

AGENDA ITEM 2A.

**APPROVAL OF MINUTES OF THE SEPTEMBER 17, 2020
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 September 17, 2020

On September 17, 2020, some of our participants were having technical difficulties with their equipment during the meeting. As a result, the meeting was conducted out of agenda order until the difficulties were resolved by technical support and we could resume the agenda order. The minutes being approved today reflect the changes in the Agenda order.

Action requested: That the Investment Committee approve the investment portion minutes of the September 17, 2020 meeting as incorporated into the full Commission minutes.

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

**VIDEO CONFERENCE
Instruction to be provided by ISAC.org**

September 17, 2020

1:00 p.m.

COMMISSIONERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Maureen Amos, Commissioner, Investment Committee Member
Elizabeth Lopez, Commissioner, Vice Chair, Audit Committee Member
Darryl Arrington, Commissioner, Audit Committee Member
Franciene Sabens, Commissioner
Jonathon Bullock, Commissioner
Thomas Dowling, Commissioner
Emma Johns, Student Commissioner

COMMISSIONERS ABSENT:

James Hibbert, Commissioner, Investment Committee Member
Niketa Brar, Commissioner, Audit Chair and Committee Member

GUEST PRESENTERS:

Ginger Ostro, Executive Director, Illinois Board of Higher Education (IBHE)

STAFF PRESENT via WebEx:

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
Carmen Heredia, Chief Investment Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Shana Rogers, Managing Director, RPPA

STAFF PRESENT COND'T:

Darla Puckel, Asst Director, College Illinois! Operations
Jackie Eckley, Asst Director, Program Communication Service
Shoba Nandhan, Chief Financial Officer
Wendy Funk, Managing Director, Accounting and Finance
Anne Hunter, Deputy Director, Financial Reporting
Evelyn Smith, Director, Loan Portfolio
Christy Shields, Director, Program & Product Services
Ellen Greenan, Deputy Director MAP
Kim Eck, Manager, Partner Services
Eddie Brambila, Managing Director Capacity Development
Jacqueline Moreno, Managing Director College Access and Outreach
Vickie Baba, Director, HRD
Natalie Wandall, Secretary to Commission
Michael Wilder, Telecom and Network Engineer
Paul Oliver III, Gear Up Specialist
Sara Espinosa, Manager, Professional Development
Flynn Castellanos, Imaging Technician
Meghan Chrum, Professional Development Specialist
Matthew Montez, Outreach Planning and Partnership Manager
Ana Moya, Professional Development Specialist, GEAR UP
Kathleen Cole, Staff Attorney
ISAC Professional Development Team

PUBLIC ATTENDANCE Via WebEx:

Jim O'Connor, Callan
Brienne Weymouth, Callan
Eric Hiatt, University of Illinois
Joe Orsolini
Stefanie Mijush
Justin Slaughter
Schloemann@ibhe.org
Unidentified Caller 2

Item 1. Announcements

The Joint Meeting of the Illinois Student Assistance Commission and the Investment Committee was called to order at 1:06 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting today is being conducted through electronic means pursuant to Governor Pritzker's extension of his Gubernatorial COVID-19 Disaster Proclamation and Public Act 101-0640 which suspends the Open Meetings Act requirements for physical presence at meetings of public bodies during gubernatorial disaster proclamations.

Mr. Zarnikow stated further that is not practical or prudent to conduct the meeting in person or at the usual meeting location in downtown Chicago due to the COVID-19 disaster, so we will proceed virtually.

He further stated that with all ISAC public meetings, there is a specific time reserved in the agenda for public comment. Instructions for making public comments will be given shortly.

He indicated that WebEx instructions for all would be provided by Eddie Brambila.

He also explained that the new law requires a roll call for every vote and gave Commission members instructions for doing that.

He also explained that there would be a verbatim recording of the whole meeting, open and closed session, as required by law.

Chair Huber called for a roll call of the Commission. A roll call of the Commission members was taken, and a quorum was established.

Chair Huber call for a roll call of the Investment Committee. A roll call of the Investment Committee members was taken, and a quorum was established.

Chair Huber stated that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday December 3, 2020 in Chicago. The Audit Committee is scheduled to start at 11:30 a.m. and the Commission Meeting at 1:00 p.m. Currently we plan to meet in the Michael A. Bilandic Building, but we may need to do another virtual meeting.

Item 1A. Approval of the Tentative 2021 Meeting Dates and Locations (Commission)

Mr. Arrington **MOVED THAT** the Commission approve the tentative 2021 meeting dates and locations as presented in the Agenda Book. Mr. Bullock seconded the motion, and a roll call was taken which was unanimously approved by the Commission.

Item 1B. Approval of the Tentative 2021 Meeting Dates and Locations (Investment Committee)

Ms. Amos **MOVED THAT** the Investment Committee approve the tentative 2021 meeting dates and locations as presented in the Agenda Book. Chair Huber seconded the motion, and a roll call was taken which was unanimously approved by the Commission.

Item 2. Approval of the Commission and Investment Committee Meeting Minutes (Action)

Item 2A. Approval of the June 18, 2020 Minutes of the Investment Committee Meeting (Action: Investment Committee)

Chair Huber **MOVED THAT** the Investment Committee approve the minutes of the June 18, 2020 Investment Committee meeting. Ms. Amos seconded the motion and a roll call was taken which was unanimously approved by the Investment Committee

Item 2B. Approval of the June 18, 2020 Minutes of the Commission Meeting (Action: Commission)

Mr. Arrington **MOVED THAT** the Commission approve the minutes from the June 18, 2020 meeting. Ms. Johns seconded the motion and a roll call was taken which was unanimously approved by the Commission.

Item 7. College Illinois! Prepaid Tuition Program Investments - Carmen Heredia / Roger Rojas

Item 7A. Investment Update (Information)

Ms. Heredia reviewed the updated performance review for the second quarter of 2020, discussed some key points that described the quarter: 1) risk and risk mitigation, 2) extreme volatility revealed investors' true tolerance for risk, 3) the stock market is not the economy, 4) massive monetary and fiscal intervention have and will change the investment landscape, 5) investors are reevaluating the purpose of asset classes. As for the College Illinois! portfolio, she noted that liquidity is top of mind and a close second is what asset mix we can tolerate to maximize returns within a risk-return framework. Uncertainty is our biggest challenge for the rest of the year. Referring to the Callan Report, Ms. Heredia reviewed the portfolio's attribution analysis over different time horizons. The second quarter of 2020 has been very volatile with some securities hitting all-time highs and others bottoming out. The same can be said for some of our managers' whose style is currently

out of favor or whose portfolio has been affected by the monetary intervention and/or the announcements from the Federal Reserve. Ms. Heredia then analyzed the performance of the public markets assets classes and respective managers. Active management performance will continue to be tested as the threat remains from exogenous events impacting the financial markets.

Mr. Rojas reviewed thoroughly all the private investments with their outstanding risks and current/projected realizations. He noted that the Infrastructure asset class in particular remains the primary risk to the College Illinois! Fund's performance.

Mr. Rojas also reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book.

Item 7B. Appointment of Investment Advisory Panel Members - (Action)

Ms. Heredia requested that the Commission approve the reappointment of two existing Investment Advisory Panel members and the appointment of one new member who, per the Prepaid Tuition Act, was recommended by the Governor's Office of Management and Budget (GOMB). Prior to requesting a motion for their approval, Ms. Heredia, described the duties of the Investment Advisory Panel and provided the background of the prospective new appointee.

Mr. Dowling **MOVED THAT** the Commission approve the reappointment of Mr. Louis Paster (recommended by the Commission) to the College Illinois! Investment Advisory Panel for a term expiring November 19, 2023. Ms. Lopez seconded the motion and a roll call was taken which was unanimously approved by the Commission.

Mr. Dowling **MOVED THAT** the Commission approve the reappointment of Ms. Jeanna Cullins (recommended by the Commission) to the College Illinois! Investment Advisory Panel for a term expiring November 19, 2023. Mr. Bullock seconded the motion and a roll call was taken which was unanimously approved by the Commission.

Mr. Dowling **MOVED THAT** the Commission approve the appointment of Mr. Cameron Mock (recommended by GOMB) to the College Illinois! Investment Advisory Panel for the rest of the term ending November 19, 2020 and then for reappointment for the full three-year term beginning November 20, 2020 and expiring November 19, 2023. Ms. Lopez seconded the motion and a roll call was taken which was unanimously approved by the Commission.

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

Ms. Heredia stated that no managers are recommended for addition to the Watch List at this time.

Item 7D. 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. No violations or issues of concern were identified.

Item 7E. Prepaid Tuition Program Update (Information)

Mr. Zarnikow stated that the Governor's proposed FY21 budget included funding for College Illinois!. Because the state passed a budget for FY21 that was generally flat with the FY20 budget, that funding for College Illinois! was not included. However, the Governor publicly stated his support for funding the unfunded liability of College Illinois! over time. We will continue to work to get funding for College Illinois! in future budgets. It is likely that the next opportunity to get funding for College Illinois! will not be until next spring when the Governor's office and the General Assembly will work on the FY22 budget.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Mr. Dowling **SO MOVED** and Ms. Johns seconded that motion and a roll call was taken which was unanimously approved by the Commission.

The meeting adjourned at approximately 4:07 pm.

Respectfully submitted,

Kathleen Cole