

**AGENDA ITEM 2.**

**APPROVAL OF MINUTES OF THE  
SEPTEMBER 16, 2013 MEETING**

**MINUTES OF A MEETING**  
**OF THE**  
**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**INVESTMENT COMMITTEE AND THE**  
**INVESTMENT ADVISORY PANEL**

**James R. Thompson Center**  
**Room 2-025**  
**100 W. Randolph St.**  
**Chicago, IL**

**September 16, 2013**

**COMMISSIONERS PRESENT:** Kym Hubbard, Chair  
Miguel del Valle  
Mark Donovan  
Kendall Griffin  
Kevin Huber  
Verett Mims  
Paul Roberts  
Kim Savage

**INVESTMENT ADVISORY  
PANEL:** Louis Paster  
Karen Kissel  
Patrick Rea  
Jeanna Cullins

**STAFF PRESENT:** Eric Zarnikow, Executive Director  
Brian Begrowicz, Deputy Chief Financial Officer  
Ramnath Cidambi, Managing Director, Information Services  
Carol Cook Director, Program Services and Compliance  
Kent Custer, Chief Investment Officer  
Kishor Desai, Director, Internal Audit  
Wendy Funk, Director, Accounting  
Katharine Gricevich, Director, Government Relations  
Susan Kleemann, Managing Director, RPPA  
Shoba Nandhan, Chief Financial Officer  
Annie Pike, General Counsel  
Roger Rojas, Investment Analyst  
John Samuels, Chief Communications Officer  
Debora Calcara, Commission Secretary

**PUBLIC ATTENDANCE:** Deb Brodzinski, Robert Morris University  
Eric Hiatt, Illinois Board of Higher Education

## **Item 1. Announcements**

Chair Hubbard brought the September 16, 2013 meeting to order at 1:06 p.m. and announced that the meeting was a joint meeting of the Illinois Student Assistance Commission, the Investment Committee, and the Investment Advisory Panel. She then asked for a roll call to be taken of the Commission, which established a quorum was present. A quorum for the Investment Advisory Panel was not available at the start of the meeting.

Chair Hubbard stated that the Commissioners have been provided proposed meeting dates for 2014 and asked that they let the Commission Secretary know if they have schedule conflicts. She indicated that the 2014 meeting dates will be approved at the November meeting and then made available to the public. She stated that the next regularly scheduled meeting will be held on November 13, 2013.

Chair Hubbard announced that Executive Director Zarnikow has recently been appointed by the Governor as a member of the Illinois Single Audit Commission effective August 30, 2013.

## **Item 2. Approval of Meeting Minutes**

### **Item 2. A. Approval of the June 21, 2013 Commission Meeting Minutes**

Mr. Huber asked that the minutes reflect the term length of the \$6,000,000 contract of the property manager of ISAC's Deerfield building in item 9A.

Mr. Griffin **SO MOVED** that the Commission approve the minutes as amended of the June 21, 2013 Commission meeting. Mr. del Valle seconded the motion, which was approved unanimously.

### **Item 2. B. Approval of the August 27, 2013 Subcommittee Meeting Minutes**

Mr. del Valle **MOVED THAT** the minutes of the August 27, 2013 Subcommittee meeting be approved. Chair Hubbard seconded the motion, which was approved unanimously.

## **Item 3. Executive Director's Report**

Mr. Zarnikow stated that as a result of House Resolution 296 directing ISAC to establish a Monetary Award Program (MAP) Advising Workgroup, staff is in the process of establishing the membership of the workgroup, with the first meeting to be held on September 25, 2013.

Mr. Zarnikow provided the Commission with a brief update of various activities throughout the agency.

Chair Hubbard then asked that a roll call be taken of the Investment Advisory Panel, which established a quorum was available for the Panel.

## **Item 4. Proposed Rules and Amendments**

### **Item 4. A. Proposed Program Rules Amendment**

Ms. Cook provided an overview of the agenda item for the proposed program rules amendments to Part 2754, the John R. Justice Student Loan Repayment Program. She noted there were no public comments.

Ms. Mims **SO MOVED** that the Commission approve the proposed program rules amendments, as modified, for submission to the Joint Committee on Administrative Rules. Ms. Savage seconded the motion, which was approved unanimously.

#### **Item 4. B. Emergency and Proposed Administrative Rules Amendments**

Ms. Cook provided an overview of the agenda item on proposed amendments to the Administrative Rules for the Illinois National Guard (ING) Grant Program and the Golden Apple Scholars of Illinois Program. This was an information item, so no action was taken on this item.

#### **Item 5. College Illinois!® Prepaid Tuition Program Investments**

##### **Item 5. A. Approval of Minutes of the August 27, 2013 Meeting of the Investment Committee**

Investment Committee member Mr. Huber **MOVED THAT** the minutes of the August 27, 2013 meeting of the Investment Committee be approved. Investment Committee member Ms. Mims seconded the motion, which was approved unanimously.

##### **Item 5. B. Approval of Minutes of the July 15, 2013 Meeting of the Investment Advisory Panel**

Investment Advisory Panel member Ms. Cullins **MOVED THAT** the minutes of the July 15, 2013 meeting of the Investment Advisory Panel be approved. Investment Advisory Panel member Mr. Paster seconded the motion, which was approved unanimously.

