

#### AGENDA ITEM 4.

### SELECTION OF *COLLEGE ILLINOIS*<sup>SM</sup> PREPAID TUITION PROGRAM INVESTMENT MANAGERS

**Submitted for:** Action

**Summary:** The Illinois Student Assistance Commission's (ISAC's) contracts (and subsequent renewals) with the current large cap value equity managers for the *College Illinois!*<sup>SM</sup> Prepaid Tuition Program expire during the current fiscal year. A recommendation is being made for the selection of four new investment managers to be the program's large cap value equity managers.

In late November, a Request for Proposals (RFP) was published on the Illinois Procurement Bulletin Board and numerous investment managers nationwide were notified that the program was seeking investment management services. Marquette Associates, the program's investment advisor, provided assistance with the development of the RFP and the notification of potential respondents, including several minority-owned and emerging firms. These efforts resulted in the submission of 23 proposals, including 7 emerging firms. Of the emerging firms, 6 of them were minority-owned; another 3 minority-owned firms also responded to the RFP, along with 6 Illinois-based firms.

Marquette Associates designed weighted criteria by which the proposals would be evaluated, as well as a specific procedure to be followed in the evaluation process. Those criteria reflect the fiduciary priorities of the program as set forth in the *College Illinois!*<sup>SM</sup> Prepaid Tuition Program investment policy. As always, ISAC's General Counsel was consulted to ensure compliance with the state's procurement process and provided administrative assistance and guidance. Marquette Associates analyzed each proposal in accordance with the criteria agreed upon with ISAC staff and subsequently compiled a summary report of their analysis ranking all of the firms that responded to the RFP. The Marquette report was submitted to the evaluation committee consisting of four senior ISAC staff and George Clam, a member of the program's investment advisory panel.

The evaluation committee met with Pat Krolak of Marquette Associates on January 2 for discussion and further review of the responding firms' qualifications and performance. The committee then proceeded to evaluate those firms ranked in the top half as scored by Marquette to determine which firms would be invited to make oral presentations on January 8 in the ISAC Deerfield offices. Following this review, the evaluation committee chose to interview the five highest scoring firms.

Following the oral presentations, the committee scored all five firms. After review of the scores and discussion, the committee selected the four top managers to recommend for consideration by the Commission. Three of the managers selected are Illinois-based firms located in Chicago and one is a minority-owned firm based in Atlanta. A representative from each recommended firm has been invited to attend the Commission meeting.

**Action requested:**

That the Commission approve the following resolution:

**“BE IT RESOLVED** that the Commission authorizes the Executive Director to negotiate and enter into contractual agreements for the *College Illinois!*<sup>SM</sup> Prepaid Tuition Program with Great Lakes Advisors, Harris Investments, EARNEST Partners, and LSV Asset Management to serve as investment managers for the large cap value equity portfolio.”