

**AGENDA ITEM 2A.**

**APPROVAL OF MINUTES OF THE MARCH 18, 2021  
ILLINOIS STUDENT ASSISTANCE COMMISSION  
INVESTMENT COMMITTEE**

**Submitted for:** Action

**Summary:** This report includes the minutes of Investment Committee meeting held on March 18, 2021

**Action requested:** That the Investment Committee approve the minutes of the March 18, 2021 Investment Committee meeting.

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

**VIDEO CONFERENCE  
Instruction to be provided by ISAC.org**

**March 18, 2021  
1:00 p.m.**

**COMMISSIONERS PRESENT via WebEx:**

Kevin Huber, Commissioner, Board Chair, Investment Committee Member  
Maureen Amos, Commissioner, Investment Committee Member  
James Hibbert, Commissioner, Investment Committee Member

**STAFF PRESENT via WebEx:**

Eric Zarnikow, Executive Director  
Carmen Heredia, Chief Investment Officer  
Roger Rojas, Investment Officer  
Karen Salas, General Counsel  
Gloria Legette, Deputy General Counsel  
Natalie Wandall, Secretary to Commission  
Kalene Heaton, Professional Development Specialist  
Ana Moya, Professional Development Specialist, GEAR UP  
Lisa Murphy-Coveny, Staff Attorney

**PUBLIC ATTENDANCE Via WebEx:**

Jim O'Connor, Callan  
Brienne Weymouth, Callan  
Erika Kennedy, DDJ

## **Item 1. Announcements/Public Comments**

The Illinois Student Assistance Commission Investment Committee was called to order at 1:12 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting will be conducted through electronic means pursuant to Governor Pritzker's extension of the Gubernatorial COVID-19 Disaster Proclamation and Public Act 101-0640, which suspends the Open Meetings Act requirements for physical presence at meetings of public bodies during gubernatorial disaster proclamations.

Mr. Zarnikow advised that it is not practical or prudent to conduct the meeting in person or at the usual meeting location in downtown Chicago, due to the COVID-19 disaster, so the meeting was conducted virtually.

He further stated that, as with all ISAC public meetings, a specific time is reserved in the agenda for public comment.

He explained that the applicable law requires a roll call for every vote and gave Commission members the relevant instructions.

He indicated that there would be a verbatim recording of the whole meeting as required by law.

WebEx instructions, including those for public comment, were provided by Kalene Heaton.

Mr. Zarnikow then turned the meeting over to Carmen Heredia, who called for a roll call of the Investment Committee. A roll call of the Commission members was taken, and a quorum was established.

Ms. Heredia stated that the next regularly scheduled joint meeting of the Commission and the Investment Committee will be on Thursday April 15, 2021. The Audit Committee is scheduled to start at 11:00 a.m. and the Commission Meeting at 1:00 p.m. Currently the meeting is scheduled to be held virtually and notice will be provided if there are any changes.

No requests for public comment were made.

**Item 2. Approval of the Commission and Investment Committee Meeting Minutes (Action)**

**Item 2A. Approval of the December 3, 2020 Minutes of the Investment Committee Meeting (Action: Investment Committee)**

Commissioner Amos **MOVED THAT** the Investment Committee approve the minutes of the December 3, 2020 Investment Committee meeting. Commissioner Hibbert seconded the motion and a roll call was taken which was unanimously approved by the Investment Committee.

**Item 3. Investment Update (Information)**

Ms. Heredia discussed the Economic and Capital Markets Review. She highlighted the steep drop in the markets due to COVID-19 as well as the sharp rebound the markets experienced as illustrated in the presentation materials. She noted the way different asset classes behaved in 2020 and pointed out that it was not just equities that rallied. In fact, anything carrying any semblance of risk had rallies, e.g. junk bonds. She reviewed the public market asset classes in detail and highlighted the extreme divergence between the returns of the Growth Index and Value Index as illustrated in the presentation materials.

Furthermore, Ms. Heredia reviewed the attribution analysis from Callan's December 31, 2020 ISAC Investment Measurement Service Review and reviewed the one, three and five-year attribution analysis. She noted that while 2020 was a difficult year, the recent performance numbers for the last three months ending February 28, 2021 show an improvement in the fund's performance. Discussion ensued regarding the past performance of the public markets' managers as compared to their current performance.

Mr. Rojas summarized the discussion held in December with ISAC investment team, executive director, and Callan's team, including Callan's infrastructure specialist Jan Mende. After detailed discussions on the fund's private market portfolio, the estimated secondary market discounts and a cost benefit analysis deliberation, Callan recommended holding the private market investments versus trying to sell them in the secondary market. This recommendation aligns with investment staff's recommendation. Mr. Rojas reviewed all closed-end fund investments including risks and projected realizations. Mr. Rojas indicated that investment staff is concerned that there may be further write-downs in future periods for Alinda, TRG and CM Growth.

Mr. Rojas continued the review with the current Asset Allocation, Status Updates and Search Update sections in the presentation material.

**Item 4. Approval of Changes to the Watch List (Action)**

Ms. Heredia reviewed the Watch List Memorandum and focused the discussion on Ativo Capital Management. She reviewed the performance, investment style, peer group analysis and business risk as presented in the meeting materials. Based upon the analysis, the investment staff and Callan, recommended that the Investment Committee place Ativo on the Watch List. In response to a Commissioner inquiry, there was a discussion regarding the length of time a manager is on the Watch List and the close monitoring performed by investment staff.

Commissioner Hibbert **MOVED THAT** the Investment Committee approve a change to add Ativo Capital Management LLC to the Watch List. Commissioner Huber seconded the motion and a roll call was taken which was unanimously approved by the Investment Committee.

**Item 5. Compliance Memorandum (Information)**

Mr. Rojas reviewed the compliance report as provided in the agenda book including minority brokerage, minority investment manager participation and investment expenses. No violations or issues of concern were identified.

Seeing no further business to come before the Investment Committee, Ms. Heredia asked for a motion to adjourn. Commissioner Huber **SO MOVED** and Commissioner Hibbert seconded that motion. A roll call was taken which was unanimously approved by the Committee.

The meeting adjourned at approximately 2:17 pm.

Respectfully submitted,

Lisa Murphy-Coveny