

AGENDA ITEM 2.

**APPROVED MINUTES OF THE DECEMBER 1, 2016
MEETING OF THE INVESTMENT COMMITTEE**

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

University of Illinois at Chicago
Student Services Building, Conference Room A
1200 W. Harrison St.
Chicago, IL

December 1, 2016

10:30 a.m.

COMMITTEE MEMBERS PRESENT: Mark Donovan
Kevin Huber

STAFF PRESENT: Eric Zarnikow, Executive Director
Ramnath Cidambi, Managing Director, Information Technology
Kent Custer, Chief Investment Officer
Kishor Desai, Chief Internal Auditor
Karen Salas, General Counsel
Debora Calcara, ISAC Commission Secretary

**INVESTMENT CONSULTANTS
PRESENT:** Brianne Weymouth, Callan Associates

PUBLIC PRESENT: George Wang, Department of Innovation and Technology, Students

Item 1. Announcements

Mr. Custer asked that a roll call be taken of the Investment Committee, which established a quorum was present at 10:48 a.m.

Item 2. Review of the Approved Minutes of the August 31, 2016 Meeting of the Investment Committee

No action was required on this item.

Item 3. Investment Update

The Callan Associates quarterly report through September 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 informed the Committee that the Investment Advisory Panel met for their regular meeting on September 15, 2016 and no significant concerns were identified. He also noted that Ms. Joy Winterfield had recently tendered her resignation from the Investment Advisory Panel.

Item 4. Fixed Income Transition Report

Mr. Custer indicated the transition of the intermediate duration fixed income mandate from IR+M to Garcia Hamilton went well with September being the transition month. He stated the account positioning has been in-line with the intermediate strategy and initial performance has exceeded the benchmark index.

Item 5. Approval of Changes to the Watch List

Mr. Custer indicated he is not recommending anyone for the watch list at this time, but he did note recent underperformance from international equity managers. Mr. Huber inquired regarding recent performance from incoming international equity manager DFA. Ms. Weymouth relayed that value strategies had been in favor recently and DFA was doing well.

Item 6. Compliance Review

Mr. Custer reviewed the compliance report as provided in the agenda book including minority brokerage and minority investment manager participation.

Item 8. Approval of Investment Policy Revisions

Mr. Custer stated that the primary change will bring the policy in-line with recently approved managers who utilize comingled funds instead of separate accounts as the investment vehicle. He indicated that while these commingled fund are generally aligned with ISAC's Investment Policy, they will have multiple investors and cannot be subject to the investment policies of any single investor. Therefore he is recommended the new language to address investments in pooled vehicles. He briefly discussed other changes as summarized in the agenda item.

Mr. Huber **SO MOVED** that the Investment Committee approve the following resolution:

“**BE IT RESOLVED** that the Investment Committee has reviewed the proposed revisions to the Investment Policy and recommends adoption by the full Commission”.

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

Item 7. Approval of the Investment Consultant Procurement

Prior to opening discussion on the selection of the investment consultant, Mr. Custer asked if there were any questions to be directed to Ms. Weymouth with Callan Associates. Seeing none, Ms. Weymouth exited the meeting.

Mr. Custer provided an overview of the selection process with the Committee and reviewed with them with the search report and the diversity disclosures provided in the agenda book. Mr. Huber asked if the diversity disclosures were substantially different for other candidates. Mr. Custer noted that disclosures for other consultant candidates were generally similar with one consultant proposal including an African American person on the client team.

Mr. Donovan **SO MOVED** that after consideration of the foregoing information and attachments, the Investment Committee approves for recommendation to the Commission for final approval Callan Associates to provide investment consulting services.

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

Mr. Huber suggested that staff provide the cost of services in the motions in the future. Mr. Custer noted that the new contract was less than the prior contract at the lower end of the competitive range.

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

Mr. Huber **MOVED THAT** the December 1, 2016 meeting of the Investment Committee be adjourned. Mr. Donovan seconded the motion, which was approved unanimously. The meeting adjourned at 11:17 a.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission