

AGENDA ITEM 2.

APPROVAL OF MINUTES OF THE DECEMBER 1, 2016 MEETING

Submitted for: Action

Summary: This report includes the minutes of the meeting held on December 1, 2016.

Action requested: That the Commission approve the minutes of the meeting on December 1, 2016.

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

University of Illinois at Chicago
Student Services Building, Conference Room A
1200 W. Harrison St.
Chicago, IL

December 1, 2016

11:30 a.m.

COMMISSIONERS PRESENT: Selamatwi Asgedom
Miguel del Valle, Vice Chair
Mark Donovan, Investment Committee Member
Kevin Huber, Investment Committee Member
Paul Roberts, Audit Committee Member
Kim Savage, Audit Committee Member

COMMISSIONERS ABSENT: Kendall Griffin, Audit Committee Member

STAFF PRESENT: Eric Zarnikow, Executive Director
Lynne Baker, Managing Director, Communications
Ramnath Cidambi, Managing Director, Information Technology
Kent Custer, Chief Investment Officer
Kishor Desai, Chief Internal Auditor
Shoba Nandhan, Chief Financial Officer
Roger Rojas, Investment Analyst
Karen Salas, General Counsel
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Eric Hiatt, Illinois Board of Higher Education
George Wang, DoIT
Brienne Weymouth, Callan Associates

Item 1. Announcements

Chair Huber brought the December 1, 2016 meeting of the Commission to order at 11:34 a.m. and asked that a roll call be taken which established a quorum was present.

Item 1A. Approval of the 2017 Meeting Dates and Locations

Mr. Huber asked for a motion to approve the tentative 2017 meeting dates and locations for the Commission.

Ms. Savage **MOVED THAT** the Commission approve the tentative 2017 meeting dates and locations. Mr. Donovan seconded the motion, which was approved unanimously.

The tentative 2017 meeting dates and locations for the Commission are as follows:

Wednesday, January 25, 2017, Chicago
Wednesday, April 12, 2017, Chicago
Wednesday, June 14, 2017, Chicago
Wednesday, September 13, 2017, Chicago
Wednesday, November 15, 2017, Chicago

Item 2. Approval of the Minutes of the September 14, 2016 Meeting

Ms. Savage **MOVED THAT** the Commission approve the minutes of the September 14, 2016 meeting of the Commission. Mr. del Valle seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Mr. Zarnikow provided a brief update on the financials provided in the agenda book. Responding to Chair Huber, Mr. Zarnikow stated that the decline in revenue for collections reflects the continued wind down of the portfolio. He also provided a brief update on the FY17 and FY18 budget.

Mr. Zarnikow stated that ISAC recently announced that 19,000 students have been recognized as an Illinois State Scholar. Discussion was held on the recent survey completed by MAP recipients and schools regarding how the budget delay has affected them personally. He stated that they received a 73 percent response rate from schools and a ten percent response rate from students.

Item 4. Approval of a Resolution Regarding FY 17 Budget

Mr. Zarnikow reminded the Commission that a Resolution encouraging elected officials to fund FY 2016 MAP was adopted at its October meeting. He indicated this Resolution being brought to the Commission for approval stating funding MAP as important and higher education funding important. He stated once approved the Resolution will be sent to the Governor and members of the General Assembly.

Mr. Huber asked for a motion to approve the Resolution encouraging adoption of fiscal year 2017 budget as printed in the agenda book. Mr. Roberts so **MOVED** and Mr. Asgedom seconded the motion, which was approved unanimously. The Resolution is as follows:

WHEREAS, the *Illinois Public Agenda for College and Career Success* requires increased college affordability, academic achievement, and college completions by more Illinoisans, and recognizes that to meet workforce demands and achieve economic growth and vitality, Illinois must increase the number of citizens with a postsecondary degree to 60 percent by 2025 (“60 x 2025 Goal”); and

WHEREAS, the data is clear that Illinois cannot reach the 60 x 2025 Goal without significantly increasing college completion among returning adults and the growing population of low income and first generation students, most of whom must rely on financial aid to attend college; and

WHEREAS, more than 125,000 students across the State of Illinois typically rely on Monetary Award Program (MAP) grants to attend college each year, and almost 60% of those students are so low-income that the federal government doesn't consider them able to contribute *any* resources to pay for college; and

WHEREAS, without the availability of MAP grants, many students simply couldn't go to college—reducing both the student's and the state's ability to leverage hundreds of millions of federal Pell dollars; and

WHEREAS, students throughout the state whose financial aid packages included a MAP grant for the 2016-17 school year have not received those awards due to the budget delay; and

WHEREAS, funding for other gift assistance programs for Illinois college students has also been delayed, including funding for the Grant Programs for Dependents of Police, Fire and Correctional Officers killed or disabled in the line of duty, the Minority Teachers of Illinois Scholarship Program, Golden Apple Scholars of Illinois, and other programs; and funding for each of these programs in fiscal year 2016 was dramatically reduced or eliminated, leaving many families with unexpected costs; and

WHEREAS, the ongoing fiscal year 2017 budget delay and the limited funding that was only made available at the very end of fiscal year 2016 have eroded trust that MAP and other gift assistance funding will be available, creating uncertainty and impacting college decision-making for students across the state; and

WHEREAS, the Illinois Student Assistance Commission recognizes that without a current appropriation, many colleges are not able to credit student accounts for MAP and other gift assistance, and that some colleges are holding student Pell refunds as they await payment from the state—refunds that students rely on to pay for books and living expenses; and

WHEREAS, even those colleges that *are* able to credit student accounts for MAP and other gift assistance for the fall semester, with the expectation that they will be reimbursed when funds are appropriated, may not be able to do so in the spring semester; and

WHEREAS, the Illinois Student Assistance Commission is deeply concerned that the ongoing delay in providing funding for MAP and other gift assistance programs has already impacted the ability of many students to continue to attend college and could continue to do so, interrupting their studies and/or increasing student loan debt, reducing their likelihood of completing, impacting their careers, and resulting in long-term economic harm to individual families and the state; and

WHEREAS, the budget delay is threatening the ability of public post-secondary institutions to maintain staffing, programs, and facilities that will educate the Illinois workforce of today and tomorrow; therefore be it

RESOLVED that the Illinois Student Assistance Commission strongly urges immediate adoption of a state budget for fiscal year 2017 that will provide the necessary funding for students who depend on MAP and other gift assistance programs to attend college, ensure financial stability to community colleges and public universities, and deliver to Illinois public higher education the resources needed to advance the state's economic future; and be it further

RESOLVED that this Resolution shall be forwarded to the Governor, the members of the General Assembly and the leadership of the higher education community.

Item 5. Approval of the Fiscal Year 2018 Appropriated Funds Budget

Mr. Zarnikow briefly reviewed the budget approval process and noted the request includes a \$50 million increase for MAP as well as \$4 million for general operations and \$5 million for ISACorp.

Mr. Donovan **MOVED THAT** the Commission approve an FY 2018 budget request totaling \$764.3 million as detailed in Table 1 of the agenda book.

Ms. Savage seconded the motion, which was approved unanimously.

Item 6. College Illinois! Prepaid Tuition Program Investments

Due to possible time constraints the Commission moved ahead in the agenda to action items.

Item 6B. Investment Consultant Procurement

Mr. Custer briefly reviewed the selection process and documentation, including diversity disclosure. He stated that the current consultant, Callan Associates is being recommended for a contract of \$260,000 per year with a two percent inflation component, which is less than the current contract.

Mr. Donovan **MOVED THAT** after consideration of the foregoing information and attachments and recommendation of the Investment Committee, the Commission approves Callan Associates to provide investment consulting services.

Ms. Savage seconded the motion which was approved unanimously.

Item 6D. Investment Policy Revision

Mr. Custer reviewed the summary of recommended changes to the investment policy as provided in the agenda book, noting that these changes were primarily related to the shift to commingled funds for international equity.

Mr. Roberts **MOVED THAT** the Commission approve the following resolution:

“BE IT RESOLVED that the Commission adopts the Investment Policy as submitted in the agenda book.”

Ms. Savage seconded the motion, which was approved unanimously.

Item 6A. Investment Update

Mr. Custer informed the Commission that Ms. Joy Winterfield has submitted her resignation from the Investment Advisory Panel due to scheduling conflicts in her current employment.

Mr. Custer provided a brief overview of the information provided in the agenda book including the portfolio risk profile, recent performance, investment activity as well as status updates.

Item 6C. Actuarial Soundness Valuation Report

Mr. Custer reviewed the summary of the Actuarial Soundness Valuation Report as provided in the agenda book.

Mr. Zarnikow reminded the Commission the soundness report represents a point in time and even with our well-diversified investment portfolio, there could be down years and that would be reflected in future soundness reports.

Item 7. Audit Committee Update

Ms. Savage reviewed the agenda for the Audit Committee, which will be held immediately following the full Commission meeting today.

Item 11. Public Comments

Chair Huber asked if anyone from the public wished to address the Commission. There were no comments from the public.

Mr. Donovan **MOVED THAT** that the December 1, 2016 meeting be adjourned, Ms. Savage seconded the motion, which was approved unanimously. The meeting adjourned at 12:51 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission