

AGENDA ITEM 2A.

**APPROVAL OF MINUTES OF THE SEPTEMBER 13, 2018 MEETING
OF 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 13, 2018

Action requested: That the Investment Committee approve the minutes of the September 13, 2018 meeting as incorporated into the full Commission minutes

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

**Robert Morris University
Culinary Dining Room - 8th Floor
401 S. State Street, Chicago, IL 60605**

**September 13, 2018
1:00 p.m.**

COMMISSIONERS PRESENT:

Niketa Brar, Investment Committee Member
Mark Donovan, Investment Committee Member
Kevin Huber, Commission Chair and Investment Committee Member
Emma Johns, Commissioner
Claudia Quezada, Audit Committee Member
Kim Savage, Audit Committee Member
Dr. Patrick M. Twomey, Commissioner

COMMISSIONERS ABSENT:

James Hibbert, Commissioner and Investment Advisory Panel Member
Miguel del Valle, Commission Vice Chair and 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
Shoba Nandhan, Chief Financial Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Shana Rogers, Senior Research Associate
Susan Kleemann, Managing Director, RPPA
Natalie Wandall, Assistant to Executive Director
Michael Wilder, Telecom and Network Engineer
Debora Calcara, Former Commission Secretary
Kathleen Cole, Staff Attorney

PUBLIC ATTENDANCE:

Ryan Ball, Callan and Associates
Eric Hiatt, University of Illinois
Jessie Gotsdiner, Women Employed
Emily Goldman, PCC

The following agenda items at the joint meeting of the Commission and the Investment Committee pertained to the Investment Committee and are incorporated in the full Commission minutes.

Item 1. Announcements

At 1:00 p.m. Chair Kevin Huber called the September 13, 2018 meeting to order by announcing that this is a Joint Meeting of the Illinois Student Assistance Commission (ISAC) and the Investment Committee. A roll call of all Commissioners (the Commission) and Investment Committee Members was taken and a quorum was established for each. Chair Huber announced that Thursday, December 6, 2018 will be the next meeting of the Commission.

Item 2. Approval of the Minutes of the June 14, 2018 Joint Meeting of the Commission and Investment Committee

Item 2A. Investment Committee Meeting (Action: Investment Committee)

Mr. Donovan **MOVED THAT** the Investment Committee minutes of the June 14, 2018 meeting as incorporated into the full Commission minutes be approved by the Investment Committee. Mr. Huber seconded the motion, which was unanimously approved by the Investment Committee.

Item 3. Executive Director's Report (Information)

Mr. Zarnikow stated that the Commissioners received a separate media book that provides a good representation of ISAC in the media since the last Commission meeting.

He provided a brief update related to financial statements provided in the agenda book.

He also informed the Commission that it was announced that Dr. Al Bowman, the Director of the Illinois Board of Higher Education (IBHE) and Dr. Karen Hunter Anderson, the Executive Director of the Illinois Community College Board (ICCB) are retiring. He then announced that Susan Kleemann will retire from ISAC at the end of this year and that Shana Rogers, who he introduced to the Commission, will replace Ms. Kleemann. He also noted that it was Debora Calcara's last meeting today and that Natalie Wandall is taking over for Ms. Calcara.

Mr. Zarnikow stated that, since Kent Custer left for a new position at the end of June, there has been a search for a new Chief Investment Officer (CIO). He informed the Commission that many highly qualified candidates applied. After a robust screening and interviewing process Carmen Heredia-Lopez was selected and accepted the position as CIO. He read her qualifications noting that she is a very accomplished CIO whose interests are aligned with ISAC's mission.

He thanked Roger Rojas and Callan & Associates for stepping up in Mr. Custer's absence.

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

Item 7A. Investment Update (Information)

Mr. Rojas provided a brief overview of the information provided in the agenda book including the portfolio risk profile, transition plan toward the new interim asset allocation approved by the Commission during the 6/14/18 meeting, recent performance, as well as status updates. Mr. Zarnikow thanked Mr. Rojas for the work he has done in negotiating reduced investment management fees and for monitoring the fund compliance with the Investment Policy.

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

Mr. Rojas reviewed the Watch List as provided in the agenda book and noted that no changes were being recommended to the Investment Committee. Chair Huber stated that no action was required.

Item 7D. Compliance Review (Information)

Mr. Rojas reviewed the compliance information provided in the agenda book. Mr. Rojas highlighted that investment expenses, which have been in a declining trend, are likely to be skewed over the next few quarters as carried interest from several closed-end funds are expected to be realized. He had no other significant changes to report for the quarter and no issues were found.

Item 7E. Prepaid Tuition Program Update (Information)

Mr. Zarnikow updated the Commission on the status of College Illinois! He reminded the Commission that at each meeting staff provides an update on College Illinois! and that efforts are continuing in relation to pursuing legislation to try to address the unfunded liability of the program. He went on to say that if legislation does not happen in the veto session of the General Assembly, we intend to continue to pursue legislation in the spring session. As previously discussed, enrollment will not be opened until the program is strengthened with legislation.

Respectfully submitted,

Kathleen Cole