

AGENDA ITEM 2B.

**APPROVAL OF MINUTES OF THE JUNE 20, 2024
JOINT MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION AND
THE INVESTMENT COMMITTEE**

Submitted for: Action

Summary: This report includes the minutes of the joint meeting of the Illinois Student Assistance Commission and the Investment Committee held on June 20, 2024

Action requested: That the Commission approve the minutes of the June 20, 2024, Joint Meeting.

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

**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**

**June 20, 2024
1:00 p.m.**

COMMISSIONERS PRESENT:

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

COMMISSIONERS ABSENT:

James Hibbert, Commissioner, Investment Committee and IAP Member
Payton Ade, Student Commissioner

INVESTMENT COMMITTEE MEMBERS PRESENT:

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

STAFF PRESENT:

Eric Zarnikow, Executive Director
Carol Cook, Senior Advisor
Shana Rogers, Managing Director, RPPA
Rolake Adedara, Interim Chief Financial Officer
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
Dana Mills, Director, Appropriation and Compliance
Jackie Eckley, Asst Director, Program Communication Service

Michael Wilder, Network Technician/LAN Administrator
Lisa Murphy-Coveny, Interim General Counsel
Jacqueline Moreno, Chief Service Officer
Ellen Greenan, Deputy Director, MAP Forecasting and Analysis
Lini Varughese, Deputy Director, Finance and Accounting
Victoria Spivak, Director of Strategy, Research, and Impact
Vicki Baba, Director, Human Resources and Development
Lynne Baker, Managing Director, Communications
Lisa Schlessinger, Compliance Counsel
Phyllis Wiley, Procurement Officer

PUBLIC ATTENDANCE:

Brianne Weymouth, Callan LLC
Mena Enuenwosu, Women Employed
Eric Hiatt, University of Illinois

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

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the Open Meetings Act allows 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 noted that a quorum of Commissioner's in-person was required.

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.

Item 1. Announcements

Chair Huber announced that the next regularly scheduled meeting of the Commission is Thursday September 19, 2024, which will be held at ISAC's Springfield and Deerfield locations at 1:00 p.m. The Audit Committee meeting is scheduled to start at 11:00 a.m. and will be held in-person only at ISAC's Deerfield office.

He reminded the Commissioners to complete the Ethics Time Sheets and the Revolving Door Notice and Acknowledgment.

Item 2. Approval of Meeting Minutes (Action)

Item 2A. Approval of the Minutes of the April 18, 2024 joint Commission, Investment Committee, and Investment Advisory Panel Meeting (Action: Investment Committee)

Commissioner Huber **MOVED THAT** the Investment Committee approve the investment portion of minutes from the April 18, 2024, joint Commission, Investment Committee, and Investment Advisory Panel meeting. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Investment Committee.

Item 2B. Approval of the Minutes of the April 18, 2024 joint Commission Meeting (Action: Commission)

Commissioner Arrington **MOVED THAT** the Commission approve the minutes of the April 18, 2024, joint Commission meeting. Commissioner Dowling seconded the motion, which was unanimously approved by a vote of the Commission.

Item 2C. Approval of the Minutes of the April 22, 2024 special joint Commission and Investment Committee Meeting (Action: Investment Committee)

Commissioner Amos **MOVED THAT** the Investment Committee approve the investment portion of minutes from the April 22, 2024, joint Commission and Investment Committee meeting. Commissioner Huber seconded the motion, which was unanimously approved by a vote of the Investment Committee.

Item 2D. Approval of the Minutes of the April 22, 2024 special joint Commission and Investment Committee Meeting (Action: Commission)

Commissioner Dowling **MOVED THAT** the Commission approve the minutes from the April 22, 2024, joint Commission and Investment Committee 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 Amos **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 June 16, 2022, Joint Commission and Investment Committee meeting as at least 18 months has transpired since the completion of that meeting and 24 months has transpired since the web posting.

Commissioner Huber 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: Commission)

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

BE IT RESOLVED that the Commission approve the destruction of the verbatim record of the open session of the June 16, 2022, Joint meeting of the Commission and the Investment Committee meeting as at least 18 months has transpired since the completion of that meeting and 24 months has transpired since the web posting.

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

Item 4. Executive Director's Report (Information)

Mr. Zarnikow discussed the status of the impacts of FAFSA simplification on FAFSA completion rates and pointed out that completion rates are improving but that there are still hurdles that are impacting students and institutions from completing and processing FAFSA applications. He noted some of the efforts to address the issues.

Mr. Zarnikow summarized ISAC's recent attendance at a Midwest FAFSA Summit, and announced a grant that was awarded to ISAC by ECMC to encourage FAFSA completion workshops for students. He also shared that SHEEO produced a report on FAFSA simplification successes, and that Illinois was among one of four states that was highlighted for their best practices.

Mr. Zarnikow announced that ISAC is a sponsor of the Family Action Network, FAN, where all events are free and open to the public and publicized to the College Changes Everything network to encourage attendance. Mr. Zarnikow summarized some of the recent events, including one event that was hosted at ISAC's Deerfield office and highlighted another upcoming event that will be held in September.

Mr. Zarnikow stated that the ISAC internal financial statements through 4/30/24 appear in Section 4 of the agenda book.

Item 5. State Legislative Update (Information)

Mr. Zarnikow explained the changes in funding for the ECACE program. Mr. Zarnikow also highlighted the efforts to publicize the grant for exonerated persons. He noted the legislative expansion of the exonerated persons grant to provide for more opportunities for the grant to be utilized. There was discussion of additional outreach efforts to reach the eligible population.

Item 6. Approval of the Fiscal Year 2025 Monetary Award Program (MAP) Recompute Formula (Action: Commission)

Ms. Shana Rogers presented the proposed MAP recompute formula in the agenda book. She reviewed the summary on pages 6-1 through 6-8 of the agenda book.

Commissioner Sabens **MOVED THAT** the Commission approve the formula found in Table One, at the end of this item, as the FY2025 MAP Recompute Formula. This is the same as the FY2025 MAP Start-up Formula approved in September 2023, with some additional clarification made necessary due to FAFSA Simplification allowing for negative SAIs and parent contributions. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Commission.

Item 7. Approval of Institutional Application To Participate In ISAC Gift Assistance Programs -Methodist College (Action: Commission)

Ms. Carol Cook presented Methodist College's institutional application to participate in ISAC Gift Assistance Programs. She reviewed Methodist College's application and stated that they have met the eligibility requirements as required by the rules. Ms. Cook noted that Program Services staff recommends that the Commission approve Methodist's application.

There was a discussion regarding the funding based on the timing of the change of ownership at Methodist College.

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

BE IT RESOLVED that the Commission approves the application of Methodist College for continued participation in ISAC-administered gift assistance programs for which it is eligible, effective with the 2023-24 academic year with payment of awards to be subject to available funding.

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

Item 8. Approval of the Fiscal Year 2025 Internal Budget (Action: Commission)

As an introduction to the budget presentation, Mr. Zarnikow emphasized that the FY25 budget represents ISAC's goals, including the priorities of succession planning and investments in cyber security. He explained that actual spending is expected to be lower than the amounts reflected in the budget due to the need to have spending authority for any funds that may be received later in the year. Mr. Zarnikow explained the difference between an appropriation and the spending authority.

Ms. Adedara presented the FY25 proposed internal budget as highlighted in the agenda book on pages 8-1 through 8-10. She reviewed the FY24 Operational funding projection and then presented the FY25 agency funding summary. She explained the budget for each of the funds listed in the agenda item 8A-8D. She noted the challenges of predicting expenditures. She then presented the proposed expenditures.

Ms. Adedara discussed expected personnel costs, with a note that historically, actual amounts have typically been under budget. She highlighted the cost of succession planning and the transition of positions that had previously been paid from the Federal GEAR UP Grant. There was discussion over the attrition rates within the ISACorps and how the budget is calculated. Mr. Zarnikow emphasized that personnel costs are budgeted but there are separate approvals by the Executive Director each time someone is hired.

There was discussion about the projections and the ability to review the prior year's actual expenditures for comparison. There was discussion requesting future budget meetings to highlight which contracts are new and a discussion of the upcoming contract costs associated with cyber security and other IT endeavors to meet ISAC's changing needs.

Commissioner Dowling **MOVED THAT** the Commission approve the Fiscal Year 2025 budgets for the Illinois Student Assistance Commission (ISAC) General Funds, Student Loan Operating Fund (SLOF), Illinois Designated Account Purchase Program (IDAPP), College Illinois!® Prepaid Tuition Program, and the GEAR UP Grant as printed in the agenda book. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Commission.

Commissioner Arrington **MOVED THAT** the Commission approve the contracts listed in 8E of the Agenda Book. Commissioner Lopez seconded the motion, which was unanimously approved by a vote of the Commission.

Item 9. College Illinois! Prepaid Tuition Program Investments

Item 9A. Prepaid Tuition Program Update (Information)

Mr. Zarnikow provided an update on the plan, and noted that the program is currently fully-funded.

Item 9B. Investment Update (Information)

Mr. Rojas reviewed the College Illinois! fund risk profile and performance as of March 31, 2024 as provided in the Callan quarterly report and agenda book. In addition, he presented an update on the College Illinois! Prepaid Tuition Program portfolio managers as provided in the agenda book. Mr. Rojas also reviewed the Asset Allocation, Status Updates, and Search Update sections as shown in the agenda book.

Mr. Rojas noted that over the past few months, investment staff has successfully transitioned the College Illinois! Trust Fund investment portfolio to the new asset allocation policy targets that were approved at that special meeting of the Investment Committee and Commission, which took place on April 22, 2024. The goal of the new asset allocation approved was to significantly derisk the fund and locked in most of the liquid investments in risk free U.S. Treasury securities, which current yields exceed the projected actuarial rate of return assumptions over the life of the fund.

Item 9C. Approval of Changes to the Watch List (Action) –

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 also no recommendation from an Investment Committee member to add an investment manager to the watch list.

Item 9D. Compliance Review (Information)

Mr. Rojas presented the Compliance Review as provided in the agenda book. No issues or concerns were identified.

Item 10. ISAC Strategic Plan Update Presentation (Information)

Ms. Spivak presented a summary of the strategic plan, which includes 3 goals and 5 priorities. She then provided an overview on how the agency is moving forward to accomplish the plan, including focusing on 11 strategies during Fiscal Year 2025 and beyond. Ms. Spivak presented examples of how ISAC is accomplishing the strategies.

Mr. Zarnikow emphasized that this is a not a top-down effort, but instead a team effort that needs a rolling strategic plan that is continuous and adapts to the real environment at ISAC and externally.

Item 11. Audit Committee

Item 11A. Approval of the Fiscal Year 2025 Internal Audit Plan (Action: Commission)

Mr. Desai presented the proposed audit plan for FY25 as listed on page 11A-1 of the agenda book and explained the methods for developing the plan, which included discussions with external auditors.

Commissioner Arrington **MOVED THAT** the Commission review and approve the Fiscal Year 2025 Internal Audit Plan and approve the following resolution:

BE IT RESOLVED that the Commission approve the Fiscal Year 2025 Internal Audit Plan as recommended by the Audit Committee.

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

Item 11B. Audit Committee Update (Information)

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

Item 12. Public Comment

No requests for public comment were made.

Item 13. Closed Session

Commissioner Lopez **MOVED THAT** the Commission go into closed session to discuss a personnel matter and closed minutes as allowed by subsections 2(c)(1) and (21) of the Open Meetings Act. Commissioner Dowling seconded the motion, which was unanimously approved by a roll call vote of the Commission.

At approximately 3:28 p.m. the Commission went into closed session.

At approximately 3:56 p.m. the Commission returned to open session.

Item 14. Approval of Closed Session Items

Item 14A. Personnel Matter (Action: Commission)

Commissioner Sabens **MOVED THAT** the Commission approve a salary increase for Executive Director Zarnikow of 2.5% effective January 1, 2024, which is consistent with the increase ISAC staff received effective January 1, 2024. Commissioner Bullock seconded the motion, which was unanimously approved by a vote of the Commission.

Item 14B. Approval of the Closed Minutes of the April 18, 2024 Meeting & Approval to Open

Commissioner Lopez **MOVED THAT** the Commission approve the closed minutes of the April 18, 2024, closed session of the joint Commission, Investment Committee, and Investment Advisory Panel meeting, and determine that they be made open to the public. Commissioner Dowling seconded the motion, which was unanimously approved by a vote of the Commission.

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

The meeting adjourned at approximately 3:58 p.m.

Respectfully submitted,

Phyllis Wiley