

AGENDA ITEM 2.

APPROVAL OF MINUTES OF THE JUNE 17, 2016 MEETING

Submitted for: Action

Summary: This report includes the minutes of the meeting held on June 17, 2016.

Action requested: That the Commission approve the minutes of the meeting on June 17, 2016.

MINUTES OF A JOINT MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

Harold Washington College
30 East Lake St.
11th Floor – Community Room
Chicago, IL

June 17, 2016

2:00 p.m.

COMMISSIONERS PRESENT: Selamatwi Asgedom
Miguel del Valle, Vice Chair
Kevin Huber, Chair, Investment Committee Member
Verett Mims, Investment Committee Member
Paul Roberts, Audit Committee Member
Kim Savage, Audit Committee Member

COMMISSIONERS ABSENT: Mark Donovan, Investment Committee Member
Kendall Griffin, Audit Committee Member

STAFF PRESENT: Eric Zarnikow, Executive Director
Carol Cook, Director, Program Services
Kent Custer, Chief Investment Officer
Kishor Desai, Director, Internal Audit
Wendy Funk, Director, Accounting
Katharine Gricevich, Director, Government Relations
Susan Kleemann, Managing Director, RPPA
Shoba Nandhan, Chief Financial Officer
Roger Rojas, Investment Analyst
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Ryan Ball, Callan Associates
Eric Hiatt, IBHE
Brianna Weymouth, Callan Associates
Mark Szymanoski, DeVry Education Group

Item 1. Announcements

Chair Huber brought the June 17, 2016 meeting of the Commission to order at 2:06 p.m. He asked that a roll call be taken of the Commission, which established a quorum was present. He then introduced Dr. Margaret Martyn, President of Harold Washington College who welcomed the Commission.

Item 1A. Approval of the Selection of Vice Chair of the Commission

Mr. Huber stated that in accordance with ISAC Administrative Rules a new election for a vice-chair shall occur whenever the term of the incumbent Vice-Chair expires or whenever the Governor designates a new Chair. He then asked for a motion to reappoint Mr. del Valle as Vice-Chair.

Ms. Savage **MOVED THAT** Commissioner del Valle be reappointed as Vice-Chair of the Commission. Ms. Mims seconded the motion which was approved unanimously.

Item 2. Approval of the Minutes

Item 2A. Approval of the April 8, 2016 Joint Meeting of the Investment Committee and Audit Committee

Mr. Huber, member of the Investment Committee, **MOVED THAT** Commission approve the minutes of the April 8, 2016 meeting of the Commission. Ms. Mims seconded the motion which was approved unanimously.

Mr. Roberts, member of the Audit Committee **MOVED THAT** Commission approve the minutes of the April 8, 2016 meeting of the Commission. Ms. Savage seconded the motion, which was approved unanimously.

Item 2B. Approval of the Minutes of the April 8, 2016 Commission Meeting

Ms. Savage **MOVED THAT** the Commission approve the minutes of the April 8, 2016 meeting of the Commission. Mr. del Valle seconded the motion, which was approved unanimously.

Chair Huber asked for a motion to move forward in the agenda to action items. Ms. Mims **SO MOVED**, Ms. Savage seconded the motion, which was approved unanimously.

Item 5. Approval of Fiscal Year 2017 Monetary Award Program (MAP) Recompute

Ms. Kleemann provided an update on the current application volume for FY17. She also noted that currently application volume is down thirteen percent over last year.

Mr. Roberts **MOVED THAT** the Commission continue using the FY2017 MAP eligibility formula approved in January. Although the scenario is unlikely, staff also requests that the Commission approve the reduction of second-and third-term claims if determined necessary to keep claims within the appropriation. Ms. Savage seconded the motion, which was approved unanimously.

Item 6. Fiscal Year 2017 Budget Review and Approvals

Ms. Nandhan provided a presentation overview of the Federal Family Education Loan Program (FFELP) revenues and discussion was held on the proposed budgets and the future of revenues for the agency.

Ms. Savage **MOVED THAT** the Commission approve the Fiscal Year 2017 budgets for the Illinois Student Assistance Commission (ISAC), Student Loan Operating Fund (SLOF), Illinois Designated Account Purchase Program (IDAPP), and the College Illinois![®] Prepaid Tuition Program, as printed in the agenda book. Mr. Asgedom seconded the motion, which was approved unanimously.

Item 7. College Illinois![®] Prepaid Tuition Program Investments

Item 7A. Approval of Minutes of the Investment Committee May 13, 2016 Meeting

Ms. Mims, member of the Investment Committee, **MOVED THAT** Commission approve the minutes of the May 13, 2016 meeting of the Investment Committee. Mr. Huber seconded the motion which was approved unanimously.

Item 7B. Investment Update

Mr. Custer gave an overview of the information provided in the agenda book including the portfolio risk profile, recent performance, investment activity, and status updates.

Item 7C. Fixed Income Investment Management Procurement

Mr. Custer provided a brief overview of the selection process for the Fixed Income Investment Manager and the selection of Garcia Hamilton by the Investment Committee. He provided the Commission with Garcia Hamilton's Diversity Disclosure which was inadvertently omitted from the agenda book.

Ms. Mims **MOVED THAT** the Commission approve Garcia Hamilton to provide intermediate fixed-income investment management services. Ms. Savage seconded the motion, which was approved unanimously.

Item 7D. Investment Consultant Search Authorization

Mr. Custer thanked Callan Associates for their work as Investment Consultants. He indicated that ISAC administrative rules require staff to seek Commission approval to begin the search process to address expiration of the current contract near year-end.

Mr. Asgedom **MOVED THAT** the Commission authorize a search for an Investment Consultant. Mr. Roberts seconded the motion, which was approved unanimously.

Item 7E. Adoption of Investment Policy

Mr. Custer reviewed the proposed revisions to the Investment Policy.

Ms. Mims **MOVED THAT** the Commission adopt the Investment Policy as submitted. Ms. Savage seconded the motion, which was approved unanimously.

Item 8. College Illinois! Prepaid Tuition Program Operations

Item 8B. Contract Prices and Fees for 2016-2017 Enrollment Period

Mr. Custer provided background on how the proposed pricing structure for the 2016-2017 enrollment period was established.

Discussion was held on the contract pricing versus actual yearly tuition as well as the plan to increase future sales.

Mr. del Valle **MOVED THAT** the Commission approve the 2016-2017 contract pricing and fees as proposed. Ms. Mims seconded the motion, which was approved unanimously.

Item 8. College Illinois! Prepaid Tuition Program Operations

Item 8B. Contract Prices and Fees for 2016-2017 Enrollment Period

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Mr. del Valle **MOVED THAT** the Commission approve the 2016-2017 contract pricing and fees as proposed. Ms. Mims seconded the motion, which was approved unanimously.

Item 8A. Approval of the Centralized Marketing Agent

Ms. Salas provided an overview of the selection process for the centralized marketing agent.

Responding to Commissioners Savage and del Valle's concerns, Mr. Zarnikow suggested the new marketing firm present their marketing plan at the September Commission meeting.

Discussion was held on the direction the new marketing firm will take and concerns the Commissioners have on the marketing budget and the fees being charged.

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

“BE IT RESOLVED that the Commission approve the selection of CBD Marketing as the College Illinois! Centralized Marketing Agent and grant to the Executive Director the authority to enter into a contract with CBD Marketing subject to the completion of any pending procurement processes and successful contract negotiations.”

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

Item 9. Internal Audit

Item 9A. Audit Committee Update

Ms. Savage reviewed the agenda for the Audit Committee, which was held prior to the Commission meeting today.

Item 9B. Approval of Fiscal Year 2017 Internal Audit Plan

Ms. Desai briefly summarized the audit plan as provided in the agenda book. Ms. Savage indicated the Audit Committee has been pleased every year with the aggressive schedule and completing the schedule on time and within budget by Mr. Desai.

Mr. Desai stated that since publication of the schedule, the Secretary of State has asked that he perform quality assurance review for them. Mr. Zarnikow stated that it is not uncommon for state agencies to use other agency auditors to perform auditing functions on their auditors.

Ms. Savage **MOVED THAT** the Commission approve the following Resolution:

“BE IT RESOLVED that the Commission has reviewed and approves the Fiscal Year 2017 Internal Audit Plan”.

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

Item 3. Executive Director’s Report

Mr. Zarnikow provided a brief update on the financials provided in the agenda book. He also updated the Commission on the employee satisfaction survey which ISAC ranked in the top 25 percent for employees satisfaction among state agencies; changes to the FASFA filing date; and ISACorp training currently being conducted. He stated that the College Changes Everything Conference will be held again this year in July in Tinley Park.

Item 4. State Legislative Update

Ms. Gricevich provided a brief update on the current status of legislation affecting ISAC and the current budget impasse.

Item 10. Public Comment

Mr. Huber asked if anyone from the public wished to address the Commission. There were no comments from the public.

Item 11. Closed Session

Mr. Huber asked for a motion to go into closed session to discuss closed minutes and personnel issues as allowed by subsection 2(c)(1) and (11) of the Open Meetings Act.

Mr. Roberts **SO MOVED** and Ms. Savage seconded the motion, which was approved via roll call vote. The Commission adjourned into closed session at 4:46 p.m.

The Commission returned to open session at 5:08 p.m.

Item 12. Approval of Closes Session Action Items

Item 12B. Approval of the April 8, 2016 Closed Minutes of the Joint Investment Committee and Audit Committee Meeting

Ms. Mims, member of the Investment Committee, **MOVED THAT** the Committee approve the closed minutes of the April 8, 2016 meeting of the Commission. Mr. Huber seconded the motion which was approved unanimously.

Mr. Roberts, member of the Audit Committee **MOVED THAT** the Commission approve the closed minutes of the April 8, 2016 meeting of the Commission. Ms. Savage seconded the motion, which was approved unanimously.

Item 12A. Personnel Evaluation

Speaking to Executive Director Zarnikow on behalf of the Commission members, Mr. Huber stated the Commission is overall pleased with his performance. He creates a stabilizing force and leadership through rough times. The Commission appreciates his positive attitude and ability to find solutions. He is open, transparent and responsive and his handling of the challenges the past year is appreciated. Mr. Huber thanked him for his work this past year and since he joined ISAC in 2012.

Outlining areas to improve, Mr. Huber asked that he work on College Illinois! succession and strategic planning. He stated Mr. Zarnikow is quick to acknowledge staff but stated that he personally should also take credit for the agency's accomplishments. He asked that Mr. Zarnikow communicate more frequently to Commissioners, not in volume but in more frequency in order to keep them abreast of current activities within the agency.

Mr. Huber then asked for a motion to approve a three percent increase in salary for Mr. Zarnikow effective when ISAC staff receives their FY17 increases. Mr. Roberts **SO MOVED** and Ms. Savage seconded the motion, which was approved unanimously.

Mr. Huber thanked Mr. Zarnikow again for his work and asked that he convey to all ISAC staff the Commission's appreciation for all their hard work.

Mr. Zarnikow stated he appreciates the feedback and thanked the Commission.

Mr. del Valle **MOVED THAT** that the June 17, 2016 meeting be adjourn, Mr. Asgedom seconded the motion, which was approved unanimously. The meeting adjourned at 5:13 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission