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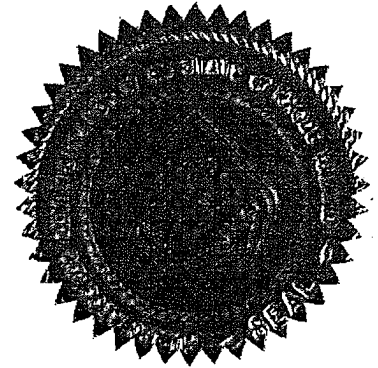
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A. Ralph Mollis

Secretary of State

Annexed is a true copy of an original document held in the custody
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Student Loan Authority Board of Directors – Meeting Minutes March 14, 2002



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January 18, 2007





RISLA

RHODE ISLAND
STUDENT LOAN
AUTHORITY

7

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02 JUL 12 PM 1:02

Charles P. Kelley, CPA, CF
Executive Director

July 11, 2002

Edward S. Inman, III
Secretary of State
Office of Administrative Records
State House, Room 38
Providence, Rhode Island 02903-1105

Dear Mr. Inman:

Enclosed are the official minutes of the March 14, 2002 meeting of the Board of Directors of the Rhode Island Student Loan Authority, which were approved and placed on file at the Board Meeting, held on July 11, 2002.

Thank you,

Elsie A. Murphy

Enclosure

560 Jefferson Boulevard
Warwick, RI 02886
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800-758-7562
FAX: 401-732-3541
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info@risla.com

BOARD OF DIRECTORS

- Hon. Robert J. McKenna
Chairman
- Domenic R. DiLuglio
Vice Chairman
- William Croasdale
Secretary/Treasurer
- Sen. John A. Celona
- Christine B. Jenkins
- Patrick J. Keeley, Jr.
- Rep. Paul V. Sherlock

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College Planning Center
of Rhode Island
in the Warwick Mall
TEL: 401-736-3170
SLA-000010



RISLA

RHODE ISLAND STUDENT LOAN AUTHORITY

02 JUL 12 PM 1:02

Charles P. Kelley, CPA, C
Executive Director

The 194th meeting of the Rhode Island Student Loan Authority was held on Thursday, March 14, 2002 in the Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island. The Hon. Robert J. McKenna called the meeting to order at 10:20 A.M.

The following members were in attendance:

- Hon. Robert J. McKenna
- Dr. William Croasdale
- Sen. John Celona
- Rep. Paul Sherlock
- Ms. Christine B. Jenkins

Members absent:

- Dr. Domenic DiLuglio
- Mr. Patrick Keeley, Jr.

Others in attendance:

- Mr. Charles P. Kelley, Executive Director, RISLA
- Mr. Noel F. Simpson, CFO
- Attorney Joseph Palumbo, Counsel to the Authority
- Mr. David DeBlois, Director of College Planning Center
- Ms. Gail Bessette

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Rep. Paul V. Sherlock

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Upon a motion by Dr. Croasdale and seconded by Senator Celona it was unanimously

Voted: To accept the minutes from the Board of Directors' meeting held on November 8, 2001.

Chairman's Report

Due to the limited amount of time available for this particular meeting the Chairman eliminated his report.

Executive Director's Report

Mr. Kelley stated he and Chairman McKenna had a nice breakfast with Deputy Secretary of Education Bill Hanson, in DC. Dr. McKenna discussed many higher education issues that affect Rhode Islanders.

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SLA-00020

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Mr. Kelley spoke concerning Bryant College's move to Direct Lending. This will result in a loss of \$2 million dollars in loan volume. This was also a loss to us personally; RISLA has worked on many issues for Bryant College and tried to do everything we could for this school. Still not quite sure why the school went to Direct Lending. Mr. Souto in an attempt to recoup that business has been working with Boston College and has succeeded on securing a spot on their preferred lender list through Tuition Management Systems(TMS) in Newport. They will also link to us from their school's website. Mr. Kelley visited Emerson College, which recently left Direct Lending, and is being run by Dan Pinch(formerly of Johnson & Wales). Emerson College has agreed to do Parent Loans with us. Anderson College in Indiana (loans originated through TMS) was going to leave because they thought they had found a better deal but RISLA sent one of our staff to meet with them and turned them around. The irony of all this is that schools outside of our state are very anxious to use our programs – why would an in-state school leave? President Mackley asked his staff' why if Direct Lending was more expensive would his Financial Aid staff choose it" - there did not seem to be an answer available. The decision regardless has been made.

The College Planning Center calendar was featured on Channel 10 with Frank Colletta and they generated a very good response. Other marketing activities will be discussed later on in the meeting. Mr. Kelley reported that he is off the EFC Board of Directors after 6 years. We will still work with Senator Reed's office to get extended repayment programs for loans so students do not have to go through the consolidation paperwork. Mr. Kelley had lunch with Bill Holland, the Commissioner of Higher Education, as the board had requested he do at the last meeting. Mr. Holland was very pleased with the Teaching and Nursing Programs. Mr. Holland is putting together a program on the Cost of Higher Education in Rhode Island. In this report Mr. Holland spoke very favorably of the College Planning Center.

