

**MINUTES OF A MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
September 19, 2003
College of Lake County
Grayslake, Illinois**

COMMISSIONERS PRESENT: J. Robert Barr, Chairman
Pauline Betts
Robert Casey
Mary Ann Louderback
C. Richard Neumiller
Hugh VanVoorst
Gretchen Winter

COMMISSIONERS ABSENT: William J. Hocter
Christopher Kurczaba

STAFF PRESENT: Larry E. Matejka, Executive Director
Kathy Rooney, Deputy Executive Director
Marcia Thompson, Chief Financial Officer
John Jennetten, Chief Program Officer
Tom Sakos, IDAPP
Peter Xilas, IDAPP
Sheila Bourque, Chief Information Officer
Angela Dixon, Information Services
Tom Breyer, Deputy Program Officer
Randy Erford, *College Illinois!*
Nancy Stephens, *College Illinois!*
Susan Kleeman, RPPA
Kris Smith, RPPA
Joanne Tolbert, Director, HRD
Karen Salas, General Counsel
Sam Nelson, Client Relations
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Peggy Osterman, Chapman and Cutler
William Price, Bell, Boyd & Lloyd
Joseph Starshak, Starshak Welnhofner & Company
Mary Ruth Thompson
Larry White, Chapman and Cutler

Agenda Item 1. Announcements

The Chairman called the September 19, 2003 meeting to order at 9:04 a.m., noting that a quorum was present and that Commissioner Casey would be connected by phone. It was noted that the next regularly scheduled meeting of the Commission was scheduled to be held on Friday, November 14.

The Chairman thanked the staff of the College of Lake County (CLC) for hosting the meeting and introduced the Executive Vice President for Educational Affairs, Dr. Russell Peterson. Dr. Peterson welcomed the Commission on behalf of the President of CLC, who was out of town. He spoke to the growth the college has been experiencing and the pivotal role that ISAC plays in enabling students to enroll at CLC, by providing the institution's students with the financial aid they need to pay for college.

After thanking Dr. Peterson, the Chairman asked Commissioners to review the proposed 2004 meeting schedule that had been distributed. It was noted that the intent was to adopt a finalized schedule at the next meeting. Continuing, the Chairman noted that the agenda for the meeting included Item 9, which deals with the appropriated funds budget request for FY2005. He noted that action on this item would be deferred, in accordance with the revised budget schedule adopted by the Illinois Board of Higher Education.

It was noted that Commissioner Hocter was quite ill, and the Chairman asked that staff and board members keep Mr. Hocter in their prayers. It was further noted that the term of student Commissioner Kevin O'Kelly had expired effective June 30, 2003. The Chairman spoke positively regarding the contributions made by Mr. O'Kelly. The following resolution was presented in his honor:

WHEREAS Mr. Kevin O'Kelly was appointed Student Commissioner for the Illinois Student Assistance Commission as of June 2002, serving through June 2003; and

WHEREAS Mr. O'Kelly honored his commitment to the Commission while attending Northern Illinois University and pursuing a degree in economics; and

WHEREAS Mr. O'Kelly also contributed his time and talents to serving as Student Body President while enrolled at the College of DuPage, serving as Vice Chairman of the Illinois Board of Higher Education Student Advisory Committee, and serving as Vice Chairman of the Budget Subcommittee of the said committee; and

WHEREAS Mr. O'Kelly consistently and strongly advocated for student aid programs, especially need-based aid, on behalf of the diverse population of Illinois students; therefore

BE IT RESOLVED that the Commission members and staff recognize and honor Mr. O'Kelly for his service to the families and students of Illinois through his commitment to the Illinois Student Assistance Commission.

Ms. Winter **MOVED THAT** the resolution be adopted. Mr. Neumiller seconded the motion, which was adopted unanimously.

Mr. Matejka presented a resolution honoring Mr. Silas Purnell, who through his work at the Ada S. McKinley Foundation, devoted a large portion of his adult life to helping low-income/minority students obtain access to and pay for postsecondary education. Mr. Matejka observed that the General Assembly recently recognized Mr. Purnell's achievements by passing legislation renaming the Illinois Incentive for Access (IIA) program to the Silas Purnell Illinois Incentive for Access program. With that, the following resolution was read into the record:

WHEREAS Mr. Silas Purnell has long been recognized throughout the nation, as well as Illinois, as a leading advocate for ensuring that postsecondary education is accessible for minority and low-income students; and

WHEREAS Mr. Purnell began his dedication to minority youth and their education by volunteering for the Ada S. McKinley Community Services, Inc., in 1966 and soon afterwards, established and directed the foundation's Educational Services Division and Talent Search program; and

WHEREAS Mr. Purnell served the Ada S. McKinley Community Services, Inc. for 34 years, basing his operations in a basement level unit in the Dearborn Homes public housing development on Chicago's South Side; and

WHEREAS Mr. Purnell instituted a strong and effective program to get minority youth off the streets, encourage them to finish high school, and counsel and support their efforts to enroll in college – all of which helped over 50,000 young African-American men and women enroll in over 200 colleges and universities throughout the country; and

WHEREAS Mr. Purnell's untiring resolve to turn untapped potential into successful reality evolved into requesting scholarship money from colleges and universities, petitioning local businesses for donations, and even utilizing his own money to help a student pay for books, bus fare, or a pair of eyeglasses; and

WHEREAS Mr. Purnell's personal commitment to ensuring that no student be denied access to postsecondary education due to lack of financial resources reflects the very reason that the Illinois Student Assistance Commission exists; therefore

BE IT RESOLVED that the members and staff of the Illinois Student Assistance Commission extend to Mr. Silas Purnell their respect, admiration, and gratitude for his constant and passionate advocacy for the pursuit of education for minority youth; and

BE IT FURTHER RESOLVED that the Commission members and staff recognize and honor Mr. Purnell through their support of Public Act 93-455, which not only increases the amount of grant aid awarded to low-income students through the Illinois Incentive for Access Grant program, but also acknowledges Mr. Purnell's lifelong passion by renaming the existing program, now to be known as the Silas Purnell Illinois Incentive for Access Grant.

Ms. Betts **MOVED THAT** the resolution be adopted. Ms. Louderback seconded the motion, which was adopted unanimously.

Agenda Item 2. Minutes of the June 23, 2003 and July 10, 2003 Meetings

It was noted that the minutes of the two prior meetings had been distributed to Commissioners in advance of the meeting. Ms. Winter referenced a statement included in the minutes of the June 23, 2003 meeting on page 2-7 regarding the effort underway to update the agency's internal operating rules. As presented, this particular portion of the minutes suggested that the Chairman deferred to her request to take on this project, to work with staff to update the internal rules. Ms. Winter suggested that it would be more accurate to state that she had volunteered and had also responded to the request of the Chairman.

The Chairman acknowledged the remarks of Ms. Winter, who **MOVED THAT** the minutes as corrected be approved. Mr. Van Voorst seconded the motion, which was adopted without dissent.

The minutes of the July 10, 2003 meeting were presented for review and consideration. Ms. Betts **MOVED THAT** the proposed minutes be approved as submitted. Mr. Neumiller seconded the motion, which was approved unanimously.

Agenda Item 3. Executive Director's Report

Presenting his report, Mr. Matejka asked if there were any questions regarding the state legislative update. A question was raised by Ms. Winter regarding Public Act 93-499, which deals with Internet posting of information on the performance of publicly invested funds. She asked for additional information

Ms. Lori Reimers, ISAC Director of State Relations, explained that the Act in question takes effect January 1, 2004. She noted that staff has concluded that the law would apply to both IDAPP and *College Illinois!* Steps are being taken by both areas to ensure compliance. In response to a question from Ms. Winter, Ms. Reimers confirmed that the information was to be posted on the agency's Web site rather than a centralized, statewide site.

Mr. Matejka wrapped up the state legislative portion of his report by commenting on bills to be considered during the fall veto session. This includes the action taken by the General Assembly to decrease Monetary Award Program (MAP) funding for fifth-year students, and the legislation aimed at increasing IDAPP's debt-issuing authority. With respect to the latter, he noted that all bond-issuing authorities had been treated the same during the spring legislative session; in no way had IDAPP been singled out.

With respect to federal legislative matters, Mr. Matejka emphasized the significance of the impending reauthorization of the Higher Education Act, particularly with respect to the student loan programs. He then acknowledged that while the process is scheduled to occur every five years, circumstances such as the war in Iraq and other major issues can interfere with that schedule. Delays are common.

Continuing, Mr. Matejka noted that the agency had experienced a very high demand for the majority of its scholarship and grant programs this past year. To date, virtually 100 percent of the appropriations for the following programs have been expended: MAP, Illinois Incentive for Access Grants, Student-to-Student Matching Grants, College Savings Bond Bonus Incentive Grants, Merit Recognition Scholarships, National Guard Grants, and Illinois Veteran Grants. He noted that with respect to the two entitlement programs, spring claims had to be pro-rated, as was the case with the Student-to-Student Matching Grants program.

On a final note, Mr. Matejka acknowledged two guests in the audience, the first one being Mr. Tom Wenman, who worked at ISAC for years, providing exemplary service in both the Client Services and Federal Relations divisions. He also introduced Mrs. Mary Ruth Thompson, mother of ISAC's Chief Financial Officer, Marcia Thompson.

At this point, a presentation was made introducing College Zone, the agency's new approach to information and outreach services for students and families, which includes our new Web site, collegezone.com. Dr. John Jennetten made some opening remarks explaining the objectives staff hoped to achieve with the new Web site, and then introduced Ms. Angela Dixon, who was centrally involved in the development of the site. Ms. Dixon provided a brief overview of College Zone and a demonstration of what was offered on the new Web site. Prior to closing the discussion on this item, Mr. Matejka introduced and acknowledged Ms. Sheila Bourque, ISAC's Chief Information Officer, thanking her not only for her work on College Zone, but for her extraordinary commitment to the agency as well.

Agenda Item 4. IDAPP Demand Student Loan Revenue Notes/Liquidity Facilities

No action was required on this item.

Agenda Item 5. IDAPP's Quarterly Investment Report

The Chairman noted that this represented an information item only, and is presented quarterly in accordance with the IDAPP Investment Policy. No questions were raised.

Agenda Item 6. Issuance of Student Loan Revenue Bonds

The Chairman began the discussion of this item by explaining that the underwriting team from UBS had planned on being in attendance but their flight from New York was cancelled due to weather conditions. It was noted that bond counsel from Chapman and Cutler was available to respond to any technical questions Commissioners might have, as were IDAPP Director Tom Sakos and IDAPP Chief Financial Officer Pete Xilas. It was further acknowledged that the Commission was being asked to approve the 2003 Supplemental Resolution Providing for the Sale and Issue of Student Loan Revenue Bonds Senior Series III, Taxable Student Loan Revenue Bond Senior Series IV and Taxable Student Loan Revenue Bonds Subordinate Series V for the Illinois Student Assistance Commission.

A question was raised by Mr. Neumiller regarding the advisability of incorporating the last sentence on page 6-2, regarding staff's recommendation that the bonds be rated by two rating agencies, into the motion considered and approved by the Commission. While indicating that he did not feel such action was necessary, the Chairman welcomed comments from other Commissioners and indicated that he personally saw no harm in amending the motion as suggested.

Ms. Winter indicated that she had planned on raising a similar question, and also asked for staff to comment on the status of the efforts underway to secure state approval from the Governor's Office. It was explained that the Governor's Office had been notified and that staff normally receives the requisite response right about the time the bond issue is being finalized. In this case, it was noted, that is likely to occur sometime around October 2, 2003. Feedback received from the Governor's Office to date suggests that there is no reason to anticipate a problem; approval is anticipated.

Mr. Neumiller **MOVED THAT** the following resolution be adopted:

"BE IT RESOLVED that the Illinois Student Assistance Commission approves the 2003 Supplemental Resolution providing for the sale and issue of Student Loan Revenue Bonds, Senior Series III, Taxable Student Loan Revenue Bonds, Senior Series IV, and Taxable Student Loan Revenue Bonds, Subordinate Series V, of the Illinois Student Assistance Commission and authorizing the execution and delivery of a Bond Purchase Agreement, an Official Statement, and certain other agreements in connection therewith and providing for the redemption of the outstanding Student Loan Revenue Bonds, Senior Series BB, of the Commission; and

"BE IT RESOLVED that the Commission further delegates the authority to take certain actions and to make certain determinations as provided in such 2003 Supplemental Resolution with respect to such documents to the Chairman or, if so designated by the Chairman, the Executive Director of the Commission; and

"BE IT RESOLVED that staff be authorized to seek ratings on the Bonds from Fitch Inc. and Moody's Investor Service; and

“BE IT FURTHER RESOLVED that this Resolution authorizes the issuance of Bonds in the aggregate principal amount of not to exceed \$350,000,000.”

Ms. Winter seconded the motion, which was adopted unanimously.

Agenda Item 7. IDAPP Bank Accounts

It was noted that the staff-requested action to open these accounts was being done pursuant to commitments made in the loan purchase agreements signed with these banks.

Ms. Betts **MOVED THAT** the Commission approve the creation of bank accounts at Albany Bank and Guaranty Bank, with the current IDAPP signatories being the approved signatories on these accounts.

Ms. Winter seconded the motion, which was approved without dissent. In response to a follow-up question, it was noted that the current IDAPP signatories are Tom Sakos, Pete Xilas and Mr. Matejka. It was suggested that it might be helpful to identify the signatories in any such documents presented to the Commission in the future.

Agenda Item 8. Final Report and Recommendation of the Committee On Affordability

The Chairman explained that this item entails action on the report prepared by the joint ISAC/IBHE Affordability Committee, which was assembled roughly a year ago to follow up on and update the work done by a similar committee in 1994. He noted that he had co-chaired the committee with Robert English of IBHE, and that the membership had included an equal number of members from both IBHE and ISAC. The final report had been presented to the Commission and discussed at the previous meeting. Since that time, IBHE had considered the report; only one amendment of any significance was adopted, and the report was approved as amended. The amendment in question affects recommendation #17 of the Affordability Committee and is highlighted on page 8-1 of the agenda book.

As originally drafted, the Chairman explained, the section amended essentially stated that in funding higher education in Illinois, MAP should be the highest priority when it comes to allocating new dollars, with the objective being to enhance affordability and facilitate efforts among low-income students to access and complete their postsecondary studies. He noted that some of the universities expressed concern with the proposed wording, suggesting that as written, it might lead one to believe that MAP was basically the only priority when it came to higher education funding. After considerable discussion, the following two additional sentences were added to recommendation #17:

In addition, the committee recognizes that maintaining a stable base of state support for institutional operating costs also helps to maintain an affordable system of higher education in Illinois. Thus, stable institutional funding should also be a high priority for the State.

As thus amended, the recommendations of the committee were approved by IBHE. Continuing, the Chairman noted that this is more than just a feel-good report, emphasizing that once adopted, it requires very specific action not only by IBHE, but by ISAC, the State Board of Education, the universities, community colleges and elementary and secondary schools as well.

At the Chairman’s request, Mr. Matejka spoke to some of the specifics in the report, highlighting the attention given to students who require more than four years to complete their undergraduate studies. From these discussions, ISAC staff developed some proposed changes to the MAP program, to move toward assessing eligibility usage on the basis of credit hours rather than the traditional approach of

eligibility units, with the notion of more accurately linking MAP charges to the actual enrollment status of the eligible recipient. He suggested that the change being proposed in the report would help students who are likely to utilize all their benefits before they have completed their undergraduate degree studies. In essence, what is being proposed is that students be MAP-eligible for up to 4.5 years rather than only 4 years.

Mr. Neumiller, who served on both the 1994 and current Affordability Committees, commented, applauding the efforts that have been made to address the recommendations advanced. He also emphasized the importance of increasing the maximum award and ensuring that the State does not fall behind in this area. In concluding his remarks, he praised both Chairman Barr and Dr. English of IBHE for the outstanding work they did in conjunction with the Affordability Committee.

Following up on that point, the Chairman thanked Mr. Neumiller for his contributions both in 1994 and this past year, and also acknowledged the contributions made by former Commissioners Claudia Freed and Odell Hicks, and student Commissioner Kevin O’Kelly. He also expressed appreciation for the work done by the staff involved, including Sheila Pruden and the IBHE staff.

Mr. Neumiller **MOVED THAT** the Commission approve the final report and recommendations of the joint IBHE/ISAC Committee on Affordability. Ms. Winter seconded the motion, which was approved without dissent.

Agenda Item 9. FY 2005 Appropriated Funds Budget Request

As noted at the onset of the meeting, consideration of this item was deferred until a later date, in accordance with the revised budget schedule adopted by IBHE.

Agenda Item 10. FY2004 Monetary Award Program Status Report and Approval of MAP and IIA Payment Claim Deadline Dates

In his comments on this item, Mr. Matejka made note of where the volume increases in MAP and IIA were greatest in FY2004. He pointed out the significant increase in the community college sector. Continuing, he added that staff was requesting at this time that the Commission approve the 2004 priority payment claim deadline dates as proposed on page 10 of the agenda book.

Ms. Louderback **MOVED THAT** the Commission approve the proposed FY2004 priority payment claim deadline dates for MAP and IIA as listed below:

<u>Term</u>	<u>Deadline</u>
1st semester or quarter	January 16, 2004
2nd semester or quarter	April 9, 2004
2nd semester starting after 2/15/04	June 11, 2004
3rd quarter	June 11, 2004

Ms. Betts seconded the motion, which was approved unanimously. In response to a question from Ms. Winter, there was a brief discussion regarding the priority sequence in which claims would be paid, based on the language of the resolution.

Agenda Item 11. College Illinois! Contract Prices and Fees for 2003-2004 Enrollment Period

After being acknowledged by the Chairman, *College Illinois!* Director Randy Erford introduced the item, emphasizing upfront that the program's actuaries have concluded that the program is in a much stronger position financially relative to where it stood last year at this time. He commented favorably upon the number of contracts sold in the most recent enrollment period, emphasizing the positive financial impact of the increase in contract sales.

On a related matter, he also expressed his dissatisfaction with some of the program's investment managers, indicating that he felt that they needed to demonstrate improvement both in terms of absolute performance and relative to the appropriate benchmarks. Toward that end, he indicated, staff has selected a new Investment Consultant, Marquette Associates of Chicago. It was noted that Mr. Pat Krolak of Marquette was available to speak with Commissioners. It was further noted that the program's Investment Advisory Panel has been actively involved in the process of evaluating the performance of existing investment managers, with Mr. Erford emphasizing how helpful their feedback has been.

With regard to pricing for the upcoming enrollment period, Mr. Erford noted that at the Chairman's request, Commissioners had been provided with some additional documentation, including a comparison of the pricing recommended for 2003-2004 year versus the prices adopted last year, for the 2002-2003 enrollment period. Also furnished was data regarding tuition increases at public universities this past year, as well as tuition increases adopted at other institutions in Illinois.

Continuing, Mr. Erford noted that staff is recommending that contract prices for the agency's prepaid tuition program be increased for the 2003-2004 enrollment period by an average of roughly 12 percent at public universities, and roughly 8 percent for community colleges. For combination contracts, staff was recommending an increase of 11 percent.

In explaining the proposed increases, Mr. Erford emphasized the need to keep pace with the tuition increases that have occurred throughout the public sector in the past year. It was further noted that a modest premium of roughly 2.5 percent was built into the prices to help ensure financial stability. With respect to program fees, he observed that some modest increases were being proposed to fees that have remained constant since the program's inception. The proposed increases impact application fees, monthly late fees and NSF fees, and have been determined to be in line with both the program's peers and the financial services industry.

There was a brief discussion regarding how the increases proposed by staff for the Illinois program compared with those being proposed in other states. It was noted that a good number of states had not yet taken action on pricing, that other states were in the position of having to adopt steeper increases due to institutional tuition hikes, and that several states were now inclined to charge premiums such as those adopted by ISAC, in order to solidify their financial position.

Ms. Louderback **MOVED THAT** the Commission approve the schedule of proposed *College Illinois!* contract prices for the 2003-2004 enrollment period as set forth in Table A, page 11-7 of the agenda book, and the proposed schedule of 2003-2004 fees and charges, as set forth in Table B of the agenda book, on page 11-8.

Ms. Betts seconded the motion.

In response to a question from Ms. Winter, Mr. Erford spoke to state legislation being considered in connection with *College Illinois!* It was noted that the one initiative aimed largely at enhancing program affordability by providing purchasers with more payment options had been approved by the

General Assembly. It was further observed that another bill, which would provide a tax deduction for program participants, was expected to be acted upon during the fall veto session.

The motion was approved without dissent.

Agenda Item 12. College Illinois! Investment Performance Report

Referencing Mr. Erford's comments earlier regarding the performance of the program's investment managers, the Chairman indicated that he shared these concerns and was certain that other Commissioners did as well. Mr. Pat Krolak of Marquette Associates, the newly appointed Investment Consultant for *College Illinois!*, was introduced. It was noted that the manner in which Marquette prepared the Investment Performance Report was somewhat different than the approach utilized by the previous investment advisory firm.

Mr. Krolak provided a brief overview of the information provided in the report, commenting on the performance of the various investment management firms and indicating how that performance compared with the relevant benchmarks. The Chairman complimented Mr. Krolak on both his presentation and the format of the report, noting that it represented a significant improvement over the reports presented to the Commission in previous years. He also applauded the emphasis Mr. Krolak accorded to taking a harder line with firms that were underperforming. It was noted that Osprey Partners has been asked to address concerns about their performance and depending upon the response, may be subject to termination.

Ms. Louderback expressed concern regarding the performance of the investment managers, suggesting that she was disinclined to make excuses for non-performers. She echoed a comment made by the Chairman regarding the need to take a tougher stand on these matters, and make sure in no uncertain terms that these companies understand that there are plenty of other investment firms out there who would jump at the chance to have this business and that the Commission and staff would not tolerate bad management.

Mr. Krolak responded by indicating that he agreed with her perspective and emphasized that Marquette is strongly committed to oversight and ensuring that firms understand and meet performance expectations. He noted that the existing firms have been advised that improved performance is a necessity if they wish to be retained. In response to a question from Ms. Louderback, he indicated that in the case of Osprey – the firm of greatest concern at this time – it had been decided that a decision would be made following a meeting scheduled for October 9, 2003. There was a brief discussion regarding soft dollar trading policies and the need for Osprey to more completely disclose how this factored into their investment style. It was noted that Osprey's percentage of soft dollar trades had increased substantially and is now more than double the industry average.

In response to a question from Ms. Winter, Mr. Krolak spoke to the evaluation process used by Marquette when assessing the performance of investment managers. He attempted to clarify not only the process but the terminology as well. He explained that in the case of underperformers, Marquette is typically inclined to put them on alert status for anywhere from six to nine months. By contrast, in the case of minor changes to ownership, Marquette is normally inclined to keep them on alert status for roughly a year, with the notion of ensuring that the ownership change in question doesn't have unintended investment performance implications. Alert status or additional vigilance is also warranted when a key investment manager leaves a firm or is replaced. Similarly, when a firm such as Osprey increases its soft dollar threshold, Marquette takes this very seriously and feels strongly that swift action is needed.

Ms. Winter questioned the October 9 date being utilized with Osprey, suggesting that they should be in a position to disclose and justify their soft dollar policy overnight. In response, it was noted that the timeframe in question was relatively short. The Chairman observed that Marquette had only begun serving as the program's investment advisor a couple of months ago, and had nonetheless acted quickly in terms of their oversight relative to Osprey. The short timeframe being extended to the firm was aimed solely at allowing them the opportunity to respond to the investment performance and soft dollar concerns that have been raised. Swift action would be taken to terminate the firm as soon as possible, depending upon their response.

Ms. Louderback asked Mr. Krolak to comment on the performance of William Blair. Mr. Krolak emphasized the importance of looking at performance on a long-term rather than short-term basis, and opined that William Blair had done a good job. He suggested that at a minimum, one should evaluate a firm over at least one market cycle, which Marquette considered to be three to five years.

After a brief discussion in which Commissioners emphasized their interest in increased oversight, Mr. Krolak stressed the importance of recognizing the improved performance results seen fiscal year to date.

Ms. Winter reaffirmed her belief in the importance of the role performed by the Investment Advisory Panel, noting that this panel included individuals who are presumed to have considerably more expertise than do Commissioners when it comes to the area of finance and investments. In response, Mr. Krolak observed that it was obvious that both staff and the Commission valued the input of the Panel members. He also confirmed that the feedback provided by the Panel was consistent with the recommendations being made by staff.

Ms. Winter also raised the possibility of using the Panel to greater advantage, by perhaps meeting with them and soliciting their input more frequently. On a final note, she echoed the Chairman's comments regarding the quality of the report prepared by Marquette.

Agenda Item 13. Appointment of *College Illinois!* Investment Advisory Panel Member

The Chairman reminded the Commission that the law governing the prepaid tuition program provides for a seven-member advisory panel, with three of the members appointed by the Commission. At this time, there is a need to fill one of those vacancies, and the recommendation on the table is to appoint Ms. Ingrid Stafford of Evanston. Ms. Stafford currently serves as Associate Vice President for Finance and Controller at Northwestern University. It was noted that consideration of Ms. Stafford had been recommended by Ms. Winter.

Ms. Winter commented positively on the contribution she felt Ms. Stafford would make to the Panel, and to the prepaid program in general. She emphasized Ms. Stafford's straightforward style and her tendency to ask direct and pointed questions, as well as the fact that she is inclined to get fully engaged in committees and/or groups on which she agrees to serve.

Ms. Betts **MOVED THAT** the Commission approve the nomination of Ms. Ingrid Stafford to serve as a member of the *College Illinois!* Investment Advisory Panel through November 2005. Ms. Louderback seconded the motion, which was approved unanimously.

Agenda Item 14. Emergency And Proposed Rules Amendments

It was noted that the adoption of these emergency rules was necessitated by the recent enactment of a new program by the Governor and General Assembly. As is typical when emergency rules must be adopted, staff is also taking steps to ensure the adoption of permanent rules.

At this point, the Chairman noted the need for the Commission to go into Executive Session, for the purpose of considering the employment and compensation of the Executive Director. It was noted that the Commission would remain in the meeting room, as would Mr. Matejka. Ms. Calcara would also remain, in order to take minutes. Members of the public would be asked to leave the room while the Executive Session was conducted.

Ms. Louderback **MOVED THAT** the Commission go into Executive Session to discuss the employment and compensation of the Executive Director. Ms. Winter seconded the motion. A roll call vote was taken, with all members who were present voting affirmatively. This included Commissioners Betts, Casey, Louderback, Neumiller, Van Voorst, Winter, and Chairman Barr.

The Executive Session began at 11:30 a.m. The Commission resumed its regular business at 12:27 p.m. Ms. Louderback **MOVED THAT** the Commission reappoint Mr. Larry Matejka as Executive Director, effective October 1, 2003 through October 1, 2004 at the same salary level as the preceding year, with the understanding that this level of compensation would be revisited in six months. Ms. Winter seconded the motion, which was approved without dissent.

Ms. Louderback **MOVED THAT** the September meeting be adjourned. Mr. Neumiller seconded the motion, which was approved unanimously, and the meeting concluded at 12:30 p.m.

Respectfully submitted,



Debora Calcara
Secretary to the Commission

**MINUTES OF A TELECONFERENCE MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
November 14, 2003**

**1755 Lake Cook Road
Deerfield, Illinois**

**500 W. Monroe St.
Springfield, Illinois**

**100 W. Randolph St., Suite 3-200
Chicago, Illinois**

COMMISSIONERS PRESENT: J. Robert Barr, Chairman
Pauline Betts
Robert Casey
Mary Ann Louderback
C. Richard Neumiller
Hugh VanVoorst
Gretchen Winter

COMMISSIONERS ABSENT: Christopher Kurczaba

STAFF PRESENT: Larry E. Matejka, Executive Director
Marcia Thompson, Chief Financial Officer
Tom Sakos, Director, IDAPP
Tom Breyer, Deputy Program Officer
Karen Salas, General Counsel
Lori Reimers, Director, State Relations
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Joseph Starshak, Starshak Welnhofner & Company

Agenda Item 1. Announcements

Chairman Barr called the November 14, 2003 teleconference meeting of the Illinois Student Assistance Commission to order at 9:04 a.m. It was noted that the Deerfield, Springfield and Chicago offices of the Commission were connected via teleconference.

Ms. Calcara, Secretary to the Commission, called the roll. Commissioners present included Ms. Betts, Mr. Casey, Ms. Louderback, Mr. Neumiller, Mr. Van Voorst, Ms. Winter and Chairman Barr. Mr. Kurczaba was not in attendance. It was noted that a quorum existed.

Chairman Barr took the opportunity to acknowledge the death of Mr. William J. Hocter. He stated that Vice Chairman Hocter was a friend and colleague and that his death is a big loss to the higher education community in Illinois. He noted that further recognition of Mr. Hocter's passing would take place at the next meeting when Commissioners will be together in person.

Mr. Matejka noted that the higher education community also lost another good friend recently with the death of Mr. Silas Purnell.

Mr. Matejka went on to remind the Commission that at the September meeting, when the Commission approved the IDAPP financing which closed in October, it was indicated that the next financing needs to be concluded prior to the end of February 2004, and it is anticipated that this financing will be brought to the Commission at the January meeting.

Chairman Barr stated that members of the Commission had received a copy of the tentative meeting dates and locations for 2004.

Ms. Louderback **MOVED THAT** the Commission adopt the proposed list of Commission meeting dates and locations for calendar year 2004. Ms. Betts seconded the motion, which was approved unanimously. The proposed list approved by the Commission included the following dates and locations:

Friday, January 30, 2004	Columbia College, Chicago
Friday, April 2, 2004	Springfield College in Illinois, Springfield
Friday, June 11, 2004	Dominican University, River Forest
Friday, July 30, 2004	Triton College, River Grove
Friday, September 24, 2004	Wheaton College, Wheaton
Friday, November 19, 2004	To Be Announced

Agenda Item 2. IDAPP Demand Student Loan Revenue Notes/Liquidity Facilities

No action was required on this item

Agenda Item 3. Proposed Rules Amendments

Chairman Barr indicated that this item requests action on the proposed rules amendments for the Illinois Future Teacher Corps (IFTC) Program that were first presented to the Commission at the September meeting. Mr. Matejka noted that no public comments have been received nor have there been substantive changes since these proposed amendments were last brought before the Commission.

Ms. Winter **MOVED THAT** the Commission approve the resolution presented by staff. Mr. Neumiller seconded the motion, which was approved unanimously, as follows:

“BE IT RESOLVED that the Commission accepts the revised proposed amendments for the Illinois Future Teacher Corps (IFTC) Program, as modified thus far during the rulemaking process.”

Chairman Barr and Mr. Matejka then took the opportunity to update Commission members on the status of the FY2005 budget request. It was noted that the Commission had deferred consideration of its budget request in accordance with the revised budget schedule adopted by the Illinois Board of Higher Education (IBHE). Mr. Barr briefed the Commissioners on various meetings that he and Mr. Matejka have had with representatives from the Governor’s Office of Management and Budget and IBHE. Mr. Matejka noted that as a result of the meetings, staff would be bringing the FY2005 budget request to the Commission for action at its January meeting. He also stated that there is a possibility that the newly approved meeting schedule date of January 30, 2004 may need to be changed to an earlier date to allow IBHE staff sufficient time to bring their recommendation before the Board in early February.

Mr. Neumiller **MOVED THAT** the meeting be adjourned. Ms. Betts seconded the motion, which was approved unanimously. The meeting adjourned at 9:20 a.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission