

**AGENDA ITEM 2A.**

**APPROVAL OF MINUTES OF THE APRIL 28, 2020  
JOINT MEETING OF THE  
ILLINOIS STUDENT ASSISTANCE COMMISSION,  
INVESTMENT COMMITTEE AND THE INVESTMENT ADVISORY PANEL**

**Submitted for:** Action

**Summary:** This report includes the minutes of the joint meeting of the Illinois Student Assistance Commission, Investment Committee, and the Investment Advisory Panel held on April 28, 2020

**Action requested:** That the Commission approve the minutes of the April 28, 2020 Joint Meeting.

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

**VIDEO CONFERENCE**

**April 28, 2020**

**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  
Niketa Brar, Commissioner, Audit Chair and Committee Member  
Elizabeth Lopez, Commissioner, Vice Chair, Audit Committee Member  
Darryl Arrington, Commissioner, Audit Committee Member  
Franciene Sabens, Commissioner  
Jonathon Bullock, Commissioner  
Thomas Dowling, Commissioner  
Emma Johns, Student Commissioner

**INVESTMENT ADVISORY PANEL MEMBERS PRESENT via WebEx:**

Jeanna Cullins, Investment Advisory Panel Member  
James Hibbert, Investment Advisory Panel Member  
Louis Paster, Investment Advisory Panel Member  
Chasse Rehwinkel, Investment Advisory Panel Member  
Karen Kissel, Investment Advisory Panel Member  
Rodrigo Garcia, Investment Advisory Panel Member

**STAFF PRESENT via WebEx:**

Eric Zarnikow, Executive Director  
Lynne Baker, Managing Director, Communications  
Ramnath Cidambi, Chief Information Officer  
Carol Cook, Director, Program Services and Compliance  
Kishor Desai, Chief Internal Auditor  
Katharine Gricevich, Director, Government Relations  
Carmen Heredia, Chief Investment Officer  
Roger Rojas, Investment Officer  
Karen Salas, General Counsel  
Shana Rogers, Managing Director, RPPA  
Shoba Nandhan, Chief Financial Officer  
Wendy Funk, Managing Director, Accounting and Finance  
Darla Puckel, Asst Director, College Illinois! Operations  
Jackie Eckley, Asst Director, Program Communication Service

**STAFF PRESENT COND'T:**

Natalie Wandall, Secretary to Commission  
Michael Wilder, Telecom and Network Engineer  
Kathleen Cole, Staff Attorney

**PUBLIC ATTENDANCE Via WebEx:**

Jim O'Connor, Callan  
Brienne Weymouth, Callan  
Eric Hiatt, University of Illinois  
Elyse Weller  
Darryl Williams

## **Item 1. Announcements**

The Joint Meeting of the Illinois Student Assistance Commission, The Investment Committee and the Investment Advisory Panel was called to order at 1:09 p.m.

Chair Huber began by stating that this is a joint meeting of the Illinois Student Assistance Commission, the Investment Committee and the College Illinois! Investment Advisory Panel.

Chair Huber explained that the meeting today is being conducted through electronic means pursuant to Governor Pritzker's Executive Order 2020-07 which suspended the Open Meetings Act requirements for physical presence at meetings of public bodies during the Gubernatorial COVID-19 Disaster Proclamation.

He further stated that there is a specific time reserved in the agenda for public comment. He instructed board members how motions and roll calls would be handled and then asked Sara Espinosa to provide all participants and the public the WebEx instructions.

He then asked if anyone had any questions before he began the meeting. Hearing no questions, he proceeded with the meeting.

Chair Huber called for a roll call of the Commission. A roll call of the Commission members was taken, and a quorum was established.

Chair Huber called for a roll call of the Investment Committee. A roll call of the Investment Committee members was taken, and a quorum was established.

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

Chair Huber began the meeting by stating that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday, June 18th in Chicago. The Audit Committee is scheduled to start at 11:30 a.m. and the Commission Meeting at 1:00 p.m. Currently we plan to meet in the Michael A. Bilandic Building, but we may need to do another virtual meeting and will notify you if that changes

## **Item 2. Approval of the Minutes (Action)**

### **Item 2A. Approval of the Minutes of the December 5, 2019 Joint Commission/ Investment Committee Meeting, Investment Portion (Action: Investment Committee)**

Ms. Amos **MOVED THAT** the Investment Committee approve the Investment portion of the minutes from the December 5, 2019 meeting as incorporated into the full Commission minutes. Mr. Huber seconded the motion, which was unanimously approved by the Investment Committee.

**Item 2C. Approval of the Minutes of the December 5, 2019 Joint Commission/ Investment Committee Meeting (Action: Commission)**

Mr. Arrington **MOVED THAT** the Commission approve the minutes of the December 5, 2019 Joint Commission meeting. Mr. Hibbert seconded the motion, which was unanimously approved by the Commission.

**Item 3. College Illinois! Prepaid Tuition Program Update (Informational) – Eric Zarnikow / Katharine Gricevich**

Mr. Zarnikow stated that in the last legislative session in 2019, ISAC continued to pursue legislation that would provide Full Faith and Credit for College Illinois!. However, we did not get enough support from legislators and the Governor’s office for the proposal. ISAC has continued to pursue additional state support for the program.

As part of the Governor’s FY2021 proposed budget, he included \$27 million of funding from the State to begin to fund the College Illinois! unfunded liability. Governor Pritzker indicated that he believes that the College Illinois! unfunded liability is an obligation of the State of Illinois and believes that the state should begin to fund the liability. The \$27 million was included in a reserved part of the budget; where the funding was tied to the passage of the graduated income tax proposal.

The COVID-19 pandemic has altered many plans and the Governor has expressed hope that the Federal government will help the State of Illinois. The Governor notes that the original budget that was presented in February 2020, will now need to be revised due to the COVID-19 pandemic. Therefore, there is much uncertainty related to the \$27 million included in the original budget proposal to begin to fund College Illinois!. We will continue to work with the Governor’s office to address the College Illinois! unfunded liability.

**Item 4. College Illinois! Prepaid Tuition Program Investments – Carmen Heredia / Roger Rojas**

**Item 4A. Investment Update (Informational)**

Ms. Heredia briefly reviewed the investment portfolio’s performance for calendar year 2019. Then she proceeded to address the financial market turmoil that was experienced in the first quarter of 2020 due to the health crisis brought by COVID-19. She then noted that in the first quarter of 2020, the market experienced a black swan event. The magnitude of the downturn combined with the speed of the decline is something not seen before. Markets do rebound and the rebounds can be quick and powerful in the following 12 months. Only by staying invested can investors participate in the recovery. During this crisis, we look back at our beliefs and investment philosophy. For College Illinois! we believe: 1) Diversification matters; 2) Portfolio construction continues to be based on a risk-return lens; 3) Liquidity management is a priority to deliver on our promises; and 4) A disciplined and thoughtful investment approach is followed. Ms. Heredia reviewed the portfolio’s performance for the quarter that ended March 31, 2020. Although the first quarter of 2020 was a tough quarter for many managers, our conservative portfolio positioning delivered outperformance for the quarter and for the year ended March 31, 2020. She then reviewed

asset class and manager performance in more detail. Mr. Rojas reviewed thoroughly all the private investments with their outstanding risks and current/projected realizations. He noted that the Infrastructure asset class in particular remains a risk to the College Illinois! Fund's performance.

Mr. Rojas reviewed in detail the impact of the COVID-19 pandemic on our interim asset allocation. The Portfolio Committee (which includes ISAC investment staff, ISAC Executive Director and Investment Consultant Callan LLC) held multiple meetings on a weekly basis during the month of March and early April, to ensure that we were acting as judiciously as possible to protect fund assets and have the needed liquidity during this market crisis. On March 19, 2020, ISAC's CIO updated the members of the Investment Committee and Investment Advisory Panel via e-mail on the College Illinois! portfolio. The Portfolio Committee decided not to take any rebalancing action during this period, which was the most prudent decision from our perspective.

Finally, he noted that staff is in the midst of the annual review process of the College Illinois! Trust Fund Asset Allocation, which we plan to present at the June Commission meeting.

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

Ms. Heredia stated that they are not recommending any managers to be added to the watch list at this time. However, she noted that staff will complete a deeper analysis of Garcia Hamilton once we get more data from Callan. She stated that our findings and recommendations will be shared at the next Investment Committee meeting.

**Item 4C. Compliance Review (Informational)**

Mr. Rojas noted that no issues were identified during the compliance review as provided in the agenda book.

**Item 4D. Investment Advisory Panel Comments - (Informational)**

Mr. Rojas reviewed the roles and responsibilities of the Investment Advisory Panel and their focus on the Investment Policy and the Annual Report. He noted that members of the Panel receive copies of Investment Committee agenda materials and are invited, but not required, to attend these meetings. Mr. Rojas then asked the Panel if there were any questions or concerns that Panel members would like to share with the Commission. No comments were provided by the Panel to the Commission.

**Item 4E. Investment Policy Review and Adoption (Action: Investment Committee)  
(Action: Commission)**

Ms. Heredia went over the Sustainability Act and reviewed the proposed sustainability language to be added to the College Illinois! Statement of Investment Policy. Callan

stated that they had no additional suggestions. Mr. Rodrigo Garcia complemented the team on what a great job they did drafting the sustainability portion of the policy.

Mr. Hibbert **MOVED THAT** the Investment Committee recommend to the Commission approval of the changes to the Investment Policy. Ms. Amos seconded the motion, which was unanimously approved by the Investment Committee.

Mr. Lopez **MOVED THAT** the Commission approve the proposed revisions to the Statement of Investment Policy for the College Illinois! Prepaid Tuition Program. Mr. Arrington seconded the motion, which was unanimously approved by the Commission.

#### **Item 5. Executive Director's Report (Informational) - Eric Zarnikow**

Mr. Zarnikow stated that because of the remote working, there is no media report at this time and that we will have one available for next meeting.

He reported that we are doing well as an agency as far as COVID-19 goes. Our remote work response has been working overall quite well with only a few technological challenges. We had a virtual all-staff meeting on April 17<sup>th</sup> and received a lot of positive feedback from staff.

ISAC has been part of a group led by the Illinois Board of Higher Education trying to raise money privately to help students in the public higher education system. The effort has raised about \$600,000 for public universities and community colleges.

Ms. Amos asked how the money will get to the schools, and Mr. Zarnikow explained that it will go to the Foundation associated with each of the schools. Ms. Amos also asked if undocumented students are eligible for help. Mr. Zarnikow indicated that he believes they would be because the money is privately raised. Ms. Johns asked what avenues are being used to raise the money. Mr. Zarnikow explained that they are reaching out to Foundations and wealthy people. There are no restrictions on the money, just so that it helps students quickly. It can help any student from that school and that each school will have a process for students to request aid.

Ms. Brar asked for an update on ISACorps members. Mr. Zarnikow stated that ISACorps members continue to support families and students, but just not in person. Everything is being done on the phone, or electronically. Ms. Brar also asked if we have outreach to support ISACorps members. Mr. Zarnikow stated that they are on a two-year term and they are going to be offered benefits. He also explained that when they leave the program, they are very marketable.

#### **Item 6. Approval of Proposed Administrative Program Rules and Amendments (Action) - Carol Cook**

Ms. Cook summarized the rules and amendments as provided in the agenda book. She noted that the rules were published and there were no comments from the public.

Mr. Zarnikow thanked Ms. Cook and her team that works on the administrative rules for the excellent job they do managing ISAC's administrative rules.

Mr. Bullock **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 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.”

Mr. Arrington seconded the motion, which was unanimously approved by the Commission.

**Item 7. State Legislative Update (Informational) - Katharine Gricevich**

Ms. Gricevich stated that the General Assembly by law cannot meet remotely. The budget might get passed at the end of May or early June 2020. She indicated that they might convene for just a few days. There also might be an extended Fall veto session. The House and Senate have put together some working groups. The State revenue estimates are down significantly because of COVID-19. There were huge shortfalls (maybe between \$6.2-7 billion) and the budget will likely look very different. She noted that budget shortfalls are especially hard on higher education. However, the Governor is supportive of MAP. The new Federal Cares Act included some money for education, and there will be more details available later. There is a lot of uncertainty right now and the outlook is a bit bleak.

Ms. Brar asked if there are strategies that other states are pursuing for first-generation and low-income students. Ms. Gricevich stated that Jackie Moreno and her team are working strategies to try and prevent that. She does not have details at this time, but it is being looked at.

Ms. Sabens explained that a text messaging service is in place with the Reach Higher Program. It has been in place for a few years. It reminds students to file their FAFSA and it responds to their questions. Mr. Zarnikow noted that ISAC has a similar text messaging service.

Mr. Zarnikow indicated that we would put Jackie Moreno on the agenda for the June meeting to provide an update on outreach efforts.

**Item 8. Update on Student Loans Held by ISAC/IDAPP (Informational) - Eric Zarnikow/Shoba Nandhan**

Ms. Nandhan reviewed the operational impact on student loans as described on page 8-1 of the Agenda Book. She discussed the student loan relief measures that are managed by ISAC. She also reviewed the financial impact of COVID-19 in relation to ISAC student loans as described on page 8-3 of the Agenda Book.

Mr. Zarnikow drew the commissioners’ attention to Section 8A of the Agenda book regarding amending the IDAPP investment policy. He explained that the policy needed



to be amended, similar to the College Illinois! Investment policy earlier on the agenda, in order to be compliant with the Illinois Sustainable Investing Act.

**Item 8A. IDAPP Investment Policy Review and Adoption (Action: Commission)**

Ms. Amos **MOVED THAT** the changes to the IDAPP policy as marked in the policy included in the Commission Book be approved. Ms. Johns seconded the motion, which was unanimously approved by the Commission.

**Item 9. Audit Committee Update (Informational) - Niketa Brar**

Ms. Brar stated that the Audit Committee met today, and Mr. Desai gave an update that the audit work is on track.

**Item 10. Public Comment**

There were no public comments.

**Item 11. Closed Session: Closed Minutes**

Chair Huber asked Commissioners to speak up if they felt it was necessary to go into closed session to discuss items related to closed minutes. Hearing no comments from Commissioners, Chair Huber stated that they would not be going into closed session.

**Item 12. Approval of Closed Session Action Items**

**Item 12A. Approval of Closed Session Items**

Ms. Lopez **MOVED THAT** the Commission approve the following resolutions:

**“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 Committee approves the destruction of the verbatim record of the closed session of the June 14, 2018 Commission meeting as at least 18 months has transpired since the completion of those meetings.”

Mr. Hibbert seconded the motion, which was unanimously approved by the Commission.

Mr. Zarnikow thanked everyone for a successful meeting.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Mr. Bullock **SO MOVED** and Ms. Johns seconded that motion, which was unanimously approved by the Commission. The meeting adjourned at approximately 3:08 pm.

Respectfully submitted,

Kathleen Cole