Dr. Croasdale asked if there was an answer yet regarding whether "nursing teachers" would be eligible for the Zero interest rate under the Teacher or Nursing Reward Program. Attorney Palumbo is currently researching and Mr. Kelley will have an answer at the next meeting. Dr. Croasdale suggested sending a letter to the College Presidents in Rhode Island. Mr. Kelley stated that this was a very good suggestion. We usually work with middle management and financial aid individuals but it is a good idea to become more recognized with the Presidents and to thank them for their support.

Financial Report

Mr. Simpson explained that the Board packages included three months of financial reports. Net revenues for each month were within budget. Net revenue for October was \$467,000, November's was \$483,000 and December's was \$393,000. January Report(handed out) Net revenues amounted to \$478,000.

Mr. Sherlock asked what accounted for the difference between November and December? Mr. Simpson replied that it was a timing issue. In December we incur a lot of Loan Origination expenses. Not due to an external factor. Mr. Kelley explained the graphs and stated that it demonstrated that both loan origination and net revenues were above budget and prior year actuals. Things are going very well and the challenge is to continue that in the upcoming years. Things are going to become more challenging in the future.

Action Item – RIFEL School Commitment Release

Mr. Kelley gave a background on the initial beginnings of the RI Family Education Loan. When the program began the rating agencies did not have a lot of experience with this type of loan program so they required that schools who participated in the program sign a contract that they were responsible for 5% of the loan amount if the default rate went over 5%. Default rates are just under 2% cumulative since inception. We have never had to access the school commitment. On bonds issued since 1998 the school commitment phrase has been eliminated due to the good track record of the loan program. The action item up for the Boards vote is to go back and release schools of their commitment on loans made prior to 1998. Many of those loans have paid down considerably and most loans default in the early years of repayment. One school did ask about a release from their commitment since it did cause some complications on their bond issue. That school was Bryant College.

Upon a motion by Dr. Croasdale and seconded by Sen. Celona it was unanimously

Voted: To release schools of their commitment on the RI Family Education Loan.

Action Item – Leasing of Additional Space

Mr. Kelley stated that there is a small space across from our existing office on the second floor which will be available for rent at the end of the year. RIHEAA asked if RISLA was interested in that additional space and we have replied in the affirmative. RIHEAA will be looking for a commitment letter. Before signing the commitment letter Mr. Kelley wanted to receive authorization from the Board. It would be under the same terms and conditions as we currently have.

Upon a motion by Dr. Croasdale and seconded by Senator Celona it was unanimously

Voted: To sign the commitment letter for the lease of the additional space which would be under the same terms and conditions as we currently have.

Representative Paul Sherlock then had to leave the meeting.

Report on Bond Issue

Offering statement for the \$110 million Bond just completed. Bond issue went very well-\$80 million tax exempt, \$30 million taxable. Mr. Kelley directed the Board members to page 27. We received an initial variable tax-exempt rate of 1.35% , the timing of our fixed rate bonds was very fortuitous and translated to a fixed rate of 6.5% on the Family Education Loan for 15 years. Neighbors in Massachusetts went to market after us and their fixed rate is 6.79%. Bond team: Attorney Grande, PaineWebber, Mr. Simpson and Attorney Palumbo did an excellent job.

Marketing Activities

Wally Gernt and Gayle Wheeler went over some of the recent marketing activities they have worked with RISLA on. Bill Boards on 95 and 195 Wally and Gayle put this program together on very short notice and obtained some very good prices. Very positive response. RISLA also plans to use radio ads to promote Parent Loans in the Providence and perhaps the Boston market place. RISLA several years ago secured the toll free number 1-800-PLUSLOAN and the website, www.plusloan.com Wally has looked at six scripts that will be done with Tom Ryan from CVS (due to Senator Celona's help) as Public Service Announcements (PSA's). Content "college for less – use resources available to you to get the most cost efficient education." Also promote the Teacher and Nursing Reward program as well as potentially the Pharmacy Reward Program(if passed). Sen. Celona will be delivering the six scripts to CVS and they will choose the ones they want. Senator Celona stated that Wally and his group have done a very nice job.

Mr. Kelley then went over other marketing activities. Direct mail is the way most companies are conducting business these days. Additional loan volume can be generated through this venue. We are doing this through our affiliation with Tuition Management Systems(TMS) in their budget payment plans, Dave DeBlois (CPC) has been accumulating a list of names and address when he counsels people on the FAFSA and college applications. We are also doing this through our web site www.rischolarship.com. Trying to get High School seniors is very difficult. We have done a consolidation mailing. We are also currently working with the schools and providing Consolidation seminars for their graduates. A dozen for profit marketing companies are trying to market these individuals and convince them to consolidate now at a higher interest rate. It is projected that the interest rates on Federal Loans will drop substantially after July 1st which would lower the consolidation rate. We have been working on informing our schools and borrowers that they should wait until after July 1st so that they can take advantage of these lower rates. We may be do mailings to our own database of borrowers. Consolidation very valuable – we've added approximately \$10 million dollars in loans through consolidation. Ms. Jenkins suggested that perhaps Audrey Logoness of Channel 10 should be called to see if she is interested in doing a piece on loan consolidation. Also, she suggested a letter be

sent to schools letting them know of the potential interest rates drop expected after July 1,2002.

Mr. Kelley also discussed another non-action item. Gail Bessette suggested offering some \$1,000 scholarships where students would log onto the risla web site to apply for the scholarship. We could then capture those names for direct marketing mailings. The scholarship would basically be a raffle. The scholarship would be sent to the school. This would be a way of countering the Bank of America's program. Gayle Wheeler stated that this would be an excellent public relations opportunity as well.

Mr. Kelley then asked if the Board was in agreement with RISLA pursuing out of state activity when and where it made sense. Tax exempt bonds are not used for out of state lending.

Upon a motion a motion by Senator Celona and seconded by Ms. Jenkins it was unanimously:

Voted: To affirmatively consent to the direction of the marketing activities being pursued.

Senator Celona passed out an information packet regarding offering incentives to students entering the pharmaceutical profession in Rhode Island. Senator Reed has sponsored a bill on the Federal level to provide incentives at the Federal level. The University of Rhode Island is the only institution in Rhode Island with a Pharmacy program. Senator Celona has suggested that we offer a program similar to the Teacher/Nursing Reward program to Pharmacy students. There are approximately 85 graduates in this program a year. Senator Celona than provided the Board with a background on the shortage of pharmacist. Shortage is at a critical state-there is a nationwide shortage. The demand for pharmacist is up but the number of graduates to meet this need are down. Dr. McKenna asked if there was enough information available to vote on this issue at this meeting. Mr. Kelley replied that he and Mr. Simpson have analyzed the fiscal impact and this program could be paid by for with excess yield rebate. This rebate is not a bottomless pool. The excess yield comes from the difference of what we receive on the loan and what we pay in bonds. That margin is being squeezed due to the heated competition with different lenders around the country. This buildup of the excess yield is going to slow and we may even need to eat into it. Example: We have been paying the guarantee fee on these loans for many years. This cost RISLA over \$1 million a year. At the end of every year Mr. Simpson has outside firms calculate what the rebate obligation is and we will report back this summer when it is calculated again.

Upon a motion by Dr. Croasdale and seconded by Senator Celona it was unanimously

Voted: To Develop a Pharmacist Reward Program

Dr. Croasdale asked that before any more reward programs are designed that the Board be told how many more such programs can be done. Mr. Kelley stated that will not be known until July when the rebate is calculated. Dr. Croasdale asked that a moratorium be placed on establishing anymore programs until the rebate is calculated in July or August.

College Planning Center

Mr. DeBlois spoke regarding the overwhelming numbers of students who visited the College Planning Center(CPC) this year for help in completing the FAFSA. Up 20% from last year. Satellite locations in Woonsocket (strongest), Middletown and Narragansett great relationship with the guidance officers at these schools. CPC hosted a college fair at URI in conjunction with the RI Association of Admissions Officers and the Children's Crusade. Seventy one schools were in attendance-evaluations were very good. Over 600 people attended. Attendees wanted more schools to be present. Mr. DeBlois is also working on revamping the CPC website and it will promote institutions of Higher Education in Rhode Island. The revised web site will make it easier for students to fill out the FAFSA electronically.

Dr. McKenna stated that due to the shortage of time Action Item 12 would be discussed at the next Board meeting. Next meeting is scheduled for April 11th.

Old Business

None

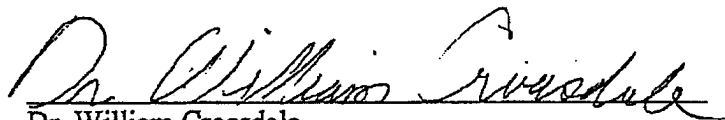
New Business

Mr. Kelley asked that the Board set up a subcommittee to help as RISLA begins going through servicer deliberations. RISLA will be deciding on systems to purchase and choosing new servicers. Dr. Croasdale and Ms. Jenkins were nominated for the subcommittee.

Upon a motion by Senator Celona and seconded by Dr. Croasdale it was unanimously

Voted: That the meeting be adjourned.

Adjournment was at 11:00 AM



Dr. William Croasdale
Secretary/Treasurer