

AGENDA ITEM 2A.

**APPROVAL OF MINUTES OF THE SEPTEMBER 22, 2022
JOINT MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION AND
THE INVESTMENT COMMITTEE**

Submitted for: Action

Summary: This report includes the minutes of the investment portion of the joint meeting of the Illinois Student Assistance Commission and the Investment Committee held on September 22, 2022

Action requested: That the Investment Committee approve the investment portion of minutes of the September 22, 2022, Joint Meeting.

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

**VIDEO CONFERENCE
Instruction to be provided by ISAC.org**

**September 22, 2022
1:00 p.m.**

COMMISSIONERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Maureen Amos, Commissioner, Investment Committee Member
James Hibbert, Commissioner, Investment Committee Member
Elizabeth Lopez, Commissioner, Vice Chair, Audit Committee Member
Darryl Arrington, Commissioner, Audit Committee Member
Jonathon Bullock, Commissioner
Thomas Dowling, Commissioner
Payton Ade, Student Commissioner

COMMISSIONERS ABSENT:

Niketa Brar, Commissioner, Audit Chair and Committee Member
Franciene Sabens, Commissioner

INVESTMENT COMMITTEE MEMBERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Maureen Amos, Commissioner, Investment Committee Member
James Hibbert, Commissioner, Investment Committee Member

STAFF PRESENT via WebEx:

Eric Zarnikow, Executive Director
Carol Cook, Managing Director, Program Services and Compliance
Shana Rogers, Managing Director, RPPA
Shoba Nandhan, Chief Financial Officer
Wendy Funk
Kishor Desai, Chief Internal Auditor
Carmen Heredia, Chief Investment Officer
Roger Rojas, Investment Officer
Harikumar, Pillai, Chief Information Officer
Rich Nowell, Interim General Counsel

Cond't:

Stephanie Schmitz-Bechteler, Director, Special Projects and Program Services
Vicki Baba, Director, HRD
Darla Puckel, Assistant Director, College Illinois! Operations
Lisa Schlessinger, Staff Attorney
Lynne Baker, Director, Communications
Gloria Legette, Deputy General Counsel
Marisa Lowe, Deputy Director, Budget and Financial Analysis
Natalie Wandall, Secretary to Commission
Lisa Murphy-Coveny, Deputy General Counsel
Jackie Eckley, Asst Director, Program Communication Service
Christine Shields, Director, Program and Product Services
Kimberly Eck, Assistant Director, Partner Services
Sherry Schonauer, Training Services
Anne Hunter, Deputy Director, Financial Reporting
Karisa Ott, Program Review Manager, Finance and Accounting
Dada Ibrahimovic, Professional Development Specialist
Manuel Talavera, Professional Development Specialist
Paul Oliver, Manager, ISAC Call Center
Tania Mendoza, Program Communication Service

PUBLIC ATTENDANCE via WebEx:

Brianne Weymouth, Callan LLC
James O'Connor, Callan LLC
Eric Hiatt, University of Illinois
Justin Slaughter, NP News
Stephanie Claudio
Corinne Kodama

The joint meeting of the Illinois Student Assistance Commission and the Investment Committee was called to order at 1:03 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting was being conducted through electronic means pursuant to Governor Pritzker's extension of the Gubernatorial COVID-19 Disaster Proclamation and the Open Meetings Act. Mr. Zarnikow advised that it was not practical or prudent to conduct the meeting in person or at a regular meeting location due to the COVID-19 disaster, so the meeting was conducted virtually. He noted, however, that he was physically located at ISAC's headquarters in Deerfield, Illinois.

He further stated that, as with all ISAC public meetings, a specific time is reserved in the agenda for public comment.

He explained that the applicable law requires a roll call for every vote and gave members the relevant instructions.

He indicated that there would be a verbatim recording of the whole meeting, open and closed sessions, as required by law.

WebEx instructions, including those for public comment, were provided by Manuel Talavera.

He then turned the meeting over to Chair Huber who called for a roll call of the Commission. A roll call of the Commission members was taken, and a quorum was established.

A roll call of the Investment Committee was taken, and a quorum was established.

Item 1. Announcements

Chair Huber indicated that prior to the meeting an email was sent to the Commissioners advising that Carmen Heredia had accepted a new position and would be leaving ISAC.

In addition, he announced that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday December 8, 2022. The joint meeting will begin at 1:00 p.m. The Audit Committee is scheduled to meet that same day at 11:00 a.m. The meetings are expected to be held in person and notice will be provided if that changes.

Item 1A. Approval of the Tentative 2023 Meeting Dates and Locations (Commission: Action)

Commissioner Bullock **MOVED THAT** the Commission approve the tentative meeting dates and locations as presented in the agenda book. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 1B. Approval of the Tentative 2023 Meeting Dates and Locations (Investment Committee: Action)

Commissioner Hibbert **MOVED THAT** the Investment Committee approve the tentative meeting dates and locations as presented in the agenda book. Commissioner Amos seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 2A. Approval of the Minutes of the June 16, 2022, Investment Committee Meeting (Action: Investment Committee)

Chair Huber **MOVED THAT** the Investment Committee approve the minutes of the June 16, 2022, Investment Committee meeting. Commissioner Amos seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee. Commissioner Hibbert abstained from the vote.

Item 2B. Approval of the Minutes of the June 16, 2022, Commission Meeting (Action: Commission)

Commissioner Bullock **MOVED THAT** the Commission approve the minutes of the June 16, 2022, joint meeting. Commissioner Lopez seconded the motion, which was unanimously approved by a roll call vote of the Commission. Commissioner Hibbert abstained from the vote.

Item 3. Executive Director's Report (Information)

Ms. Nandhan reviewed the financial statements that appear in the agenda book. She noted that budgets reflected information through June 30, 2022 and advised that the ongoing transition to the SAP system made it temporarily impossible to run updated financials. Mr. Zarnikow explained that the conversion to the SAP program occurred directly after the FFELP deconversion which resulted in significant challenge and increased workload for the finance and accounting team. He thanked them for their hard work.

Mr. Zarnikow reported on some of the ISAC's current programs. Specifically, he discussed ISAC's award program for schools participating in the FAFSA Completion Initiative. He indicated that 465 schools had been recognized for their achievements. He also advised that the ISAC was holding a FAFSA symposium at the College of DuPage with approximately 200 registered attendees.

In addition, he explained that ISAC recently completed an Impact Report illustrating the impact and achievements of College Access and Outreach in empowering students statewide. He stated that the focus of the report was to provide information to the legislature and possible partners and noted that ISAC has had more than 1.3 million interactions with students across the State.

He reported on the Statewide First-Generation Scholars Network which provides connections and assistance to first generation students to make their transition to college easier and more successful. He introduced the College Minute video series and presented a video about benefits of the network.

There was discussion regarding the percentage expended of certain funds listed on page 3-7 of the agenda book.

Item 4. Monetary Award Program (MAP) Start-Up Formula (Action)

Ms. Rogers presented the proposed fiscal year 2024 MAP start-up formula. She corrected the formula information printed in table one. She explained that the process of using the previously approved re-compute formula as the start-up formula for the upcoming fiscal year. Additionally, she explained the basis and impact of recent improvements to the MAP formula.

Chair Huber asked for a motion to approve the MAP formula found in Table One, shown at the end of this item as amended, as the FY2024 MAP Start-up Formula which is the same as the FY2023 MAP Recompute Formula approved at the June 16, 2022 meeting. Commissioner Amos **SO MOVED**. Commissioner Lopez seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 5. Approval of Proposed Administrative Program Rules and Amendments (Action)

Ms. Cook explained that due to a production error the track changes feature was lost for the pages of General Provisions (5-7 through 5-21) and MAP (5-26 through 5-28). A corrected agenda item, in its entirety, was sent to the Commissioners prior to the meeting. She reviewed the proposed administrative program rules and amendments. There was discussion regarding the availability of the Post-Master of Social Work School Social Work Professional Educator License Scholarship Program for the current academic year, the limitations on the number of awards, and the possibility of any consortium or partnership efforts that may be implemented.

Chair Huber asked for a motion that the Commission approve the following resolution:

“BE IT RESOLVED that the Commission accepts the proposed program rules and amendments cited in this agenda item for submission and consideration by the Joint Committee on Administrative Rules (JCAR); and, barring any material modification (unless the material modification is made to ensure compliance with any prospective amendments to the Statute(s) governing these rules), or unresolved objection by JCAR, the Commission authorizes the Executive Director to proceed with adopting the program rules as written and amended.”

Commissioner Amos **SO MOVED**. Commissioner Hibbert seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 6. College Illinois! Prepaid Tuition Program Investments

Item 6A. Investment Update (Information)

Ms. Heredia summarized the current market conditions and the benefits of a diversified portfolio. She reviewed Callan’s risk profile for the College Illinois! portfolio. In addition, she provided an update on the College Illinois! Prepaid Tuition Program portfolio managers on pages 6A-3 through 6A-4 of the agenda book.

