

AGENDA ITEM 2.

APPROVAL OF MINUTES OF THE JANUARY 27, 2015 MEETING

Submitted for: Action

Summary: This report includes the detailed minutes of the meeting held on January 27, 2015.

Action requested: The Commission approve the minutes of the January 27, 2015 meeting.

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

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

January 27, 2015

COMMISSIONERS PRESENT:

Kym Hubbard, Chair
Miguel del Valle
Mark Donovan, Investment Committee Member
Kendall Griffin, Audit Committee Member
Kevin Huber, Investment Committee Member
Verett Mims, Investment Committee Member
Paul Roberts, Audit Committee Member
Kim Savage, Audit Committee Member

STAFF PRESENT:

Eric Zarnikow, Executive Director
Lynne Baker, Managing Director, Communications
Ramnath Cidambi, Managing Director, Information Technology
Carol Cook, Director, Program Services and Compliance
Kent Custer, Chief Investment Officer
Kishor Desai, Director, Internal Audit
Katharine Gricevich, Director, Government Relations
Sandra Houston, Director, College Illinois!® Prepaid Tuition Program
Shoba Nandhan, Chief Financial Officer
Roger Rojas, Investment Analyst
Karen Salas, General Counsel
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE:

Deb Brodzinski, Robert Morris University
Leigh Brinson, Robert Morris University
Eric Hiatt, Illinois Board of Higher Education
Sarah Labadie, Women Employed
Crystal Larry, ILIC
Shannon May, ILIC
Rebecca Novak, Chamberlain College of Nursing
Sharon Thomas Parrott, Chamberlain College of Nursing
Jan Snow, Chamberlain College of Nursing
Michelle Stipp, Chamberlain College of Nursing
Christen Summers, Chamberlain College of Nursing
Mark Varrato, ILIC
Cheryl Warmann, Oakton Community College

Item 1. Announcements

Chair Hubbard brought the January 27, 2015 meeting of the Commission to order at 1:01 p.m. and asked that a roll call be taken, which established a quorum was present.

Chair Hubbard announced the passing of former Commissioner Richard Neumiller on January 2, 2015. She stated Mr. Neumiller served on the Commission from 1993 until November 2005. She extended the Commission's condolences to the Neumiller family.

Continuing, Chair Hubbard stated that after taking office, Governor Rauner withdrew all appointments that had been made by Governor Quinn where action was still pending in the Senate to confirm those appointments. Unfortunately, Mr. del Valle's re-appointment and Mr. Asgedom's initial appointment to the Commission was withdrawn as a result of Governor Rauner's actions. Chair Hubbard indicated that Mr. del Valle will continue his term as a holdover appointment, but unfortunately Mr. Asgedom will not be able to continue serving on the Commission.

Chair Hubbard announced the next regularly scheduled meeting of the Commission will be Wednesday, April 1, 2015.

Item 2. Approval of the Minutes of the December 15, 2014 Meeting

Ms. Savage **MOVED THAT** the Commission approve the minutes of the December 15, 2014 meeting of the Commission. Mr. Griffin seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Mr. Zarnikow briefly reviewed the financial statements provided in the agenda book.

Mr. Zarnikow briefed the Commission on Governor Rauner's action, as a result of the State's fiscal shortfall, for agencies to withhold spending. Due to this action, he stated they sought and received permission to continue to release and pay fiscal year 2015 Monetary Award Program (MAP) claims. He noted staff will be monitoring the MAP application claims daily and anticipates a mid-February suspense date. Clarifying for Chair Hubbard, Mr. Zarnikow stated they received and verified the permission to pay claims from Governor Quinn's office in conjunction with Governor Rauner's transition team prior to the inauguration.

Mr. Zarnikow informed the Commission there are several rules currently in the rulemaking process through the Joint Committee on Administrative Rules (JCAR) and staff will bring those to the Commission at its April meeting for approval.

Item 4. Institutional Application to Participate in ISAC Gift Assistance Programs – Chamberlain College of Nursing

Ms. Cook introduced staff from Chamberlain College of Nursing who were attending the meeting today noting they were available should the Commission have questions.

Ms. Mims **MOVED THAT** the Commission approve the application of Chamberlain College of Nursing to participate, on a provisional basis, in relation to its Illinois campuses only, in ISAC-administered gift assistance programs for which it is eligible effective for the fall term of the 2015-2016 academic year, with payment of awards to be subject to available funding.

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

Item 5. Monetary Award Program (MAP) Start-Up Formula

Ms. Kleemann updated the Commission on the current year application volume and noted this year's application volume has increased 15 percent over last year.

A brief discussion was held on the President's proposed free tuition at community colleges.

Ms. Kleemann stated the agenda item today is to approve the MAP start-up formula for FY 2016 noting the formula is the same that has been used since at least 2012 which contains a five percent reduction factor to each award.

Mr. Donovan **MOVED THAT** the Commission approve the formula summarized in Table 4 in the agenda book as the FY 2016 MAP start-up formula.

Mr. Roberts seconded the motion, which was approved via roll call vote.

Item 6. FY 2016 Appropriation Budget Request

Mr. Zarnikow provided a brief overview of the budget request being submitted for approval today noting that this budget is consistent with the budget for ISAC that the Illinois Board of Higher Education (IBHE) is submitting to their Board for approval.

Mr. Zarnikow stated that due to the funding timing and uncertainty for the ISACorps, he asked that the Commission provide guidance at its April meeting on the continuation of the ISACorps. He anticipates that ISAC budget for FY2016 will not be finalized by the General Assembly and the Governor until the end of May at the earliest and the hiring and training of the ISACorp will need begin prior to that time. Therefore, the Commission will need to make a decision about whether or not to continue to fund the ISACorp out of the Student Loan Operating Fund (SLOF) or to discontinue or reduce the size of the program.

Mr. del Valle **MOVED THAT** the Commission approve an FY 2016 budget request totaling \$798.4 million as detailed in Table 1 of the agenda book. By source of funds, this request consists of \$443.2 million in state General Funds, in addition to the authority to spend \$328.7 million in federal Student Loan Funds, \$15.5 million in federal scholarship and grant funds, \$10.6 million in other state funds, and \$400,000 in other federal funds.

Mr. Griffin seconded the motion, which was approved unanimously via roll call vote.

Item 7. College Illinois!® Prepaid Tuition Program

Item 7A. Approval of Appointment of Investment Advisory Panel Member

Mr. Custer stated that the reappointment of Ms. Jeanna Cullins to the Investment Advisory Panel is being brought to the Commission for approval. He noted that Mr. Paul Hagy's term has also expired, but has asked that he not be reappointed to the Panel. Mr. Hagy has agreed to continue to serve until his replacement to the Panel has been secured. Mr. Custer stated that Ms. Winterfield's term on the Panel has also expired and the reappointment will be brought to the Commission at a later date should she wish to continue as a member of the Panel.

Ms. Mims **MOVED THAT** the Commission approve the Investment Advisory Panel reappointment of Ms. Jeanna Cullins for a term expiring on April 3, 2018.

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

Item 7B. Investment Update

Mr. Custer gave a brief overview of the information provided in the agenda book including the portfolio risk profile, recent performance, investment activity, and current priorities.

Item 7C. Illinois Public Act 98-1022 Implementation

Mr. Custer stated that Public Act 98-1022 requires the Commission to adopt a policy on or before February 1, 2015 that sets forth goals for increasing the utilization of minority investment managers. He stated that this agenda item is the policy proposal which reviews relevant research and considerations and recommends a policy for adoption by the Commission.

Mr. Custer briefly reviewed the Minority Investment Manager Policy Proposal provided in the agenda book.

Ms. Savage **MOVED THAT** the Commission approve the adoption of a Minority Investment Manager Policy. Ms. Mims seconded the motion, which was approved unanimously.

Item 8. Audit Committee Update

Ms. Savage briefly outlined what was covered at the Audit Committee meeting held prior the full Commission meeting today.

Item 9. Public Comment

Chair Hubbard asked if anyone from the public wished to address the Commission. There were no comments from the public.

Item 10. Closed Session

Chair Hubbard asked for a motion to go into closed session to discuss closed minutes as allowed by subsection 2(c)(11) of the Open Meetings Act. Mr. Donovan **SO MOVED** and Mr. Griffin seconded the motion, which was approved by roll call vote. The Commission went into closed session at 2:12 p.m. and returned to open session at 2:22 p.m.

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

“BE IT RESOLVED that the Commission has determined the need for confidentiality still exists for its closed session minutes for September 16, 2013 and April 22, 2014 and therefore should remain closed.”

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

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

“The Commission approve the minutes of its closed sessions from January 10, 2014, January 30, 2014, July 22, 2014 and has determined that the need for confidentiality still exists and should be kept closed. The Commission approves the minutes of its closed session on December 15, 2014 and has determined that the need for confidentiality does not exist and therefore should be opened to the public”.

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

Mr. Donovan **MOVED THAT** that the January 27, 2015 meeting be adjourn, Mr. Griffin seconded the motion, which was approved unanimously. The meeting adjourned at 2:24 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Debora A. Calcara". The signature is written in black ink on a light-colored background.

Debora A. Calcara
Secretary to the Commission