AGENDA ITEM 2.

MINUTES OF THE NOVEMBER 21, 2008 MEETING

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

November 21, 2008

National-Louis University
Skokie, Illinois

COMMISSIONERS PRESENT:	Donald J. McNeil, Chair Sharon Alpi Dr. Lynda Andre Sean Dauber David Vaught Kelvin Wing
COMMISSIONERS ABSENT:	Warren Daniels, Jr. Dr. Mary Ann Louderback Hugh Van Voorst
STAFF PRESENT:	Andrew Davis, Executive Director Frank Bello, *College Illinois!*SM Chief Investment Office Tom Breyer, Senior Policy Advisor Esther J. Cepeda, Chief Marketing & Communications Officer William Coleman, Director, Business & Financial Services Carol Cook, Program Services Steve Dorfman, First Deputy General Counsel Russell Goeltenbodt, Marketing & Communications Katharine Gricevich, Director, State Relations Susan Kleemann, Director, RPPA Clifton Kyle, Information Services Kim Lee, General Counsel Sam Nelson, Director, Client Relations Chris Peterson, Chief Program Officer Trena Sabo, State Relations John Sinsheimer, Chief Financial Officer Joanne Tolbert-Wells, Chief of Staff & Administration Debora Calcara, Commission Secretary
PUBLIC ATTENDANCE:	Rebecca Babel, National-Louis University Meegan Bassett, Women Employed Deb Brody, Robert Morris College Sharon Clough, Kendall College Mary Kay Devine, Women Employed Tracy Kremer, National-Louis University Tom Starshak, Starshak Winzenburg Sandy Street, University of Illinois Leigh Taylor, Robert Morris College Deborah Zimis, Kendall College

Item 1. Announcements

Chairman McNeil opened the November 21, 2008 meeting, asking that a roll call vote be taken, which established that a quorum was physically present, and the meeting was called to order at 9:07 a.m.

Chairman McNeil thanked National-Louis University for hosting the meeting today and introduced Dr. Richard Pappas, President of the University.

After giving a brief history and overview about National-Louis University, focusing on its diverse student body, its campuses and its programs, including its nationally prominent College of Education, Dr. Pappas thanked the Commission for its work and its programs, particularly noting the significant funding its students receive through ISAC's Monetary Award Program (MAP) and its teacher scholarships.

Continuing, Chairman McNeil noted that Mr. Dauber has been confirmed by the Senate as a member of the Illinois Student Assistance Commission. Chairman McNeil then stated that each member had been given a list of proposed meeting dates and locations for 2009, noting that the list is subject to change as needed.

Mr. Wing **MOVED THAT** the Commission approve the proposed schedule of meeting dates and locations for 2009 as presented. Mr. Dauber seconded the motion, which was approved unanimously.

The approved tentative dates and locations for 2009 are as follows:

Friday, January 30, 2009	Benedictine University, Lisle
Friday, April 3, 2009	Harper College, Palatine
Friday, June 26, 2009	University of Illinois at Chicago
Friday, September 18, 2009	Southern Illinois University at Edwardsville
Friday, November 13, 2009	North Central College, Naperville

Item 2. Minutes of the September 19, 2008 Meeting

Mr. Dauber **MOVED THAT** the minutes of the September 19, 2008 meeting be approved as submitted. Dr. Andre seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Mr. Davis began with a brief overview of some of the continuing difficulties in the financial markets, noting that during the course of today's meeting, he hoped to provide reports on several ways in which ISAC was faring better amidst all of the financial turmoil than many far bigger and more well-known entities. He began by observing that staff has prepared a report on the agency's first-year experience with the *College Illinois*!SM Capstone Loan Program. He took the opportunity to note from the report that of those borrowers responding to a survey conducted by staff, 70% stated that they could not have gone to school this past year were it not for their Capstone loan. Mr. Davis shared with the Commission a few of the many personal comments from the survey:

"The Capstone loan had a huge impact on my experience. If it wasn't for the loan, I don't know how I would have been able to continue my education".

