

**AGENDA ITEM 2B.**

**APPROVAL OF MINUTES OF THE SEPTEMBER 13, 2017 MEETING**

**Submitted for:** Action

**Summary:** This report includes the minutes of the meeting held on September 13, 2017.

**Action requested:** That the Commission approve the minutes of the meeting on September 13, 2017.

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

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

**September 13, 2017**

**1:00 p.m.**

**COMMISSIONERS PRESENT:** Kevin Huber, Chair and Investment Committee Member  
Miguel del Valle, Vice Chair and Audit Committee Member  
Mark Donovan, Investment Committee Member  
Kim Savage, Audit Committee Chair

**COMMISSIONERS ABSENT:** Niketa Brar, Investment Committee Member  
Claudia Quezada, Audit Committee Member

**STAFF PRESENT:** Eric Zarnikow, Executive Director  
Lynne Baker, Managing Director, Communications  
Carol Cook, Director, Program Services and Compliance  
Kent Custer, Chief Investment Officer  
Kishor Desai, Chief Internal Auditor  
Katharine Gricevich, Director, Government Relations  
Shoba Nandhan, Chief Financial Officer  
Roger Rojas, Investment Officer  
Karen Salas, General Counsel  
Debora Calcara, Commission Secretary

**PUBLIC ATTENDANCE:** Ryan Ball, Callan Associates  
Meegan Bassett, Lumina  
Jessie Gotsdiner, Women Employed  
Brianne Weymouth, Callan Associates

### **Item 1. Announcements**

Chair Huber brought the September 13, 2017 meeting of the Commission to order at 1:00 p.m. and asked that a roll call be taken, which indicated a quorum was not present. He then stated that the Commission will be unable to approve any action items so will therefore only address the information items.

### **Item 2. Approval of Minutes of the July 27, 2017 Meeting**

No action was taken.

### **Item 3. Executive Director's Report**

Mr. Zarnikow provided an update on the financials provided in the agenda book.

### **Item 4. State Legislative Update**

Ms. Gricevich stated that ISAC staff testified at a fact-finding hearing of the House Higher Education Appropriation Committee in August where they provided an update to the Committee on the College Illinois! Prepaid Tuition Program. She stated that the hearing was held at ISAC's request and that it was a productive hearing where members of the Committee asked relevant questions regarding the current and future status of the program. It is anticipated that another hearing will be held with caucus leaders in the near future.

Discussion was held on ISAC's communications regarding to the federal Deferred Action for Childhood Arrivals (DACA) program.

### **Item 5. Approval of the Monetary Award Program (MAP) Start-Up Formula**

No action was taken.

### **Item 6. College Illinois!® Prepaid Tuition Program Investments**

#### **Item 6A. Investment Update**

Mr. Custer provided a brief overview of the information provided in the agenda book including the portfolio risk profile, recent performance, investment activity, compliance, as well as status updates.

He noted that the Kennedy Wilson III fund had been fully realized in June and anticipates fund IV to be realized in fiscal year 2018.

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

Although no action could be taken on the agenda item, Mr. Custer explained that due to the relatively low contract sales and the uncertainty of future sales he felt it prudent to dial back the investment risk slightly by recommending a reduction in the U.S. equity allocation by four percent to 18 percent and non-U.S. equity by one percent to 18 percent. He noted that the Investment Committee had approved the recommended changes prior to this meeting today and he subsequently conferred with the Chair and the Executive Director regarding how to proceed with risk reduction, given the lack of quorum preventing approval of the proposed asset allocation. Mr. Custer indicated that he intended to move

toward the new proposed targets and would consult with the General Counsel to ensure compliance with the Investment Policy.

Clarifying, Chair Huber stated that it is Mr. Custer's plan to rebalance the portfolio by moving the equity exposure to fixed income and cash, which is within the current asset allocation guidelines. Mr. Custer reiterated that he would consult with the General Counsel, but prudent management of the Fund under the existing circumstances would result in allocation between the current and proposed lower risk allocations. Mr. Huber concurred and asked if there were any concerns from the Commission. No concerns were raised.

**Item 7. Audit Committee Update**

Ms. Savage provided an overview of the agenda for the Audit Committee which will be held immediately following the Commission meeting today.

**Item 8. Public Comments**

Chair Huber asked if anyone from the public wished to address the Commission. There were no comments from the public.

**Item 9. Closed Session: Personnel**

Chair Huber stated that the Commission will not be going into closed session due to the lack of a quorum.

**Item 10. Approval of Closed Session Items**

No action was taken.

The meeting adjourned at 1:45 p.m.

Respectfully submitted,



Debora A. Calcara  
Secretary to the Commission