

**AGENDA ITEM 2.**

**APPROVAL OF MINUTES OF THE APRIL 18, 2024  
JOINT MEETING OF THE  
ILLINOIS STUDENT ASSISTANCE COMMISSION,  
THE INVESTMENT COMMITTEE AND THE INVESTMENT ADVISORY PANEL**

**Submitted for:** Action

**Summary:** This report includes the full minutes of the joint meeting of the Illinois Student Assistance Commission, the Investment Committee, and the Investment Advisory Panel held on April 18, 2024

**Action requested:** That the Investment Advisory Panel approve investment related portion of the minutes of the April 18, 2024, Joint Meeting.

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

**Illinois Student Assistance Commission  
3rd Floor, Room 3030  
1755 Lake Cook Road, Deerfield, IL  
and  
Illinois Student Assistance Commission  
3rd Floor Conference Room  
500 West Monroe, Springfield, IL**

**April 18, 2024  
1:00 p.m.**

**COMMISSIONERS PRESENT:**

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

**COMMISSIONERS ABSENT:**

Payton Ade, Student Commissioner

**INVESTMENT COMMITTEE MEMBERS PRESENT:**

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

**INVESTMENT ADVISORY PANEL MEMBERS PRESENT:**

Carmen Heredia-Lopez  
James Hibbert  
Louis Paster  
Fernando Diaz  
Andrew Ranck  
Paul Chatalas

**INVESTMENT ADVISORY PANEL MEMBERS ABSENT:**

Karen Kissel

**STAFF PRESENT:**

Eric Zarnikow, Executive Director  
Carol Cook, Senior Advisor  
Shana Rogers, Managing Director, RPPA  
Rolake Adedara, Interim Chief Financial Officer  
Katherine Gricevich, Director of Government Relations  
Kishor Desai, Chief Internal Audit Officer  
Roger Rojas, Director of Investments  
Harikumar Pillai, Chief Information Officer  
Stephanie Schmitz-Bechteler, Managing Director, Program Services and Compliance  
Natalie Wandall, Secretary to Commission  
Jackie Eckley, Asst Director, Program Communication Service  
Michael Wilder, Network Technician/LAN Administrator  
Lisa Schlessinger, Compliance Counsel  
Lisa Murphy-Coveny, Interim General Counsel  
Victoria Spivak, Director of Strategy, Research, & Impact  
Vicki Baba, Director, Human Resources and Development  
Dana Mills, Director, Appropriation and Compliance

**PUBLIC ATTENDANCE:**

Brianne Weymouth, Callan LLC  
James O'Connor, Callan LLC

The joint meeting of the Illinois Student Assistance Commission and the Investment Committee was called to order at 1:11 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting would take place under the general provisions of the Open Meetings Act, which allow meetings to take place in two locations connected electronically provided both locations are open to the public. The meeting was being held at ISAC's offices in Deerfield and in Springfield, Illinois and both were open to the public.

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.

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

### **Item 1. Announcements**

Chair Huber announced that the next regularly scheduled meeting of the Commission is Thursday June 20, 2024, which will be held at ISAC's Springfield and Deerfield locations. He noted that the Audit Committee meeting that day would be held only in the Deerfield location and that the Audit Committee meeting is scheduled to start at 11:00 a.m. and the joint Commission meeting is scheduled to start at 1:00 p.m.

Chair Huber announced that the next Investment Committee meeting is scheduled for May 16, 2024, and will be in-person in ISAC's Deerfield Office.

Chair Huber also announced that the next Investment Advisory Panel meeting is scheduled for October 24, 2024, and if agenda item number 8 is approved later in the meeting, the Investment Advisory Panel will be able to meet virtually. The virtual option is only available to the Investment Advisory Panel and only when it is not in a joint meeting with the Commission.

Chair Huber reminded the members to see Natalie for assistance if individuals have not completed their ethics training on the state's OneNet system, and that there is a timeline for completion of the SEI and SSEI statements. If anyone needs assistance with their completion, please let ISAC staff know.

Chair Huber also advised members about the yellow sheet on the table titled "Ethics Time Sheet." Members of the Commission and Advisory Panel need to record their volunteer hours spent on commission business, including time traveling to and from the meetings, working as a commissioner, or panel member. Members should fill in the time slots with hours spent reviewing or attending meetings, and any mandatory training or statements needed to complete as part of their duties, and sign and return the completed form to Natalie before the end of the meeting. He also reminded the members that they will be reimbursed

for any expenses incurred travelling to and from the meeting, and to see Natalie for details or to turn in receipts.

**Item 2. Approval of Meeting Minutes (Action)**

**Item 2A. Approval of the minutes of the October 19, 2023 Investment Advisory Panel Meeting (Action: Investment Advisory Panel)**

Panel Member Heredia-Lopez **MOVED THAT** the Investment Advisory Panel approve the minutes of the October 19, 2023, Investment Advisory Panel meeting. Panel Member Diaz seconded the motion, which was unanimously approved by a vote of the Investment Advisory Panel.

**Item 2B. Approval of the investment portion of the minutes of the December 7, 2023 Joint Commission and Investment Committee Meeting (Action: Investment Committee)**

Commissioner Hibbert **MOVED THAT** the Investment Committee approve the investment portion of minutes of the December 7, 2023, meeting. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Investment Committee.

**Item 2C. Approval of the Full Minutes of the December 7, 2023 Joint Commission and Investment Committee Meeting (Action: Commission)**

Commissioner Hibbert **MOVED THAT** the Commission approve the full minutes of the December 7, 2023, meeting. Commissioner Arrington seconded the motion, which was unanimously approved by a vote of the Commission.

**Item 3. Approval of the Destruction of Open Meeting Verbatim Records (Action)**

**Item 3A. Approval of the Investment Committee Open Meeting Verbatim Records for Destruction (Action: Investment Committee)**

Commissioner Huber **MOVED THAT** the Investment Committee approve the following resolution:

**“BE IT RESOLVED** that the Investment Committee approves the destruction of the verbatim records of the open session of the November 30, 2021 Investment Committee meeting and the investment portion of the April 14, 2022 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.”

Commissioner Hibbert seconded the motion, which was unanimously approved by a vote of the Investment Committee.

**Item 3B. Approval of the Commission Open Meeting Verbatim Records for Destruction (Action: Investment Advisory Panel)**

Panel Member Paster **MOVED THAT** the Investment Advisory Panel approve the following resolution:

**“BE IT RESOLVED** that the Investment Advisory Panel approves the destruction of the verbatim records of the open session of the June 3, 2021 and the October 21, 2021 Investment Advisory Panel meetings and the investment portion of the April 14, 2022 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.”

Commissioner and Panel Member Hibbert seconded the motion, which was unanimously approved by a vote of the Investment Committee.

**Item 3C. Approval of the Commission Open Meeting Verbatim Records for Destruction (Action: Commission)**

Commissioner Hibbert **MOVED THAT** the Commission approve the following resolution:

**“BE IT RESOLVED** that the Commission approves the destruction of the verbatim records of the open session of the April 14, 2022 Joint Meeting of the Commission, Investment Advisory Panel, 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.”

Commissioner Sabens seconded the motion, which was unanimously approved by a vote of the Commission.

**Item 4. College Illinois! Prepaid Tuition Program Investments (Information)**

**Item 4A. Investment Advisory Panel Comments (Information)**

Mr. Rojas reviewed the duties and responsibilities of the College Illinois! Investment Advisory Panel and noted that the panel has provided valuable input over the years. He provided an opportunity for the panel to discuss any issues or concerns relating to the Strategic Investment Plan (Investment Policy), Annual Report or any other subject relating to the College Illinois! Prepaid Tuition Program. No concerns or issues were raised.

**Item 4B. Investment Update (Information)**

Mr. Rojas reviewed the fund risk profile and trailing performance as of December 31, 2023. Mr. Rojas noted that the fund is outperforming the policy benchmark by over 1% for the one- and three-year periods, and that long-term relative performance continues to improve. 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. Additionally, Mr. Rojas reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book. He noted that there is no manager on the Watch List currently and explained that no new manager searches are underway.

There was discussion about Garcia Hamilton. Mr. Rojas confirmed that Garcia Hamilton was previously removed from the Watch List and that, currently, there are no investment managers on the Watch List. There was additional discussion on where Kutak Rock's office is located, Mr. Rojas advised that ISAC uses the Chicago location.

**Item 4C. Approval of Changes to the Watch List (Action: Investment Committee)**

Mr. Rojas reviewed the Approval of Changes to the Watch List memorandum as provided in the agenda book. He noted that no managers were being recommended for addition to the Watch List. There was no recommendation from the Commissioners either.

**Item 4D. Compliance Review (Information)**

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

Mr. Zarnikow noted that investment staff is proposing significant changes to the current asset allocation to protect the CI fund from future drawdown risks. Mr. Rojas provided an overview of the current asset allocation and derisking proposal. He noted that currently it is possible to exceed the current and future assumed actuarial rate of return assumptions with risk free treasury securities, therefore taking additional risks in financial markets is unnecessary. The proposal is expected to be presented at the May 16, 2024 Investment Committee meeting and then at the June 20, 2024 joint meeting of the Investment Committee and Commission. Additionally, investment staff is planning to review the proposal with the Investment Advisory Panel (at a meeting that will need to be scheduled) prior to the Investment Committee meeting. Mr. Rojas stated that he would like to start derisking the portfolio as soon as possible and therefore wanted to reduce the current equity allocations to the lower limits of rebalancing ranges for both US and Non-US Equities, while staying within the current rebalancing ranges. The College Illinois investment consultant (Callan) is supportive of the derisking strategy.

There was an in-depth discussion during the meeting regarding the derisking proposal, including the benefits and drawbacks, timeline for execution and potential risks. Some of the Investment Advisory Panel members and Commissioners voiced very strong support for the liability driven investment strategy we are considering implementing. Generally, the Investment Advisory Panel, Investment Committee and Commission were supportive of implementing this strategy as soon as possible to eliminate most of the potential downside risks to the fund. Some of the Commissioners were concerned about the requirements of the Open Meetings Act and preferred to schedule a separate meeting to review this proposal in detail. After much deliberation, a consensus was reached to hold a special meeting of the Investment Committee and Commission on Monday, April 22, 2024 to review the new proposed asset allocation and move swiftly rather than waiting until June. An agenda for the meeting was posted publicly to comply with the Open Meetings Act requirements.

At the conclusion of this item, all College Illinois! related items were finished for this meeting, and Investment Advisory Panel members were advised that they are welcome to stay for the full meeting but could also leave if they would like. Mr. Zarnikow thanked the Investment Advisory Panel members for their service and attendance today.

**Item 5. Executive Director’s Report (Information)**

Mr. Zarnikow provided an update regarding changes to the state audit in the near future. Additionally, Mr. Zarnikow informed the Commission that the contract for teacher test prep was finalized, and teacher test prep is available to students. Mr. Zarnikow indicated that the broader test prep procurement has faced challenges through the procurement process, but was pleased to announce that the RFP had been posted.

**Item 6. State Legislative Update (Information)**

Ms. Gricevich provided an update on the budget process, for which negotiations are still underway, and discussed current legislative proposals that include the following: several new scholarships for Illinoisans who agree to work in specific careers, a proposal to continue the Early Childhood Access Consortium for Equity (ECACE) Scholarship, an IBHE proposal to develop a “direct admissions” program to streamline the process by which high school students are accepted to Illinois public universities, an ISAC initiative to make the grant for exonerated persons more flexible, and additional pathways by which undocumented Illinois students could qualify for in-state tuition and state financial aid.

Ms. Gricevich also noted that legislators have focused much attention this spring on how to support costs beyond tuition and fees for students during pre-professional, experiential learning, such as student-teaching, nursing clinicals, and required internships for school support personnel. She observed that this policy theme seemed likely to return in future legislative sessions.

**Item 7. Approval of Proposed Administrative Rules and Amendments (Action: Commission)**

Dr. Schmitz-Bechteler provided information on proposed changes to proposed administrative program rules and amendments as stated on pages 7-1 through 7-68 of the Agenda Book and include changes to *Part 2700- General Provisions*, *Part 2749- Nursing Education Scholarships*, *Part 2750- Illinois Graduate and Retain Our Workforce Tech Scholarship Program*, and *Part 2753- Community Behavioral Health Care Professional Loan Repayment Program*.

There was discussion on wording choice within the General Provisions regarding parent contributor versus parent of record. Dr. Schmitz-Bechteler answered that ISAC was maintaining consistency with Department of Education terminology.

Commissioner Arrington **MOVED 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, including material modification resulting from public comment received by the agency during the public comment period (unless the material modification is made to ensure compliance with any prospective amendment(s) to the statute(s) governing these rules), the Commission authorizes the Executive Director to proceed with adopting the program rules as written and amended.”

Commissioner Sabens seconded the motion, which was unanimously approved by a vote of the Commission.

#### **Item 8. Approval of Proposed Internal Rule (Action: Commission)**

Ms. Murphy-Coveny provided information on a proposed internal rule as described on pages 8-1 and 8-2 of the Agenda Book. Commissioner Amos **MOVED THAT** the Commission approve the following resolution:

**“BE IT RESOLVED** that the Commission approves and further authorizes the Executive Director to proceed with any actions necessary to implement rules of procedure.”

Commissioner Lopez seconded the motion, which was unanimously approved by a vote of the Commission.

#### **Item 9. Update on FAFSA Simplification (Information)**

Mr. Zarnikow provided a broad overview of FAFSA Simplification and the outreach efforts to assist with the changes. Mr. Zarnikow emphasized that the intentions of FAFSA Simplification were admirable, but the implementation has been difficult. He then reviewed the timeline of the FAFSA Simplification roll out and included an overview on where implementation has been rocky and the challenges that have ripple effects throughout the higher education system, including for ISAC. Mr. Zarnikow presented how ISAC has shifted outreach efforts to adapt to the complications of FAFSA Simplification.

There was a discussion of the actual impacts on mixed status students, including those with parents who do not have social security numbers. Mr. Zarnikow presented text messages between an ISAC Corps member and their supervisor emphasizing the complications that students are facing while the ISAC Corps are assisting with FAFSA completion.

Dr. Schmitz-Bechteler provided information on FAFSA simplification efforts by providing a roadmap of activities preformed between December 2023 through April 2024.

There was a discussion requesting that ISAC include schools when they provide information to students. There was an emphasis on ensuring schools are aware of updates.

Mr. Zarnikow gave kudos agency wide for the efforts surrounding FAFSA Simplification and MAP awards.

**Item 10. ISAC Strategic Plan Update (Information)**

The strategic plan update is moved to the June Commission Meeting.

**Item 11. Audit Committee Update (Information)**

Audit Chair, Commissioner Arrington, reported the items that were discussed and approved at the Audit Committee meeting, which had taken place earlier in the day.

**Item 11A. Approve Revised Audit Committee Charter (Action: Commission)**

Commissioner Amos **MOVED THAT** the Commission reassess and approve the Audit Committee charter. Commissioner Lopez seconded the motion, which was unanimously approved by a vote of the Commission.

**Item 12. Public Comment**

No requests for public comment were made.

**Item 13. Closed Session (Action: Commission)**

Commissioner Hibbert **MOVED THAT** the Commission go into closed session to discuss the appointment, employment, compensation, discipline, performance, or dismissal of a specific employee or employee(s), as allowed by the Open Meetings Act, 5 ILCS 120/2, subsections 2(c)(1). Commissioner Lopez seconded the motion, which was unanimously approved by a roll call vote of the Commission.

At approximately 3:40 p.m. the Commission went into closed session.

At approximately 3:58 p.m. the Commission re-entered open session.

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

The meeting adjourned at approximately 3:59 p.m.

Respectfully submitted,

Lisa R. Schlessinger