Mr. Rojas reviewed the closed-end fund investments on pages 6A-4 through 6A-5 of the agenda book including outstanding risks and current/projected realizations. He reviewed the current status of CM Growth and the risks associated with those challenges.

Ms. Heredia provided an update regarding the efforts to work with CM Growth's general partner to maximize the remaining value of the fund. She presented that investment staff made the decision to write-down the CM Growth account to zero and explained the basis for that decision including the history of challenges, the current issues facing the partnership as well as the underlying asset and valuation concerns.

Mr. Rojas also reviewed the Asset Allocation on page 6A-5 of the agenda book, noting that the allocation was within rebalancing ranges for all asset classes. Finally, he went over the Status Updates and Search Update sections as shown on pages 6A-5 and 6A-6 of the agenda book.

Item 6B. Appointment of Investment Advisory Panel Members (Action)

Ms. Heredia explained the duties and requirements of the Investment Advisory Panel members. She advised that the Commission is responsible for appointing all Investment Advisory Panel members and presented Mr. Fernando Diaz for reappointment.

Commissioner Hibbert **MOVED THAT** the Commission approve the reappointment of Mr. Fernando Diaz (recommended by the State Treasurer) to the College Illinois Investment Advisory Panel for a term expiring November 19, 2025. Commissioner Amos seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Ms. Heredia presented Ms. Karen Kissel for reappointment by the Commission.

Commissioner Bullock **MOVED THAT** the Commission approve the reappointment of Ms. Karen Kissel (recommended by the Board of Higher Education) to the College Illinois Investment Advisory Panel for a term expiring November 19, 2025. Commissioner Lopez seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 6C. Approval of Changes to the Watch List (Action: None at this time)

Mr. Rojas reviewed the Watch List memorandum provided in the agenda book and noted that no manager was being recommended for addition to the Watch List. There was no suggestion for any changes from Investment Committee members.

Mr. Rojas noted that Garcia Hamilton has fully recovered their relative drawdown and plans to review their watch list status at the end of 2022.

Item 6D. Compliance Review (Information)

Mr. Rojas reviewed the Compliance item as provided in the agenda book and noted that no issues or violations were identified.

Item 6E. Prepaid Tuition Update (Information)

Mr. Zarnikow explained that after the previous agenda items were covered, there were no additional updates to be presented. Chair Huber thanked Ms. Heredia for all her work, including her work with ISAC's DEI plan and work and also her role as Chief Accountability Officer. Mr. Huber and Mr. Zarnikow wished her well in her new role. Ms. Heredia expressed appreciation for the opportunity to work on the College Illinois! investments with Mr. Rojas and Callan.

The Commissioners were also reminded to complete the revolving door acknowledgement and ethics time sheets.

Item 7. Audit Committee Update (Information)

Mr. Zarnikow reported the items that were discussed and approved at the Audit Committee meeting which had taken place earlier in the day.

Item 8. Public Comment

No requests for public comment were made.

Item 9. Closed Session

Chair Huber explained the process and summarized the results of Mr. Zarnikow's performance evaluation. He advised that the Commission could go into closed session to further discuss the items on the agenda. There was no request to enter closed session.

Item 10. Approval of Closed Session Items

Item 10A. Personnel Matters (Action)

Chair Huber asked for a motion that the Commission approve the following resolution:

“BE IT RESOLVED that the Commission approve a salary increase for Executive Director Zarnikow of 4.0%, effective July 1, 2022. This is the same percentage increase that was generally given to ISAC employees effective July 1st.”

Commissioner Arrington **SO MOVED**. Commissioner Bullock seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 10B. Approval of redetermination Regarding Confidentiality of Closed Minutes of the Commission (Action)

Chair Huber asked for a motion that the Commission approve the following resolution:

“BE IT RESOLVED that the Commission has determined the need for confidentiality still exists for the minutes of its closed sessions for September 16, 2013, January 10, 2014, January 30, 2014, April 22, 2014, July 22, 2014 and therefore should remain closed”.

“BE IT FURTHER RESOLVED that the Commission approves the destruction of the verbatim records of the open and closed sessions of the June 18, 2020 and September 17, 2020 Commission meetings as at least 18 months has transpired since the completion of those meetings and 24 months has transpired since the web posting.

Commissioner Hibbert **SO MOVED**. Commissioner Lopez seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Commissioner Arrington **SO MOVED** and Commissioner Lopez seconded that motion, which was unanimously approved by a roll call vote of the Commission.

The meeting adjourned at approximately 3:06 p.m.

Respectfully submitted,

Lisa Murphy-Coveny