

**AGENDA ITEM 2A**

**APPROVAL OF MINUTES OF THE JUNE 24, 2019 JOINT MEETING  
OF THE ILLINOIS STUDENT ASSISTANCE COMMISSION AND THE  
INVESTMENT COMMITTEE**

**Submitted for:** Action

**Summary:** This report includes the minutes of the investment related items of the joint meeting of the Investment Committee and the Commission held on June 24, 2019

**Action requested:** That the Investment Committee approve the minutes of the June 24, 2019 meeting as incorporated into the full Commission minutes

**MINUTES OF THE JOINT MEETING OF THE  
ILLINOIS STUDENT ASSISTANCE COMMISSION AND  
THE INVESTMENT COMMITTEE**

**Michael A. Bilandic Building  
Room N-505  
160 N. LaSalle Street, Chicago, IL**

**June 24, 2019**

**1:00 p.m.**

**COMMISSIONERS PRESENT:**

Kevin Huber, Commissioner, Board Chair, Investment Committee Member  
Niketa Brar, Commissioner, Investment Committee Member  
Mark Donovan, Commissioner, Investment Committee Member  
Kim Savage, Commissioner, Audit Chair and Committee Member  
James Hibbert, Commissioner, Audit Committee Member  
Elizabeth Lopez, Commissioner, Audit Committee Member  
Emma Johns, Student Commissioner

**COMMISSIONERS ABSENT:**

Miguel del Valle, Commissioner, Vice Chair, Audit Committee Member

**STAFF PRESENT:**

Eric Zarnikow, Executive Director  
Lynne Baker, Managing Director, Communications  
Ramnath Cidambi, Chief Information Officer  
Carol Cook, Director, Program Services and Compliance  
Kishor Desai, Chief Internal Auditor  
Katharine Gricevich, Director, Government Relations  
Ellen Greenan, Deputy Director, MAP Forecasting and Analysis  
Karen Salas, General Counsel  
Shana Rogers, Managing Director, RPPA  
Shoba Nandhan, Chief Financial Officer  
Wendy Funk, Managing Director of Finance and Accounting  
Evelyn Smith, Director Loan Portfolio  
Roger Rojas, Investment Officer  
Natalie Wandall, Secretary to Commission  
Melvin Dsouza, Telecom and Network Engineer  
Tiara Woods, HR Generalist

**PUBLIC ATTENDANCE:**

Jim O'Connor, Callan  
Brienne Weymouth, Callan  
Eric Hiatt, University of Illinois  
Meegan Bassett, Women Employed

**Item 1. Announcements**

At 1:05 p.m. Chair Kevin Huber called the June 24, 2019 Commission meeting to order. A roll call of the Commission was taken, and a quorum was established. Then, a roll call of the Investment Committee was taken, and a quorum was established.

Mr. Huber announced that all the required annual Ethics forms have been completed by Commissioners.

Mr. Huber reminded Commissioners to record any time spent on state business as a volunteer. Please complete time slots on days you were reviewing or attending meetings, sign the form and return to Natalie. As a volunteer, it is important we have a record of your service.

The next regularly scheduled joint meeting of the Commission and the Investment Committee is Thursday, September 12th at 1:00 p.m. here in Chicago. The Audit Committee is scheduled to start at 11:30 a.m.

**Item 2. Approval of the Minutes (Action)**

**Item 2A. Approval of the Minutes of the April 4, 2019 Joint Meeting of the Commission, Investment Advisory Panel and Investment Committee (Action: Commission)**

Mr. Donovan **MOVED THAT** the Commission approve the minutes of the April 4, 2019 Joint Meeting of the Commission, Investment Advisory Panel and Investment Committee. Ms. Savage seconded the motion, which was unanimously approved by the Commission.

**Item 2B. Approval of the Minutes of the April 25, 2019 meeting of the Investment Committee (Action: Investment Committee)**

Mr. Donovan moved that the Investment Committee approve the minutes of the April 25, 2019 meeting. Chair Huber seconded the motion, which was unanimously approved by the Investment Committee.

**Item 7. College Illinois! Prepaid Tuition Program Investments – Roger Rojas**

**Item 7A. Investment Update (Information)**

Mr. Rojas reviewed the fund risk profile, current asset allocation and performance attribution as provided in the consultant (Callan) quarterly report. Infrastructure writedowns have been the key driver behind the recent relative fund underperformance.

Mr. Rojas provided a brief overview of the College Illinois! investments across asset classes and reviewed more thoroughly all closed-end funds investments with its outstanding risks and current/projected realizations.

**Item 7B. Compliance Review (Information)**

Mr. Rojas reviewed the compliance report as provided in the agenda book including minority brokerage, minority investment manager participation and investment expenses.

**Item 7C. Approval of Changes to the Watch List and Manager Recommendation**

**Item 7.C.1. Approval of Changes to the Watch List (Action: Investment Committee)**

Mr. Rojas provided an overview of the Watch List memorandum as provided in the agenda book, in which no managers were recommended for addition to the Watch List. Chair Huber stated that no action was required.

**Item 7.C.2. Approval of Manager Recommendation (Action: Commission)**

Mr. Rojas provided an overview of the College Illinois! investment in Pinnacle Asset Management. Mr. Rojas reviewed investment staff rationale and recommendation to terminate Pinnacle, which was already reviewed and approved by the Investment Committee at the April 25, 2019 meeting.

Mr. Donovan **MOVED THAT** the Commission approve recommendation of the Investment Committee to terminate Pinnacle Asset Management L.P. Ms. Savage seconded the motion which was unanimously approved by the Commission.

**Item 7D. Asset Allocation Review (Action: Commission)**

Mr. Rojas reviewed the proposed modest changes to the interim asset allocation as well as the slight revisions to the Private Equity and Fund Policy benchmarks as provided in the agenda book. The long-term asset allocation remained unchanged.

Ms. Brar **MOVED THAT** the Commission approve the Investment Committee's recommended changes to the Asset Allocation and benchmark. Mr. Donovan seconded the motion which was unanimously approved by the Commission.

**Item 7E. Investment Policy Review and Adoption (Action: Commission)**

Mr. Rojas reviewed the slight language changes proposed to the College Illinois! Investment Policy (including the new interim asset allocation) as provided in the agenda book, which were already reviewed and approved by the Investment Committee at the April 25, 2019 meeting.

Mr. Hibbert **MOVED THAT** the Commission approve the Investment Committee's recommended revisions and to adopt the Investment Policy as revised. Mr. Donovan seconded the motion which was unanimously approved by the Commission.

**Item 7F. Prepaid Tuition Program Update - Verbal Update**

Mr. Zarnikow provided a thorough update on the status of the College Illinois! program to the Commission Board. He stated that enrollment continues to be on hold pending legislative action. He noted that ISAC had received feedback from some of the sponsors of the proposed legislation to provide the full faith and credit of the state to the program. They indicated that to have a chance at passage other members of the General Assembly had indicated they would only support full faith

and credit of the state to the College Illinois! program under the condition that ISAC agrees not to sell new contracts in the future.

He also discussed that the final results of the actuarial update of the program as of June 30, 2019 will be available publicly in late October or early November. Based on investment activity through the current date it is likely that College Illinois! will be below the assumed investment rate of return for the FY2019 fiscal year.