

MINUTES OF A JOINT MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

James R. Thompson Center
100 W. Randolph St.
Chicago, IL

April 22, 2014

COMMISSIONERS PRESENT: Kym Hubbard, Chair
Miguel del Valle
Mark Donovan, Investment Committee Member
Kendall Griffin
Verett Mims, Investment Committee Member
Paul Roberts
Kim Savage

COMMISSIONER ABSENT: Kevin Huber

STAFF PRESENT: Eric Zarnikow, Executive Director
Kent Custer, Chief Investment Officer
Karen Salas, General Counsel

PUBLIC ATTENDANCE: Mary Pat Burns, Burke Burns & Pinelli, Ltd.

Closed Session

Item 12. Closed Session

Mr. Custer updated the Commission on the Securities and Exchange Commission (SEC) filing of criminal allegations against Camelot General Partner Lawrence Penn and his removal as General Partner effective March 19, 2014. He also updated the Commission on the status of replacing the Camelot General Partner.

Mr. Custer noted that the new General Partner would need liquidity to operate the fund and the staff was considering contributing up to \$750,000 to pay fees and expenses in accordance with direction and authority previously provided to the Executive Director by Commission resolution. Mr. Custer noted that the contribution would likely be in the form of a loan to the Fund. He discussed the risks associated with being subordinated to existing debt totaling \$2 million and the potential that funds could be used to stabilize investments. He also noted that not participating in the loan to the fund would risk not engaging a new general partner.

Mr. Zarnikow commented on the importance of making sure that the actions taken are prudent and in the best interest of the plan. He reiterated the tradeoffs that must be considered and that, as one of many limited partners, ISAC does not control the situation.

Ms. Burns noted that another large public investor would be making a proportionately similarly sized loan and that while the loans might be subordinate, funds would be directed toward working capital or additional investments as opposed to paying off prior note holders. Chair Hubbard this was a significant point that the Commission would encourage.

Continuing, Mr. Custer then briefed the Commission regarding a fee dispute with Lyrical-Antheus Real Estate Partners. He was followed by outside legal counsel, Mary Pat Burns, who reviewed the legal aspects of the dispute and discussed potential settlement structures. Ms. Burns commended Mr. Custer on his discovery of the fee discrepancy.

Seeing nothing further to be brought to the Commission in closed session, Chair Hubbard asked for a motion to return to open session. Ms. Savage **SO MOVED**, Mr. Griffin seconded the motion, which was approved unanimously.

The Commission returned to open session at 2:46 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission