

AGENDA ITEM 2.

**APPROVAL OF MINUTES OF THE SEPTEMBER 16, 2021
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 16, 2021.

Action requested: That the Investment Committee approve the investment portion of the minutes of the September 16, 2021 meeting as will be 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 16, 2021

1:00 p.m.

COMMISSIONERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Niketa Brar, Commissioner, Audit Chair and Committee Member
Maureen Amos, Commissioner, Investment Committee Member
James Hibbert, 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

STAFF PRESENT via WebEx:

Eric Zarnikow, Executive Director
Harikumar Pillai, Acting Chief Information Officer
Carol Cook, Director, Program Services and Compliance
Christy Shields, Director, Program and Product Services
Kishor Desai, Chief Internal Auditor
Katharine Gricevich, Director, Government Relations
Carmen Heredia, Chief Investment Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Jacqueline Moreno, Managing Director, College Access Initiatives
Shana Rogers, Managing Director, RPPA
Shoba Nandhan, Chief Financial Officer
Wendy Funk, Managing Director, Accounting and Finance
Natalie Wandall, Secretary to Commission
Lynne Baker, Managing Director, Communication
Manuel Talavera, Professional Development Specialist
Meghan Chrum, Professional Development Specialist
Eddie Brambila, Managing Director, Capacity Development and Training

STAFF PRESENT COND'T:

Linda Jeffries, Deputy Director, FFELP Services
Vicki Baba, Director, HRD
Marisa Lowe, Deputy Director, Budget and Financial Analysis
Gloria Legette, Deputy General Counsel
Lisa Murphy-Coveny, Senior Compliance Counsel
Ellen Greenan, Senior Research Associate, RPPA
Anne Hunter, Deputy Director, Financial Reporting

PUBLIC ATTENDANCE:

Jim O'Connor, Callan LLC
Brienne Weymouth, Callan LLC
Evelyn Molina
Mark Schopp
Eric Hiatt
Justin Slaughter
Corinne Kodama
Kim
Jackie
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The Joint Meeting of the Illinois Student Assistance Commission and the Investment Committee was called to order at 1:08 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting was being conducted through electronic means pursuant to Governor Pritzker's extension of the Gubernatorial COVID-19 Disaster Proclamation and the Open Meetings Act.

Mr. Zarnikow advised that it is not practical or prudent to conduct the meeting in person or at the usual meeting location in downtown Chicago, so the meeting was conducted virtually. Mr. Zarnikow indicated that he was physically present at ISAC's headquarters in Deerfield.

He further stated that, as with all ISAC public meetings, a specific time is reserved in the agenda for public comment.

He explained that the applicable law requires a roll call for every vote and gave Commission members the relevant instructions. He indicated that there would be a verbatim recording of the whole meeting, open and closed sessions, as required by law.

WebEx instructions, including those for public comment, were provided by Manuel Talavera.

Mr. Zarnikow then turned the meeting over to Chair Huber who called for a roll call of the Commission. A roll call of the Commission members was taken, and a quorum was established.

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

Item 1. Announcements

Chair Huber announced that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday, December 2, 2021. He indicated that the Audit Committee is scheduled to begin at 11:00 a.m. and the Commission Meeting at 1:00 p.m. He further advised that the meetings are scheduled to take place virtually, however notification of any changes would be provided. The Chair then congratulated the student commissioner Ms. Emma Marie Johns as she has graduated Summa Cum Laude from Southern Illinois University with a B.S. in Physiology, minors in Chemistry and American Sign Language, and is now a second-year medical doctoral candidate at SIU SOM.

Item 1A. Approval of the 2022 Meeting Dates and Locations-Commission (Action)

Commissioner Sabens **MOVED THAT** the that the Commission approve the tentative 2022 meeting dates and locations as presented in the agenda book. Commissioner Arrington seconded the motion, which was unanimously approved by roll call vote of the Commission.

Item 1B. Approval of the 2022 Meeting Dates and Locations- Investment Committee (Action)

Commissioner Amos **MOVED THAT** the that the Investment Committee approve the tentative 2022 meeting dates and locations as presented in the agenda book. Commissioner Hibbert seconded the motion, which was unanimously approved by roll call vote of the Investment Committee.

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

Item 2A. Approval of the June 17, 2021 Minutes of the meeting of the Investment Committee (Action: Investment Committee)

Commissioner Amos **MOVED THAT** the Investment Committee approve the minutes of the June 17, 2021 Investment portion of the minutes from the June 17, 2021 Commission meeting. Commissioner Hibbert seconded the motion, which was unanimously approved by a roll call vote of the Investment Committee.

