

**AGENDA ITEM 2.**

**APPROVAL OF MINUTES OF THE APRIL 14, 2022  
JOINT MEETING OF THE  
ILLINOIS STUDENT ASSISTANCE COMMISSION,  
INVESTMENT COMMITTEE AND THE INVESTMENT ADVISORY PANEL**

**Submitted for:** Action

**Summary:** This report includes the investment related portion of the minutes of the joint meeting of the Illinois Student Assistance Commission, Investment Committee, and the Investment Advisory Panel held on April 14, 2022

**Action requested:** That the Investment Committee approve investment related portion of the minutes of the April 14, 2022, Joint Meeting.

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

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

**April 14, 2022  
1:00 p.m.**

**COMMISSIONERS PRESENT via WebEx:**

Kevin Huber, Commissioner, Board Chair, Investment 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  
Payton Ade, Student Commissioner

**COMMISSIONERS ABSENT**

Niketa Brar, Commissioner, Audit Chair and Committee Member

**INVESTMENT COMMITTEE MEMBERS PRESENT via WebEx:**

Kevin Huber, Commissioner, Board Chair, Investment Committee Member  
Maureen Amos, Commissioner, Investment Committee Member  
James Hibbert, Commissioner, Investment Committee Member

**INVESTMENT ADVISORY PANEL MEMBERS PRESENT via WebEx:**

James Hibbert, Investment Advisory Panel Member  
Andrew Ranck, Investment Advisory Panel Member  
Rodrigo Garcia, Investment Advisory Panel Member  
Cameron Mock, Investment Advisory Panel Member  
Jeanna Cullins, Investment Advisory Panel Member  
Louis Paster, Investment Advisory Panel Member  
Karen Kissel, Investment Advisory Panel Member

**STAFF PRESENT via WebEx:**

Eric Zarnikow, Executive Director  
Carol Cook, Managing Director, Program Services and Compliance  
Shana Rogers, Managing Director, RPPA  
Katherine Gricevich, Director, Government Relations

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Shoba Nandhan, Chief Financial Officer  
Wendy Funk, Managing Director, Accounting and Finance  
Kishor Desai, Chief Internal Auditor  
Carmen Heredia, Chief Investment Officer  
Roger Rojas, Investment Officer  
Lynn Baker, Managing Director, Communications  
Rich Nowell, Interim General Counsel  
Stephanie Schmitz-Bechteler, Director, Special Projects and Program Services  
Darla Puckel, Asst Director, College Illinois! Operations  
Vicki Baba, Director, HRD  
Gloria Legette, Deputy General Counsel  
Ellen Greenan, Senior Research Associate, RPPA  
Eddie Brambila, Managing Director Capacity Development  
Manuel Talavera, Professional Development Specialist  
Michael Wilder, Telecom and Network Engineer  
Natalie Wandall, Secretary to Commission  
Lisa Murphy-Coveny, Senior Compliance Counsel  
Jackie Eckley, Asst Director, Program Communication Service  
Anne Hunter, Deputy Director, Financial Reporting  
Dada Ibrahimovic, Professional Development Specialist  
Steve Markese, Manager, Product Delivery Services

**PUBLIC ATTENDANCE via WebEx:**

Brianne Weymouth, Callan LLC  
James O'Connor, Callan LLC  
Eric Hiatt, University of Illinois  
Maria Amill  
Justin Slaughter  
Mary Greenwood  
Laura Rogers  
Yorick Lopez  
Heather Granart  
Ayesha Safdar  
Jerry Cebrzynski  
Sharon Sweeney  
Tanya Covey  
Joseph Santoro  
Tammy Capps  
Sarah Labadie  
Chilwana Thompson  
Christine  
KO

The joint meeting of the Illinois Student Assistance Commission, the Investment Committee and the Investment Advisory Panel was called to order at 1:06 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 was not practical or prudent to conduct the meeting in person or at a regular meeting location in downtown Chicago due to the COVID-19 disaster, so the meeting was conducted virtually. He noted, however, that he and the Commission Chair, Kevin Huber were physically located at ISAC's headquarters in Deerfield, Illinois.

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 members the relevant instructions.

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

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

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

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

Commissioner Huber called for a roll call of the of the Investment Advisory Panel. A roll call of the Investment Advisory Panel members was taken, and a quorum was established.

### **Item 1. Announcements**

Commissioner Huber announced that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday June 16, 2022. The joint meeting will begin at 1:00 p.m. The Audit Committee is scheduled that same day at 11:00 a.m. In addition, the Investment Committee is scheduled to meet individually on May 19, 2022. Currently the meetings are expected to be held in person and notice will be provided if that changes.

