

AGENDA ITEM 2.

MINUTES OF THE OCTOBER 29, 2009 AND THE NOVEMBER 13, 200 MEETINGS

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

October 29, 2009

**James R. Thompson Center
100 W. Randolph St.
Room 9-035
Chicago, Illinois**

**Central Management Services
Capital City Center
Room 104
130 W. Mason Street
Springfield, Illinois**

COMMISSIONERS PRESENT:

Donald J. McNeil, Chair
Sharon Alpi
Dr. Lynda Andre
Sean Dauber
Dr. Mary Ann Louderback

COMMISSIONERS ABSENT:

Hugh Van Voorst
Johnathan Wilson

STAFF PRESENT:

Andrew Davis, Executive Director
Frank Bello, College Illinois!SM Chief Investment Officer
George Egan, College Illinois!
Katharine Gricevich, Director, State Relations
Kim Lee, General Counsel
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE:

Nicole Rogers, IBHE
Glenn E. Ferencz, Drinker Biddle & Reath, LLP
Mary Pat Burns, Burke Burns & Pinelli, Ltd.

Item 1. Announcements

Chairman McNeil brought the October 29, 2009 special meeting of the Commission to order and asked that a roll call be taken, which established that a quorum was present at 10:00 a.m.

Item 2. Executive Director's Report

Mr. Davis reported that the campaign to save MAP came to a successful conclusion on October 15 with students representing a wide variety of schools throughout the state rallying at the State Capitol complex. It was his estimate that over 2,500 students participated in the rally and then met with their legislators. The save MAP campaign proved successful with the General Assembly passing legislation to restore funding to MAP, and the Governor signing the legislation into law at a press conference the following Sunday, with Mr. Davis and Chairman McNeil representing the Commission. He stated that a number of students from DePaul, IIT, Northeastern Illinois and Loyola were present at the press conference. He indicated that it is unsure at this time where the funding will come from to restore the MAP funding.

Mr. Davis indicated that he feels it was prudent for the Commission to approve staff's recommendation to front-load the original appropriation all to the first semester, which then allowed students the necessary time to secure other avenues of funding their second semester. He feels that if the funds had been distributed to both first and second semester the urgency to restore funding would not have had the same impact.

Ms. Alpi expressed her concern as to when the funds will be available for students. Mr. Davis assured her that students receiving the funds will not be an issue as it has been appropriated to MAP, so unfortunately, the issue of funding the appropriation will be between the schools and the state. It will be up to the schools to honor the student's award and it will be up to the school to now put the pressure on both the Governor and the General Assembly to reimburse them for this expense. Ms. Alpi feels that ISAC's role is not finished and should now help schools to receive their reimbursement.

Responding to Ms. Alpi and Dr. Louderback, Chairman McNeil stated that funding for MAP is an appropriation out of the General Revenue Fund and is small in comparison to the already \$3.5 billion budget gap; it is the responsibility of the state legislators to pass a balanced budget which did not happen. Chairman McNeil stated that at the same time our MAP funding was being restored, the new Director of the Governor's Office of Management and Budget (GOMB) announced that the revenue estimate for this year was off by roughly \$950 million. It is the Commission's responsibility to lobby for the programs that it administers without considering where the money for that funding will come from.

Mr. Davis stated that the individual awards given to students this year are at the same level as has been awarded for the last several years, since the formula for these awards is still using tuition rates that are six years old.

Responding to Chairman McNeil, Mr. Davis said that he gives credit to his staff, from communications, research, legal and everyone who came together to make the campaign a success and on behalf of staff he accepted the acknowledgement.

Giving an update on the proposed alternative funding for MAP, Mr. Davis stated that he has received positive feedback on the proposal to issue revenue bonds to fund the community college awards for MAP. He stated that data received from the Department of Revenue shows that individuals with a college education clearly have higher income and therefore pay higher income tax. He indicated that a proposal for this alternative funding will be brought to the Commission for action early in 2010.

Chairman McNeil indicated that the issue will be in convincing the legislature that accruing additional bond debt for this funding will have a positive impact and return.

Mr. Davis announced that the former Director of GOMB, Ginger Ostro, has now joined ISAC and will be working on a strategic plan for the Commission in a post-FFELP environment. He also announced that ISAC's CFO, John Sinsheimer, has accepted the position of Director of Capital Markets for the State of Illinois through an interagency agreement with ISAC and will continue to work with ISAC as necessary.

Mr. Davis then provided the Commission with an update on the College Illinois!® 529 Prepaid Tuition Program investments.

Chairman McNeil stated that while the Open Meetings Act generally requires that public bodies conduct their business at meetings that are open to the public, the Act also provides various exceptions for matters to be discussed in a closed session. For the Executive Session today, there is an applicable exception under subsection 2(c) of the Open Meetings Act:

- 1) Under exception number "7" of subsection 2(c)...the closed session will concern the sale or purchase of securities, investments or investment contracts.

Dr. Louderback **MOVED THAT** the Commission adjourn into closed session. Ms. Alpi seconded the motion, After a roll call vote approving the motion, the Commission adjourned into closed session at 10:44 a.m.

After completion of the closed session, Dr. Louderback **MOVED THAT** the Commission return into open session. Mr. Dauber seconded the motion, which was approved unanimously. The Commission returned to open session at 11:12

Item 5. College Illinois! 529 Prepaid Tuition Program Secondary Private Equity Investment Agreement

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

"BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman **and** the Chief Investment Officer to execute and deliver a Subscription Agreement by and between the Fund and ISAC (the "**Subscription Agreement**"), if required, an Amended and Restated Limited Partnership Agreement and any amendments or supplements thereto, (the "**Limited Partnership Agreement**,"), a side letter agreement (the "**Side Letter**" and together with the Subscription Agreement and the Limited Partnership Agreement, the "**Fund Documents**"). The Fund documents shall be in substantially the form attached hereto as *Exhibits B, C and D*, which are hereby approved, with such changes, revisions and completions therein not inconsistent with this Resolution as shall be approved by the Executive Director or Chairman **and** the Chief Investment Officer, such execution to constitute conclusive evidence of Executive Director or Chairman **and** the Chief Investment Officer approval and the Commission's approval of any changes, revisions and completions therein from the form of Infrastructure Fund Documents attached hereto; **provided, however**, in no event shall the amounts invested in the Fund exceed \$20,000,000;

"BE IT FURTHER RESOLVED that, subject to the limitations set forth in the paragraph above, the Chairman or Executive Director **and** the Chief Investment Officer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such documents and

other instruments as they or any of them deem necessary, convenient or desirable to consummate the transactions contemplated by this Resolution and all of the acts and doings of the Chairman or Executive Director and Chief Investment Officer, which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.”

Mr. Dauber seconded the motion, which was approved unanimously.

Item 6. College Illinois 529 Prepaid Tuition Program Private Equity Investment Agreement

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

“**BE IT RESOLVED** that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman **and** the Chief Investment Officer to execute and deliver a Subscription Agreement by and between the Fund and ISAC (the “**Subscription Agreement**”), if required, the Limited Liability Company Agreement of the Fund, as amended from time to time (the “**LLC Agreement**”), and a side letter agreement (the “**Side Letter**” and together with the Subscription Agreement and the LLC Agreement, the “**Fund Documents**”). The Fund documents shall be in substantially the form attached hereto as *Exhibits B, C and D*, which are hereby approved, with such changes, revisions and completions therein not inconsistent with this Resolution as shall be approved by the Executive Director or Chairman **and** the Chief Investment Officer, such execution to constitute conclusive evidence of Executive Director or Chairman **and** the Chief Investment Officer approval and the Commission’s approval of any changes, revisions and completions therein from the form of Infrastructure Fund Documents attached hereto; **provided, however,** in no event shall the amounts invested in the Fund exceed \$35,000,000;

“**BE IT FURTHER RESOLVED** that, subject to the limitations set forth in the paragraph above, the Chairman or Executive Director **and** the Chief Investment Officer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such documents and other instruments as they or any of them deem necessary, convenient or desirable to consummate the transactions contemplated by this Resolution and all of the acts and doings of the Chairman or Executive Director and Chief Investment Officer, which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.”

