

AGENDA ITEM 2.

**APPROVAL OF MINUTES OF THE APRIL 13, 2023
JOINT MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION,
THE INVESTMENT COMMITTEE AND THE INVESTMENT ADVISORY PANEL**

Submitted for: Action

Summary: This report includes the investment related portion of the minutes of the joint meeting of the Illinois Student Assistance Commission, the Investment Committee, and the Investment Advisory Panel held on April 13, 2023

Action requested: That the Investment Committee approve the investment related portion of the minutes of the April 13, 2023, Joint Meeting.

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

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

**April 13, 2023
1:00 p.m.**

COMMISSIONERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Maureen Amos, Commissioner, Investment Committee Member
Darryl Arrington, Commissioner, Audit Committee Member
Franciene Sabens, Commissioner
Jonathon Bullock, Commissioner
Thomas Dowling, Commissioner
Payton Ade, Student Commissioner

COMMISSIONERS ABSENT:

Elizabeth Lopez, Commissioner, Vice Chair, Audit Committee Member
James Hibbert, Commissioner, Investment Committee Member
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

INVESTMENT COMMITTEE MEMBERS ABSENT:

James Hibbert, Commissioner, Investment Committee Member

INVESTMENT ADVISORY PANEL MEMBERS PRESENT via WebEx:

Jeanna Cullins, Investment Advisory Panel Member
Karen Kissel, Investment Advisory Panel Member
Louis Paster, Investment Advisory Panel Member
Fernando Diaz, Investment Advisory Panel Member
Andrew Ranck, Investment Advisory Panel Member
Paul Chatalas, Investment Advisory Panel Member

INVESTMENT ADVISORY PANEL MEMBERS ABSENT:

James Hibbert, Investment Advisory Panel 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
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, HRD
Darla Puckel, Assistant Director, College Illinois! Operations
Lisa Schlessinger, Staff Attorney
Natalie Wandall, Secretary to the Commission
Marisa Lowe, Deputy Director, Budget and Financial Analysis
Lisa Murphy-Coveny, Deputy General Counsel
Jackie Eckley, Asst Director, Program Communication Service
Christine Shields, Director, Program and Product Services
Karisa Ott, Program Review Manager, Finance and Accounting
Sherry Schonauer, Training Services, Program Services and Compliance
Dada Ibrahimovic, Professional Development Specialist
Manuel Talavera, Professional Development Specialist
Tania Mendoza, Program Review Compliance Examiner
Jacqueline Moreno, Chief Service Officer, CAO/CDT
Ana Moya, Professional Development Specialist
Eddie Brambila, Managing Director, Capacity and Development
Ellen Greenan, Deputy Director, MAP Forecasting and Analysis
Ewa Lichtenstein, Director of Accounting and Finance Operations
Linda Jeffries, Deputy Director, Finance and Accounting
Michael Wilder, Telecom and Network Engineer
Rolake Adedara – Director of Accounting and Finance Compliance
Sara Espinosa, Manger, Training
Thomas Semanic, Professional Development Specialist
Meghan Chrums, Professional Development Specialist
Tom Hood, Deputy Director, IDAPP
Carly Wade, Financial Aid Representative
Lenore Smith, Network Engagement
Beth Groves, Professional Development Specialist

PUBLIC ATTENDANCE via WebEx:

Brianne Weymouth, Callan LLC
James O'Connor, Callan LLC
Eric Hiatt, University of Illinois
Justin Slaughter, NP News
Lorinda Raush
Patrick James
Adam Gisseler
Tanya Covey
Kevin Towns
Aesha Enge
Lazaro Lopez
Tina
Michelle
Call in user 3

The joint meeting of the Illinois Student Assistance Commission, the Investment Committee and the Investment Advisory Panel was called to order at 1:05 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.

There was discussion of electronic static possibly impeding the recording of the meeting.

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

Mr. Talavera paused his presentation and the verbatim recording at 1:11 p.m. to allow Ms. Wandall to manage technical issues. Verbatim recording resumed at 1:12 p.m.

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.

Mr. Huber welcomed Paul Chatalas to the meeting and explained that the Commission would next vote on an agenda item out of order to approve Mr. Chatalas' appointment to the Investment Advisory Panel.

Item 3C. Appointment of Investment Advisory Panel Member (Action: Investment Advisory Panel)

Mr. Rojas reviewed the requirements of the Investment Advisory Panel members and noted that the Commission must approve the appointment of each panel member. Mr. Rojas thanked Mr. Cameron Mock for his service and significant contribution to the trust fund financial stability. Mr. Rojas reviewed the appointment recommendation of Mr. Paul Chatalas and indicated that ISAC staff supports his appointment to the Investment Advisory Panel.