Chair Huber reminded the members that the required ethics trainings were due by May 1<sup>st</sup>. He then welcomed the newly appointed student commissioner, Payton Ade. Student Commissioner Ade delivered a brief introduction and personal statement. Chair Huber presented a portfolio to Mr. Zarnikow commemorating his 10 years of service as ISAC's Executive Director and expressed appreciation for his work

## **Item 2. Approval of Minutes (Action)**

### **Item 2A. Approval of the Minutes of the October 21, 2021, Investment Advisory Panel Meeting (Action: Investment Advisory Panel)**

Investment Advisory Panel member Hibbert **MOVED THAT** the Investment Advisory Panel approve the minutes of the October 21, 2021, Investment Advisory Panel meeting. Investment Advisory Panel member Kissel seconded the motion which was unanimously approved by a roll call vote of the Investment Advisory Panel.

### **Item 2B. Approval of the Minutes of the November 30, 2021, Investment Committee Meeting (Action: Investment Committee)**

Investment Committee member Amos **MOVED THAT** the Investment Committee approve the minutes of the November 30, 2021, Investment Committee meeting. Investment Committee member Hibbert seconded the motion which was unanimously approved by a roll call vote of the Investment Committee.

## **Item 3. College Illinois! Prepaid Tuition Program Update (information)**

Mr. Zarnikow reported the Governor's office and legislature have committed \$230 million to fund College Illinois! unfunded liability in a FY2022 supplemental appropriation. Mr. Zarnikow stated that the amount was calculated based upon the actuarial projections from the June 30, 2021, Actuarial Soundness Report. He advised that the actual amount necessary to fund the unfunded liability will change based upon actual investment returns and tuition and fee increases in the future. Mr. Zarnikow also advised that ISAC is expecting to receive the funds in installments and the timing of those payments is currently unknown.

Ms. Heredia reviewed the allocation targets approved by the Commission at the June 17, 2021, meeting. She identified the factors to consider when determining the best investment strategy for the supplemental appropriation including return need, risk tolerance and liquidity needs. She explained that due to the timing and installment amount uncertainty, staff and consultant agreed to maintain the funds in cash and cash equivalent accounts for the time being. In the meantime, staff and consultant are working on updating the asset liability study that was completed in 2021. The plan is to present preliminary results at the May 2022 Investment Committee meeting followed by a recommendation to the Commission at the June 2022 meeting.

There was significant discussion concerning the best course of action with respect to the timing of the receipt of the funds and potential investment options.

## **Item 4. College Illinois! Prepaid Tuition Program Investments**

### **Item 4A. Investment Advisory Panel Update (Information)**

Ms. Heredia reviewed the duties and responsibilities of the College Illinois! Investment Advisory Panel and explained that the panel has provided valuable input into the investment process. She provided an opportunity for the panel to discuss any issues or concerns relating to the Strategic Investment Plan (Investment Policy) or any other subject relating to the College Illinois! Prepaid Tuition Program. No concerns or issues were raised.

**Item 4B. Domestic Equity Procurement (Action: Investment Committee, Commission)**

Ms. Heredia reported that the current College Illinois! contract with Rhumblin will expire in June 2022. She advised that staff recommends the continued use of Rhumblin's services for 5 years on a "sole economically feasible source" basis and explained the rationale for the recommendation. There was discussion regarding the fees charged by Rhumblin,

Chair Huber asked for a motion from a member of the Investment Committee to recommend for Commission approval and the Commission to subsequently approve the five-year contract with Rhumblin Advisers. Commissioner Amos **SO MOVED.** Commissioner Hibbert seconded the motion which was unanimously approved by a roll call vote of the Investment Committee.

Chair Huber asked for a motion from a member of the Commission to approve the recommendation of the Investment Committee to subsequently approve the five-year contract with Rhumblin Advisers. Commissioner Bullock **SO MOVED.** Commissioner Arrington seconded the motion which was unanimously approved by a roll call vote of the Investment Committee

**Item 4C. Investment Update (Information)**

Ms. Heredia reviewed the 4<sup>th</sup> quarter and calendar 2021 financial and economic markets and provided an update on the College Illinois! Prepaid Tuition Program portfolio. She specifically addressed the investment risk profile, portfolio liquidity and performance. She continued with a detailed portfolio review of the public markets' portfolio performance as well as the open-end funds.

Mr. Rojas reviewed thoroughly all closed-end fund investments including outstanding risks and current/projected realizations. Mr. Rojas indicated that staff foresees the potential for further write-downs in coming quarters for Alinda, TRG and CM Growth. Mr. Rojas also reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book.

**Item 4D. Approval of Changes to the Watch List (Action: Investment Committee, Commission)**

Mr. Rojas reviewed the Watch List memorandum provided in the agenda book and noted that no manager was being recommended for addition to the Watch List. There was no suggestion for any changes from Investment Committee members.

**Item 4E. Compliance Review (Informational)**

Mr. Rojas reviewed the Compliance information provided in the agenda book and noted that no issues or violations were identified.

Seeing no further business to come before the Commission, Chair Huber asked for a motion to adjourn. Commissioner Bullock **SO MOVED** and Commissioner Lopez seconded that motion which was unanimously approved by a roll call vote of the Commission.

The meeting adjourned at approximately 3:28 p.m.

Respectfully submitted,

Lisa Murphy-Coveny