

AGENDA ITEM 2.

MINUTES OF THE JUNE 18, 2010 MEETING

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

June 18, 2010

Videoconference Locations

James R. Thompson Center
100 W. Randolph St.
Room 9-036
Chicago, Illinois

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

COMMISSIONERS PRESENT: Donald J. McNeil, Chair
Dr. Linda Andre
Sharon Alpi
Sean Dauber
Dr. Mary Ann Louderback
Hugh Van Voorst
Johnathan Wilson

STAFF PRESENT: Andrew Davis, Executive Director
Frank Bello, Treasurer/Chief Investment Officer
Kristin Bernstein, ISACorps
Eduardo Brambila, Managing Director, Community Service
Tom Breyer, RPPA
Jon Brown, ISACorps
Esther J. Cepeda, Chief Marketing & Communications Officer
George Egan, Director, Portfolio Management & Direct Investment
Katharine Gricevich, Director, Government Relations
Ellen Greenan, RPPA
Kim Lee, General Counsel
Jacqueline Moreno, Managing Director, College Access Initiatives
Shoba Nandhan, Interim Chief Financial Officer, ISAC
Paul Palian, Director, Communications
Christine Peterson, Chief Program Officer
Joanne Tolbert-Wells, Chief of Staff & Administration
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Meegan Bassett, Women Employed
Deb Brodzinski, Robert Morris University
Paul Frank, FIICU
Nicole Krneta Rogers, IBHE
Sarah Labadie, Women Employed
Jim Van Horn, Intuition Systems, Inc.

Item 1. Announcements

Chairman McNeil announced that the meeting is being held via interactive videoconference simultaneously from the James R. Thompson Center in Chicago and the Central Management Services Capital City Center in Springfield and that proper public notification has been given and both locations are accessible to the public, in compliance with the Commission's rules and the Illinois Open Meetings Act. He stated that the presence of a quorum is determined by including Commissioners present at both locations. He then asked that a roll call be taken of the two locations, which established that a quorum was present. He called the meeting to order at 9:12 a.m.

Continuing, Chairman McNeil stated that the next regularly scheduled meeting of the Commission will be held on September 24, 2010 at the School of the Art Institute in Chicago.

Item 2. Minutes of the March 26, 2010 Meeting

Dr. Louderback **MOVED THAT** the minutes of the March 26, 2010 meeting be approved as submitted. Mr. Van Voorst seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Mr. Davis opened his report informing the Commission that during June there was a 15 percent reduction in workforce. He stated that this reduction brings the headcount from 520 full-time regular employees in January 2007 down to approximately 280 currently, a total reduction of 46 percent. He indicated that during this same period of time, the balance sheet for the agency has been reduced by nearly 60 percent, giving us a manageable portfolio of assets and liabilities today. He is pleased that ISAC is now an innovative and efficient agency that remains keenly focused on its mission of making college accessible and affordable for Illinois students. He stated that the ability of the agency to not merely survive but to thrive under very difficult circumstances requires a high level of dedication, cooperation, creativity and hard work and ISAC is rich in these human resources. He stated that he is pleased to lead such an exceptional group of dedicated employees and without their devotion to the agency and its mission, this outcome would not have happened. He is looking forward to the opportunity to continue building ISAC to meet the needs of the state in the future and believes staff is well qualified and prepared to do just that.

Item 4. Adopted Rules and Amendments

Ms. Peterson opened the agenda item, noting that these rules and amendments have been brought to the Commission previously during the rulemaking process, have received no objection from the Joint Committee on Administrative Rules (JCAR), and are now being brought to the Commission for final approval and adoption, in order to be published with an effective date of July 1.

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

“BE IT RESOLVED that the Commission approves and adopts the omnibus rules and amendments, as modified during the rulemaking process, so that they can be effective for the 2010-2011 academic year.”

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

Item 5. Fiscal Year 2011 Internal Audit Charter and Plan Approval

Ms. Nandhan indicated the Commission has been provided with the Fiscal Year 2011 Internal Audit Charter and Plan, which is an outline of the plan and schedule of the various audits to be performed in the next fiscal year.

Responding to Chairman McNeil, Mr. Davis indicated that it has been the practice in the past for agencies the size of ISAC to outsource the internal audit function, however, in accordance with new provisions of the Fiscal Control and Internal Auditing Act which require agencies to have an internal auditor on staff, ISAC has begun the search for an internal auditor. Mr. Davis indicated that this position will be an employee of ISAC.

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

“BE IT RESOLVED that the Commission approves the Internal Audit Charter and Plan for the FY2011 audit cycle.”

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

Item 6. Proclamation Recognizing Students’ Contributions to the Restoration of FY 2010 Funding for the Monetary Award Program (MAP)

Chairman McNeil acknowledged student Commissioner Johnathan Wilson on his active role with the students of Illinois in exercising their First Amendment freedoms to help restore the funding of the MAP program during the last fiscal year.

Mr. Wilson read into the record and **MOVED THAT** the following proclamation be adopted:

WHEREAS funding for the State’s need-based Monetary Award Program (MAP) was initially cut in half for the 2009-2010 academic year, leaving Illinois students with difficult decisions about how to continue their collegiate enrollment; and

WHEREAS students from across Illinois worked shoulder-to-shoulder with classmates, parents, faculty, and staff, demanding action from State leaders to restore MAP funding; and

WHEREAS MAP grant recipients and non-recipients alike spoke up for the causes of college access and choice for all students, regardless of income; and

WHEREAS students from every sector – public four-year, private four-year, proprietary schools and community colleges—shared moving, personal stories with the Commission, legislators, and the media to illustrate the powerful impact that financial assistance has had on their lives and their educational aspirations; and

WHEREAS organizers employed tools both old and new, including paper petitions, postcards, and letters along with such electronic means as social networking, text messaging, and video testimonials; and

WHEREAS students around the State held campus rallies, attended Commission hearings, and spoke with local reporters to build public awareness of their campaign to save Illinois MAP grants; and

WHEREAS more than 2,500 students from every corner of Illinois (and at least one school mascot) converged on the Capitol in October 2009 to gather, speak with legislators, strengthen inter-campus relationships, and present the Governor with a petition for MAP funding signed by more than 10,000 Illinoisans; and

WHEREAS these students delivered the message that they were “United to Save Education” with resolve, respect, professionalism, creativity, and a dedication to equity and opportunity; and

WHEREAS State leaders answered students’ call to action by appropriating an additional \$205 million for student financial assistance for Fiscal Year 2010, for a total of more than \$425 million in scholarships and grants administered by ISAC; and

WHEREAS this supplemental appropriation restored full-year MAP grants for approximately 141,500 Illinois students, many of whom might otherwise have been unable to achieve their educational goals; and

WHEREAS demand for financial assistance continues to rise as Illinoisans struggle with unemployment and underemployment while tuition rates increase at most campuses, with a 22% increase in eligible applications for the MAP grant as of June 2010,

THEREFORE we, the members of the Illinois Student Assistance Commission, do acknowledge, honor, and thank the students of Illinois for playing their critical role in the restoration of funding for the Monetary Award Program for the 2009-2010 academic year; and

DO urge Illinois students and graduates to retain their civic spirit, to remain involved in the public sphere, to maintain their awareness of and interest in student financial assistance and the Monetary Award Program in particular, and to continue to contribute to a positive future for the State of Illinois, the United States of America, and the world.

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

Item 7. Approval of FY2011 Budget Spending Priorities for ISAC-Administered Gift Assistance Programs

Ms. Gricevich indicated that the General Assembly has passed FY 2011 appropriations bills, including the authorization of a lump-sum appropriation of \$425,031,100 from the State’s General Revenue Fund for the scholarship and grant programs that ISAC administers. She stated that this appropriation is the same amount that was ultimately received for FY 2010, although for FY 2011, the Governor’s initial recommendation did shift some funds from the Illinois Incentive for Access (IIA) Program and the Nurse Educator Scholarship Program to MAP. She also noted that the General Assembly had approved the Emergency Budget Act, which gives the Governor broad authority to establish reserves by directing state agencies to hold back a portion of the appropriated spending.

Dr. Louderback **MOVED THAT** the Commission approve the spending priorities as stated in Table 1 as presented in the agenda book and delegate authority to the Executive Director to make any needed adjustments to those allocations to optimize usage of the appropriation.

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

Item 8. FY 2011 Monetary Award Program (MAP) Recompute Formula

Ms. Greenan stated that this item is usually brought to the Commission each year at this time in order to adjust the start-up formula used to calculate awards for MAP recipients, normally approved at the January meeting, after the annual appropriation has been finalized. Ms. Greenan indicated that like last year, this year's suspense date has had to be set earlier due to the increase in application volume. She stated last year's suspense date was May 15 while this year applications were suspended beginning April 19. She indicated that it is likely that the volume increase in applications largely reflects that students are applying earlier due to the increased publicity to complete the FASFA, rather than being due to an overall increase in applicants.

Ms. Greenan indicated that staff met with the ILASFAA Formula Committee, which consists of financial aid officers throughout the state, who agreed to use the start-up formula from January and if the first-term claims are as projected then a reduction factor of roughly six percent be put on the second- and third-term claims.

Mr. Dauber **MOVED THAT** the Commission approve the FY 2011 MAP start-up formula as the FY 2011 recompute formula as recommended in Table 3 of the agenda book. If it is later determined necessary to reduce award amounts to stay within the appropriation, second- and third-term awards would be reduced accordingly.

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

Chairman McNeil recognized that Ms. Alpi had joined the meeting.

Item 9. Adopting Certain Rules Amendments

Ms. Lee stated that amendments to the agency's internal rules on Public Information, Rulemaking and Organization had previously been presented to the Commission for initial review and approval and had subsequently been submitted to JCAR for comment. She indicated that no substantive comments had been received and therefore the amendments were now being brought back to the Commission for final approval and adoption.

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

"BE IT RESOLVED that the Commission approves and adopts the amendments to the agency's rules on Public Information, Rulemaking and Organization."

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

Item 10. Delegation of Authority Administration of Investment/Banking Documents

Ms. Lee introduced this item, which requested delegation of authority to certain finance staff to perform specific functions in connection with the administration of banking and other similar accounts in connection with the agency's investments and finance transactions. After some discussion in which a number of questions were raised by Commissioners, the Chairman requested that the item be withdrawn for further review by staff and a more thorough explanation of the necessity of the action requested.

Discussion of ISAC Corps

Before moving to Agenda Item 11, Mr. Davis introduced Jacqueline Moreno, Managing Director of College Access Initiatives. Ms. Moreno provided the Commission an update on the ISAC Corps Program and introduced two Corps members, Kristin Bernstein and Jonathan Brown. Ms. Bernstein provided the Commission with an overview of some of the successes she has witnessed in her district not only with FAFSA completion, but also in raising awareness to the importance of students attending college and assisting them to find the financial resources to attend.

Mr. Brown stated that he is part of the College Access marketing committee within ISAC Corps and provided the Commission a musical recording he made as an innovative means to increase awareness about the need to complete the FAFSA. Members of the Commission gave Mr. Brown a positive and enthusiastic response to the recording and are anxious to see how it will be used to reach out to students once it is reviewed by legal counsel.

Mr. Davis reminded the Commission that the ISAC Corps was designed by ISAC staff to have near-peer mentors located in community college districts throughout the state to help first-generation students and their families navigate the college financing process and is funded through the federal government's College Access Challenge Grant.

Chairman McNeil announced a ten-minute break after which the meeting resumed at 10:33 a.m.

Item 11. College Illinois!® 529 Prepaid Tuition Program FY 2011 Budget Request

Introducing this agenda item, Mr. Bello noted the primary administrative areas of the program -- operations, marketing and investments -- and highlighted some areas of the budget for which more significant increases have been requested from the previous year. He stated that for FY 2011, staff is requesting \$1.6 million for marketing of the program, an 11.9% increase, which includes an increase of \$200,000 for paid media such as TV, radio and print. He indicated that for contractual services, the budget request reflects a 27 percent increase to \$1.8 million, the largest portion coming from additional legal and audit services in connection with the program's investments; the personal services request is for an increase of 21 percent and intra-agency services reflects an increase of \$500,000. He indicated the total budget reflects an increase of \$1.6 million for FY 2011.

Continuing, Mr. Bello indicated there is an increase of 53 percent or \$2.6 million for FY 2011 in the investment expenses section of the budget. He stated the bulk of the increase is from investment management fees, reflecting the program's move into other asset classes such as hedge funds, private equity, real estate and infrastructure, which typically command higher investment fees.

Responding to Dr. Louderback's inquiry as to the increase in personal services, Mr. Davis indicated there are two new positions in the budget request, an associate legal counsel to perform work on College Illinois! 529 Prepaid Tuition Program contracts and investment documents that was previously done by outside legal firms, as well as the Director of Beta Management position. The amount requested covers both salaries and benefits, he noted.

Dr. Louderback then expressed her concern that the program brought marketing services in-house and hired staff to perform those functions, while at the same time there are funds allocated in the budget for an external marketing firm, and agenda item 15 authorizes a contract with a central marketing agent in an amount up to \$3.5 million. Chairman McNeil asked that the rest of the budget be reviewed and that this topic be returned to in connection with agenda item 15.

Ms. Lee noted for the Commission that the associate legal counsel is being hired to bring in house document review and other functions previously performed by outside counsel, and it is her hope that by doing this, the agency will be able to come in under the budget figure requested for contractual legal services.

Responding to Ms. Alpi, Ms. Cepeda stated that the increase in marketing budget will go towards the revamping of the website and the purchase of media for the program. She stated that sales staff have been doing more traveling throughout the state but will be focusing more on virtual sales and webinars.

Mr. Davis confirmed for Mr. Dauber that while there are additional costs associated with investing in private equity, real estate and infrastructure funds, by diversifying the fund we hope to generate a higher rate of return. Mr. Bello indicated the target from an actuarial standpoint is a 9.25 percent rate of return for FY 2010, and Mr. Davis added that it would be 8.75 percent going forward.

Ms. Alpi stated that while she has been supportive of more aggressive investments, she cautioned staff to remain realistic about potential rates of return in the current environment. Mr. Davis acknowledged her counsel and noted that staff is executing its game plan prudently and cautiously and understand the traditional warning that "past results are no guarantee of future returns."

In response to Mr. Dauber, Mr. Davis indicated that the most appropriate benchmarks for comparing the returns and expenses of the program would be public pension funds and university endowments, the latter of which, he noted, had been achieving higher rates of return as a result of increased diversification into alternative asset classes. Mr. Dauber indicated that it would be helpful to see some comparative data on expenses and returns for benchmark programs.

Seeing no further questions, Chairman McNeil asked that consideration of the FY 2011 budget request be held until completing discussion on retaining a central marketing agent as presented in agenda item 15.

Item 15. Selection of College Illinois! 529 Prepaid Tuition Program Central Marketing Agent

Ms. Cepeda reminded the Commission that when she joined ISAC two years ago the College Illinois! 529 Prepaid Tuition Program had been using a central marketing agent based in Wisconsin for several years, and the contract with that firm expired this year, so a procurement was done that resulted in the recommendation being brought before the Commission.

Ms. Cepeda stated that for the next enrollment period it was decided that while a marketing agent contract must be maintained, it would be more cost effective to have internal staff perform certain functions in-house. She indicated that since procurement rules for the State of Illinois make it very burdensome and complex to purchase media, it was likely that using the third-party marketing agent retained through an RFP process to purchase media might well be more efficient for the program.

Ms. Cepeda stated that this agenda item request is to approve the contract for a third-party marketing agent that will be used as needed to purchase media while continuing to use in-house marketing staff for other tasks. Responding to Mr. Dauber, Ms. Cepeda stated that having the third-party marketing agent, who has already gone through the RFP process, buy media directly will lighten the burden placed on agency legal and procurement staff that they go through each time there is a media buy.

Dr. Louderback expressed her concern that it was unclear if the \$3.5 million contract for the external marketing agent was part of the College Illinois! 529 Prepaid Tuition Program budget request of \$1.6 for marketing in Table I of Item 11, or in addition to that amount. Chairman McNeil, Executive

Director Davis and General Counsel Lee all confirmed that the \$3.5 million was to establish a limit on the amount that could be spent under the contract with the marketing agent over a three-year period, but that any funds spent for marketing in any given year, whether internal or external, were still subject to the limits of the amount authorized by the Commission to be spent for marketing in that year's budget for the program.

After discussion to clarify the language for a resolution approving the selection of the central marketing agent was completed, a vote was first taken on Agenda Item 11, the College Illinois! 529 Prepaid Tuition Program fiscal year 2011 budget request.

Ms. Alpi **MOVED THAT** the Commission approve the FY 2011 College Illinois! 529 Prepaid Tuition Program administrative budget set forth in Table I of the agenda book. Mr. Dauber seconded the motion, which was approved unanimously.

Chairman McNeil then asked for a motion to approve the selection of a College Illinois! 529 Prepaid Tuition Program Central Marketing Agent, as presented in Agenda Item 15.

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

“BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the Executive Director or Chairman to execute and deliver an agreement with Colman, Brohan, Davis to provide marketing services to ISAC on terms and conditions that the Executive Director or Chairman deem in the best interests of ISAC; provided, however, in no event shall the term of any agreement with Colman, Brohan, Davis exceed three (3) years including renewals and extensions and the estimated fees payable shall not exceed \$3,500,000 during the three-year period provided further, however, that in no event may the expenditures for marketing in any given fiscal year exceed the amount approved by the Commission for that fiscal year;

“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 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. Appointment of College Illinois! 529 Prepaid Tuition Program Investment Advisory Panel Member

Mr. Bello stated that as a result of the resignation of Mr. Donnellan from the Investment Advisory Panel, it is being recommended that the Commission approve the appointment of Mr. David Ikenberry to the Panel. He stated that Mr. Ikenberry is currently Associate Dean for Executive Programs and Professor of Finance with the College of Business at the University of Illinois and, prior to joining the University of Illinois, Mr. Ikenberry was with the Jesse Jones Graduate School of Management at Rice University.

Mr. Van Voorst **MOVED THAT** the Commission approve the appointment of Mr. David Ikenberry as a member of the College Illinois! 529 Prepaid Tuition Program Investment Advisory Panel to a term that expires on June 18, 2013.

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

Item 13. College Illinois! 529 Prepaid Tuition Program Investment Performance Report as of March 31, 2010

Opening the informational agenda item, Mr. Bello stated that at the end of March 2010, the program had \$1.005 billion of invested assets, which is an increase of almost \$22 million from the previous quarter. He indicated this is a 2.7% increase and has outperformed the 2.3 percent actuarial target.

Item 14. Administration of Custody Services Agreement for the College Illinois! 529 Prepaid Tuition Program

Mr. Bello stated that this agenda item is to approve a master custody agreement in order to move the custody of the program's assets to The Northern Trust Company from U.S. Bank as staff was directed by the Commission at its April 2009 meeting.

Dr. Louderback **MOVED** that the Commission approve the resolution as printed in the agenda book beginning on page 14-1. Mr. Van Voorst seconded the motion, which was approved unanimously.

Before moving on to the next item, Mr. Davis took the opportunity to introduce Mr. Jim Van Horn of Intuition Systems, Inc., who serves as the program's records administrator thereby handling prepaid tuition account servicing and customer service.

Item 16. Rehabilitation Loan Purchase Agreement

Ms. Nandhan reminded the Commission that in past years SunTrust Bank had been the only lender purchasing loans under the rehabilitation loan program, under which ISAC retains 33 percent of the purchase price, and that when SunTrust had ceased purchasing those loans due to the credit crisis, IDAPP then became the sole purchaser of rehabilitation loans, purchasing those loans at par. She indicated that when the markets improved, SunTrust Bank reentered the market to purchase rehabilitated loans at between 84 and 92 percent of par value. She stated that now a third party has entered the market, LoanAmerica, and they are willing to purchase rehabilitated loans at 92.75 percent of the par value of the loans.

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 to execute and deliver the Federal Rehabilitation Loans Lender Participation Agreement with LoanAmerica (the “LoanAmerica Agreement”). The LoanAmerica 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 LoanAmerica 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 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. Van Voorst seconded the motion, which was approved unanimously.

Item 17. Executive Session

Chairman McNeil stated that while the Illinois 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 this morning, he indicated, there is one applicable exception under subsection 2(c) of the Open Meetings Act: under exception number “7”...the closed session will concern the sale or purchase of securities, investments or investment contracts.

Mr. Van Voorst **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 11:37 a.m.

The Commission returned into open session at 11:56 a.m.

Item 18. College Illinois! 529 Prepaid Tuition Program Private Equity Funds Investment I

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 the Exchange Agreement for Shares of Common Stock of The ShoreBank Corporation (the “Corporation”) by and between the Corporation and ISAC as statutory administrator for the College Illinois! 529 Prepaid Tuition Program and the Illinois Prepaid Tuition Trust Fund (the “**Exchange Agreement**”). The Exchange 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 **and** the Chief Investment Officer, such execution to constitute conclusive evidence of the approval of the Executive Director or Chairman **and** the Chief Investment Officer and the approval of the Commission of any changes, revisions and completions therein from the form of Exchange Agreement attached hereto;

“**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. The agenda item was approved with six affirmative votes, and Dr. Louderback voting present.

Note: Exhibit A was provided to the Commissioners under separate cover.

Item 19. College Illinois! 529 Prepaid Tuition Program Private Equity Funds 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 subscription documents by and between KW Property Fund III (QP-A), 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 the approval of the Executive Director or Chairman **and** the Chief Investment Officer and the approval of the Commission 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 \$50,000,000;

“**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. Wilson seconded the motion, which was approved unanimously.

Note: Exhibits B, C and D were provided to the Commissioners under separate cover.

Dr. Louderback **MOVED THAT** the June 18, 2010 meeting of the Commission be adjourned. Mr. Wilson seconded the motion, which was approved unanimously. The meeting adjourned at 12:02 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission