

AGENDA ITEM 2.

MINUTES OF THE JANUARY 22, 2010 MEETING

**MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION**

January 22, 2010

**Northeastern Illinois University
Chicago, Illinois**

COMMISSIONERS PRESENT: Donald J. McNeil, Chair
Sharon Alpi
Sean Dauber
Dr. Mary Ann Louderback
Johnathan Wilson

COMMISSIONERS ABSENT: Dr. Linda Andre
Hugh Van Voorst

STAFF PRESENT: Andrew Davis, Executive Director
Frank Bello, Chief Investment Officer/Treasurer
Brian Begrowicz, Interim CFO, IDAPP
Tom Breyer, RPPA
Esther J. Cepeda, Chief Marketing & Communications Officer
Carol Cook, Director, Program Services & Compliance
George Egan, College Illinois![®] 529 Prepaid Tuition Program
Katharine Gricevich, Director, Governmental Relations
Susan Kleemann, Managing Director, RPPA
Clifton Kyle, Chief Information Officer
Kim Lee, General Counsel
Shoba Nandhan, Interim CFO, ISAC
Sam Nelson, Client Relations
Paul Palian, Director, Communications
Christine Peterson, Chief Program Officer
Karen Salas, Deputy General Counsel
Larry Zeller, College Illinois![®] 529 Prepaid Tuition Program
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Meegan Bassett, Women Employed
Deb Brody, Robert Morris University
Paul Frank, FIICU
Eric Gaylord, Marquette Associates
Lynne Howard-Reed, CBOE
Tyler Kearney, University of Illinois
Leigh Taylor, Robert Morris University
Mitch Woolery, Kutak Rock

Item 1. Announcements

Chairman McNeil called the January 22, 2010 meeting of the Commission at Northeastern Illinois University to order at 9:11 a.m., and asked that a roll call be taken, which established that a quorum was present. He then informed the Commission that a new state law requires that should an audio recording be made of an open meeting of a board or commission, that recording must be posted to the entity's web site, and due to concerns about the insufficient quality of such a recording, the Commission has retained the services of a court reporter to assist it in preparing the most accurate verbatim written transcript possible of its proceedings.

Continuing, Chairman McNeil stated that the next regular meeting of the Commission will be held on March 26, 2010 at Illinois State University in Normal.

Item 2. Minutes of the October 29, 2009 and November 13, 2009 Meetings

Ms. Alpi **MOVED THAT** the minutes of the October 29 and November 13, 2009 meetings be approved as submitted. Dr. Louderback seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Referring to the report on the College Illinois![®] 529 Prepaid Tuition Program in the agenda book, Mr. Davis noted the dramatic changes made to the program in sales methodology, investment philosophy and also the operational aspects of the program, and observed that contract sales are already at \$30 million, which is approximately 25 percent of what was sold in a full year of sales last year. He stated that the changes made to the program are having a positive effect on sales and bringing the marketing functions in-house is also proving to have a positive effect. He indicated that at this point in the sales year, of the \$1.5 million contract with Celtic Marketing, only a little over \$100,000 has been spent, and our total sales cost per contract is running at about 50 cents on the dollar versus last year.

Continuing, Mr. Davis reported that the six-month financials for this fiscal year for all three financial lines of the agency --- the Student Loan Operating Fund, IDAPP and College Illinois! --- all are showing positive year-over-year results for the first time under his tenure as Executive Director. He stated that the financial position of the agency is dramatically different today from just a few years ago and congratulated staff for their work in making this happen.

Mr. Davis reported that staff has been asked by both IBHE and the Governor's Office of Management and Budget (GOMB) to prepare budget numbers reflecting a variety of scenarios, ranging from modest increases in funding down to substantial reductions in funding, which he noted would be brutal for students, the agency and for the entire state budget.

