

**AGENDA ITEM 2.**

**APPROVAL OF MINUTES OF THE  
SEPTEMBER 13, 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**

**September 13, 2017**

**11:30 a.m.**

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

**COMMITTEE MEMBERS ABSENT:** Niketa Brar

**STAFF PRESENT:** Eric Zarnikow, Executive Director  
Kent Custer, Chief Investment Officer  
Shoba Nandhan, Chief Financial Officer  
Roger Rojas, Investment Officer  
Karen Salas, General Counsel  
Debora Calcara, ISAC Commission Secretary

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

### **Item 1. Announcements**

Mr. Custer asked that a roll call be taken, which established a quorum was present at 11:31 a.m.

### **Item 2. Review of the Minutes of the July 27, 2017 Meeting of the Investment Committee**

Mr. Huber **MOVED THAT** the minutes of the July 27, 2017 meeting be approved. Mr. Donovan seconded the motion, which was approved unanimously.

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

The Callan Associates quarterly report through June 30, 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. Briefly touching on the status of the funds, Mr. Custer also noted that Kennedy Wilson Fund III has been fully realized with the first private equity investment equating to \$11.2 million value added to the fund.

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

Mr. Custer reviewed the Watch List memorandum and he noted although Security Capital Preferred Growth had underperformed recently, the positioning was consistent with their investment process. He also noted recent senior level organization changes at DFA and Callan were reviewed by staff and do not warrant Watch List consideration.

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.

No action required.

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

Mr. Custer stated a draft preview copy of the Investment Policy was previously sent to the Committee. He reviewed the proposed changes to the allocation and the draft changes to the policy as provided in the agenda book. Mr. Custer commented that the purpose of the proposed allocation change was risk reduction. Staff is aware of market valuation trends, but this is not a market timing move.

Mr. Custer noted that staff intended to initiate a rebalancing trade as soon as possible to move \$30 million from U.S. Equities to Fixed Income. The planned trade would shift the allocation inside of the proposed rebalancing ranges, but not all the way to targets. Mr. Huber inquired regarding why not rebalance to target. Mr. Custer responded that his bias was to minimize transaction costs and that cash flows for tuition payments were forecast to move the allocation close to targets by March or April of 2018.

Mr. Donovan **MOVED THAT** the Investment Committee has reviewed the proposed revisions to the Investment Policy and recommends adoption by the full Commission.

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

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

Mr. Huber **MOVED THAT** the September 13, 2017 meeting of the Investment Committee be adjourned. Mr. Donovan seconded the motion, which was approved unanimously. The meeting adjourned at 12:03 p.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