

AGENDA ITEM 2C.

**APPROVAL OF MINUTES OF THE DECEMBER 8, 2022 JOINT MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION**

Submitted for: Action

Summary: This report includes the minutes of the joint Commission meeting of the Illinois Student Assistance Commission held on December 2, 2022.

Action requested: That the Commission approve the minutes of the December 8, 2022 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**

**December 8, 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
Franciene Sabens, Commissioner
Payton Ade, Student Commissioner

COMMISSIONERS ABSENT:

Niketa Brar, Commissioner, Audit Chair and Committee Member

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
Shana Rogers, Managing Director, RPPA
Shoba Nandhan, Chief Financial Officer
Katherine Gricevich, Director of Government Relations
Kishor Desai, Chief Internal Auditor
Roger Rojas, Director of Investments
Rich Nowell, Interim General Counsel
Stephanie Schmitz-Bechteler, Director, Special Projects and Program Services
Vicki Baba, Director, Human Resources and Development
Tom Hood, Deputy Director, IDAPP
Wendy Funk, Managing Director, Accounting and Finance
Carol Cook, Managing Director, Program Services and Compliance

Jacqueline Moreno, Chief Service Officer
Darla Puckel, Assistant Director, College Illinois! Operations
Lynne Baker, Managing 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
Lisa Schlessinger, Staff Attorney
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
Tania Mendoza, Program Communication Service
Ellen Greenan, Deputy Director, MAP forecasting and Analysis
Kenya Harris, Public Relations and Social Media Manager
Michael Wilder, Telecom and Network Engineer
Linda Jeffries, Deputy Director, Finance and Accounting
Thomas Semanic, Professional Development Specialist
Stephanie Claudio, Financial Aid Coordinator

PUBLIC ATTENDANCE via WebEx:

Brianne Weymouth, Callan LLC
James O'Connor, Callan LLC
Eric Hiatt, University of Illinois
Eric Sheffield, Western Illinois University
Elizabeth Groves
Grace McGinnis
Jasmin Rosales-Montas, Teach for America Chicago-NW Indiana
Sarah Labadie
Jessica Ramos
Jelani Saadiq, Advance Illinois
Hannah Keller
Vanessa Pena, Latino Policy Forum
Loren Easter
Mercedes Wentworth-Nice
Cheyane Bligen
Amy Vujaklija
Joi Patterson
Justin Slaughter, NP News
S Brown

The joint meeting of the Illinois Student Assistance Commission and the Investment Committee was called to order at 1:04 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 announced that the next regularly scheduled Joint Meeting of the Illinois Student Assistance Commission and the Investment Committee will be on Thursday, April 13, 2023, at 1:00 p.m. He also indicated that the upcoming meeting will be held in-person and the location will be announced as soon as it is finalized.

Item 2A. Approval of the Minutes of the September 22, 2022, Investment Committee Meeting (Action: Investment Committee)

Investment Committee Member Hibbert **MOVED THAT** the Investment Committee approve the minutes of the September 22, 2022, Investment Committee meeting. Investment Committee Member Amos seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 2B. Approval of the Minutes of the September 22, 2022, Commission Meeting (Action: Commission)

Commissioner Bullock **MOVED THAT** the Commission approve the minutes of the September 22, 2022, joint meeting. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 3. Executive Director's Report (Information)

Ms. Nandhan reviewed the financial statements that appear in the agenda book. She noted that on page 3-2, that while the heading says, month ended 9/30/2022, the report is for the quarter ending in September. The heading will be corrected in the next book. She advised that the transition to the SAP is still on going and continues to pose new challenges, but they are working closely with the Illinois Department of Innovation & Technology (DoIT) to make SAP more functional.

Mr. Zarnikow explained that our financial statement templates has been adopted by DoIT and will be used by the 65 other state agencies on SAP. 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 the Illinois State Scholar program, a nonmonetary award, recognizing the academic achievement of exceptional Illinois high school students. This year, the designation was awarded to more than 16,700 honorees.

In addition, he provided an overview on two new programs including the Community Behavioral Health Care Professional Loan Repayment Program, designed to recruit qualified mental health and substance use professional in underserved and rural area, and the Post-Master of Social Work School Social Work Professional Educator License Scholarship Program, designed to encourage people who already have a Master of Social Work degree to get their license to work as school social workers.

Four individuals from ISAC attended the State Higher Education Executive Officers financial aid learning community convening related to FAFSA simplification. During the conference, ISAC presented about FAFSA Completion.

Mr. Zarnikow thanked the Commission members for their 100% completion of DEIA trainings. He then discussed the importance of ISAC's Succession planning goals noting that we have several retirements from key roles coming up, including someone with 44 years of service and many with over 30 years of service.

Mr. Zarnikow noted that several members of the public requested ahead of time to provide public comment prior to the Commission's approval of the budget. For this reason, the public comments were made at the end of the Executive Director's Report, while still reserving Agenda Item 11 for public comments that arose during the Commission meeting.

Four individuals from different community advocacy groups each spoke to provide their support for the proposed increase in funding for MTI and MAP and an expansion to the qualifying institutions for MTI. Chair Huber thanked the individuals for their comments. There was a discussion regarding ISAC's ability to expand the definition of qualifying institutions.

Item 4. Approval of the Fiscal Year 2024 Appropriated Funds Budget Request (Action)

Mr. Zarnikow provided a broad overview of the multi-step budget process, explaining the difference between appropriation versus spending authority and advised that the budget may be amended throughout the process. He specifically pointed out the programs for which ISAC would be requesting increased funding and the programs where no funding was requested.

There was discussion regarding the requested increases for Agency Administrative & Operational Cost and Statewide Outreach, Training & Research Activities.

Chair Huber asked for a motion that the Commission approve an FY 2024 budget request totaling \$967.1 million as detailed in Table 1. Commissioner Amos **SO MOVED**. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 5. State Legislative Update (Information)

Ms. Gricevich discussed the fall veto session and the upcoming lame duck and winter sessions. She also discussed possible topics coming up in the new year.

Mr. Zarnikow emphasized that there are many new General Assembly members, which will require a large effort by ISAC's Government Relations team to introduce and increase awareness of the benefits of ISAC programs among the new legislators.

Item 6. Approval of Proposed Administrative Program Rules and Amendments (Action)

Ms. Cook introduced the proposed administrative program rules and amendments. She explained the changes to the Illinois Veteran Grant program and the two new programs, The School and Municipal Social Work Shortage Loan Repayment Program and the Human Services Professional Loan Repayment Program, that ISAC will administer. There was discussion on the proposed administration of the new programs.

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

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

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

Item 7. College Illinois! Prepaid Tuition Program Investments

Mr. Rojas began with a summary of the current market conditions and the monetary policy changes that have taken place during 2022 with the objective of containing inflation. He reviewed the fund risk profile and trailing performance as of September 30, 2022. In addition, he presented a detailed performance review of the managers in the public market portfolio, as well as the open-end and the closed-end limited partnerships. Mr. Rojas reviewed the CM Growth investment situation that led to the investment staff recommendation of a full write down of this asset.

Mr. Rojas also reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book.

Item 7B. Watch List (Action)

Mr. Rojas noted that Garcia Hamilton was added to the Watch List at the November 30, 2021 Investment Committee meeting due to poor trailing performance. He stated that the manager has fully recovered since then and is outperforming for all trailing periods. In addition, he advised that investment staff retain strong conviction in the team and investment process. Therefore, the removal of Garcia Hamilton & Associates from the watch list was recommended.

Commissioner Huber **MOVED THAT** the Investment Committee to approve removal of Garcia Hamilton & Associates from the Watch List. Commissioner Amos seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 7C. Compliance Review (Information)

Mr. Rojas reviewed the Compliance Review memorandum provided in the agenda book.

Item 7D. Actuarial Soundness Valuation Report (Information)

Mr. Rojas reviewed the Actuarial Soundness Valuation Report Summary provided in the agenda book. Mr. Rojas noted that the Actuarial Soundness Report as of June 30, 2022 has been completed and will soon be available on ISAC's website.

Item 7E. Prepaid Tuition Update (Information)

Mr. Zarnikow explained that after the previous agenda items were covered, there were no additional updates to be presented.

Item 8. ISAC Strategic Plan Update (Information)

Mr. Zarnikow explained that ISAC is in the process of updating its strategic plan. A long list of accomplishments over the last 3 years was provided to the commissioners and Mr. Zarnikow expressed his pride in the team at ISAC for what was accomplished. Dr. Schmitz-Bechteler discussed the process involved in developing ISAC's next strategic plan including the goals, priorities and strategies that will be used for the next three years.

Item 9. Outreach Update (Information)

Ms. Moreno provided an update on outreach and FAFSA completion status, noting that Illinois is in the first place for the national average, and congratulated Commissioner Sabens on her school's 100% FAFSA completion rate.

Ms. Moreno also discussed projects such as Illinois College Access Network and the College Changes Everything Network. There was discussion about methods for increasing school counselor use of the PaCE framework.

Item 10. 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 11. Public Comment

No additional requests for public comment were made.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Commissioner Sabens **SO MOVED** and Commissioner Bullock seconded that motion, which was approved by a roll call vote of the Commission. Commissioner Amos was not present for the adjournment vote.

The meeting adjourned at approximately 3:36 p.m.

Respectfully submitted,

Lisa Schlessinger