

**AGENDA ITEM 2A.**

**APPROVAL OF MINUTES OF THE APRIL 15, 2021  
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 15, 2021

**Action requested:** That the Commission approve the minutes of the April 15, 2021 Joint Meeting.

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

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

**April 15, 2021  
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:**

James Hibbert, Investment Advisory Panel Member  
Chasse Rehwinkel, Investment Advisory Panel Member  
Rodrigo Garcia, Investment Advisory Panel Member  
Cameron Mock, Investment Advisory Panel Member

**INVESTMENT ADVISORY PANEL MEMBERS ABSENT:**

Jeanna Cullins, Investment Advisory Panel Member  
Louis Paster, Investment Advisory Panel Member  
Karen Kissel, Investment Advisory Panel Member

**STAFF PRESENT via WebEx:**

Eric Zarnikow, Executive Director  
Carol Cook, Director, Program Services and Compliance  
Shana Rogers, Managing Director, RPPA  
Katherine Gricevich, Director, Government Relations  
Shoba Nandan, Chief Financial Officer  
Wendy Funk, Managing Director, Accounting and Finance  
Kishor Desai, Chief Internal Auditor  
Carmen Heredia, Chief Investment Officer  
Roger Rojas, Investment Officer  
Lynn Baker, Managing Director, Communications  
Karen Salas, General Counsel  
Gloria Legette, Deputy General Counsel  
Ellen Greenan, Senior Research Associate, RPPA  
Kim Eck, Manager, Partner Services  
Jackie Eckley, Asst Director, Program Communication Service  
Christy Shields, Director, Program & Product Services  
Muniba Hasnain, Program Services and Compliance Staff  
Eddie Brambila, Managing Director Capacity Development  
Jacqueline Moreno, Managing Director, College Access and Outreach  
Kalene Heaton, Professional Development Specialist  
Meghan Chrum, Professional Development Specialist  
Harikumar Pillai, Manager, Information Security  
Michael Wilder, Telecom and Network Engineer  
Natalie Wandall, Secretary to Commission  
Lisa Murphy-Coveny, Staff Attorney  
Anne Hunter, Deputy Director, Financial Reporting  
Marisa Lowe, Deputy Director, Budget & Financial Analysis  
Vicki Baba, Director, HRD

**PUBLIC ATTENDANCE via WebEx:**

Brianne Weymouth, Callan LLC  
James O'Connor, Callan LLC  
Eric Hiatt, University of Illinois  
Maria Amill  
Justin Slaughter  
Debra Jackson  
Jennifer Tracy  
Michelle Hasik  
Corinne Kodama  
[tdrosear@caspn.edu](mailto:tdrosear@caspn.edu)  
Call in User 2

The joint meeting of the Illinois Student Assistance Commission, the Investment Committee and the Investment Advisory Panel was called to order at 1:07 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting is being conducted through electronic means pursuant to Governor Pritzker's extension of the Gubernatorial COVID-19 Disaster Proclamation and Public Act 101-0640 which suspends the Open Meetings Act requirements for physical presence at meetings of public bodies during gubernatorial disaster proclamations.

Mr. Zarnikow advised that it is not practical or prudent to conduct the meeting in person or at the usual meeting location in downtown Chicago due to the COVID-19 disaster, so the meeting was conducted virtually.

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 Commission members the relevant instructions.

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

WebEx instructions, including those for public comment, were provided by Meghan Chrum.

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

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

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

### **Item 1. Announcements**

Commissioner Huber announced that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday June 17, 2021. The joint meeting will begin at 1:00 p.m. The Audit Committee is scheduled that same day at 11:00 a.m. In addition, the Investment Committee is scheduled to meet individually on May 13, 2021. Currently the meetings are scheduled to be held virtually and notice will be provided if there are any changes.

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

**Item 2A. Approval of the Minutes of the March 18, 2021 Investment Committee Meeting (Action: Investment Committee)**

Commissioner Amos **MOVED THAT** the Investment Committee approve the minutes of the March 18, 2021 Investment Committee meeting. Commissioner Hibbert seconded the motion and a roll call was taken which was unanimously approved by the Investment Committee.

**Item 2B. Approval of the Minutes of the October 22, 2020 Investment Advisory Panel Meeting (Action: Investment Advisory Panel)**

Commissioner Hibbert **MOVED THAT** the Investment Advisory Panel approve the minutes of the October 22, 2020 Investment Advisory Panel meeting. Panel Member Rehwinkel seconded the motion and a roll call was taken which was unanimously approved by the Investment Advisory Panel.

**Item 2C. Approval of the Minutes of the December 3, 2020 Joint Commission/Investment Meeting (Action: Commission)**

Commissioner Sabens **MOVED THAT** the Commission approve the minutes of the December 3, 2020 joint meeting. Commissioner Arrington seconded the motion and a roll call was taken which was unanimously approved by the Commission.

**Item 3. College Illinois! Prepaid Tuition Program Update (information)**

Mr. Zarnikow reported that the Governor's office and legislature seems to have settled into an approach to begin to address the College Illinois! unfunded liability with annual payments before funding is immediately necessary. In the FY21 budget proposal by the Governor the proposed annual funding level would have addressed the unfunded liability over time. But, because of the pandemic, no funding was provided in FY21. The Governor's FY22 budget includes \$20 million to begin to fund the unfunded liability of the program over time. Although the proposed amount is not large enough to fund the program with flat annual payments, it would be an important start.

**Item 4. College Illinois! Prepaid Tuition Program Investments**

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

Ms. Heredia gave a 2020 financial markets overview and covered the College Illinois! Prepaid Tuition Program characteristics such as the investment risk profile, portfolio liquidity and performance. She continued with a portfolio review of the public markets' portfolio performance as well as the open-end funds. She addressed the positive trends in the market's improvement after the steep drop at the outset of the pandemic. Ms. Heredia then referred to the placement of Ativo on the Watch List by the Investment Committee in

its March 18, 2021 meeting. She reported that the investment staff continues to closely monitor existing managers' performance and investment process.

Mr. Rojas reviewed the private markets investment portfolio noting the outstanding risks (which he stated were primarily infrastructure assets) and the current and projected realizations. Mr. Rojas added that investment staff had an in-depth discussion with Callan, the program's investment consultant, regarding the private assets exit alternatives. He stated that consistent with investment staff's recommendations, Callan's recommendation is to hold the assets rather than engage in secondary sale options. Mr. Rojas reviewed the Asset Allocation, Status Updates and Search Update sections as provided in the agenda book. Mr. Rojas highlighted that they are in the process of completing the asset liability study with the assistance of Callan.

#### **Item 4 B. Investment Advisory Panel Comments (Information)**

Mr. Rojas reviewed the roles and responsibilities of the Investment Advisory Panel and its 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. He noted that, in compliance with the requirement of the Prepaid Tuition Act to meet at least twice annually, the panel met in a joint meeting with the Commission on April 28, 2020 and independently on October 22, 2020. He expressed appreciation for the valuable input provided by the panel members over the years. Mr. Rojas then asked the Panel if there were any questions or concerns that they would like to share with the Commission. No comments were provided by the Panel to the Commission.

#### **Item 5. Executive Director's Report (Information)**

Mr. Zarnikow reported the state of ISAC's finances and solicited questions regarding the financial data included in the agenda book. There was an inquiry about the drop in income from rehabilitations and collections. Shoba Nandan explained that the decreased revenues from collections and rehabilitations are a result of guidance and direction from the U.S. Department of Education due to the pandemic. Discussion was also had regarding the increase in expenditures relating to ISACorps. Mr. Zarnikow explained the factors, including the FAFSA mandate, that resulted in the increased ISACorps expenditures. He also pointed out that the expenditure is offset with funds from the general revenue fund.

In reviewing the FY21 Appropriation Summary Report on page 5-6 of the agenda book, discussion was had regarding the Aim High grant pilot program, the Student loan operating fund, Gear Up and the Golden Apple Scholars of Illinois Program. Mr. Zarnikow and Ms. Nandan explained That ISAC needs to have spending authority to spend any funds received from any outside entity other than the state, such as federal funding. Therefore, ISAC tries to maintain flexible spending authority that is in excess of what we know we need in the event of any unanticipated funds that become available during the fiscal year.

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

Katherine Gricevich provided an overview of the bills currently under consideration by the General Assembly which may impact ISAC. She reported the increased participation of contract holders in budget hearings after ISAC responded to a College Illinois contract holders request at a previous commission meeting.

Ms. Gricevich specifically addressed two bills of interest. The first would allow the appointment of the ISAC student commissioner, as it does with other commissioners, to continue until a reappointment or until a new student commissioner is appointed in order to avoid gaps in representation. The second would provide protections from the predatory companies that lure consumers into contracts to provide educational assistance that in many instances ISAC provides free of charge. The bill would require certain legal disclosures and provide certain conditions for canceling the contract and obtaining a refund.

In addition, Ms. Gricevich indicated that ISAC is in communication with the sponsors of other bills to discuss changes ISAC would recommend. Such bills include those which propose expanding MAP grants, expanding the Illinois Veterans Grant, developing a task force for financial literacy and reviewing educational materials. There was discussion about whether school counselors would be included in specific bills aimed at providing resources for school social workers.

## **Item 7. Approval of Administrative Program Rules and Amendments (Action)**

Carol Cook presented the annual package of proposed administrative program rules that ISAC hopes to submit to JCAR in May and have in place by July 1, 2021. She stated that the rules amendments were published and that the public comment period would expire on April 18, 2021. She noted that at the time of the meeting, no public comments had been received.

Ms. Cook reviewed page 7-1 if the agenda book, which outlines the proposed amendments to the program rules. She noted that the purpose of the various amendments was to delete gender-specific pronouns, mirror the federal programs or to improve delivery of ISAC programs and asked that the commission approve the following resolution:

**“BE IT RESOLVED** that the Commission accepts the proposed administrative program rules 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 **MOVED THAT** the Commission approve the resolution to accept the proposed Administrative Program Rules and Amendments. Commissioner Sabens

seconded the motion and a roll call was taken which was unanimously approved by the Audit Committee.

**Item 8. FAFSA Simplification Act (Information)**

Carol Cook and Shana Rogers provided a high-level overview of the changes to the FAFSA as a result of the Consolidated Appropriations Act of 2021 and the resulting impact on ISAC programs. They explained that there are substantial changes to the FAFSA application process and the “need-analysis” formula which will be effective in the 2023-2024 academic year. They advised that ISAC has formed an internal FAFSA simplification working group to identify, analyze and track the possible impacts of the changes with a priority on those portions of the Act which may be subject to early implementation and expect the project to be a significant undertaking. There was specific discussion regarding the effect of the changes on students who may not have access to parent information when completing the FAFSA as well as the changes regarding the professional judgment flexibility of the school financial aid officers.

**Item 9. Update on Student Loans Held by ISAC (Information/Action)**

Mr. Zarnikow gave a brief statement of the status of FFELP program including ISAC’s involvement and the effects of the recent adjustments made by the Department of Education as a result of the pandemic. He explained that the investment required to update the records system to comply with those changes, in conjunction with reduction of the retention amount, makes ISAC’s continued participation in the program a challenge. Therefore, he requested approval of the resolution below to provide authority to investigate deconversion and determine the proper course of action to serve the best interests of students.

“**BE IT RESOLVED** that the Commission delegates to the Executive Director of the Commission the authority to take actions as are necessary to make determinations as to the Commission’s role as a Federal Family Education Loan Program (FFELP) student loan Guarantor or its outsourcing of FFELP Guarantor services, including but not limited to, completing documentation, entering into agreements and transferring loans.”

Commissioner Bullock **MOVED THAT** the Commission approve the resolution to accept the proposed resolution. Commissioner Amos seconded the motion and a roll call was taken which was unanimously approved by the Audit Committee.

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

Commissioner Brar reported that the Audit Committee has been very impressed with the work Mr. Desai has done in leading the Audits and keeping the Audit plan on track. She applauded the results of the internal audit self-assessment review and expressed gratitude for his performance.



**Item 11A. Approval of revised Audit Committee Charter (Action)**

Commissioner Brar **MOVED THAT** the Commission approve the revised Audit Committee Charter. Commissioner Dowling seconded the motion and a roll call was taken which was unanimously approved by the Commission.

**Item 12. Public Comment**

One question was posed regarding a cost/benefit analysis of the ISACorps. Mr. Zarnikow responded to the question by explaining the factors that are considered when establishing the budget for the ISACorps including the duties of the Corps members, the number of students served across the State, the need to provide health insurance during a pandemic and the availability of reimbursement from the general revenue fund.

**Item 13. Closed Session: Closed Minutes (Review)**

There was no Closed Session

**Item 14. Approval of Closed Session Action Items**

**Item 14A. Redetermination Regarding Confidentiality of Closed Minutes of the Commission as Approval of Determination regarding Confidentiality & Verbatim Record Destruction (Action: Commission)**

A Redetermination Regarding Confidentiality of Closed Minutes Agenda Item was previously provided to the Commissioners for review. No questions or concerns were raised for discussion regarding 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 24, 2019 Commission meeting as at least 18 months has transpired since the completion of those meetings.”

Commissioner Amos **MOVED THAT** the resolution regarding Confidentiality Redetermination & Verbatim Record Destruction be approved. Commissioner Lopez seconded the motion and a roll call was taken which was unanimously approved by the Commission.

**Item 10. IBHE Strategic Plan (Information)**

Commissioner Arrington, as liaison to the Illinois Board of Higher Education (IBHE) Strategic Plan Advisory Committee, reviewed the IBHE and Illinois Community College Board (ICCB) blueprint for responsibility plan. He explained that the committee's working groups evaluated the unique elements (such as the pandemic, racial injustice and changing employment) when developing the vision, principles, priorities, and strategies to meet the goals of closing equity gaps, improving affordability and increasing talent in higher education. He indicated that the plan is currently open for public feedback on IBHE's website. After it is finalized and approved by the IBHE Board, we will be asking the Commission to endorse the plan.

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

The meeting adjourned at approximately 3:18 p.m.

Respectfully submitted,

Lisa Murphy-Coveny