

**AGENDA ITEM 2.**

**APPROVED MINUTES OF THE INVESTMENT COMMITTEE  
AUGUST 31, 2016 MEETING**

**Submitted for:** Information

**Summary:** This report includes the approved minutes of the meeting of the Investment Committee held on August 31, 2016.

**Action requested:** None.

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

**Michael A. Bilandic Building**  
**Room N-505**  
**160 N. LaSalle St.**  
**Chicago, IL**

**August 31, 2016**

**COMMITTEE MEMBERS PRESENT:** Mark Donovan  
Kevin Huber

**INVESTMENT ADVISORY PANEL  
MEMBER PRESENT:** James Hibbert

**STAFF PRESENT:** Eric Zarnikow, Executive Director  
Kent Custer, Chief Investment Officer  
Roger Rojas, Investment Analyst  
Karen Salas, General Counsel  
Debora Calcara, ISAC Commission Secretary  
Trena Sabo, Government Relations Assistant

**PRESENT VIA TELEPHONE:** John Demien, State Purchasing Officer

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

**PUBLIC PRESENT:** Ricardo Bekin, Ativo Capital  
Michael Brooks, Ativo Capital  
Ram Gandikota, Ativo Capital  
Doug Byrkit, Dimensional Fund Advisors (DFA)  
Daniel Ong, Dimensional Fund Advisors (DFA)

### **Item 1. Announcements**

Mr. Custer asked that a roll call be taken of the Investment Committee, which established a quorum was present at 11:08 a.m.

### **Item 2. Review of the Approved Minutes of the May 13, 2016 Meeting of the Investment Committee**

No action was required on this item.

### **Item 3. Approval of the International Equity Investment Management Procurement**

Mr. Custer stated that representatives from Ativo and Dimensional Fund Advisors will be making presentations to the Committee. He then reviewed the search process and documentation, including diversity disclosures provided by each firm.

Mr. Custer then introduced Mr. Bekin, Mr. Brooks and Mr. Gandikota with Ativo who provided the Committee with an overview of Ativo's investment philosophy and process as well as their product and performance history. Following a period of questions and answers, Ativo representatives exited the meeting.

Mr. Custer then introduced Mr. Byrkit and Mr. Ong with Dimensional Fund Advisors (DFA) who provided the Committee with a brief overview of their portfolio design, management and implementation as well as performance and characteristics. Following a period of questions and answers, DFA representatives exited the meeting.

Seeing no questions or concerns, Mr. Custer asked for a motion to approve the International Equity Investment Managers.

Mr. Huber **SO MOVED** that, after consideration of the forgoing information and attachments, the Investment Committee approves for recommendation to the Commission for final approval Ativo and DFA to provide international equity investment management services.

Mr. Donovan seconded the motion, which was approved unanimously.

### **Item 4. Investment Update**

The Callan Associates quarterly report through June 30, 2016 was sent to the Investment Committee under separate cover.

Mr. Custer reviewed the risk profile and provided a brief review of the performance of the College Illinois! Trust Fund. He then provided status updates on the fixed income transition and the consultant search.

### **Item 5. Approval of Changes to the Watch List**

Mr. Custer reminded the Committee that Security Capital Preferred Growth was placed on the Watch List at the August 18, 2015 meeting of the Investment Committee. He stated their fund has recovered nicely since the third quarter of 2015 and is recommending they be taken off the Watch List.

Mr. Donovan **SO MOVED** that the Investment Committee remove Security Capital Preferred Growth from the Watch List.

Mr. Huber seconded the motion, which was approved unanimously.

**Item 6. Compliance Review**

Mr. Custer reviewed the compliance report as provided in the agenda book.

Seeing no further discussion, Mr. Custer asked for a motion to adjourn.

Mr. Huber **MOVED THAT** the August 31, 2016 meeting of the Investment Committee be adjourned. Mr. Donovan seconded the motion, which was approved unanimously. The meeting adjourned at 12:15 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debora A. Calcara", is written on a light green rectangular background.

Debora A. Calcara  
Secretary to the Commission