Item 2B. Approval of the June 17, 2021 Minutes of the meeting of the Commission (Action: Commission)

Commissioner Bullock **MOVED THAT** the Commission approve the minutes of the June 17, 2021 joint meeting. Commissioner Arrington seconded the motion, which was unanimously approved by a roll call vote of the Commission.

Item 7. College Illinois! Prepaid Tuition Program Investments-

Item 7A. Investment Update (Information)

Ms. Heredia provided an update of the College Illinois! Prepaid Tuition Program Investments. She discussed the markets' continued recovery and the surge year-over-year in global equity markets. Further, she reviewed the risk profile of the College Illinois! portfolio found on page 7A-2 of the agenda book. She acknowledged the diligent work of investment staff, accounting, and the investment consultant Callan. Ms. Heredia advised the Commission that even though the program is winding down, staff and the consultant are fully engaged in managing the portfolio prudently. She went on to review the portfolio's public markets asset classes and respective investment managers.

Mr. Rojas reviewed all private investments with their outstanding risks (primarily infrastructure assets) and current/projected realizations. Mr. Rojas also reviewed the Asset Allocation, Status Updates and Search Update sections of the agenda book. He highlighted that Ativo has recovered rather well year to date despite being added to the Watch list, but they still need to continue making progress.

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

Ms. Heredia explained that *The Illinois Prepaid Tuition Act* requires the Commission to appoint a seven (7) member Investment Advisory Panel. She explained that the panel members are appointed to serve a term of 3 years. She described Commissioner Hibbert's qualifications and highlighted

that he has provided valuable assistance to the Panel since his appointment in 2015. She explained that Commissioner Hibbert has agreed to continue to serve on the Panel and that ISAC staff recommends his reappointment.

Ms. Heredia asked for a motion that the Commission approve the reappointment of Mr. James Hibbert (recommended by the Commission) to the College Illinois! Investment Advisory Panel, for a term expiring November 19, 2024.

Commissioner Amos **SO MOVED**. Commissioner Lopez seconded the motion. A roll call vote was taken, and the resolution was unanimously approved by the Commission.

Ms. Heredia notified the Commission that Investment Advisory Panel member, Rodrigo Garcia, had left his position at the Illinois State Treasurer's office, but would continue to serve on the panel until a replacement could be appointed. The Illinois State Treasurer's Office recommended Mr. Fernando Diaz to replace Mr. Garcia on the panel. Ms. Heredia described Mr. Diaz's qualifications.

Ms. Heredia asked for a motion to approve the appointment of Mr. Fernando Diaz (recommended by the State Treasurer) to the College Illinois! Investment Advisory Panel for the remaining term expiring November 19, 2022.

Commissioner Arrington **SO MOVED**. Commissioner Bullock seconded the motion. A roll call vote was taken, and the resolution was unanimously approved by the Commission.

Ms. Heredia notified the Commission that the Office of the Illinois Comptroller recommended Mr. Andrew Ranck to replace Mr. Chasse Rehwinkel on the Investment Advisory Panel once his term expires. Ms. Heredia described Mr. Ranck's qualifications. She asked for a motion to approve the appointment of Mr. Andrew Ranck to the College Illinois! Investment Advisory Panel for a term three-year term beginning November 20, 2021 and expiring on November 19, 2024.

Commissioner Lopez **SO MOVED**. Commissioner Hibbert seconded the motion. A roll call vote was taken, and the resolution was unanimously approved by the Commission.

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

Mr. Rojas informed the Commission that staff was not recommending any new manager to be added to the Watch List at this time. Mr. Hibbert inquired about Garcia Hamilton's poor relative performance, Mr. Rojas noted that investment staff concerns regarding this manager have been increasing over the past 2 years. Ms. Heredia noted that staff would conduct a review of the manager in the upcoming quarter.

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 announced that the challenge of getting a line item in the Illinois budget for College Illinois! was a success, but maintaining it and increasing it in future budget cycles will take continuing efforts.

Ms. Heredia stated that ISAC had only very recently received a draft of the Actuarial Soundness report. She presented an overview of the report, noting changes in the expected unfunded liability based upon funding provided by the State budget, higher than expected investment returns, changes in the forecasted tuition inflation and changes in assumptions. There was discussion about providing the final written report to the Commission.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Commissioner Johns **SO MOVED** and Commissioner Brar seconded that motion. A roll call vote was taken, and the motion was unanimously approved by the Commissioners.

The meeting adjourned approximately 3:37 p.m.

Respectfully submitted,

Lisa Murphy-Coveny