

AGENDA ITEM 2A.

APPROVAL OF MINUTES OF THE JUNE 21, 2013 MEETING

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

Michael A. Bilandic Building
Room N-505
160 N. LaSalle St.
Chicago, IL

June 21, 2013

COMMISSIONERS PRESENT: Kym Hubbard, Chair
Miguel del Valle
Mark Donovan
Kevin Huber
Paul Roberts
Kim Savage

COMMISSIONERS ABSENT: Kendall Griffin
Verett Mims

STAFF PRESENT: Eric Zarnikow, Executive Director
Bonnie Berlinsky, Debt Management
Eduardo Brambila, Managing Director, Community Services
Ramnath Cidambi, Managing Director, Information Services
Carol Cook Director, Program Services and Compliance
Kent Custer, Chief Investment Officer
Kishor Desai, Director, Internal Audit
Wendy Funk, Director, Accounting
Chris Gorman, Staff Attorney
Katharine Gricevich, Director, Government Relations
Susan Kleemann, Managing Director, RPPA
Susan McCarragher, Director, Administrative Services
Linda McHugh, Deputy Director, Finance and Accounting
Jim Miller, Interim Director, Debt Management
Shoba Nandhan, Chief Financial Officer
Annie Pike, General Counsel
Darla Puckel, Assistant Director,
College Illinois!® Prepaid Tuition Program Operations
Roger Rojas, Investment Analyst
John Samuels, Chief Communications Officer
Evelyn Smith, Debt Management
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE:

Deb Brodzinski, Robert Morris University
Craig Goesel, Mesirow Financial
Tyler Kearney, University of Illinois
Sarah Labadie, Women Employed
Pam Lowrey, University of Illinois
Maria Padin, Intuition Systems, Inc.
Sonia Salazar, Chicago State University
Maureen Tarbot, DePaul University
Dan Welker, JPMorgan Asset Management
Brianne Weymouth, Callan Associates

Item 1. Announcements

Chair Hubbard brought the June 21, 2013 meeting to order at 1:03 p.m. and asked that a roll call be taken, which established a quorum was present. She stated that the next regularly scheduled meeting of the Commission will be September 20, 2013 at Governors State University.

Item 2. Approval of Minutes of the April 5, 2013 Meeting

Ms. Savage **MOVED THAT** the minutes of the April 5, 2013 meeting be approved. Mr. Del Valle seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Mr. Zarnikow briefed the Commission on various activities throughout the agency. Mr. Zarnikow noted that the College Illinois! Prepaid Tuition Program enrollment period from October 2012 through April 2013 resulted in about 875 contracts being sold and that the agency hopes to build on this when enrollment opens in the fall. He stated that staff will be working with the actuaries, outside consultants and the new marketing firm for the new pricing and dates of enrollment. He brought to the Commission an option of having a special meeting in August to approve the pricing and enrollment dates or appoint a sub-committee of the Commission as was done last year. It was the Commission members' preference to have consistency and appoint a sub-committee in order to open enrollment as early as possible. It was determined by counsel that a motion was needed to appoint the sub-committee.

Mr. Donovan **MOVED THAT** a special sub-committee of the Commission be appointed to discuss the new contract pricing and opening date for the 2013-2014 College Illinois! Prepaid Tuition Program enrollment period and for the conclusions to be brought to the full Commission at its September 2013 meeting, members of the sub-committee to be appointed at the discretion of the Chair. Ms. Savage seconded the motion, which was approved unanimously.

Item 4. State Legislative Update

Ms. Gricevich provided the Commission an update on recent legislative activities, as provided in the agenda book.

Item 5. Scholarship and Grants

Item 5A. Fiscal Year 2014 Monetary Award Program (MAP) Recompute Formula

Ms. Kleemann stated that at the January meeting, staff brings to the Commission a MAP start-up formula to begin the eligibility forecasting for students who have filed their FAFSA. She stated that now that the General Assembly has approved the FY 2014 MAP appropriation of nearly \$373.2 million, staff is returning to the Commission recommending that the FY 2014 start-up formula as approved at its January meeting, be retained as the recomputed formula.

Mr. Donovan **MOVED THAT** the Commission adopt the FY 2014 MAP start-up formula identified in this agenda item as the MAP recomputed formula and that the Commission also approve a reduction of second- and third-term awards, if necessary, to stay within the General Assembly's appropriation.

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

Item 5B. MAP 2+2 Update

Mr. Brambila provided the Commission with background information on the MAP 2+2 program, and the student and university participation since inception. It is staff's recommendation that the program be suspended to new students while the program is being evaluated. The Commission members agreed that the program should be suspended, but not terminated, in order to evaluate how the program could be changed so that student participation can be increased.

Due to time constraints, Chair Hubbard moved to item nine in the agenda.

Item 9. Legal and Contractual

Item 9A. Notice of Contracts in Excess of a Million Dollars and Approval of the Building Manager Contract in Excess of Five Million Dollars

Ms. Pike informed the Commission of the renewal contract of \$1,400,000 with Intuition Systems, Inc., the records administrator for the College Illinois! Prepaid Tuition Program.

Ms. Pike stated a five year contract for a property manager of ISAC's Deerfield building in the amount of \$6,000,000 is being brought to the Commission for approval. She noted that she has just been informed that there is a possible conflict with the company's campaign contribution and will keep the Commission informed of this issue.

