

AGENDA ITEM 2.

**APPROVE MINUTES OF THE FEBRUARY 24, 2016
MEETING OF THE INVESTMENT COMMITTEE**

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
INVESTMENT COMMITTEE

James R. Thompson Center
Room 3-348
100 W. Randolph St.
Chicago, IL

February 24, 2016

COMMITTEE MEMBERS PRESENT: Mark Donovan
Kevin Huber
Verett Mims

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

STAFF PRESENT VIA TELEPHONE: Debora Calcara, Commission Secretary

**INVESTMENT CONSULTANTS
PRESENT:** Ryan Ball, Callan Associates
Brienne Weymouth, Callan Associates

Item 1. Announcements

Mr. Custer asked that a roll call be taken of the Investment Committee, which established a quorum was present at 11:00 a.m.

Item 2. Approval of Minutes of the November 18, 2015 Investment Committee Meeting

Ms. Mims **MOVED THAT** the minutes of the November 18, 2015 meeting of the Investment Committee be approved. Mr. Huber seconded the motion, which was approved unanimously.

Item 3. Investment Update

The Callan Associates quarterly report through December 31, 2015 was sent to the Investment Committee under separate cover.

Mr. Custer reviewed the risk and performance of the College Illinois! Trust Fund, noting that the strong 3rd percentile peer rank for 2015 confirmed the defensive profile of the fund. He then provided investment level highlights, starting with the strong relative performance in the international portfolio.

He then discussed plans to change the valuation of the LARP III investment from a cost basis to a market basis, which is expected to increase the value by approximately \$19 million. Staff has reviewed reporting alternatives and intends to make a one-time change after appropriate supporting documentation has been received and evaluated.

Mr. Custer also discussed foreign currency (FX) impact related to exposure to the Indian Rupee and potential hedging options. No action was recommended or anticipated. Ms. Mims suggested that a broader perspective on FX would be helpful. Mr. Huber suggested evaluating the merits of a currency overlay manager.

Mr. Custer then provided an update on current and planned RFPs. Discussion was held regarding the fixed income RFP process, what role the Investment Committee and the Commission will be playing in the selection of the manager, and the appropriate communication. Mr. Custer stated that following evaluation of RFP submissions, staff would follow up with additional communication regarding the process

Item 4. Approval of Changes to the Watch List

Mr. Custer reviewed the Watch List memo, reminded the Committee that Security Capital Preferred Growth was placed on the Watch List on August 18, 2015, and stated he is not recommending any changes to the list at this time.

Item 5. Compliance Review

Mr. Custer reviewed the Minority Brokerage report as provided in the agenda book, calling attention to the expanded detail provided in response to suggestions at the November meeting.

Mr. Donovan **MOVED THAT** the February 24, 2016 meeting of the Investment Committee be adjourned. Ms. Mims seconded the motion, which was approved unanimously. The meeting adjourned at 12:00 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission