

AGENDA ITEM 2C.

**APPROVAL OF MINUTES OF THE DECEMBER 2, 2021 MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION**

Submitted for: Action

Summary: This report includes the minutes of the Illinois Student Assistance Commission meeting held on December 2, 2021.

Action requested: That the Commission approve the minutes of the December 2, 2021 Meeting.

**MINUTES OF THE MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION**

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

December 2, 2021

1:00 p.m.

COMMISSIONERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Niketa Brar, Commissioner, Audit Chair and 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
Emma Johns, Student Commissioner

COMMISSIONERS ABSENT:

Franciene Sabens, Commissioner
Thomas Dowling, Commissioner

STAFF PRESENT via WebEx:

Eric Zarnikow, Executive Director
Harikumar Pillai, 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, Finance and Accounting
Natalie Wandall, Secretary to Commission
Lynne Baker, Managing Director, Communications
Eddie Brambila, Managing Director, Capacity Development and Training
Manuel Talavera, Professional Development Specialist
Meghan Chrum, Professional Development Specialist

STAFF PRESENT COND'T:

Linda Jeffries, Deputy Director, Finance and Accounting
Vicki Baba, Director, HRD
Marisa Lowe, Deputy Director, Budget and Financial Analysis
Rich Nowell, Deputy General Counsel
Gloria Legette, Deputy General Counsel
Lisa Murphy-Coveny, Senior Compliance Counsel
Ellen Greenan, Senior Research Associate, RPPA
Anne Hunter, Deputy Director, Financial Reporting
Eddie Brambila, Managing Director, Capacity Development and Training
Ana Moya, Professional Development Specialist
Paul Oliver II, Manager, ISAC Call Center
Michael Wilder, Information Technology, LAN
Stephanie Schmitz-Bechteler, Director, Special Projects & Program Services

PUBLIC ATTENDANCE:

Jim O'Connor, Callan LLC
Brienne Weymouth, Callan LLC
Jelani Saadiq
Nick O'Dea
Aleta Riley-Tellis
Justin Slaughter
Sarah Labadle
Joseph Orsolini
Rhonda Smith
Barb Levin
Christina Warden
Gerson

The Meeting of the Illinois Student Assistance Commission 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 at a usual meeting location in downtown Chicago, so the meeting was being conducted virtually. Mr. Zarnikow indicated that he was physically present at ISAC's headquarters in Deerfield.

He further stated that, as with all ISAC public meetings, a specific time was 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, as required by law.

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

Mr. Zarnikow 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.

Item 1. Announcements

Chair Huber announced that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday, April 14, 2022. He indicated that the Audit Committee is scheduled to begin at 11:00 a.m. and the Commission Meeting at 1:00 p.m. He further advised that the meetings are expected to be held virtually and notice would be provided if that changes.

Item 2. Approval of the Minutes of the September 16, 2021 joint Commission Meeting (Action: Commission)

Commissioner Bullock **MOVED THAT** the Commission approve the minutes of the September 16, 2021 joint meeting. Commissioner Johns seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 3. Executive Director's Report (Information)

Mr. Zarnikow reminded the Commission that a financial update was sent to them in November for review prior to the meeting.

Mr. Zarnikow advised that the 2022-2023 Illinois State Scholars had been announced. He indicated that more than 17,000 students from 665 Illinois high schools were recognized for their academic achievement. He also informed the Commission that the application for the ECEACE scholarship program, which was designed to assist early childhood educators, was made available in November. He indicated that ISAC has received applications for the program. Finally, he

welcomed Stephanie Schmitz-Bechteler to ISAC as the Director of Special Projects and Program Services.

There was discussion regarding the financial information of pages 3-1 to 3-7 of the agenda book specifically regarding the FFELP deconversion and College Illinois!

Item 4. Approval of the Fiscal Year 2023 Appropriated Funds Budget Request (Action)

Mr. Zarnikow provided an overview of the appropriated and non-appropriated portions of the budget as well as an overview of the budget process. He noted that proposed budget laid out the funding priorities under different circumstances with need-based funding as the highest priority. He explained the basis for the increase in requested funding appropriation appears on page 4-5 of the agenda book. He then explained the need for spending authority and the basis for the requests that appear on page 4-6 of the agenda. There was discussion regarding Covid-19 emergency relief funds, the benefit of having the racial breakdown of MAP recipients who attend community colleges, and the impact on the agency if the funding amounts requested are not received.

Commissioner Arrington **MOVED THAT** the Commission approve an FY 2023 budget request totaling \$920.2 million as detailed in Table 1. Commissioner Amos seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 5. State Legislative Update (Information)

Ms. Gricevich reported that the Fall Veto session had little impact on ISAC's programs. She explained the calendar for the spring session was released and that it is expected to be a condensed session. She further advised that ISAC is waiting for the last few appointments of members to the task force for the College Course Materials College Affordability and Equitable Access Collaborative Study and has been working behind the scenes to prepare for that program.

Item 6. College Illinois! Prepaid Tuition Program Investments (Information)

Item 6A. Investment Update

Ms. Heredia presented a market commentary which addressed economic and market trends which were both softening in 3Q21. She also discussed current issues of inflation, Covid-19 and supply chain challenges. She then reviewed the risk profile of the portfolio as a whole and then went on to review all public market accounts/funds held in the portfolio (pages 6A-2 to 6A-4 of the agenda book). Included in her comments were the updates of managers that were previously added to the watch list.

Mr. Rojas reviewed all closed-end fund investments including outstanding risks and current/projected realizations. Mr. Rojas indicated that he foresees further write-downs in coming quarters for Alinda, TRG and CM Growth. Mr. Rojas also reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book. Mr. Rojas expressed our gratitude for the Governor and State legislators support and commitment to the College Illinois! contract holders.

Item 6B. Compliance Review

Mr. Rojas reviewed the Compliance item as provided in the agenda book and noted that no issues or violations were identified. He stated that ISAC investment staff has established a very robust compliance review process over the past nine years managing the College Illinois Trust Fund.

Item 6C. Actuarial Soundness Valuation Report

Ms. Heredia presented the June 30, 2021 Actuarial Soundness Valuation Report Summary as provided in the agenda book. She explained the actuarial projections and the changes in the unfunded liability related to each of investment returns, State funding, tuition inflation and the demographic experience that resulted in a smaller unfunded liability than anticipated as of June 30, 2021.

Item 6D. Prepaid Tuition Program Update

Mr. Zarnikow provided an update of the College Illinois! Prepaid Tuition Program. He explained the ISAC had cleared a hurdle by getting a line item for College Illinois! in the State budget, but the continuing challenge is to keep the line item in place and increase the amount.

Item 7. Audit Committee Update College Illinois! Prepaid Tuition Program Investments-

Mr. Zarnikow reported on the actions and discussions that took place at the meeting of the Audit Committee which took place earlier in the day.

Item 8. Public Comment

There were 2 requests for public comment.

Chair Huber asked for a motion to allow Jelani Saadiq 5 minutes to speak about the Minority Teacher of Illinois program.

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

Jelani Saadiq identified himself as the Director of Government Relations for Advance Illinois and addressed the Commission about the MTI and MAP programs. He explained the disparate impact of the teacher shortage on students of color. He expressed for support for MAP and MTI programs and highlighted the need for continued focus on preparing quality teachers in the State.

Chair Huber asked for a motion to allow Joe Orsolini 5 minutes to speak about the Educational Planning Services Consumer Protection Act.

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

Joe Orsolini identified himself as a private educational consultant and spoke about the Educational Planning Services Consumer Protection Act. He advised the Commission of the complexities

involved in financial planning for college. He expressed concern and frustration regarding the impact of the act on private educational consultants as well as on the families they serve.

Chair Huber noted that the Commission appreciated the comments and concerns of both speakers and would follow up with Joe Orsolini to further discuss the issues he raised.

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

The meeting adjourned approximately 2:30 p.m.

Respectfully submitted,

Lisa Murphy-Coveny