Commissioner Bullock **MOVED THAT** the Commission approve the appointment of Mr. Paul Chatalas (recommended by GOMB) to the College Illinois! Investment Advisory Panel for the term expiring November 19, 2023. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

A roll call of the Investment Advisory Panel members was taken, and a quorum was established.

Item 1. Announcements

Mr. Zarnikow announced that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday, June 22, 2023. The Audit Committee is scheduled to start at 11:00 and the Commission Meeting at 1:00. He explained that the meeting is expected to be in person with a location to be announced at a later date.

Mr. Zarnikow announced that the audit committee did not meet as scheduled earlier in the day due to a lack of quorum.

In addition, he announced that the next Investment Committee meeting is scheduled to be held in person on May 25, 2023.

Item 2. Approval of Minutes

Item 2A. Approval of the minutes of the October 13, 2022 Investment Advisory Panel Meeting (Action: Investment Advisory Panel)

Investment Advisory Panel Member Diaz **MOVED THAT** the Investment Advisory Panel approve the minutes of the October 31, 2022, Investment Advisory Panel meeting. Investment Advisory Panel Member Ranck seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 2B. Approval of the Minutes of the December 8, 2022 Investment Committee Meeting

(Action: Investment Committee)

Investment Committee Member Amos **MOVED THAT** the Investment Committee approve the minutes of the December 8, 2022, Investment Committee meeting. Investment Committee Member Huber seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 2C. Approval of the Minutes of December 8, 2022 Commission Meeting (Action: Commission)

Commissioner Arrington **MOVED THAT** the Commission approve the minutes of the December 8, 2022, joint meeting. Commissioner Sabens seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Chair Huber announced that the meeting will proceed with Item 13 in the agenda in order to finish approval of destruction of the Open Meeting Verbatim records.

Item 13. Approval for the Destruction of Open Meeting Verbatim Records. (Action: Commission, Investment Committee, Investment Advisory Panel)

Item 13A. Approval of the Investment Committee Open Meeting Verbatim Records for Destruction (Action: Investment Committee)

Investment Committee Member Huber **MOVED THAT** the Investment Committee approve the destruction of the verbatim records of the open session of the March 18, 2021 Investment Committee meeting and the investment portion of the December 3, 2020 Joint Commission and Investment Committee meeting as at least 18 months have transpired since the completion of that meeting and 24 months have transpired since the web posting. Investment Committee Member Amos seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 13B. Approval of the Investment Advisory Panel Open Meeting Verbatim Records for Destruction (Action: Investment Advisory Panel)

Mr. Zarnikow explained the changes to the Open Meetings Act due to remote meetings during the Covid-19 Disaster Proclamation. He clarified that the verbatim recording may be destroyed but the meeting minutes would be retained. Chair Huber confirmed the Commission is following statutory requirements.

Investment Advisory Panel Member Kissel **MOVED THAT** the Investment Advisory Panel approve the destruction of the verbatim records of the open session of the October 22, 2020 Investment Advisory Panel meeting as at least 18 months have transpired since the completion of that meeting and 24 months have transpired since the web posting. Investment Advisory Panel Member Paster seconded the motion, which was unanimously approved by a roll call vote of the Investment Advisory Panel members who voted. . Investment Advisory Panel Members Cullins and Chatalas abstained.

Item 13C. Approval of the Commission Open Meeting Verbatim Records for Destruction (Action: Commission)

Commissioner Sabens **MOVED THAT** the Commission approve the destruction of the verbatim records of the open session of the December 3, 2020 Joint meeting of the Commission and the Investment Committee meeting as at least 18 months have transpired since the completion of that meeting and 24 months have transpired since the web posting. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

There was discussion regarding the meeting dates listed in the motions.

Item 3. College Illinois! Prepaid Tuition Program Investments (Informational)

Item 3A. Investment Advisory Panel Comments (Informational)

Mr. Rojas reviewed the requirements of the Panel, welcomed Mr. Chatalas to the Panel and thanked him for agreeing to serve. Mr. Rojas noted that the panel last met independently on October 12, 2022 and jointly with the Commission on April 14, 2022. Mr. Rojas described that the Commission and Panel may use this time to discuss issues or concerns relating to the strategic investment plan (investment policy) and the annual report or any other subject of importance relating to the Illinois Prepaid Tuition Program.

The Investment Advisory Panel members did not raise any issues or concerns. Chair Huber asked members to weigh in and make comments during the presentation if there were questions.

Item 3B. Investment Update (Informational)

Mr. Rojas began with a summary of the fund performance and current market conditions, including the recent turmoil in the banking sector, and its impact on the College Illinois! Investments.

There was a discussion regarding the College Illinois! cash instrument being used by the trust fund. Mr. Rojas noted that the cash instrument was transitioned years ago into a U.S. Treasury money market fund (which offers the safest and most liquid option available in the financial markets) managed by Northern Trust based on Mr. Paster's (member of the Panel) recommendation at the time. There have not been any changes to that cash instrument since then.

Mr. Dowling commended ISAC staff for the decision to invest the state funding received on April 2022 in U.S. Treasuries.

Mr. Rojas reviewed the fund risk profile and trailing performance as of December 31, 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 also reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book.

Item 3D. Approval of Changes to the Watch List (Action: Investment Committee)

No managers were recommended for addition to the Watch List.

Item 3E. Compliance Review (Informational)

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

Mr. Zarnikow informed the Investment Advisory Panel members that the College Illinois! related agenda items were complete. He thanked the Investment Advisory Panel members for attending the meeting and for their service as Investment Advisory Panel members.

Item 4. Executive Director's Report (Information)

Ms. Nandhan reviewed the financial statements that appear in the agenda book. She noted that budgets reflected information through February 28, 2023. Ms. Nandhan discussed the spending of appropriations for different scholarship and grant programs as they appear in the agenda book.

Mr. Zarnikow announced that ISAC and College Illinois! had received the financial audits for fiscal year 2022. Both audits had no findings. Mr. Zarnikow thanked and congratulated Ms. Nandhan and her team for the results of the audits. Mr. Zarnikow emphasized that between the implementation of a new financial system (SAP), substantial efforts related to normal audits and unexpected staff retirements there has been strain on the finance and accounting division. Ms. Nandhan appreciated the acknowledgement and announced the hiring of new individuals in finance and accounting.

Mr. Zarnikow summarized his time spent meeting with the General Assembly at the budget hearings in Springfield.

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.

Mr. Zarnikow announced that the Communications and Media report is available for review.

Item 5. State Legislative Update (Informational)

Ms. Gricevich discussed the budget hearings and the current session. Ms. Gricevich reviewed current legislation that would impact ISAC programs.

Mr. Zarnikow explained that ISAC reviews all proposed legislation that is expected to impact ISAC and relevant divisions and the legal department will review the proposed legislation and provide input to Ms. Gricevich. Mr. Zarnikow recognized Ms. Gricevich for her work and thanked her for her efforts.

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 General Provisions, Illinois National Guard Grant Program, and the Minority Teachers of Illinois Scholarship Program.

There was discussion about a technical change that was made to reflect the statute.

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

Item 7. Update on PaCE Framework (Action)

Ms. Moreno and Ms. Moya introduced updates to the PaCE framework including expansion to middle schools and changes to the high school PaCE framework. Ms. Moreno explained that in accordance with Public Act 102-0917, the updated PaCE framework must be adopted by July 1, 2023.

There was discussion about how the ISACorps members will help implement the PaCE framework and outreach efforts in Southern Illinois to increase PaCE framework adoption.

Commissioner Sabens **MOVED THAT** the Commission approves the updates to the Illinois PaCE Framework for adoption. Commissioner Amos seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 8. Update on FAFSA Simplification (Informational)

Mr. Zarnikow introduced the complicated structure of FAFSA Simplification and explained the depth of the changes coming within a limited time frame. Dr. Schmitz-Bechteler described how ISAC is tackling and preparing for all the changes coming from the FAFSA Simplification process. She provided an overview of award year 23-24 and 24-25 changes, she introduced the project teams and primary activities, and provided ISAC project team updates. Dr. Schmitz-Bechteler also discussed upcoming timelines and guidance.

Mr. Zarnikow emphasized efforts between ISAC and other educational agencies to request information from the Federal Government so that ISAC would be able to provide timely information to downstream organizations.

Item 9. Audit Committee Update (Information)

Mr. Zarnikow explained that the Audit Committee did not have a quorum present to meet earlier today. He further explained that as there was no meeting, there was no update on the Committee’s activities and the approval of the Audit Committee charter will be moved to the next meeting of the Commission.

Item 10. Public Comment

No requests for public comment were made.

Item 11. Closed Session

No request for closed session was made.

Item 12. Approval of Closed Session Items

Item 12A. Redetermination Regarding Confidentiality of Closed Minutes of the Commission and Approval of Determination Regarding Confidentiality (Action: Commission)

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”.

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

Mr. Zarnikow thanked all commissioners for serving on the board and wanted to thank and recognize the team at ISAC.

Chair Huber reminded all commissioners to complete their statement of economic interests and to complete their three required annual trainings.

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

The meeting adjourned at approximately 3:21 p.m.

Respectfully submitted,

Lisa R. Schlessinger