"I did not know about the Capstone loan, but now I do and I am very thankful. It reduced the risk of getting a high interest loan".

"Receiving the loan allowed me to finish my senior year in college. Not only that, but it allowed me to focus more on my studies by allowing me to work less".

"I am so incredibly thankful for this loan. My family couldn't afford for me to go to nursing school and I was unable to get other types of loan. I honestly would have had to have dropped out of the program if I didn't get this loan and I don't want to imagine what my life would be like if that had happened. Many, many thanks".

Mr. Davis noted that the program will be making some adjustments as the financial markets allow and hopefully will be expanding the program as money becomes available to do so.

Continuing his report, Mr. Davis noted that this year's Illinois State Scholars have been announced, and to celebrate the Golden Anniversary of the program, ISAC is giving each awardee a free, 18-month subscription to Encyclopedia Britannica Online.

Item 4. Midpoint Report on the Illinois Education Foundation Nursing Retention Program at Prairie State College

Mr. Davis introduced Mr. Eric Davis, Executive Director of the Illinois Education Foundation (IEF) and IEF co-founder Mr. Michael Golden to give a report on the Nursing Retention Pilot Program at Prairie State College, which is supported by ISAC.

Mr. Eric Davis stated that IEF has a long-term vision of creating economic stability through educating first generation students and low-income students, who will in turn be better able to provide opportunities for their children, leading to multi-generational improvement.

He stated that the Foundation supplements its last dollar tuition scholarships and stipends targeted at community college students with critical support services, such as mentoring, tutoring, academic advising and a summer bridge program, in order to ensure that their students have the highest possible chance for success.

Continuing, Mr. Eric Davis reported that 40 of the 100 students enrolled in the Prairie State College nursing program have received up to $700 in last dollar tuition assistance, funded by ISAC. He stated that Aetna has provided those same students with up to $400 each in stipend support, to help with costs such as fees, books, child-care and transportation. He then described in detail the critical support services that are provided to students in this program to augment the financial assistance.

In response to an inquiry from Mr. Dauber as to how students are targeted for their programs, Mr. Eric Davis explained that students are recruited through three primary means; through the Chicago Public Schools, through partner colleges directly, and through partner social service organizations. He expressed a desire to not only continue programs such as this, but to expand his agency's programs to new schools. This, he noted, is contingent on the availability of continued funding, and he is hopeful that the demonstration of successful program models would allow IEF to continue to leverage funding through public-private partnerships.

Mr. Golden conveyed his appreciation to Mr. Andy Davis and the Commission for providing the seed money for the nursing program, and expressed his hopes that this successful pilot will lead to future growth and expansion in order to address the critical shortage area of nursing in Illinois, and in particular a desire to expand the program into the City Colleges of Chicago.

Mr. Andy Davis expressed his interest in working with IEF and other organizations to hopefully expand the reach of such programs throughout the state, and also noted the critical importance in getting the most value out of limited resources through maximizing the successful completion of programs by funded students.

Chairman McNeil stated that the Illinois Education Foundation is the perfect embodiment of two of the Commission's central themes; one, that we need to have public and private partnerships if we are going to succeed in Illinois to properly finance education, and two, that we finance success, not just attendance. If a student is provided a MAP grant, he noted, and then drops out of school, it is a wasted investment of the state's dollars. He indicated that the programs provided by the IEF and particularly the Nursing Retention Program at Prairie State College help to ensure success. He thanked the Foundation for the work they are doing.

Item 5. *College Illinois*! Prepaid Tuition Program Investment Performance Report for the Period Ending September 30, 2008

Opening the agenda item, Mr. Bello stated that as of the end of the period, the program fund assets had a market value of $940 million, which is a net decrease of $56 million, or 6.6 percent, from the previous quarter, underperforming the policy benchmark by about 1 percentage point. He stated that the overall investment return for the program since inception has been 3.1 percent and for the year to date, down 17.8 percent through October. He noted that the program has benefited from a higher than average proportion of fixed-income investments, over 42 percent as of the end of October, and that this sizeable allocation of high quality bonds has helped to cushion the portfolio's performance, relative to many other funds, during this difficult environment. Mr. Bello stated that in 2009 he will continue to pursue further expense reduction opportunities in the management of the portfolio. He also noted that three managers have been placed on alert status for performance-related issues, with two of them also cited for compliance issues.

Responding to a question from Mr. Vaught, Mr. Davis stated that recent volatility in the financial markets has made it more difficult to keep asset allocations within the target ranges established by the investment policy. While this could conceivably justify rebalancing as frequently as daily or weekly, he noted, this must be weighed against the expense incurred each time a rebalancing occurs. Mr. Davis gave his commitment to have the portfolio in a reasonable balance by year-end, with an expectation of rebalancing at least quarterly going forward.

Mr. Vaught asked for a status report regarding real estate, hedge funds and infrastructure, which have a combined target allocation of 20 percent in the investment policy, but an actual current allocation of zero in the portfolio. Mr. Bello replied that staff is in the process of developing RFPs for real estate and infrastructure that are expected to go out shortly. Mr. Davis indicated that staff hopes to recommend managers for these mandates for the Commission's approval in the near future, hopefully at the next meeting.

In response to a question from Mr. Dauber, Mr. Krolak explained how investment managers are chosen through an open RFP process utilizing the State Procurement web site, with an internal committee reviewing and interviewing candidates, and making recommendations to the Commission for their final approval.

Item 6. *College Illinois!* Prepaid Tuition Program 2008-2009 Marketing Report

Ms. Cepeda, Chief Marketing and Communications Officer, gave an overview of contract sales over the last six years, stating that the program had reached a high point for contract sales of 6,348 in

2003-2004, which declined to 4,386 in 2006-2007, before improving by almost 500 contracts this past enrollment period. She stated that our ambitious goal for this enrollment period is to sell 6,000 contracts, with our sales people focusing heavily on the affordability and flexibility of our new three tier pricing structure, as well as the security of having a program whose benefits are not tied to the performance of the stock market. She also noted the addition of full-time salespersons, as well as a number of changes that have been made to our communications messages and marketing materials.

Mr. Vaught indicated that he was pleased to see the changes that have been made, especially the improvements to the tone of the sales approach now being used. He was also pleased to see the presentation of comparisons with the other state programs. Ms. Cepeda stated it is her intent to have her sales team understand the competitive environment and to have her team identify things that other programs are doing that might lead to ways in which our program could be improved.

Mr. Vaught stated that it is his intent to talk to people at the Florida prepaid tuition program to get a better understanding of what they have done historically to make their program successful.

Responding to Mr. Vaught's inquiry as to when our program might have a year-round enrollment period, Ms. Cepeda stated that senior management is working to make sure that it is viable operationally, logistically and financially to have a continual enrollment period. She stated that staff is anticipating completing this review within the next several months and there is a possibility that the current enrollment period might even be extended, which Mr. Davis affirmed.

Ms. Cepeda responded to an observation by Chairman McNeil by noting that even though the current web site has been highly successful in terms of the number of hits, as well as online contract sales, it is in the process of being updated with new information and is continually being improved in order to make it more user-friendly.

Mr. Davis noted that the State of Texas has also implemented a three-tiered pricing approach similar to the tier pricing utilized by *College Illinois!*

Mr. Dauber stated that we should be stressing the differences between the Bright Start program and the *College Illinois!* program, particularly the security of the *College Illinois!* program. Mr. Davis noted that if an investor has the ability to participate in both Bright Start and *College Illinois!*, that is great, but if they can only afford to participate in one program, *College Illinois!* is the one.

Chairman McNeil then called for a 10-minute recess.

Item 7. Changes in Affordability of a College Education for Illinois Community College and Public University Students – FY 1997 – FY 2007

Ms. Kleemann opened the agenda item noting that ISAC has conducted similar studies in the past, but this is the first attempt to quantify changes in affordability for independent students. In reviewing the report, she noted that the first income quintile for dependent students averages $16,570 compared to $7,300 for the independent student, the disparity is maintained throughout the five quintiles. Once the income assumptions are made, the income quintiles are converted into the Expected Family Contribution (EFC).

The first income quintile results in a zero EFC for dependent student and independent students with dependents. The independent student without dependents is assessed a $500 EFC. The second income quintile dependent student has an average family income of $40,000 compared to $20,000 for the

independent student. The independent student with dependents EFC is zero, which results in that student receiving more benefits compared to the dependent student assessed an EFC of almost $2,900.

For second income quintile, the independent student with dependents will receive a full federal PELL, while the dependent student receives half and the independent student without dependents will not received a PELL award.

When determining eligibility for a Monetary Award Program (MAP) award, it is assumed every student can contribute $1,800 to their education. There is a cap of $9,000 EFC, so if an application has a $9,000 EFC they are not considered for a MAP. The $9,000 EFC cap has been developed in the program over the past 20 years when setting the formula to determine MAP eligibility.

Not only is a student's dependency a factor when determining award amount, it also affects the tuition, fees and room and board at the community colleges and universities, therefore when determining eligibility the average for room and board and transportation is taken from the College Board.

First income quintile independent students without dependents at public university have an income of $7,300 and receive about $3,500 Pell, with $4,400 being a full Pell award, and they receive a full $4,968 MAP award. However, for second income quintile student who has a $19,000 the student receives no Pell and receives considerably less MAP in 2007 than was award in 1997. The second income quintile student both dependent and independent receive considerably less than the first income quintile student.

Looking at the Pell and MAP awards to independent students with dependents at public universities, the first and second income quintile is the same due to the zero EFC, and they received over $9,000 in aid. The third income quintile with an average income of $33,000 also received significant aid and the fourth income quintile with an average income of $51,000 did not received Pell but they did receive half a MAP award in FY 1997 and FY 2007 due to the drop in income levels.

Looking at MAP, Pell, EFC and remaining need for independent students without dependents at community colleges, it is estimated that for first income quintile in 1997 to cost a student $8,320 to attend and in 2007 it was $10,597. The increase is attributed to the rising cost of tuition and fees. For independent students with dependents, it is estimated that for the first income quintile in 1997 to cost $8,619 as compared to $10,897 in 2007 to attend.

For students to attend a public university, the independent student without dependents, the first quintile student from 1997 and 2007 receives some Pell and MAP award is about the same, but EFC has declined during that period so the remaining need has increased as well. The public four university tuition and fees have increased so dramatically over the past decade which leaves the remaining need at about $8,000 for a student with an income of only $7,000 per year. The second quintile has an income of around $19,000 with the remaining need of about $14,000 and with Stafford loan limits at $7,500 there is a shortfall of about $5,500 for a freshmen.

Continuing with in this category but for independent students with dependents, they receive a maximum MAP award and half of the Pell award through the third quintile. With the huge financial obligations these students have it is surprising they are able to attend at all.

Ms. Kleemann noted that the research staff are currently in the sixth year of a student of MAP recipients, she indicated that they are seeing students unable to continue their education due to the large financial obligations and are dropping out not only after their first or second year, but even well into their third and even final year of college.

She indicated that from 1997 to 2007 the constant dollar change to public university costs has been about $5,200. For dependent student in the first income quintile there has been an increase of about $1,180 in aid and the rest is remaining need. For the dependent student in the second income quintile, aid has decreased by about $250 so the remaining need has to be covered through loans or working. The independent without dependents in the second income quintile has lost almost $2,000 in grant aid and now has $7,000 more in remaining need than just ten years ago in order to attend.

Responding to Mr. Dauber's inquire as to Pell grand money being left unclaimed in the state, Mr. Davis stated that there are students eligible to receive Pell but don't go to school and then there are also those who are eligible to receive Pell but go to school without receiving a Pell and just find it easier to complete a loan application or use their own resources. Since the Pell award is given based on the information supplied on the FAFSA, it is found that some individuals are unwilling to supply the personal financial information that is needed when completing the FAFSA.

Ms. Kleemann stated that it is being suggested that the FAFSA be simplified, but she feels that state and federal aid will not be fairly distributed if the information that currently is supplied on the FAFSA is not given. Mr. Davis stated that the agency works closely with several organizations to help students and parents complete the FAFSA while they are doing their personal income tax preparation.

Item 8. Discussion of FY2010 Grant Program Budget Issues

Opening the agenda item, Ms. Kleemann noted that in addition to increased demand for need-based aid, both MAP and IIA face increased costs resulting from changes made by the College Cost Reduction and Access Act (CCRAA) to the federal need analysis formulas used to calculate the Expected Family Contribution (EFC). These changes are expected to result in up to an additional $15 million in costs for MAP and $3 million for IIA. In the absence of additional funding, she said, it is likely that award announcement suspension dates for both programs could be moved earlier by several weeks, perhaps to as early as mid-to-late June for MAP and late May to early June for IIA.

Item 9. Institutional Application to Participate in ISAC Gift Assistance Programs
Kendall College

Ms. Peterson stated that Kendall College had been a participant in ISAC's gift assistance programs since the 1984-85 academic year, but a change from being a private, not-for-profit institution to a private, for-profit institution this past summer necessitated a reapplication for participation by Kendall and a review by staff to verify the institution's continued eligibility. This review, she noted, resulted in a determination that Kendall does indeed meet the requirements to participate, and staff is recommending approval of the institution's application.

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

> **"BE IT RESOLVED** that the Commission approves the application of Kendall College to participate in ISAC-administered gift assistance programs for which it is eligible, effective for the fall term of the 2008-2009 academic year."

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

Item 10. Adopted Rules Amendments

Agenda item withdrawn.

Item 11. First Quarter FY 2009 Financials

Mr. Sinsheimer took the opportunity to introduce Mr. William Coleman, Director of ISAC's Business and Financial Services Division, stating that Mr. Coleman is responsible for loan collections for the agency, which is responsible for generating a significant part of the agency's revenue. He commended Mr. Coleman and his staff for the job they do.

Mr. Sinsheimer then reviewed the financial statements for the quarter ended September 30, 2008, which were distributed to the Commission under separate cover. With regard to the Student Loan Operating Fund, he noted that reductions in the agency's revenue stream had been anticipated as a result of changes enacted by the federal College Cost Reduction and Access Act. The moderate increase in personnel costs, he explained, was driven primarily by a small cost-of-living increase granted to staff, as well as a larger increase in benefit contributions required by the state, and an increase in headcount, primarily in the outreach and marketing areas. And finally, he noted, a significant reduction in federal default fees was due to a reduction in the portion of the fee paid by the Commission on behalf of the borrower, as well as a decrease in loan guarantee volume.

With regard to the financial statements for IDAPP, Mr. Sinsheimer continued, the statements showed a significant improvement over the prior year, although he cautioned that it was difficult to compare the two years' performance due to a number of non-recurring items related to the loan sales. Mr. Vaught inquired as to why the reduction in administrative costs was not proportional to the reduction in the size of the loan portfolio. Mr. Davis replied that the agency had not yet completed negotiations with regard to a contract for outsourcing of FFELP loan servicing, and until that was completed, the agency would not fully realize the anticipated significant cost savings.

Responding to a question from Mr. Vaught, Mr. Coleman explained the changes in collection strategy the agency is currently undertaking in light of the loss of the opportunity to sell rehabilitated loans. Mr. Davis provided further details and background regarding the loan rehabilitation program, and noted that staff is working on several different ways in which the agency might overcome the loss of this opportunity.

Mr. Vaught inquired that if the agency should have any surplus funds, where would those funds be used. Mr. Davis stated that any such funds would be used to support programs such as the Nursing Retention Program at Prairie State as well as our outreach services provided by the agency.

Item 12. Partial Payment of Federal Default Fee for 2009-2010 Academic Year

Mr. Sinsheimer noted that this item is brought before the Commission at this time each year to determine if any portion of the mandatory default fee charged to students borrowing through the Federal Stafford loan program can be paid by the agency on behalf of the students. He reminded the Commission that the agency is currently paying 25% of the 1% default fee, which is estimated to be $1.2 million in FY2010. He said that staff is recommending that the agency continue to pay this same portion of the fee for the coming year in order to benefit students.

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

"**BE IT RESOLVED** that for Federal Stafford (subsidized and unsubsidized) and Federal Graduate PLUS loans guaranteed by the Illinois Student Assistance Commission (ISAC) for the 2009-2010 academic year, the Commission approves the payment of 25% of the mandatory one percent default fee required pursuant to the Higher Education Reconciliation Act of 2005 (the

"Federal Default Fee") from the Student Loan Operating Fund (SLOF). The portion of the Federal Default Fee paid by ISAC remains at 0% for Federal Parent PLUS loans.

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

Item 13. IDAPP Investment Policy and Quarterly Report

Mr. Sinsheimer introduced this item, noting that it had been a couple of years since this policy had last been brought before the Commission, and staff felt it was advisable at this time to update it, and have it reaffirmed by the Commission. He noted that the investment of funds by IDAPP is in general limited by the terms of the bond documents for particular issues, as well as the Public Funds Investment Act. Further, he continued, the changes being brought before the Commission today eliminated some of the previously permitted investment options that no longer make sense to use, as well as to add some appropriate new options such as the Public Treasurers' Investment Pool. He also noted that the policy creates a new Investment Committee, reporting to the agency's Executive Director and Chief Financial Officer, consisting of ISAC's Chief Investment Officer as Chair, along with the Director of IDAPP and IDAPP's Director of Accounting and Finance. The membership of this committee as stated corrects a typographical error contained in the Agenda Book.

Mr. Vaught expressed his desire that, to the extent permitted by the trust indentures, that money market funds be invested in a manner to minimize fees incurred.

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

"BE IT RESOLVED that the Illinois Student Assistance Commission approves the Statement of Investment Policy for the Illinois Designated Account Purchase Program (IDAPP) as attached, and directs all investment decisions for IDAPP be consistent with provisions set forth in the Illinois Student Assistance Commission – IDAPP Statement of Investment Policy."

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

Item 14. Financing for Academic Year 2010

Mr. Sinsheimer noted that this item is being brought before the Commission as an information item. He stated that due to the highly positive relationship that has been established with the Illinois Credit Union League (ICUL) as a result of the creative financing arrangement for the 2008-2009 academic year, staff has begun negotiations with the ICUL to obtain written commitments for establishing a similar financing for the 2009-2010 academic year. Receiving such a commitment early in the year would allow our staff to reach out to schools and students to assure them of the availability of funding for next year, and let them know that ISAC is here to finance their needs. He noted that staff would still need to come back to the Commission in late spring for formal approval to issue the 2009 Bonds in support of such a program.

Item 15. Financing for the *College Illinois!* Capstone Loan Program

Mr. Sinsheimer stated that staff had been in contact with a number of financial institutions in an effort to obtain ongoing financing for the *College Illinois!* Capstone Loan Program. Of the nine institutions with which staff met, only Shorebank had issued a commitment for a financing to support the loan program, a two-year facility for up to $7 million, under the terms outlined in Exhibit A in the Agenda Book. Mr. Sinsheimer noted that although the terms of the agreement were not ideal, at this time this is our best option for continuing this important loan program to assist Illinois students

After further discussion regarding the implications of the proposed terms to the loan program and its financing, Mr. Wing **MOVED THAT** the Commission approve the following resolution:

> **"BE IT RESOLVED** that the Illinois Student Assistance Commission is authorized to obtain financing from Shorebank to finance the College Illinois! Capstone[SM] Loan Program (the "Shorebank Capstone Financing") on terms and conditions set forth in **Exhibit A** hereto; and
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> **"BE IT FURTHER RESOLVED** that the Chairman or Executive Director are authorized to execute and deliver one or more credit or similar agreements with Shorebank and such other documents, certificates and instruments as are necessary to consummate the transactions contemplated by the Shorebank Capstone Financing on terms and conditions set forth in **Exhibit A** and such other terms and conditions as the Executive Director deems in the best interests of ISAC.
>
> Dr. Andre seconded the motion, which was approved unanimously.

