

AGENDA ITEM 8.

SELECTION OF *COLLEGE ILLINOIS!* INVESTMENT MANAGERS

Submitted for: Action

Summary: A recommendation is being made for the selection of two investment managers for the *College Illinois!* prepaid tuition program. These managers are being recommended to fill the intermediate fixed income mandate for the program. The program has had a manager in place for this mandate since October 2002. The contract of the current intermediate fixed income manager (Richmond Capital Management) was due for rebidding.

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 consultant, provided assistance with the development of the RFP and the notification of potential respondents. These efforts resulted in the submission of 38 proposals.

Marquette Associates proposed weighted criteria by which the proposals would be evaluated, as well as a specific procedure to be followed in the evaluation process. As always, ISAC's General Counsel and her staff were 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 summary reports of their analysis ranking all of the firms that responded to the RFP. The Marquette reports were submitted to the Selection Committee consisting of four senior ISAC staff, Commissioner Sharon Alpi and Investment Advisory Panel Member Susan Keegan.

The Evaluation Committee met with Patrick Krolak of Marquette Associates on August 25th and after reviewing reports on the responding firms' qualifications and performance, the Selection Committee members indicated their rankings of the top-qualifying firms and decided to invite the top six finalist firms to make oral presentations on September 8th in the ISAC Deerfield offices. Following the presentations, the Selection Committee scored the firms on all of the qualifying criteria and voted to recommend the top two investment managers to the Commission. A detailed report was shared with the Chairman that included substantiating information for the recommendation.

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!* Program with Income Research and Management and Galliard Capital Management to serve as investment managers for the intermediate fixed income portfolio.”