

AGENDA ITEM 2B.

**APPROVAL OF MINUTES OF THE SEPTEMBER 13, 2018
JOINT MEETING OF THE COMMISSION
AND THE INVESTMENT COMMITTEE**

Submitted for: Action

Summary: This report includes the minutes of the joint meeting of the Investment Committee and the Commission held on September 13, 2018

Action requested: That the Commission approve the minutes of the September 13, 2018 Meeting.

**MINUTES OF THE JOINT MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
AND THE
INVESTMENT COMMITTEE**

**Robert Morris University
Culinary Dining Room - 8th Floor
401 S. State Street, Chicago, IL 60605**

September 13, 2018

1:00 p.m.

COMMISSIONERS PRESENT: Niketa Brar, Investment Committee Member
Mark Donovan, Investment Committee Member
Kevin Huber, Commission Chair and Investment Committee Member
Emma Johns, Commissioner
Claudia Quezada, Audit Committee Member
Kim Savage, Audit Committee Member
Dr. Patrick M. Twomey, Commissioner

COMMISSIONERS ABSENT: James Hibbert, Commissioner and Investment Advisory Panel Member
Miguel del Valle, Commission Vice Chair and Audit Committee Member

STAFF PRESENT: Eric Zarnikow, Executive Director
Lynne Baker, Managing Director, Communications
Ramnath Cidambi, Chief Information Officer
Carol Cook, Director, Program Services and Compliance
Kishor Desai, Chief Internal Auditor
Shoba Nandhan, Chief Financial Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Shana Rogers, Senior Research Associate
Susan Kleemann, Managing Director, RPPA
Natalie Wandall, Assistant to Executive Director
Michael Wilder, Telecom and Network Engineer
Debora Calcara, Former Commission Secretary
Kathleen Cole, Staff Attorney

PUBLIC ATTENDANCE: Ryan Ball, Callan and Associates
Eric Hiatt, University of Illinois
Jessie Gotsdiner, Women Employed
Emily Goldman, PCC

Item 1. Announcements

At 1:00 p.m. Chair Kevin Huber called the September 13, 2018 meeting to order by announcing that this is a Joint Meeting of the Illinois Student Assistance Commission (ISAC) and the Investment Committee. A roll call of all Commissioners (the Commission) and Investment Committee Members was taken and a quorum was established for each. Chair Huber announced that Thursday, December 6, 2018 will be the next meeting of the Commission.

The 2019 tentative meeting dates and locations are as follows:

Thursday, April 4, 2019, Chicago
Thursday, June 13, 2019, Chicago
Thursday, September 12, 2019, Chicago
Thursday, December 5, 2019, Chicago

Item 1A. Approval of the Tentative 2019 Meeting Dates and Locations

Mr. Twomey **MOVED THAT** the tentative dates and locations of the Commission's 2019 meetings listed in the Agenda Book be approved. Mr. Donovan seconded the motion, which was unanimously approved by the Commission.

Item 2. Approval of the Minutes of the June 14, 2018 Joint Meeting of the Commission and Investment Committee

Item 2A. Investment Committee Meeting (Action: Investment Committee)

Mr. Donovan **MOVED THAT** the Investment Committee minutes of the June 14, 2018 meeting as incorporated into the full Commission minutes be approved by the Investment Committee. Mr. Huber seconded the motion, which was unanimously approved by the Investment Committee.

Item 2B. Joint Meeting of the Commission and Investment Committee (Action: Commission)

Ms. Savage **MOVED THAT** the Commission approve the minutes of the June 14, 2018 Joint Meeting of the Commission and the Investment Committee. Ms. Quezada seconded the motion, which was unanimously approved by the Commission.

Item 3. Executive Director's Report (Information)

Mr. Zarnikow stated that the Commissioners received a separate media book that provides a good representation of ISAC in the media since the last Commission meeting.

He provided a brief update related to financial statements provided in the agenda book.

He also informed the Commission that it was announced that Dr. Al Bowman, the Director of the Illinois Board of Higher Education (IBHE) and Dr. Karen Hunter Anderson, the Executive Director of the Illinois Community College Board (ICCB) are retiring. He then announced that Susan Kleemann will retire from ISAC at the end of this year and that Shana Rogers, who he introduced to the Commission, will replace Ms. Kleemann. He also noted that it was Debora Calcara's last meeting today and that Natalie Wandall is taking over for Ms. Calcara.

Mr. Zarnikow stated that, since Kent Custer left for a new position at the end of June, there has been a search for a new Chief Investment Officer (CIO). He informed the Commission that many highly

qualified candidates applied. After a robust screening and interviewing process Carmen Heredia-Lopez was selected and accepted the position as CIO. He read her qualifications noting that she is a very accomplished CIO whose interests are aligned with ISAC's mission.

He thanked Roger Rojas and Callan & Associates for stepping up in Mr. Custer's absence.

Item 4. State Legislative Update (Information) - Eric Zarnikow

In Katharine Gricevich's absence, Mr. Zarnikow presented the legislative updates as described in the agenda book.

When describing the AIM HIGH Program he responded to Commissioners' questions regarding program eligibility, data collection, outreach and school funding requirements. He stated that implementation of the program is on track and that Emergency Rules were filed yesterday. He thanked the ISAC team for their work in implementing this program.

Item 5. Approval of the Monetary Award Program (MAP) Start-Up Formula (Action) - Susan Kleemann

Susan Kleemann explained the MAP formula as written in the agenda book. The Commission then discussed the formula and the state of financial aid generally.

Mr. Twomey **MOVED THAT** the Commission approve the FY 2019 MAP formula summarized in Table Four as the FY 2020 MAP start-up formula. This formula reduces awards by two percent for a \$4,869 effective maximum MAP award. Mr. Donovan seconded the motion, which was unanimously approved by the Commission.

Chair Huber thanked Ms. Kleemann for all she has done for ISAC and for her professionalism.

Item 6. Proposed Administrative Rule Amendments (Action) - Carol Cook

Carol Cook described the emergency rules that amend the police, fire and corrections officer dependents grant programs to expand eligibility to dependents born after the incident that gave rise to the disability. She described a correction made to the rules after JCAR's review.

Ms. Savage **MOVED THAT** the Commission approve the following resolution:

"BE IT RESOLVED that the Commission accepts the proposed program rules amendments cited in this revised agenda item for submission and consideration by the Joint Committee on Administrative Rules (JCAR); and, barring any material modification, or objection by JCAR, the Commission authorizes the Executive Director to proceed with adopting the program rules as amended."

Ms. Quezada seconded the motion, which was unanimously approved by the Commission.

Item 7. College Illinois! Prepaid Tuition Program Investments - Roger Rojas

Item 7A. Investment Update (Information)

Mr. Rojas provided a brief overview of the information provided in the agenda book including the portfolio risk profile, transition plan toward the new interim asset allocation approved by the Commission during the 6/14/18 meeting, recent performance, as well as status updates. Mr. Zarnikow thanked Mr. Rojas for the work he has done in negotiating reduced investment management fees and for monitoring the fund compliance with the Investment Policy.

Item 7B. Approval of Appointment of Investment Advisory Panel Members (Action: Commission)

Mr. Twomey **MOVED THAT** the Commission approve the reappointments of Mr. James Hibbert (recommended by the Commission) and Mr. Chasse Rehwinkel (recommended by the State Comptroller's Office) to the College Illinois! Investment Advisory Panel, both for terms expiring November 19, 2021. Ms. Savage seconded the motion, which was unanimously approved by the Commission.

Item 7C. Approval of Changes to the Watch List (Action: Investment Committee)

Mr. Rojas reviewed the Watch List as provided in the agenda book and noted that no changes were being recommended to the Investment Committee. Chair Huber stated that no action was required.

Item 7D. Compliance Review (Information)

Mr. Rojas reviewed the compliance information provided in the agenda book. Mr. Rojas highlighted that investment expenses, which have been in a declining trend, are likely to be skewed over the next few quarters as carried interest from several closed-end funds are expected to be realized. He had no other significant changes to report for the quarter and no issues were found.

Item 7E. Prepaid Tuition Program Update (Information)

Mr. Zarnikow updated the Commission on the status of College Illinois! He reminded the Commission that at each meeting staff provides an update on College Illinois! and that efforts are continuing in relation to pursuing legislation to try to address the unfunded liability of the program. He went on to say that if legislation does not happen in the veto session of the General Assembly, we intend to continue to pursue legislation in the spring session. As previously discussed, enrollment will not be opened until the program is strengthened with legislation.

Item 8. Audit Committee Update (Information) - Commissioner Savage

Ms. Savage stated that the FY18 Internal Audit Plan was completed.

Item 9. Public Comment

There were no public comments.

Item 10. Closed Session: Closed Minutes

Chair Huber stated that Commissioners have had an opportunity to review the closed minutes of the June 14, 2018 meeting, as well as the Redetermination Regarding Confidentiality of Closed Minutes Agenda Item and unless there are requests to address questions or concerns he will not ask for a motion to go into closed session. Hearing no such requests by the Commission, he concluded that there would be no closed session for today.

Item 11. Approval of Closed Session Action Items

Item 11A. Approval of Minutes of the June 14, 2018 Meeting & Approval to Open (Action)

Mr. Donovan **MOVED THAT** the Commission approve the closed minutes of the June 14, 2018 meeting of the Commission and to make the minutes open to the public. Ms. Brar seconded the motion, which was unanimously approved by the Commission.

Item 11B. Approval of Redetermination Regarding Confidentiality of Closed Minutes (Action)

Mr. Donovan **MOVED THAT** the commission approve the following resolution:

“BE IT RESOLVED that the Commission has determined the need for confidentiality still exists for the minutes of its closed sessions for September 16, 2013, January 10, 2014, January 30, 2014, April 22, 2014 and therefore should remain closed.”

Ms. Savage seconded the motion, which was approved by the Commission with Ms. Brar abstaining. Motion passed.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Mr. Donovan **SO MOVED** and Ms. Quezada seconded that motion, which was unanimously approved by the Commission. The meeting adjourned at 2:45 p.m.

Respectfully submitted,

Kathleen Cole