Item 16. Appointment of Broker Dealer

Introducing the agenda item, Mr. Sinsheimer noted that an amended agenda item has been given to each Commissioner. Continuing, he stated that the auction rate certificates issued under the 2002 indenture require the appointment of a broker dealer. He explained that the broker dealer is there to find bidders for the bonds that are being auctioned by the auction agent, Deutsche Bank. UBS is currently the sole broker dealer for our agency, and is paid 15 basis points per year, for a total of over $1.3 million per year as broker dealer. Management is currently assessing the advantages of replacing UBS with one or more of the banks on our approved list of underwriters. In order to facilitate securing one or more new broker dealers, if a decision is made to do so, a Request For Proposals (RFP) was issued to the investment banks on that approved list, as listed in Exhibit A of the agenda book.

Mr. Sinsheimer indicated that the agency would be negotiating with the bidders to obtain a split fee, with a lower fee when auctions are not occurring, and possibly a higher fee when they are occurring. As a result, the amended motion permits a ceiling of 30 basis points that can be paid to a broker dealer. He did note, however, that the indenture requires that the broker dealer have at least $100 million in capital surplus, which unfortunately will eliminate a number of the approved investment banks on the list.

Mr. Vaught **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 appoint of one or more of the banks identified hereto as a Broker Dealer and Market Agent in connection with all of the outstanding Taxable Student Loan Revenue Bonds issued under and pursuant to the 2002 Resolution Authorizing the Issue of Student Loan Revenue Bonds and Other Obligations of the Illinois Student Assistance Commission, adopted July 29, 2002, as supplemented and amended (the "Outstanding Auction Rate Bonds")."
>
> "**BE IT FURTHER RESOLVED** that the fees paid to the Broker Dealer shall not exceed 30 basis points (0.30%) per $1,000 principal amount of Outstanding Auction Rate Bonds."
>
> "**BE IT FURTHER RESOLVED** that the Chairman or Executive Director and/or the Chief Financial Officer of ISAC are each hereby authorized to execute and deliver such documents,

instruments and certificates necessary to consummate the transactions contemplated herein, including without limitation, a Broker Dealer Agreement."

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

Chairman McNeil announced that while the Open Meetings Act of Illinois 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 such as the Executive Session that is Agenda Item 17 this morning.

For our Executive Session this morning, there are two applicable exceptions under subsection 2(c) of the Open Meetings Act:

1. Under exception number "1" of subsection 2(c)…the closed session will concern the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body, or legal counsel for the public body, including hearing testimony to determine the validity of a complaint lodged against an employee of the public body or against legal counsel for the public body;

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

Mr. Vaught **MOVED THAT** the Commission adjourn into Executive Session for the purposes described by the Chairman. Dr. Andre seconded the motion, which was approved by roll call vote of the Commission. Chairman McNeil stated upon reconvening into open session, the Commission will not be taking formal action on what was discussed during the Executive Session, but would only be reconvening to adjourn the meeting. The Commission then went into Executive Session at 12:04 p.m.

After the Commission's Executive Session was concluded, Ms. Alpi **MOVED THAT** the Commission reconvene its regular open meeting. Mr. Dauber seconded the motion, which passed unanimously. The Commission then reconvened in open session at 12:46 p.m.

Upon returning into open session, Mr. Dauber **MOVED THAT** the November 21, 2008 meeting be adjourned. Ms. Alpi seconded the motion, which was approved unanimously. The meeting adjourned at 12:49 p.m.

Respectfully submitted,

Debora A. Calcara
Secretary to the Commission