Item 4. FY 2010 Revised Internal Audit Charter and Plan Approval

Mr. Bello introduced the agenda item, noting that a revised internal audit charter and plan for FY2010, modified in order to comply with newly-adopted professional standards, is being brought to the Commission, as required, for its approval. He reminded the Commissioners that the agency currently uses an outside accounting firm in connection with performing its internal audit functions.

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

“**BE IT RESOLVED** that the Commission approve the Revised Internal Audit Plan and Charter for the FY2010 audit cycle”.

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

Item 5. Proposed Rules and Amendments

Ms. Peterson opened the informational agenda item, noting that the proposed rules and amendments are just beginning the required 45-day public comment period, and following the conclusion of this period, will be brought back to the Commission for action. She noted that in addition to proposed amendments to two existing parts, there are proposed rules for two new programs that have been legislatively mandated, one for participants in the Southern Illinois University at Carbondale Achieve program and another for the Public Interest Attorney Loan Repayment Assistance Program.

Item 6. Certain Rules Amendments

Ms. Salas stated that the rules addressing the Freedom of Information Act (FOIA) are being modified in order to comply with recent changes in the law that became effective January 1. Among the several changes recently instituted, she indicated, are the shortening of the time line for response by the agency from seven days to five, as well as the creation of a newly established Public Access Counselor within the Attorney General’s office, to whom a requestor may now appeal the denial of a FOIA request by the agency. In addition, Ms. Salas noted, the law now requires that contact information for the agency’s FOIA officer be posted to the agency Web site.

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

“**BE IT RESOLVED** that the Commission approves the proposed amendments to the Illinois Student Assistance Commission’s rules on Public Information, Rulemaking and Organization; and its rules on Information Requests for submission to the Joint Committee on Administrative Rules.”

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

Chairman McNeil asked that the record reflect that Commissioner Wilson had joined the meeting immediately prior to consideration of this item.

Item 7. Notice of Execution and Delivery of Contracts Exceeding \$1 Million

Ms. Salas reminded the Commission that while staff is authorized to enter into and execute contracts up to \$5 million without prior approval of the Commission, they are required to notify the Commission at its next meeting should they enter into any contract that is \$1 million or more. She stated that College Illinois! has entered into a contract with Celtic, Inc. for \$1.5 million; however, due to marketing services having been brought in-house, only \$118,000 of that amount has been spent to date .

Ms. Salas indicated that as outlined in the agenda book, three contracts in excess of \$1 million have been entered into with collection agencies for the guarantor operations, and also a contract for \$1.5 million with XAP Corporation as the contractor for the whatsnextillinois.org web site. She stated that the whatsnextillinois.org web site is used by both college and high school counselors as well as by students to

help in career planning, finding scholarships and grants and also to submit their transcripts to colleges electronically and to apply on-line.

Responding to Ms. Alpi, Mr. Davis indicated that the whatsnextillinois.org site has had significant upgrades and he is pleased that the Chicago Public Schools (CPS) system has partnered with ISAC in developing the site, promoting its use, and supporting it financially by paying for a portion of this contract. He expressed his hope that the electronic transcript component will evolve into a very efficient statewide application system that could further ease obstacles to the college application process, especially for first-generation and low-income students in Illinois.

Responding to Dr. Louderback, Mr. Davis clarified the contract dates for those listed in the agenda book.

Item 8. FY2011 Monetary Award Program (MAP) Start-Up Formula

Prior to beginning the agenda item, Ms. Kleemann informed the Commission that following the closing of first-term MAP claims on January 15th, approximately \$28 million remained, which will allow for the release of previously-suspended applications received through approximately June 4, 2009, more than two weeks later than the initial suspension date.

Continuing with the agenda item, Ms. Kleemann stated that the FY2011 MAP formula being recommended to the Commission today is the same as the existing formula being used for FY2010, a recommendation supported by the ILASFAA Formula Committee. In the event of a shortage of funds, we would at least maintain the existing formula, and adjust the suspension date to accommodate available funding levels. Since the existing formula is only covering about half of the tuition at public universities and is still based on 2004 tuition and fees, any further cuts in the award amount are not advised. She stated that by approving the formula being presented today, it will allow the financial aid offices to begin the process of packaging students' financial aid awards.

Both Ms. Alpi and Dr. Louderback expressed their concern about having to make the assumption that the appropriation will be the same as last year, but recognized the need to begin making award announcements.

Ms. Alpi **MOVED THAT** the Commission approve the formula summarized in Table 3 as the FY2011 MAP start-up formula.

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

Item 9. Approval of FY2010 Budget Spending Allocation for College Savings Bond Bonus Incentive Grant (BIG) Program

Ms. Peterson stated that staff is requesting that \$325,000 of the lump sum appropriation that the Commission received for FY2010 be allocated to the BIG Program. She indicated that this is the same amount that was allocated for the program in the previous fiscal year.

Mr. Davis stated that when the FY2010 appropriation was allocated to ISAC in a lump sum of \$405 million to administer the grant programs, it was the Commission's decision to use all of the allocation for MAP. However, staff now feels the appropriation would allow the movement of \$325,000 of that allocation into the BIG program.

Mr. Dauber **MOVED THAT** the Commission approve an allocation of \$325,000 to make awards under the College Savings Bond Bonus Incentive Grant (BIG) Program for FY2010.

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

Item 10. 2010 Commission Determination Related to Student Loan Revenue Bonds, Series 2009 (State Guaranteed)

Mr. Begrowicz introduced the agenda item, noting that the bond issue completed in May of 2009 for the rehabilitation loan program contained a provision that should there not be enough money in the debt service fund to pay interest on the bonds, the Commission would need go to the Governor to ask for an appropriation to do so. Mr. Begrowicz indicated that the debt service fund still has \$2 million, and the cash being generated by the portfolio is sufficient to pay interest for the upcoming fiscal year, so there is no need to seek an appropriation for FY2011.

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

“BE IT RESOLVED, that the “Commission Determination Required by Section 6.10 of the Indenture of Trust Relating to the Commission’s Student Loan Revenue Bonds, Series 2009 (State Guaranteed)” attached hereto as **Exhibit A** (the **“2010 Commission Determination”**) evidences the Illinois Student Assistance Commission (the **“Commission”**) determinations for 2010 required by Section 6.10 of the Indenture.”

“BE IT FURTHER RESOLVED that the Commission authorizes the Chairman to execute and deliver the 2010 Commission Determination on behalf of the Commission.”

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

Item 11. Appointment of Third Party Sales Agents for the College Illinois! 529 Prepaid Tuition Program

Introducing the agenda item, Mr. Bello stated that in an effort to increase the sales of College Illinois! contracts, the Commission asked that staff explore using third party firms to sell contracts to their clients. He indicated that a Request for Proposals (RFP) was issued on September 25, 2009 and as a result, six proposals were received, which include Northern Trust Securities; Cabrera Capital Markets; Grigsby & Associates; North South Capital; Moonstone Asset Management; and AKF Consulting.

Responding to Ms. Alpi, Mr. Bello stated that in total, staff reached out to 20 firms and as a result received proposals from six firms who were interested in participating. Mr. Davis stated that the agency desires to be as inclusive as possible and should additional firms meet the criteria and be interested in participating in the future, we would be happy to offer our product to them; the program will not be limited to just these six firms.

Mr. Dauber inquired as to the territory these firms reach and how significantly this increases the sales force for College Illinois!. Mr. Davis indicated that the addition of Northern Trust alone increases the reach of the agency’s sales effort.

Responding to Mr. Dauber, Mr. Bello indicated that the agenda item provides authorization to pay a sales agent a fee not to exceed five percent of the price of the contracts sold. In total, Mr. Davis reminded the Commission, the pricing schedule approved at the September meeting incorporated a three percent sales load across all contracts sold.

