

AGENDA ITEM 2.

**APPROVAL OF MINUTES OF THE
NOVEMBER 15, 2017 INVESTMENT COMMITTEE MEETING**

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

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

November 15, 2017

COMMITTEE MEMBERS PRESENT: Kevin Huber
Mark Donovan

COMMITTEE MEMBERS ABSENT: Niketa Brar

COMMISSIONERS PRESENT: James Hibbert

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

**INVESTMENT CONSULTANTS
PRESENT:** Brianne Weymouth, Callan Associates

Item 1. Announcements

Mr. Custer asked that a roll call be taken of the Investment Committee, which established a quorum was present at 11:30 a.m.

Item 2. Approval of the Minutes of the September 13, 2017 Meeting of the Investment Committee

Mr. Huber **MOVED THAT** the minutes of the September 13, 2017 meeting of the Investment Committee be approved. Mr. Donovan seconded the motion, which was approved unanimously.

Item 3. Investment Update

The Callan Associates quarterly report through September 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. Referencing the administrative rules requirement to keep the Committee informed regarding investment searches, he noted that staff is evaluating potential searches for passive management options for public equity and fixed income as well as U.S. equity active small cap managers.

Item 4. Approval of Changes to the Watch List

Mr. Custer reviewed the memorandum regarding the Watch List as provided in the agenda book.

After discussion Mr. Custer stated he is not recommending any changes to the Watch List at this time.

Item 5. Compliance Review

Mr. Rojas provided an update on the Compliance information provided in the agenda book.

Item 6. DDJ Review

Mr. Custer provided background on the DDJ Strategic Income Plus Fund L.P. noting their strong performance. He reviewed the benefits achieved from the 2013 negotiations and then discussed the current proposal to reduce fees further through combination of a longer holding period and a revised calculation of the performance fee.

Mr. Custer asked for a motion for the Committee to concur to a three year holding period for the DDJ investment.

Mr. Huber **SO MOVED**, Mr. Donovan seconded the motion, which was approved unanimously.

Item 7. Asset Allocation and Investment Policy Revisions

Mr. Custer stated the changes to the Asset Allocation and Investment Policy approved by the Investment Committee at its September meeting were not presented to the Commission as planned due to a lack of quorum for the September meeting. He indicated this will come to the full Commission at its meeting today. He then reviewed the additional recommended revisions to the Investment Policy detailed in the agenda materials.

With respect to section III.B regarding the frequency of Investment Committee meetings, the Committee requested clarifying language requiring the Committee to meet at least two times per year. Ms. Weymouth indicated her concurrence with the change. The revised provision is as follows. The Investment Committee will normally meet quarterly, but at least twice annually, with the Chief Investment Officer and the Investment Consultant.

Continuing, he referenced the recommended changes to section III.D.17 implementing safety valve language to ensure prudent fund management in extenuating circumstances should there be future issues with reaching quorum of the Commission for a meeting.

After further discussion and feedback from the Committee, it was determined to pull the approval of changes to that section of the Investment Policy from the agenda to allow time for staff to consider how best to implement the suggestions from the Committee.

Mr. Huber **SO MOVED** that the Committee approve the following Resolution:

“BE IT RESOLVED that the Investment Committee has reviewed the proposed revisions to the Investment Policy and recommends adoption by the Full Commission (subject to noted comments).”

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

Mr. Donovan **MOVED THAT** the November 15, 2017 meeting of the Investment Committee be adjourned. Mr. Huber seconded the motion, which was approved unanimously. The meeting adjourned at 12:24 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission