

**AGENDA ITEM 2B.**

**APPROVAL OF MINUTES OF THE SEPTEMBER 19, 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 September 19, 2024

**Action requested:** That the Commission approve the minutes of the September 19, 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  
500 West Monroe, Springfield, IL**

**September 19, 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 Chair and Committee Member  
Thomas Dowling, Commissioner, Audit Committee Member  
Jonathon Bullock, Commissioner (*Springfield*)

**COMMISSIONERS ABSENT:**

Elizabeth Lopez, Commissioner, Vice Chair, Audit Committee Member  
Franciene Sabens, Commissioner  
Payton Ade, Student Commissioner  
Caleb Herod, 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

**STAFF PRESENT:**

Eric Zarnikow, Executive Director  
Shana Rogers, Managing Director, RPPA (*Springfield*)  
Ellen Greenan, Deputy Director, MAP Forecasting and Analysis, RPPA (*Springfield*)  
Kishor Desai, Chief Internal Audit Officer  
Roger Rojas, Director of Investments  
Harikumar Pillai, Chief Information Officer  
Rolake Adedara, Interim Chief Financial Officer  
Stephanie Schmitz-Bechteler, Managing Director, Program Services & Compliance  
Natalie Wandall, Secretary to Commission

Michael Wilder, Network Technician/LAN Administrator  
Lisa Schlessinger, Compliance Counsel  
Kathryn Cataldo, Attorney  
Lisa Murphy-Coveny, Interim General Counsel  
Victoria Spivak, Director of Strategy, Research, & Impact  
Tiara Woods, Interim Human Resources and Development Department Director  
Paul Oliver, IL Gear Up  
Dana Mills, Director, Appropriation and Compliance  
Lini Varughese, Deputy Director, Finance and Accounting  
Jacqueline Benitez, Manager, Finance and Accounting  
Stephanie Luna, Office Specialist  
Manju Thomas, Office Specialist

**PUBLIC ATTENDANCE:**

James O'Connor, Callan LLC  
Eric Hiatt, University of Illinois (*Springfield*)  
Rosario Hernandez, Latino Policy Forum  
Lisa Smith, Moody Bible Institute  
Lisa Kailson, Moody Bible Institute  
Brett Mitchell, Moody Bible Institute  
Gerson Ramirez, Advance Illinois  
Mena Enuenwosu, Women Employed  
Karen Yarbrough, UIC  
Leslie Layman, National Louis University  
Marie Donovan, DePaul University

The joint meeting of the Illinois Student Assistance Commission and the Investment Committee was called to order at 1:06 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 locations were open to the public. He reminded that we need a quorum of Commissioners in-person to be able to continue.

He also announced to the Commissioners that the Governor has appointed Caleb Herod as a new commissioner, subject to confirmation by the Illinois Senate. Mr. Zarnikow advised the commission of Mr. Herod's background and qualifications.

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.

Chair Huber confirmed his ability to hear the meeting and be heard by those in attendance.

### **Item 1. Announcements**

He announced that the next regularly scheduled meeting of the Commission is Thursday, December 5, 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 pm. He reminded the board to record and submit the hours they spent on commission business on the required "Ethics Time Sheet."

### **Item 1A. Approval of the Commission's tentative 2025 meeting dates and locations (Action: Commission)**

Chair Huber reviewed the tentative dates of the Commission meetings for 2025.

Commissioner Hibbert **MOVED THAT** the Commission approve the Commission's tentative 2025 meeting dates and locations. Commissioner Arrington seconded the motion, which was unanimously approved by a vote of the Commission.

### **Item 1B. Approval of the Investment Committee's tentative 2025 meeting dates and locations (Action: Investment Committee)**

Commissioner Hibbert **MOVED THAT** the Investment Committee approve the Investment Committee's tentative 2025 meeting dates and locations. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Committee.

**Item 2A. Approval of the investment portion of the minutes of the June 20, 2024 Commission and Investment Committee Meeting (Action: Investment Committee)**

Commissioner Amos **MOVED THAT** the Investment Committee approve the minutes of the June 20, 2024, Investment Committee meeting. Commissioner Huber seconded the motion, which was unanimously approved by a vote of the Committee.

**Item 2B. Approval of the Full Minutes of the June 20, 2024 Joint Commission and Investment Committee Meeting (Action: Commission)**

Commissioner Dowling **MOVED THAT** the Commission approve the full minutes of the June 20, 2024 joint meeting of the Commission and Investment Committee. Commissioner Bullock seconded the motion, which was unanimously approved by a vote of the Commission.

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

**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 open session of the September 22, 2022 meeting as at least 18 months have transpired since the completion of that meeting and almost 24 months have transpired since the web posting. The destruction will take place after September 22, 2024.”

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: 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 September 22, 2022 meeting as at least 18 months have transpired since the completion of that meeting and almost 24 months have transpired since the web posting. The destruction will take place after September 22, 2024.”

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

**Item 9. Public Comment**

Because there were a number of people at the meeting who wanted to make public comment about the ECACE program, the public comment item was moved up in the agenda.

Before public comment began, Mr. Zarnikow made remarks about the changes in funding for the ECACE program. Several advocates for the program were present in the audience to advocate for the program.

Gerson Ramirez, Senior Government Relations Associate, Advance Illinois, made comments in support of the ECACE program and made a plea for ISAC to request \$20 million in funding for the program in FY26 to increase access to the scholarship.

Karen Yarbrough, University of Illinois Chicago, Director of Policy and Strategy for Early Childhood Education Educational Psychology, made comments in support of the ECACE program and spoke regarding the negative impact of the loss of scholarship funding on early childhood education and on early childhood education students.

Rosario Hernandez, Education Policy Analyst, Latino Policy Forum, made comments in support of the ECACE program and spoke regarding the positive impact of the program on higher education in the Latino community, as well as the destabilizing impact of the loss of scholarship funding on early childhood education students.

Leslie Layman, Director of Strategic Initiatives, McCormick Institute for Early Childhood at National Louis University, made comments in support of the ECACE program and described the impact of the changing ECACE program criteria on early childhood education students.

Marie Donovan, Director of Teacher Preparation in Early Childhood Education, DePaul University, made comments in support of the ECACE program and requested that ISAC expand the eligibility criteria for the ECACE program, as well as to advocate for increased funding for early childhood education students.

**Item 6. Approval of Institutional Application to Participate in ISAC Gift Assistance Programs Moody Bible Institute (Action: Commission)**

Because there was someone from Moody Bible Institute at the meeting who wanted to address agenda item number 6, it was moved up in the agenda.

Stephanie Schmitz-Bechteler spoke regarding Moody Bible Institute's application to participate in ISAC gift assistance programs, indicated that Moody Bible Institute has met the eligibility criteria to participate in such programs, and recommended approving such participation on a provisional basis.

Before the Commission moved to vote on this item, a member of the Moody Bible Institute made public comment.

Lisa Smith, Program Head and Assistant Professor of Elementary Education, Moody Bible Institute, spoke on behalf of Moody Bible Institute, and made comments including the history of Moody Bible Institute, its academic offerings, its positive impact on students and the community, service opportunities, and profiles of alumni, and thanked the Commissioners for their consideration.

Commissioner Amos **MOVED THAT** the Commission approve the application of Moody Bible Institute to participate, on a provisional basis, in ISAC-administered gift assistance programs for

which it is eligible, effective with the 2025-2026 academic year, with payment of awards to be subject to available funding. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

#### **Item 4. Executive Director's Report (Information)**

Mr. Zarnikow introduced Rolake Adedara, Interim Chief Financial Officer, who spoke regarding the financial information on pages 4-1 through 4-7 in the Commission meeting book. There was discussion regarding some of the line items in the budget including the program to pay for test preparation services for students at public universities and the NDIGO grant. There was further discussion regarding the contract to update the agency website.

Mr. Zarnikow stated that some ECACE program eligibility criteria changed when the federal grant ended and the State appropriated funding for the program. There were many discussions with various stakeholders regarding eligibility.

Mr. Zarnikow indicated that there will be upcoming beta tests for the FAFSA application and there was discussion regarding the expectations for the upcoming FAFSA cycle.

Mr. Zarnikow announced Vicki Baba's retirement and introduced Tiara Woods as the interim head of the Human Resources and Development Department. Multiple long-term employees have retired recently. He thanked so many employees for their long-term service and noted that ISAC's succession planning is ongoing.

#### **Item 5. Monetary Award Program (MAP) Start-Up Formula (Action: Commission)**

Shana Rogers discussed the MAP start-up formula agenda item and requested that the Commission approve the MAP start-up formula for the upcoming year. Fiscal Year 24 is the first year in 10 years when there was a higher volume of eligible applicants. Fiscal Year 25 application volume is expected to exceed Fiscal Year 24.

Commissioner Dowling **MOVED THAT** the Commission approve the MAP formula found in Table One of the agenda, as the Fiscal Year 2026 MAP start-up formula, which is the same as the Fiscal Year 2025 MAP Recompute Formula that was approved at the June 20, 2024 Commission Meeting. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Commission.

#### **Item 7. College Illinois! Prepaid Tuition Program Investments**

Mr. Rojas reviewed the College Illinois! prepaid tuition program investment information.

#### **Item 7A. Investment Update (Information)**

Mr. Rojas noted that after reviewing that projected risk analysis on page 35 of the Callan report, he requested a custom projection which resulted in the asset allocation listed on page 37 of the Callan report. He reviewed and explained the overall fund performance. There was discussion regarding the approved targets and the investments in infrastructure.

He highlighted the status of the asset classes on pages 7A-3 and 7A-4 of the agenda book noting the goal of minimizing exposure.

He explained that the fund had been transitioned to the new asset allocation approved by the board. He pointed out the ongoing work with the non-liquid assets. He provided the status updates regarding the laddered portfolio of U.S. Treasury securities and the benefits resulting from the boards quick action in April of 2024. There was discussion regarding the schedule for rebalancing.

**Item 7B. Appointment of Investment Advisory Panel Members (Action: Commission)**

Mr. Rojas advised that the Panel is composed of 7 members, appointed in various ways. Each panel member serves a 3-year term and must have skill in a specific area of expertise.

Commissioner Huber **MOVED THAT** the Commission approve the re-appointment of Mr. James Hibbert to the College Illinois! Investment Advisory Panel for a term expiring November 19, 2027. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Commission.

Commissioner James Hibbert **MOVED THAT** the Commission approve the appointment of Mr. Patrick Corcoran, who is recommended by the State Comptroller, to the College Illinois! Investment Advisory Panel for a term expiring November 19, 2027. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Commission.

**Item 7C. Approval of Changes to the Watch List (Action: Investment Committee)**

Mr. Rojas reviewed investment information as shown on pages 7C-1 through 7C-3 of the Agenda Book. Mr. Rojas stated that staff is not recommending any changes at this time.

No motion was made for changes to the watch list.

**Item 7D. Investment Policy Indices Proposal (Action: Investment Committee/Commission)**

Mr. Rojas advised that staff is requesting to change benchmarks as shown on pages 7D-1 and 7D-2.

Commissioner Hibbert made a comment that ISAC must change the benchmark due to a duration mismatch between the old benchmark and the maturities of the ladder of U.S. Treasury securities.

Commissioner Hibbert **MOVED THAT** the Investment Committee recommend to the full Commission the full approval of investment staff updates to page 11 of the Statement of Investment Policy with the new Cash asset class benchmark noted in the memorandum. Commissioner Huber seconded the motion, which was unanimously approved by a vote of the Committee.

Commissioner Hibbert **MOVED THAT** the Commission approve the updates to page 11 of the Statement of Investment Policy with the new Cash asset class benchmark noted in the memorandum, and as recommended by the investment staff and the Investment Committee. Commissioner Arrington seconded the motion, which was unanimously approved by a vote of the Commission.



**Item 7E: Experience Study Memorandum (Information)**

Mr. Rojas reviewed the Experience Study on page 7E-1. The results of the study were very positive, and the funded status of the plan is expected to improve as of June 30, 2024.

Mr. Zarnikow noted that the risk that the fund would need additional funding from the state at a future date has been dramatically reduced. There was discussion regarding the process for closing out the program, the use of any conceivable excess funding, the possibility, and challenges of re-opening the program.

**Item 7F: Compliance Review (Information)**

Mr. Rojas presented the compliance memorandum on page 7F-1 and highlighted the decrease in fund expenses.

**Item 7G: Prepaid Tuition Program Update (Information)**

Mr. Rojas provided information regarding the prepaid tuition programs.

**Item 8. Audit Committee Update (Information)**

Commissioner Arrington provided an update on the items covered in the Audit Committee meeting that had taken place earlier in the day.

**Continuation of Item 9. Public Comment**

No additional public comment was requested.

**Item 10. Closed Session: Closed Minutes and Personnel Evaluation (Action: Commission)**

Commissioner Dowling **MOVED THAT** the Commission go into closed session to discuss closed minutes, litigation and personnel matters as allowed by subsections 2(c)(21),2(c)(11) and 2(c)(1) of the Open Meetings Act. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

At approximately 3:08 p.m. the Commission went into closed session.

At approximately 3:45 p.m. the Commission re-entered open session.

**Item 11. Approval of Closed Session Items.**

**Item 11A. Approval of Salary Increase for Executive Director (Action: Commission)**

Chair Huber indicated that the performance of Executive Director Zarnikow is very strong, and he received excellent ratings and comments from both the Commissioners and his team. He noted that he had discussed with Mr. Zarnikow, areas for potential improvement that were noted in the evaluation process. It was a very robust evaluation process.

Commissioner Arrington **MOVED THAT** the Commission approve a salary increase for Executive Director Eric Zarnikow of 4.00%, effective July 1, 2024, which is the same percentage increase that was given generally to ISAC employees effective July 1, 2024. Commissioner Hibbert seconded the motion, which was unanimously approved by a vote of the Committee.

**Item 11B. Approval of Closed Minutes of the June 20, 2024 Joint Commission and Investment Committee Meeting and to be Opened to the Public (Action: Commission and Investment Committee)**

Commissioner Amos **MOVED THAT** the Commission approve the closed minutes of the June 20, 2024 closed session of the joint Commission and Investment Committee Meeting and determine that they be made open to the public. Commissioner Arrington seconded the motion, which was unanimously approved by a vote of the Commission.

Chair Huber **MOVED THAT** the Investment Committee approve the closed minutes of the June 20, 2024 closed session of the joint Commission and Investment Committee Meeting and determine that they be made open to the public. Commissioner Amos seconded the motion, which was unanimously approved by a vote of the Investment Committee.

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

The meeting adjourned at approximately 3:47 p.m.

Respectfully submitted,  
Kathryn Cataldo