AGENDA ITEM 4B.

APPROVAL OF MINUTES OF THE
SEPTEMBER 14, 2017 INVESTMENT ADVISORY PANEL MEETING
MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
COLLEGE ILLINOIS!® INVESTMENT ADVISORY PANEL

James R. Thompson Center
Room 9-040
100 W. Randolph St.
Chicago, IL

September 14, 2017
2:00 p.m.

INVESTMENT ADVISORY PANEL MEMBERS PRESENT: Karen Kissel
Louis Paster
Steven Powell
Janice Reedus

INVESTMENT ADVISORY PANEL MEMBERS ABSENT: Jeanna Cullins
James Hibbert
Patrick Rea

STAFF PRESENT: Kent Custer, Chief Investment Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Debora Calcara, Commission Secretary

STAFF PRESENT VIA TELEPHONE: Eric Zarnikow, Executive Director

ISAC INVESTMENT CONSULTANTS PRESENT: Ryan Ball, Callan Associates
Brianne Weymouth, Callan Associates

PUBLIC ATTENDANCE: Chasse Rehwinkel
Item 1. Announcements and Public Comment

Mr. Custer brought the September 14, 2017 meeting of the Investment Advisory Panel to order and asked that a roll call be taken which established a quorum at 2:02 p.m.

Mr. Custer introduced Mr. Steven Powell a new member to the Panel and guest Chasse Rehwinkel who will replace Mr. Patrick Rea on September 16, 2017 after his term expires on September 15, 2017. He thanked Mr. Patrick Rea for his service on the panel.

Item 2. Approval of Minutes of the April 12, 2017 Joint Meeting with the Illinois Student Assistance Commission

Ms. Reedus MOVED THAT the minutes of the April 12, 2017 joint meeting with the Commission be approved. Ms. Kissel seconded the motion, which was approved unanimously.

Item 3. Review of Investment Advisory Panel Duties and Responsibilities

Mr. Custer briefly reviewed the summary of Panel duties and responsibilities as presented in the agenda book.

Item 4. Program Update

Mr. Custer reviewed the program’s enrollment history as well as key drivers of the program’s success and hurdles since inception. He indicated staff had been engaged in a strategic analysis and review of the Program for several months and continues proactive communication with members of the General Assembly, which includes a fact-finding hearing with the legislative Higher Education Appropriations Committee held in August and anticipates continuing into the next legislative session. Finally, he reminded the Panel that enrollment was on hold pending legislative review.

Item 5. Investment Update

Referring to Callan Associates quarterly report, Mr. Custer reviewed each of the funds and how they have been performing to date.

Responding to Ms. Reedus’ inquiry as to how long Pinnacle will continue to be placed on the Watch List, Mr. Custer indicated that the Investment Committee guideline is to resolve Watch List placement within approximately one year. With respect to Pinnacle, they will be reviewed prior to August 2018 to allow adequate notice for redemption if needed.

Item 6. Compliance Review

Mr. Custer reviewed the information provided in the September 13, 2017 Commission agenda book.

Item 7. Review of FY 16 Annual Report and Discussion of FY 17 Annual Report

Mr. Custer reviewed the annual report timeline and process and encouraged the Panel to provide suggestions or comments. The panel did not provide any suggestions or comments.
Item 8. Review of Investment Policy/Strategic Investment Plan

Mr. Custer stated a draft of proposed policy revisions had been sent to members for review. He indicated that due to relatively low contract sales and the uncertainty of future sales he felt it prudent to dial back the investment risk slightly by recommending a reduction in the U.S. equity allocation by four percent to 18 percent and non-U.S. equity by one percent to 18 percent. Allocation to Fixed Income would be increased by four percent to 27 percent and the cash allocation would increase by one percent to two percent. He stated the Investment Committee approved the change and recommended it to the Commission for approval. However, due to a lack of quorum at the September 13, 2017 Commission meeting action was not taken. Therefore, until the Commission can take formal action, Mr. Custer stated he will hold the equity allocations at the lower end of the rebalancing range.

Responding to Mr. Custer’s inquiry to him regarding cash alternatives, given the recommended two percent allocation, Mr. Paster noted that other alternatives were prime funds, which he did not recommend due to higher volatility, and thus recommended maintaining the Treasury fund option for cash.

Item 9. Approval of Advice to the Commission

No specific advice was to be brought to the Commission, so no action was taken by the Investment Advisory Panel.

Ms. Kissel MOVED THAT the September 14, 2017 meeting of the Investment Advisory Panel be adjourned. Mr. Powell seconded the motion, which was approved unanimously. The meeting adjourned at 3:02 p.m.

Respectfully submitted,

Debora A. Calcara
Secretary to the Commission