by LGC&D. He said that RISLA received seven bids. He also noted that proposals must now be evaluated according to scoring weights given in three distinct categories. Marcum received the highest amount of points at 100. The next highest was LGC&D at 98. Mr. McAleer said that although Marcum LLP has been the auditor for the last six years there is nothing prohibiting them from being selected but in order to be approved by both the Director of Administration and the Auditor General they must include safeguards to insure auditor independence. Marcum LLP has certified that they will assign a new manager and a new joint partner to the engagement.

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

VOTED to approve the selection of Marcum LLP based on staff recommendation.

#### Review of Loan Refinancing Policies

Mr. Kelley reported on RISLA's education loan refinancing program. He said that RISLA currently refinances non federal and Parent PLUS loans but would like to expand the program to include Federal Stafford and Consolidation Loans. He discussed the rates, benefits and eligibility. Mr. Delaney suggested the creation of a reserve fund for the program.

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

VOTED to approve the revised refinancing policy.

#### Discussion of Proposed Assignment of Direct Loan Servicing Contract

Mr. Kelley mentioned that RISLA previously opted to subcontract with Iowa which is now looking to withdraw from direct loan servicing and is asking RISLA to consent to the assignment of the servicing

contract to MOHELA. RISLA has not seen the final deal. Once it is received, the staff will come to the board with a recommendation.

ACTION ITEM – Consent to Assignment of Direct Loan Servicing Contract to MOHELA  
Not applicable at this time

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

VOTED to adjourn at 10:30 a.m.

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Mr. Robert Theroux  
Secretary