

**AGENDA ITEM 2.**

**APPROVAL OF MINUTES OF THE SEPTEMBER 14, 2016 MEETING**

**Submitted for:** Action

**Summary:** This report includes the minutes of the meeting held on September 14, 2016.

**Action requested:** That the Commission approve the minutes of the meeting on September 14, 2016.

**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**

**September 14, 2016**

**1:00 p.m.**

**COMMISSIONERS PRESENT:** Kevin Huber, Chair, Investment Committee Member  
Selamawi Asgedom  
Miguel del Valle, Vice Chair  
Mark Donovan, Investment Committee Member  
Kendall Griffin, Audit Committee Member  
Kim Savage, Audit Committee Member

**COMMISSIONERS ABSENT:** Paul Roberts, Audit Committee Member

**STAFF PRESENT:** Eric Zarnikow, Executive Director  
Lynne Baker, Managing Director, Communications  
Kent Custer, Chief Investment Officer  
Kishor Desai, Director, Internal Audit  
Katharine Gricevich, Director, Government Relations  
Sandra Houston, Director, College Illinois!® Prepaid Tuition Program  
Susan Kleemann, Managing Director, RPPA  
Shoba Nandhan, Chief Financial Officer  
Roger Rojas, Investment Analyst  
Debora Calcara, Commission Secretary

**PUBLIC ATTENDANCE:** Ryan Ball, Callan Associates  
Liz Brohan, CBD Marketing  
Eric Hiatt, Illinois Board of Higher Education  
Gina Miller, CBD Marketing  
Bob Musinski, CBD Marketing  
Mark Szymanoski, DeVry Education Group

### **Item 1. Announcements**

Chair Huber brought the September 14, 2016 meeting of the Commission to order at 1:06 p.m. and asked that a roll call be taken which established a quorum was present.

Chair Huber took the opportunity to thank former Commissioner Verett Mims for her diligent commitment to serve on the Commission as well as the Investment Committee. He stated Ms. Mims terminated her position on the Commission effective June 30.

### **Item 2. Approval of the Minutes of the June 17, 2016 Meeting**

Ms. Savage **MOVED THAT** the Commission approve the minutes of the June 17, 2016 meeting of the Commission. Mr. Griffin 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. Discussion was held on the new processing date for the Free Application for Federal Student Aid (FASFA) and how the agency is communicating the change to the public. The Commissioners were also informed that ISAC won an award from the Center for Digital Government related to the ISAC student portal.

### **Item 4. Fiscal Year 2017 Budget Update**

Ms. Gricevich provided the Commission with an update of the budget appropriations for FY 2015-2017 as well as the Commission's FY 2017 recommendation and the Governor's FY 2017 budget request.

### **Item 5. FY 2018 Monetary Award Program (MAP) Start-Up Formula**

Ms. Kleemann stated that the FASFA filing cycle for academic year 2017-18 will begin on October 1, 2016 instead of the normal January 1, 2017. She stated this change at the federal level will align more closely with the college application process and has the goal of giving students more time to explore financial aid options.

Ms. Kleemann stated that staff is bringing to the Commission the same formula to award MAP that has been used for about the past decade, and which still uses 2004 tuition and fees.

Discussion was held on the process being used in making awards due to the lack of a state budget and the uncertainty of appropriated funds.

Mr. Donovan **MOVED THAT** the Commission approve the formula summarized in Table 4 as the FY2018 MAP start-up formula. This formula reduces awards by 5 percent, for a \$4,720 effective maximum MAP award. Ms. Savage seconded the motion, which was approved unanimously.

### **Item 6. Monetary Award Program (MAP) Participant Graduation Rates and Other new Graduation Data**

Ms. Kleemann provided a presentation on First Look At New MAP Data, which covers graduation rates, the FASFA completion program and grant aid distributions.

## **Item 7. Proposed College Illinois! Prepaid Tuition Program Rules Amendments**

Ms. Salas provided an overview of two rules amendments being brought to the Commission for approval. She noted one Amendment reflects a change to the residency requirement in the Illinois Prepaid Tuition program rules, which will also match the residency requirement of our gift assistant programs. Also, she stated the other Amendment reflects the modification to the Illinois Prepaid Tuition Act which changed the definition for “eligible institution” expanding the list of eligible institutions for the College Illinois! 529 Prepaid Tuition Program to include all schools that are considered eligible educational institutions under Section 529 of the Federal Internal Revenue Code.

Mr. del Valle expressed his concern that the public should be educated on being a good consumer when choosing where they attend college.

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

“**BE IT RESOLVED** that the Commission accepts the proposed program rules amendments, barring a public comment or other cause for a material modification, for submission to the Joint Committee on Administrative Rules (JCAR) and that the Commission further authorizes the Executive Director to proceed with adopting the program rules amendments if no final objection is received from JCAR.”

Mr. del Valle seconded the motion, however, he stated that he is only voting his approval as this is a public act otherwise he would have voted no. The motion was approved unanimously.

## **Item 8. College Illinois! Prepaid Tuition Program Investments**

### **Item 8A. Approval of Minutes of the August 31, 2016 Meeting of the Investment Committee**

Mr. Donovan, Investment Committee Member, **MOVED THAT** the Investment Committee approve the minutes of the August 31, 2016 meeting of the Investment Committee. Mr. Huber, Investment Committee member, seconded the motion, which was approved unanimously.

### **Item 8B. Investment Update**

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

Mr. Asgedom inquired whether noted risks could be reduced. Mr. Custer replied that these risks are inherent in the current asset allocation, which is on the efficient frontier, representing minimal risk for the expected return. Mr. Custer asked the representatives from Investment Consultant, Callan Associates, to comment. Ryan Ball, agreed with Mr. Custer and noted that they were supportive of not making any short term changes and sticking to the long-term asset allocation plan.

### **Item 8C. Approval of the International Equity Investment Management Procurement**

Mr. Custer provided an overview of the recent search conducted for two international equity investment managers, noting that he was pleased with the robust process. A brief discussion was held on fees charged by the firms and the diversity of the firms. Mr. del Valle asked staff to encourage firms to use minority brokers.

Mr. Donovan **MOVED THAT** the Commission approve Ativo and DFA to provide international equity investment management services. Mr. Huber seconded the motion, which was approved unanimously.

**Item 9. College Illinois! Prepaid Tuition Program Marketing Presentation**

Mr. Zarnikow provided an update regarding strategic analysis of the Program and review of the marketing approach. He noted that the executive team is conducting a strategic review of the program and has identified potential initiatives in the areas of communication, legislation, and the planning cycle.

Mr. Zarnikow recalled that the Commission approved the marketing budget and the selection of CBD as the marketing agent at the June Commission meeting. The strategic review included an evaluation of the marketing budget and deployment timing. The overall result of the marketing analysis was that now was not the time to reduce spending and the CBD plan is robust. One change of note is a shift in budget allocation to increase focus on conversion to increase the percentage of impressions that result in actual contracts.

Ms. Brohan, Ms. Miller and Mr. Musinski, with CBD Marketing, provided the Commission with a presentation of the upcoming 2016-2017 College Illinois! enrollment period marketing plan.

**Item 10. Audit Committee Update**

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

**Item 11. Public Comments**

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

Mr. Griffin **MOVED THAT** that the September 14, 2016 meeting be adjourned, Mr. Asgedom seconded the motion, which was approved unanimously. The meeting adjourned at 3:29 p.m.

Respectfully submitted,



Debora A. Calcara  
Secretary to the Commission