##### **Item 5. C. College Illinois! Prepaid Tuition Program Investment Update**

Mr. Custer provided the Commission with a brief update on the Prepaid Tuition Fund investment activities as outlined in the agenda book.

##### **Item 5. D. College Illinois! Prepaid Tuition Program International Equity Structure**

Mr. Custer stated that due to the contract expiration for the passive international equity investment manager, State Street, staff is recommending approval of an interim structure for the international equity portfolio which will eliminate the passive mandate and consolidate this allocation with the incumbent active international equity managers. Mr. Custer noted that this recommendation was approved by the Investment Committee at its August 27, 2013 meeting.

Mr. Donovan **SO MOVED** that the Commission approve the interim structure for the international equity portfolio consisting of a 30% allocation to Ativo, a 30% allocation to Cornerstone, and a 40% allocation to Pyrford. Mr. Griffin seconded the motion, which was approved unanimously.

##### **Item 5. E. College Illinois! Prepaid Tuition Program Investment Advisory Panel**

Mr. Custer reviewed the duties and responsibilities of the Investment Advisory Panel as well as contributions from the Panel over the past several months. He noted that Investment Advisory Panel minutes are provided to the Commission and asked if there was any advice or comments that members of the Panel would like to address with the Commission. No advice was given to the Commission by the Panel at this time.

## **Item 6. College Illinois! Prepaid Tuition Program Marketing and Sales**

### **Item 6. A. College Illinois! Prepaid Tuition Program Contract Prices and Fees for 2013-2014 Enrollment Period of October 1, 2013 – April 30, 2014**

Mr. Zarnikow reviewed with the Commission the various pricing options presented in the agenda book.

Mr. del Valle expressed his concern on giving authority to modify the start of the enrollment period and that it would create a need to extend the enrollment period past April 30, 2014. Mr. Zarnikow stated that the October 1, 2013 opening enrollment date is not expected to be delayed, however should there be a need to delay a few days, management would like that flexibility. Chair Hubbard asked that Mr. Zarnikow keep the Commission apprised should the opening enrollment date be delayed.

Mr. Donovan **MOVED THAT** the Commission adopt the contract pricing and administrative fees as set forth in Tables A, B, C and D for the College Illinois! Prepaid Tuition Program and to further approve an enrollment period beginning on October 1, 2013. Ms. Mims seconded the motion, which was approved unanimously.

Mr. Roberts **MOVED THAT** the Commission delegate authority to the Executive Director to modify the FY 2014 enrollment period in the best interest of the program should conditions warrant and with prior notice given to the Chair. Ms. Savage seconded the motion, which was approved unanimously.

### **Item 6. B. College Illinois! Prepaid Tuition Program Marketing Update**

Mr. Samuels provided the Commission with a brief presentation on the marketing plan for the College Illinois! Prepaid Tuition Program's 2013-2014 enrollment period.

## **Item 7. Legal and Contractual**

### **Item 7. A. Signature Authority**

Ms. Pike provided an overview of the proposed signature authority being brought to the Commission for approval as a result of the discussion at the June Commission meeting. She noted that this authority does not apply to the College Illinois! Prepaid Tuition Program.

Mr. Griffin **MOVED THAT** the Commission approve the revised delegation of authority to execute agency contracts as described in this agenda item. Ms. Mims seconded the motion, which was approved unanimously.

### **Item 7. B. Signature Authority for Loan Sale**

Mr. Begrowicz reviewed with the Commission the proposed revision to the delegation of signature authority for the sale of loans as outlined in the agenda item. After discussion, it was agreed that the motion be amended.

Mr. Donovan **MOVED THAT** the Executive Director be allowed upon prior notice and approval of the Chair, to execute and deliver all documents related to the sale or purchase of IDAPP-owned student loans as described in this agenda item. Ms. Savage seconded the motion, which was approved unanimously.

### **Item 8. Executive Session**

Chair Hubbard asked for a motion to adjourn into closed session as permitted by the provisions of Subsection 2(c)1 and 2(c)11, of the Open Meetings Act to consider issues related to personnel and litigation matters.

Mr. del Valle **SO MOVED** and Mr. Griffin seconded the motion, which was approved by roll call vote.

The Commission adjourned into closed session at 2:43 p.m. and returned to open session at 3:40 p.m.

Mr. Donovan **MOVED THAT** the Commission direct management to negotiate and finalize a settlement agreement and release with US Bank along the terms discussed in closed session. Ms. Savage seconded the motion, which was approved unanimously.

Mr. Griffin **MOVED THAT** that after reviewing the Executive Director's performance, the Commission grant him compensation for fiscal year 2014 on the terms discussed in closed session. Ms. Savage seconded the motion, which was approved unanimously.

Mr. Donovan **MOVED THAT** the September 16, 2013 meeting of the Commission be adjourned. Mr. Griffin seconded the motion, which was approved unanimously. The meeting adjourned at 3:44 p.m.

Respectfully submitted,



Debora A. Calcara  
Secretary to the Commission