After discussion of the services the property management firm provides and clarification on the terms of the contract, Mr. del Valle **MOVED THAT** the Commission approve the selection of Podolsky Circle, LLC, as the property manager for ISAC's Deerfield location and to authorize the Executive Director to execute and deliver the agreement subject to the conclusion of the procurement process and a determination that they are eligible to enter into a contract with the State.

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

Item 9B. Management Liability Insurance Policy

Ms. Pike reviewed the management liability insurance which is carried by ISAC to cover the Agency and Commissioners. ISAC is moving forward to complete the procurement of management liability insurance at the current level of insurance limit of \$10 million and with the same carrier as the expiring coverage. Mr. Craig Goesel, Senior Managing Director with Mesirow Financial Insurance Services, provided an overview of the coverage.

Item 6. Fiscal Year 2014 Internal Budgets

Ms. Nandhan provided the Commission with a presentation on the Student Loan Operating Fund (SLOF), Illinois Designated Account Purchase Program (IDAPP), College Illinois! Prepaid Tuition Program and the College Access Challenge Grant (CACG) budgets being brought to the Commission for approval. A discussion was held on the budget with Commissioners asking a number of questions of management.

Ms. Savage **MOVED THAT** the Commission approve the Fiscal Year 2014 budgets for ISAC's Student Loan Operating Fund, Illinois Designated Account Purchase Program, College Illinois! Prepaid Tuition Program, and the College Access Challenge Grant as printed in the agenda book.

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

Item 7. College Illinois! Prepaid Tuition Program Investments

Item 7A. Approval of Minutes by the Investment Committee of the May 30, 2013 Meeting of the Investment Committee

Investment Committee member Mr. Huber **MOVED THAT** the minutes of the May 30, 2013 meeting of the Investment Committee be approved. Investment Committee member Mr. Donovan seconded the motion, which was approved unanimously.

Item 7B. College Illinois! Prepaid Tuition Program Investment Update

Mr. Custer provided the Commission with a brief update on the Prepaid Tuition Fund investment activities through May 31, 2013.

Item 7C. College Illinois! Prepaid Tuition Program Approval of Active Core-Plus Fixed Income Investment Manager

Mr. Custer reviewed with the Commission the procurement process involved in the selection of the active core-plus fixed income investment manager.

Mr. Huber **MOVED THAT** the Commission approve the selection of T. Rowe Price Associates, Inc. for active core-plus fixed income investment management services based upon the recommendation reached by ISAC staff and its investment consultants through the state procurement process.

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

Item 7D. College Illinois! Prepaid Tuition Program Review of Asset Allocation Revisions

Mr. Custer reviewed with the Commission the Chief Investment Officer Memorandum provided to the Commission on the asset allocation.

Item 7E. College Illinois! Prepaid Tuition Program Adoption of Investment Policy

As a result of discussion among the Commission, it was agreed to revise the language for E. 13 on page four of the Investment Policy.

Investment Committee Member Mr. Huber **MOVED THAT** the Investment Committee approve the revised investment policy as amended subject to approval by the full Commission.

Investment Committee member Mr. Donovan seconded the motion, which was approved unanimously.

Mr. Robert **MOVED THAT** the Commission approve the recommendation of the Investment Committee to adopt the revised Investment Policy as amended.

Mr. del Valle seconded the motion, which was approved unanimously.

Item 8. College Illinois! Prepaid Tuition Program Approval of the Central Marketing Agent

Mr. Samuels reviewed for the Commission the procurement process involved in the selection of the central marketing agent. Commissioners asked for a list of the services the agent provides as well as sub-contractors the marketing agent will be using.

Mr. Roberts **MOVED THAT** the Commission approve the selection of Jayne Agency as the College Illinois! Prepaid Tuition Program central marketing agent and authorize the Executive Director or Chairman to take all steps necessary to execute and deliver the agreement subject to the conclusion of the procurement process.

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

Item 10. Approval of Fiscal Year 2014 Internal Audit Plan

Mr. Zarnikow introduced Mr. Kishor Desai the new Director of Internal Audit. Mr. Desai reviewed the Internal Audit Plan as provided to the Commission.

Ms. Savage **MOVED THAT** the Commission approve the Fiscal Year 2014 Internal Audit Plan as recommended by the Audit Committee.

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

Item 11. Closed Session

Chair Hubbard asked for a motion to adjourn into closed session as permitted by the provisions of Subsection 2(c)(21) and 2(c)(29) of the Open Meetings Act to consider closed minutes and internal audit matters.

Mr. Roberts **SO MOVED** and Mr. Donovan seconded the motion, which was approved by roll call vote.

The Commission adjourned into closed session at 4:25 p.m. and returned to open session at 4:55 p.m.

Item 11A. Approval of the Redetermination of Confidentiality of approved Closed Session Minutes

Ms. Savage **MOVED THAT** the Commission make the minutes of twelve meetings from the executive sessions of the prior Commission available for public inspection due to a determination that the need for confidentiality no longer exists.

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

Item 11B. Approval of Minutes of the Closed Sessions and Report of Determination Regarding Confidentiality.

Mr. Donovan **MOVED THAT** the Commission approve the minutes of the executive sessions of this Commission and to further approve making those minutes available for public inspection due to a determination that the need for confidentiality no longer exists.

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

Mr. Huber **MOVED THAT** the June 21, 2013 meeting of the Commission be adjourned. Ms. Savage seconded the motion, which was approved unanimously. The meeting adjourned at 4:57 p.m.

Respectfully submitted,

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

Debora A. Calcara
Secretary to the Commission