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

Dr. Louderback inquired if there was information available on the opening of enrollment for the College Illinois! 529 Prepaid Tuition Program. Mr. Davis confirmed that year-round enrollment begins November 1. Dr. Louderback asked if Commissioners could be provided with the enrollment materials and the media schedule planned for the new enrollment period. Mr. Davis stated that a full presentation with the new marketing materials created by in-house marketing staff will be conducted at the November meeting. Ms. Alpi agreed that it would be helpful to have a presentation.

Dr. Louderback also inquired on the status of the third-party sales agent RFP. Mr. Davis stated that there is strong interest from very large reputable financial firms who they anticipate will reply to the RFP by the deadline of November 6.

Seeing no further business to come before the Commission, Chairman McNeil asked for a motion to adjourn. Dr. Louderback **MOVED THAT** the Commission adjourn. Ms. Alpi seconded the motion, which was approved unanimously. The Commission adjourned at 11:24 a.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debora A. Calcara", is centered on a light yellow rectangular background.

Debora A. Calcara
Secretary to the Commission

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

November 13, 2009

North Central College
Naperville, Illinois

COMMISSIONERS PRESENT:

Donald J. McNeil, Chair
Dr. Mary Ann Louderback
Hugh Van Voorst
Johnathan Wilson

**COMMISSIONERS PRESENT
VIA PHONE:**

Dr. Linda Andre

COMMISSIONERS ABSENT:

Sean Dauber
Sharon Alpi

STAFF PRESENT:

Andrew Davis, Executive Director
Joanne Tolbert-Wells, Chief of Staff,/Administration
Frank Bello, Chief Investment Officer/Treasurer
Christine Peterson, Chief Program Officer
Tom Breyer, Senior Policy Advisor
Susan Kleemann, Managing Director, RPPA
Sam Nelson, Client Relations
Eddie Brambila, Managing Director, Community Services
Brian Begrowicz, CFO, IDAPP
Shoba Nandhan, CFO, ISAC
Kim Lee, General Counsel
Paul Palian, Director, Communications
Abel Montoya, College Access & Outreach
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE:

Summer Scott, North Central College
Robert Nelson, ISACorps.
Caitlin Moloney, ISACorps.
Becky Cook, ISACorps
Laura Armgardt, ISACorps
Tyler Kearney, University of Illinois
Deb Brody, Robert Morris University
Leigh Taylor, Robert Morris University
Patrick James, School of the Art Institute of Chicago
Jim VanHorn, Intuition systems
Nicole Krneta Rogers, IBHE
Paul Frank, FIICU

Item 1. Announcements

Chairman McNeil brought the November 13, 2009 meeting to order and stated that the meeting will proceed with information items until Dr. Louderback arrives, which will then establish a quorum. He then introduced and thanked Dr. Harold Wilde, President of North Central College, for hosting the Commission meeting today.

Dr. Wilde thanked the Commission and its staff for their efforts in helping to restore funding for the Monetary Award Program (MAP), which is crucial to so many institutions and their students. He stated that in his 19 years with North Central College, he cannot remember a more tumultuous year than this past year and is appreciative of the role ISAC played in the tough political battle. He indicated that 30% of North Central College students receive MAP and over 25% receive Pell Grants, which reflects the diverse population of students that the school serves. He assured the Commission that North Central College will stand and fight for MAP in the future as it is a benefit not only to the current taxpayers of Illinois, but also for future generations in Illinois.

Item 3. Executive Director's Report

Mr. Davis thanked Dr. Wilde for his remarks and noted that without Dr. Wilde's 19-year tenure at North Central College pulling up the average, the tenure for the average liberal arts college president would be only three years. Dr. Wilde's many contributions over those 19 years, he observed, are clearly reflected not only on campus and in the buildings, but also in the students that have gone through their educational program. The program at North Central, Mr. Davis continued, is a great example of why Pell and MAP grants should continue to be available for use at private institutions. Not only would public institutions be physically unable to handle the total number of students who would be seeking to attend otherwise, but private institutions also provide great value for the modest investment of public funds and do an outstanding job in educating the poor and first-generation students.

Continuing, Mr. Davis thanked the Commission, the staff of ISAC and the schools for the cooperative effort that was shown in the successful fight to restore legislative funding for MAP. He indicated that the second term funding will be restored and MAP recipients will be receiving their spring term grants. He was impressed and pleased with how the students, community colleges, private and public institutions, and even faculty came together around the state in an organized effort with one goal – restoring MAP funding.

Item 4. WhatsNextIllinois.org Student Portal Presentation

Mr. Abel Montoya of the College Access and Outreach division gave a presentation on the new WhatsNextIllinois.org web site, a comprehensive resource for statewide college and career planning, which was launched on August 30, 2009. During his presentation, Mr. Montoya gave an overview of different modules of the site, including Career Planning, High School Planning, College Planning, Financial Aid Planning, and the Portfolio for the user, and gave a brief demonstration of the functionality of each. He also gave an overview of the Professional Center, which can be used by high school counselors, teachers, school administrators, mentors and other professionals as they advise and work with students.

Since its launch, he noted, there have been over 200,000 accounts created, which includes all of the students in the Chicago Public Schools (CPS). CPS partnered with ISAC in the development and deployment of WhatsNextIllinois.org.

Item 5. Illinois Student Assistance Corps Presentation

Mr. Brambila, Managing Director, Community Services, provided some background on the development of the concept of establishing the Student Assistance Corps in Illinois, and how with funding through the U. S. Department of Education's College Access Challenge Grant program, that concept had been implemented and became a reality. Through the Corps, he continued, the Commission has employed 54 recent college graduates to serve as near peer mentors who are stationed in community college districts throughout the state to provide high quality, personalized outreach services to high school students in their district. He then introduced Corps members Becky Cook, Caitlin Moloney, Bobby Nelson, and Laura Armgardt, each of whom gave their personal background and information about where they are stationed.

Ms. Armgardt gave a brief presentation on the makeup and duties of the Corps by noting that the state of Illinois has 39 community college districts and the 54 Corp members are stationed strategically throughout those 39 districts. She indicated it is the goal of the ISACorps to increase awareness and college attendance in the lowest income quintile, and that the Corps focuses primarily on low-income and first-generation students, because those students typically lack the resources to get the knowledge necessary to go to college. She explained how Corps members establish strong relationships within their communities to promote college planning and preparation among high school students and their families, by organizing and offering outreach events, career counseling, test preparation, FAFSA completion workshops for students and parents, college selection and application assistance and knowledge and assistance about applying for financial aid. She stated that the members work closely with the high school counselors in targeting the students that will most benefit from the assistance.

Mr. Brambila stated that although the initial funding from the College Access Challenge Grant was for two years, it is his hope that funding for the program will be continued for another five or six years.

Responding to Mr. Van Voorst, Mr. Brambila indicated that many community colleges have partnered with ISAC and have offered office space for the Corps members in their facilities and currently there are two Corps members at Kankakee Community College.

Mr. Davis stated that the basis for this program was a belief that a limited number of additional dollars could be leveraged in a manner to dramatically improve the efficiency of the existing system, in order to achieve the goal of all Illinois students having access to a high quality postsecondary education.

Responding to Chairman McNeil, Mr. Brambila stated that Illinois is the first state to have a program such as the ISACorps.

Continuing, Chairman McNeil stated that Dr. Andre had requested to participate by telephone due to circumstances permitted under the policy established at the July 2007 meeting. He then asked that the roll call be taken, which established that with the arrival of Dr. Louderback, a quorum was now physically present. He then brought the meeting to order at 10:17 a.m.

Dr. Louderback **MOVED THAT** Dr. Andre be permitted to participate in the meeting by telephone, and the motion was seconded by Mr. Van Voorst. Chairman McNeil asked that a roll call vote be taken, and the motion was approved unanimously.

Item 2. Minutes of the September 18, 2009 Meeting

Dr. Louderback **MOVED THAT** the minutes of the September 18, 2009 meeting be approved as submitted. Mr. Van Voorst seconded the motion, which was approved unanimously.

Item 6. Alternative Funding Sources for Monetary Award Program (MAP)

Introducing the agenda item, Ms. Kleemann noted that the approach of utilizing alternative funding sources for MAP was presented to the Commission at its last meeting. She stated that the concept being presented in this item is to have awards for students attending community colleges be funded through revenue bonds rather than from appropriations from the General Revenue Fund (GRF). Utilizing an alternative source of funding for this sector could allow us to make the application process more accommodating for the normally non-traditional students who attend community colleges, by more fully covering tuition and fees, and providing awards to students who apply for aid later in the year than traditional students, due to uncertain family and work commitments.

Ms. Kleemann noted that the proposal to use revenue bonds to fund the MAP grants provided to community college students is currently being evaluated by ISAC staff. Under this proposal, the bonds would be paid down with a specific legislative diversion of state income taxes paid by those specific MAP recipients until the bonds were paid off. Staff is working with the Illinois Department of Revenue (IDR) to calculate tax revenues generated by students who received MAP grants at community colleges.

Preliminary analysis of the data provided by IDR shows that a large majority of community college MAP recipients pay taxes every year, and these taxes are significant and may be sufficient to fund revenue bonds issued to pay for MAP. Further, the data show that there appear to be financial gains to community college attendance which are reflected in large increases in post-college tax revenues from community college MAP recipients.

Responding to Dr. Louderback, Mr. Davis stated that specific legislation would need to be drafted for legislative approval. He feels that the data clearly demonstrate that higher income tax revenue is received when a person has a college degree, which results in higher paying, higher quality employment.

Dr. Louderback said she felt that it is a large assumption that individuals are paying higher income tax due to their college attendance. Mr. Davis agreed that while it is an assumption, there is not a more plausible explanation for the increase in income taxes paid than it being due to additional income as a result of the college education.

Mr. Davis stated that although this is not an action item on the agenda, he is asking if the Commission feels that this is a viable funding option that staff should pursue and put into place a formal proposal to come before the Commission. Chairman McNeil agreed that he feels that is the way the Commission should proceed, but he did indicate that the drawback for legislative approval would be the increase in state debt with the sale of bonds. He stated that it will need to be clearly explained to the legislature that by allowing us to borrow money to fund the community college portion of MAP, they are investing money in students who are going to increase tax revenue beyond that which will be needed to repay the bonds.

Mr. Davis indicated that in the first year of this program, we would need to have \$110 million in revenue bonds sold to cover the nearly 100,000 community college students who apply for MAP, which

includes those who normally would not receive funds due to shortage of funding and early cut off deadline dates.

Chairman McNeil directed staff to proceed with a formal proposal to bring to the Commission.

Item 7. Monetary Award Program (MAP) and Silas Purnell Illinois Incentive for Access Program (IIA) Status and Payment Claim Deadline Dates

Ms. Kleemann stated that at the last meeting the Commission approved the payment claim deadline dates for the first term only due to the funding shortage and front-loading of awards to pay only the first term. She indicated that now that funding for the second term has been restored, the payment claim deadline dates for the second term will need to be approved. She indicated that based on current volume, it is anticipated that award announcements for over 130,000 students will probably need to be suspended.

Dr. Louderback **MOVED THAT** the Commission approve the proposed FY2010 priority payment claim deadline dates of:

TERM	DEADLINE
2 nd semester or quarter	April 1, 2010
2 nd semester starting after 2/15/2010	June 1, 2010
3 rd quarter	June 1, 2010

Mr. Van Voorst seconded the motion, which was approved unanimously.

