

**AGENDA ITEM 2.**

**APPROVAL OF MINUTES OF THE  
JULY 27, 2017 INVESTMENT COMMITTEE MEETING**

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

**James R. Thompson Center**  
**Room 2-025**  
**100 W. Randolph St.**  
**Chicago, IL**

**July 27, 2017**

**9:00 a.m.**

**COMMITTEE MEMBERS PRESENT:** Niketa Brar  
Mark Donovan  
Kevin Huber

**STAFF PRESENT:** Eric Zarnikow, Executive Director  
Ramnath Cidambi, Chief Information Officer  
Kent Custer, Chief Investment Officer  
Kishor Desai, Chief Internal Auditor  
Susan Kleemann, Managing Director, RPPA  
Roger Rojas, Investment Officer  
Karen Salas, General Counsel  
Debora Calcara, ISAC Commission Secretary

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

### **Item 1. Announcements**

Mr. Custer asked that a roll call be taken, which established a quorum was present at 9:03 a.m.

### **Item 2. Review of the Minutes of the March 23, 2017 Meeting of the Investment Committee**

No action required.

### **Item 3. Investment Update**

The Callan Associates quarterly report through March 31, 2017 was sent to the Investment Committee under separate cover.

Mr. Custer reviewed the risk profile and provided a brief review of the performance and allocation of the College Illinois! Trust Fund as provided in the agenda book. He noted that the consultant's annual return forecast for the current allocation had dropped to 6.09% from 6.37% with the incorporation of updated capital market assumptions. Mr. Custer also noted that Kennedy Wilson Fund III had sold the last property in the Fund and would be winding down in the coming months.

Mr. Custer referenced recommended changes to the investment policy asset allocation and noted plans to review the investment policy for additional revisions during the third quarter.

### **Item 4. Approval of Changes to the Watch List**

Mr. Custer reviewed the Watch List memorandum and then discussed staff's evaluation of Pinnacle National Resources, which was placed on watch in March. He recommended maintaining Pinnacle on the Watch List with reconsideration in approximately one year. The Committee further discussed when Pinnacle Natural Resources will be reviewed by the Committee for consideration to be taken off the Watch List. Mr. Custer noted that Pinnacle would be reviewed every quarter, but the key driver of the timeline was the early August notice deadline to access annual liquidity available on January 31. Thus reconsideration timing would occur when the Committee met for the March 31, 2018 review.

No action was taken at this time.

### **Item 5. Compliance Review**

Mr. Rojas provided an overview of the Compliance reports provided in the agenda book.

Mr. Donovan inquired regarding how the fund is doing as compared to other publicly traded funds with respect to fees. Mr. Ball reviewed the fee analysis in Callan's quarterly review book, which showed that fees compared very favorably compared to the universe of public funds. Mr. Custer noted that all contracts included a most-favored-nations clause ensuring that ISAC received the lowest fees offered by the investment manager for comparable allocations. Regarding comparison to other funds, Mr. Ball commented that due to reporting variation, there was no reliable data to compare fees among funds. Mr. Custer noted that ISAC reporting was all-inclusive and there had been several fee lowering events in recent years. He indicated that staff would provide a summary of fee changes in the future.

No action required.

### **Item 6. Approval of Investment Policy Asset Allocation**

Mr. Custer reviewed the proposed changes to the Investment Policy Interim Asset Allocation staff is recommending, noting that all changes were moves toward long-term targets. He further discussed the memo comment regarding the potential to temporarily overweight Garcia Hamilton and indicated staff would not pursue this approach based on subsequent risk analysis and a discussion with Gilbert Garcia.

Mr. Donovan **MOVED THAT** the Investment Committee approve the proposed Investment Policy Asset Allocation for recommendation to the Commission.

Mr. Huber seconded the motion, which was approved unanimously.

Seeing no further discussion, Mr. Custer asked for a motion to adjourn.

Mr. Donovan **MOVED THAT** the July 27, 2017 meeting of the Investment Committee be adjourned. Mr. Huber seconded the motion, which was approved unanimously. The meeting adjourned at 9:47 a.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debora A. Calcara", is written on a light yellow rectangular background.

Debora A. Calcara  
Secretary to the Commission