

AGENDA ITEM 2.

**APPROVED MINUTES OF THE APRIL 4, 2016
MEETING OF THE INVESTMENT COMMITTEE**

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
INVESTMENT COMMITTEE

Michael A. Bilandic Building, N-502
160 N. LaSalle St.
Chicago, IL

April 4, 2016

COMMITTEE MEMBERS PRESENT: Kevin Huber
Verett Mims

**COMMITTEE MEMBERS PRESENT
VIA TELEPHONE:** Mark Donovan

STAFF PRESENT: Kent Custer, Chief Investment Officer
Roger Rojas, Investment Analyst
Karen Salas, General Counsel
Kevin Kelly, Procurement Specialist

PRESENT VIA TELEPHONE: Debora Calcara, ISAC Commission Secretary
John Demien, State Purchasing Officer

**INVESTMENT CONSULTANTS
PRESENT:** Ryan Ball, Callan Associates
Brianna Weymouth, Callan Associates

OTHERS PRESENT: Ruby Munoz Dang, Garcia Hamilton & Associates
Jeffrey Detwiler, Garcia Hamilton & Associates
Stephanie Roberts, Garcia Hamilton & Associates
Barbara McKenna, Longfellow
Raymond Kubiak Longfellow

Item 1. Announcements

Mr. Custer asked that a roll call be taken of the Investment Committee, which established a quorum was present at 9:30 a.m. He then stated that Mr. Donovan needed to participate in the meeting via telephone due to an employment scheduling conflict, and therefore, as permitted by our administrative rules and the Illinois Open Meetings Act, it must be allowed by a majority vote of the Committee members who are physically present at the meeting.

Mr. Huber **MOVED THAT** Mr. Donovan be permitted to participate via telephone. Ms. Mims second the motion, which was approved unanimously.

Mr. Custer stated that Mr. Donovan is allowed to participate electronically and is able to express his comments during the meeting and to participate and vote, in the same way as those Commissioners physically present.

Item 2. Approval of the Minutes of the February 24, 2016 Meeting of the Investment Committee

Mr. Huber **MOVED THAT** the minutes of the February 24, 2016 meeting of the Investment Committee be approved. Ms. Mims seconded the motion, which was approved unanimously.

Item 3. Provisional Approval of Fixed Income Investment Management Procurement

Mr. Custer stated this investment manager selection is the first selection using the new procurement rules that ISAC put into place last year. He felt the process worked well and was pleased with the response to the Request For Proposal (RFP). He stated he is bringing to the Committee two finalists that he feels are both qualified but with different investment profiles. He noted that the Committee members had received documentation regarding the search process, including investment profiles of both firms from Callan Associates and the diversity disclosures required by statute. He stated that if the Committee takes action today then it will go to the Commission for final approval at its meeting on Friday, April 8, 2016.

Mr. Custer then introduced Ms. Barbara McKenna, CFA, Managing Principal and Portfolio Manager and Mr. Raymond Kubiak, CFA, Portfolio Manager and Senior Analyst with Longfellow Investment Management Company. Ms. McKenna and Mr. Kubiak provided the Committee with a detailed presentation on their firm and answered questions, after which they departed the meeting.

Mr. Custer then introduced Ms. Ruby Munoz Dang, Partner, Ms. Stephanie Roberts, Partner and Mr. Jeffrey Detwiler, Fixed Income Portfolio Manager with Garcia Hamilton and Associates. Ms. Munoz, Ms. Roberts and Mr. Detwiler provided a detailed presentation on their firm and answered questions, after which they departed the meeting.

Mr. Custer stated to the Committee that he has provided two firms which are similarly qualified to be the finalist; however, he has made Longfellow his primary recommendation due to their conservative profile.

The Committee discussed the fixed income asset class in relation to the portfolio and liquidity. Mr. Huber stated he appreciates both firms and feels they did an excellent job. He stated it was Mr. Custer's decision and they are there to make sure the process works, which he feels that it did.

Mr. Custer asked for a motion to approve Longfellow to recommend to the Commission. Ms. Mims **SO MOVED**, Mr. Huber seconded the motion. Mr. Donovan indicated that he would abstain from voting since he had participated in the meeting by phone.

Mr. Huber asked Mr. Donovan if he prefers they hold on the vote until all members are physically present at the meeting. Mr. Donovan indicated that he was probably comfortable with the decision too and felt both firms are highly qualified. However, he expressed his view that Garcia Hamilton made a better presentation, although sometimes it was difficult to hear by phone and this may have affected his impression and limited his ability to give a full opinion. He mentioned that he would address other concerns separately with Mr. Custer.

Mr. Custer stated the motion carries and asked for a motion to adjourn.

Mr. Huber **MOVED THAT** the April 4, 2016 meeting of the Investment Committee be adjourned. Mr. Donovan seconded the motion, which was approved unanimously. The meeting adjourned at 10:40 a.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debora A. Calcara", is written in black ink on a light-colored background.

Debora A. Calcara
Secretary to the Commission