Ms. Alpi feels that with the help of third party sales agents, the program has the potential to reach areas it has been unable to reach and brings a level of sophistication that is needed for the program.

Mr. Davis stated that as financial advisors, the third party sales firms are advising their clients on which product to invest in and how to position themselves financially, and by offering a monetary incentive to sell our product they will be more likely to suggest the investment to their clients.

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

“BE IT RESOLVED that the Commission authorize the execution and delivery by the Chairman or Executive Director of (A) one or more College Illinois!® 529 Prepaid Tuition Program (the **“Program”**) product sales agreements (**“Third Party Sales Agreements”**) with each of the firms identified on **Exhibit A** hereto (**“the Third Party Sales Agents”**), in form and substance satisfactory to the Chairman or Executive Director, and ISAC’s General Counsel, (b) any amendments to the Third Party Sales Agreements as the Chairman or Executive Director deem acceptable and in the best interests of ISAC and (C) such other documents and instruments as are necessary to consummate the transactions contemplated by the Third Party Sales Agreements and this resolution; **provided, however**, the term of such Third Party Sales Agreements shall not exceed ten (10) years including renewals, and the amount of fees payable by ISAC to any Third Party Sales Agent shall not exceed four percent (4%) of the price of the contracts sold by each such Third Party Sales Agent.”

“BE IT FURTHER RESOLVED that, subject to the limitations set forth in the paragraph above, the Chairman and 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 transactions contemplated by this Resolution and all of the acts and doings of the Chairman and 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.”

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

Item 12. Revisions to College Illinois! 529 Prepaid Tuition Program Statement of Investment Policy

Mr. Bello stated that this policy was last brought before the Commission at its June 26, 2009 meeting and that staff has since met with the Investment Advisory Panel to review the changes that are being proposed today. He indicated the major changes proposed to the policy include revisions to the defined terms to include the role of a Director of Beta Management; establishment of an options based portfolio management strategy with appropriate internal controls and procedures; adding the ability to purchase and utilize exchange-traded funds (ETFs); and also making the appropriate related changes to the operational guidelines. He stated that the Investment Advisory Panel approved of the changes being brought to the Commission today for approval.

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

“BE IT RESOLVED that the Commission adopts the revisions to the College Illinois! 529 Prepaid Tuition program Statement of Investment Policy in the form attached hereto as Exhibit A.”

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

Item 13. 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.

Dr. Louderback **MOVED THAT** the Commission adjourn into Executive Session. Mr. Dauber seconded the motion. After a roll call vote approving the motion, the Commission adjourned into closed session at 10:05 a.m.

The Commission returned into open session at 11:35 a.m.

Item 14. College Illinois! 529 Prepaid Tuition Program – Options Strategy Presentation

An informational presentation was given to the Commission by Lynne Howard-Reed with the Chicago Board Options Exchange.

Item 15. College Illinois! 529 Prepaid Tuition Program - Options Based Portfolio Management Strategy

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

“**BE IT RESOLVED** that the Illinois Student Assistance Commission (the “**Commission**”) approves Options Based Portfolio Management Strategy (the “**Beta Management Program**”) as described above and as more fully set forth in the College Illinois!® 529 Prepaid Tuition Program (Program) Statement of Investment Policy (the “**Policy**”) as most recently amended on January 22, 2009”;

BE IT FURTHER RESOLVED that the Commission approves use of one of the broker dealers set forth on **Exhibit A** previously approved to provide broker dealer services to the Commission (the “**Brokers**”)”;

BE IT FURTHER RESOLVED that the Commission authorizes the Executive Director or Chairman **and** the Chief Investment Officer to execute and deliver an options agreement and such other documents (the “**Options Agreements**”) with the one or more of the Brokers necessary to consummate the Beta Management Program. The Options Agreement shall be in substantially the form attached hereto as **Exhibit B**, 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 in consultation with the General Counsel, 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 Options Agreements attached hereto”; and

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 16. Selection of College Illinois! 529 Prepaid Tuition Program Hedge Funds Investment Managers

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

“**BE IT RESOLVED** that the Commission approves the selection of the firms set forth below to provide investment management services for the Hedge Funds and Hedge Fund of Funds asset class:

1. Balestra Capital, Ltd.
2. Pinnacle Asset Management, L.P.
3. Echelon Capital Group/Centennial Global Macro Fund, LP & Ltd.
4. NB Alternative Investment Management LLC
5. Pluscios Management LLC
6. Protégé Partners, LLC
7. Cadogan Management, LLC
8. Reynoso Asset Management LLC
9. Common Sense Investment Management, LLC
10. Leading Edge Investment Advisors, LLC
11. Sanborn Kilcollin Partners, LLC
12. Guidance Capital LLC
13. Permal Group Inc. (PGI)/ Permal Asset Management Inc.

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

Item 17-A. Selection of College Illinois! 529 Prepaid Tuition Program Hedge Funds Investment Commingled Fund Form – Ballestra Spectrum Partners II, LLC

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 subscription documents by and between Balestra Spectrum Partners II, LLC, a Delaware limited liability company (the “**Fund**”) and ISAC (the “**Subscription Agreement**”), if required, an Amended and Restated Operating Agreement Agreement and any amendments or supplements thereto, (the “**Partnership Agreement**”), a side letter agreement (the “**Side Letter**” and together with the Subscription Agreement and the 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 \$55,000,000;

“**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 17-B. Selection of College Illinois! 529 Prepaid Tuition Program Hedge Funds Investment Commingled Fund Form – Centennial Global Macro Fund, L.P.

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 subscription documents by and between Centennial Global Macro Fund, L.P., a Delaware limited partnership (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 \$55,000,000”;

“**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 17-C. Selection of College Illinois! 529 Prepaid Tuition Program Hedge Funds Investment Commingled Fund Form – NB Diversified Arbitrage fund II, L.P.

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

subscription documents by and between NB Diversified Arbitrage Fund II, L.P., a Delaware limited partnership (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 17-D. Selection of College Illinois! 529 Prepaid Tuition Program Hedge Funds Investment Commingled Fund Form – Pinnacle Natural Resources, L.P.

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 subscription documents by and between Pinnacle Natural Resources, L.P., a Delaware limited partnership (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 \$55,000,000”;

“**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 17-E. Selection of College Illinois! 529 Prepaid Tuition Program Hedge Funds Investment Commingled Fund Form – Reynoso Asset Management, LLC

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 an Investment Management Agreement by and between Reynoso Asset Management, LLC, as the investment manager (the “**Investment Manager**”) or other documents necessary to evidence ISAC’s investment with the Investment Manager (the “**Investment Management Agreement**”). The Investment Management Agreement shall be in substantially the form attached hereto as **Exhibit A** and 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 **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 Investment Management Agreement attached hereto; **provided, however,** in no event shall the amounts invested with the Investment Manager exceed \$10,000,000”;

“**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.

Item 18. Selection of College Illinois! 529 Prepaid Tuition Program – Private Equity Investment Agreement I

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 Camelot Acquisitions: Secondary Opportunities, L.P., a Delaware limited partnership (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 \$15,000,000";

"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 19. Selection of College Illinois! 529 Prepaid Tuition Program – Private Equity Investment Agreement II

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 Booklet by and between Morgan Stanley Global Secondary Opportunities Fund I LP, a Delaware limited partnership (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 \$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 20. Employment Matters Relating to the Executive Director

No action is required on this item.

Dr. Louderback **MOVED THAT** the January 22, 2010 meeting of the Commission be adjourned. Ms. Alpi seconded the motion, which was approved unanimously. The meeting adjourned at 11:59 a.m.

Respectfully submitted,

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

Debora A. Calcara
Secretary to the Commission