Item 8. College Illinois!® 529 Prepaid Tuition Program Marketing Report

Ms. Cepeda began by introducing the new web address for the College Illinois! 529 Prepaid Tuition Program, www.529prepaidtuition.org, intended to eliminate confusion and better reflect the flexibility that participants have in using program benefits at a wide variety of out-of-state, as well as Illinois, institutions. She also noted that for the first time in the program’s history there will be year-round enrollment, which began on November 1, with discounted pricing available each month until prices are re-calculated for the 2010-2011 enrollment.

In reviewing sales goals for the program, Ms. Cepeda noted that last year was a difficult year for the program due to the economic meltdown, resulting in lower than anticipated sales figures. We had hoped to sell 4,500 contracts for 2008-2009, but fell short of that goal. For 2009-2010, the sales goal is 5,500 contracts, with a value of at least \$200 million.

She also reminded the Commission that this is the first year in which an outside marketing agent is not being used and therefore we will be using an in-house marketing team to handle creative design, marketing strategy, media planning, public relations and everything an outside marketing firm would have been contracted to do.

Ms. Cepeda indicated that the sales force is now at only two sales individuals, who will continue to provide online live chats, answer phones, one-on-one presentations and continue to forge relationships with education and community organizations as well as government and private entities. She stated that the key points that will be focused on this enrollment period are the flexibility of the program and the ability to use program benefits outside of Illinois. She stated that while the program is still referencing the College Illinois! name, the main emphasis will be on the name of 529 prepaid tuition. Dr. Louderback

expressed her displeasure at focusing on 529 prepaid tuition instead of the College Illinois! name, but Mr. Davis stated that this was a recommendation that he supported and approved and he is ready to stand by the decision and be held accountable for its results.

Continuing, Ms Cepeda stated that the web site will house more of the program's financial information in order to give purchasers comfort in their decision to make an investment in the 529 prepaid tuition program. She also indicated that the tone and feel of program materials will be modified to better reflect that participation in the program is a smart, conservative, stable investment, a message that should work well with third-party sales agents.

Referring to the planned media for this enrollment period, Ms. Cepeda stated that due to the small overall budget and longer enrollment period in which to market, the sales message will be centered around radio, web advertising and print execution, which include weekly newspapers going deep into neighborhoods throughout Illinois. She stated that web site ads will target users who are logged into a computer within Illinois whether it is news, family focused, financial, or arts and entertainment and will be hitting all the 22-45 demographic individuals who invest in this type of program.

Continuing, she indicated that e-mail messages and direct mail printed pieces will also be utilized to strengthen relationships with existing contract holders, who form a powerful word-of-mouth marketing force. She confirmed for Dr. Louderback that there will be no TV ads during this enrollment period.

Chairman McNeil asked that a packet of all the new materials be sent to all the Commissioners. He stated that there are so many people who would invest in this type of program but still do not know about the program and even after reading the brochure still do not understand the program and hopefully this year's design will be more user friendly.

Responding to Dr. Louderback's concern regarding a recent communication that was sent to current contract holders, Ms. Cepeda indicated that there had been a miscommunication and that a follow-up clarification was being sent.

In response to an additional inquiry from Dr. Louderback, Mr. Davis indicated that the response period for the RFP for third-party sales agents had been extended, and that this matter would be brought back to the Commission in January for further review and action.

Item 9. Rehabilitation Loan Purchase Agreement

Ms. Nandhan, CFO, ISAC, introduced the agenda item noting that this is being brought to the Commission for approval to enter into an agreement with SunTrust Bank for the rehabilitation loan program. She reminded the Commission that under FFELP, borrowers who have made nine consecutive payments on their defaulted student loan can then have it sold to a lender, thus restoring the borrower's credit record and giving them a second chance to pay the student loan. She also reminded the Commission that in December of 2008 SunTrust Bank terminated its agreement to purchase these rehabilitated loans from ISAC due to the credit crisis. As a result, it became necessary for ISAC, through its lending arm, IDAPP, to issue \$50 million in student loan revenue bonds to allow it to act as the new lender for these rehabilitated loans in order to keep the program operational. Unfortunately, the \$50 million student loan revenue bonds were restricted to the purchase of Illinois rehabilitated loans only. She indicated that SunTrust Bank is now in a position to purchase non-Illinois rehabilitated loans. She stated that ISAC receives 33% of the par value of the loan as retention revenue.

Dr. Louderback **MOVED THAT** the Commission approve the following resolution:

“BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman to execute and deliver the Federal Rehabilitation Loans Lender Participation Agreement with SunTrust Bank (the “SunTrust Agreement”). The SunTrust Agreement shall be in substantially the form attached hereto as *Exhibit A*, which is hereby approved, with such changes, revisions and completions therein not inconsistent with this Resolution as shall be approved by the Executive Director or Chairman, such execution to constitute conclusive evidence of Executive Director’s or Chairman’s approval and the Commission’s approval of any changes, revisions and completions therein from the form of SunTrust Agreement attached hereto;

“BE IT FURTHER RESOLVED that, subject to the limitations set forth in the paragraph above, the Chairman or Executive Director are, and each of them is, hereby authorized to do or perform all such acts and to execute all such documents and other instruments as they or any of them deem necessary, convenient or desirable to consummate the transaction contemplated by the Resolution and all of the acts and doings of the Chairman or Executive Director which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.”

Mr. Wilson seconded the motion, which was approved unanimously.

Item 10. College Illinois! 529 Prepaid Tuition Program Investment Performance Report

Mr. Bello stated that Commissioners had received the Investment Performance Report, which provided results through September 30, 2009, under separate cover. He stated that as of that date, the fund’s assets totaled \$973 million, an increase of \$83.5 million, or 8.9%, for the quarter. He then gave a summary report on the asset allocation, as well as an overview of the fund managers currently being used.

Mr. Davis stated that not only has the fund performed well, but the investment fees currently paid by the program, 20 basis points, are low relative to investment industry standards, 38 basis points for a similar portfolio of this type and size. He indicated the low administrative costs reflect the hard work of staff in managing the fees with the investment firms.

Item 11. Executive Session

Chairman McNeil stated that while the Open Meetings Act generally requires that public bodies conduct their business at meetings that are open to the public, the Act also provides various exceptions for matters to be discussed in a closed session. For the Executive Session today, there is an applicable exception under subsection 2(c) of the Open Meetings Act:

- 1) Under exception number “7” of subsection 2(c)...the closed session will concern the sale or purchase of securities, investments or investment contracts.

Mr. Wilson **MOVED THAT** the Commission adjourn into Executive Session. Dr. Louderback seconded the motion. After a roll call vote approving the motion, the Commission adjourned into closed session at 11:11 a.m.

The Commission returned into open session at 11:40 a.m.

Item 12. College Illinois! 529 Prepaid Tuition Program Real Estate Asset Class Investment I

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

“BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman **and** the Chief Investment Officer to execute and deliver a Subscription Agreement by and between Mesirow Financial Real Estate Value Fund, L.P. (the **“Fund”**) and ISAC (the **“Subscription Agreement”**), if required, an Amended and Restated Limited Partnership Agreement and any amendments or supplements thereto, (the **“Limited Partnership Agreement”**), a side letter agreement (the **“Side Letter”** and together with the Subscription Agreement and the Limited Partnership Agreement, the **“Fund Documents”**). The Fund Documents shall be in substantially the form attached hereto as *Exhibits B, C and D*, which are hereby approved, with such changes, revisions and completions therein not inconsistent with this Resolution as shall be approved by the Executive Director or Chairman **and** the Chief Investment Officer, such execution to constitute conclusive evidence of Executive Director or Chairman **and** the Chief Investment Officer approval and the Commission’s approval of any changes, revisions and completions therein from the form of Fund Documents attached hereto: **provided, however,** in no event shall the amounts invested in the Fund exceed \$25,000,000;

“BE IT FURTHER RESOLVED that, subject to the limitations set forth in the paragraph above, the Chairman or Executive Director **and** the Chief Investment Officer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such documents and other instruments as they or any of them deem necessary, convenient or desirable to consummate the transactions contemplated by this Resolution and all of the acts and doings of the Chairman or Executive Director and Chief Investment Officer, which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.”

Dr. Louderback seconded the motion, which was approved unanimously.

Item 13. College Illinois! 529 Prepaid Tuition Program Real Estate Asset Class Investment II

Dr. Louderback **MOVED THAT** the Commission approve the following resolution:

“BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman **and** the Chief Investment Officer to execute and deliver a Subscription Agreement by and between the Apollo Real Estate Opportunity Fund, VI, L.P. (the **“Fund”**) and ISAC (the **“Subscription Agreement”**), if required, an Amended and Restated Limited Partnership Agreement and any amendments or supplements thereto, (the **“Limited Partnership Agreement”**), a side letter agreement (the **“Side Letter”** and together with the Subscription Agreement and the Limited Partnership Agreement, the **“Fund Documents”**). The Fund Documents shall be in substantially the form attached hereto as *Exhibits B, C and D*, which are hereby approved, with such changes, revisions and completions therein not inconsistent with this Resolution as shall be approved by the Executive Director or Chairman **and** the Chief Investment Officer, such execution to constitute conclusive evidence of Executive Director or Chairman **and** the Chief Investment Officer approval and the Commission’s approval of any changes, revisions and completions therein from the form of Fund Documents attached hereto: **provided, however,** in no event shall the amounts invested in the Fund exceed \$40,000,000;

“BE IT FURTHER RESOLVED that subject to the limitations set forth in the paragraph above, the Chairman or Executive Director **and** the Chief Investment Officer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such documents and other instruments as they or any of them deem necessary, convenient or desirable to consummate the transactions contemplated by this Resolution and all of the acts and doings of the Chairman or Executive Director and Chief Investment Officer, which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.”

Mr. Van Voorst seconded the motion, which was approved unanimously.

Mr. Van Voorst inquired if the program is purchasing any assets from Shorebank. Mr. Davis stated that it is not.

Item 14. College Illinois! 529 Prepaid Tuition Program Intermediate Fixed Income Asset Class Investment Managers

Mr. Van Voorst **MOVED THAT** the Commission approve the following resolution:

“BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman **and** the Chief Investment Officer to execute and deliver Investment Management Agreements in a form substantially similar to the form attached hereto as **Exhibit A** with one or more of the firms described on **Exhibit B** hereto, on terms and conditions that the Executive Director or Chairman and the Chief Investment Officer deem in the best interests of ISAC; provided, however, in no event shall the term of any agreement with any one or more of the Investment Managers exceed six (6) years including renewals and extensions; provided, further, in no event shall the aggregate fees payable exceed \$3,000,000.

“BE IT FURTHER RESOLVED that subject to the limitations set forth in the paragraph above, the Chairman or Executive Director and the Chief Investment Officer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such documents and other instruments as they or any of them deem necessary, convenient or desirable to consummate the transactions contemplated by this Resolution and all of the acts and doings of the Chairman or Executive Director which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.”

Mr. Wilson seconded the motion, which was approved unanimously.

Responding to Mr. Wilson inquiry as to how the proposed alternative funding for MAP community college applicants will be communicated to students, Mr. Davis stated that a formal proposal will be brought to the Commission and should that proposal be approved, legislative action will then need to be pursued. Mr. Davis stated that he would be happy to meet with student organizations to gain their support for the legislative action.

Prior to adjourning, Chairman McNeil asked for a motion to approve the proposed meeting dates and locations for the Commission for 2010. Dr. Louderback made the motion, which was seconded by Mr. Wilson and unanimously approved by the Commission. The proposed meeting dates and locations approved are as follows:

Friday, January 22, 2010	Northeastern Illinois University, Chicago
Friday, March 26, 2010	Illinois State University, Normal
Friday, June 25, 2010	Trinity Christian College, Palos Heights
Friday, September 24, 2010	School of the Art Institute, Chicago
Friday, November 19, 2010	Prairie State College, Chicago Heights

Dr. Louderback moved that the November 13, 2009 meeting of the Commission be adjourned. Mr. Wilson seconded the motion, which was approved unanimously. The meeting adjourned at 11:52 a.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission