

AGENDA ITEM 2A.

**APPROVAL OF MINUTES OF THE JUNE 16, 2021
JOINT MEETING OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION AND THE
INVESTMENT COMMITTEE**

Submitted for: Action

Summary: This report includes the minutes of the investment related items of the joint meeting of the Investment Committee and the Commission held on June 16, 2021

Action requested: That the Investment Committee approve the investment portion minutes of the June 16, 2021 meeting as incorporated into the full Commission minutes.

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

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

**June 17, 2021
1:00 p.m.**

COMMISSIONERS PRESENT via WebEx:

Kevin Huber, Commissioner, Board Chair, Investment Committee Member
Elizabeth Lopez, Commissioner, Vice Chair, Audit Committee Member
Maureen Amos, Commissioner, Investment Committee Member
Darryl Arrington, Commissioner, Audit Committee Member
Josh Bullock, Commissioner
Thomas Dowling, Commissioner
Franciene Sabens, Commissioner

COMMISSIONERS ABSENT via WebEx:

James Hibbert, Commissioner, Investment Committee Member
Niketa Brar, Commissioner, Audit Chair and Committee Member
Emma Johns, Student Commissioner

STAFF PRESENT via WebEx:

Eric Zarnikow, Executive Director
Carmen Heredia, Chief Investment Officer
Roger Rojas, Investment Officer
Carol Cook, Managing Director, Program Services and Compliance
Christine Shields, Director, Program and Product Services
Ellen Greenan, Senior research Associate, RPPA
Karen Salas, General Counsel
Natalie Wandall, Secretary to Commission
Anne Hunter, Deputy Director, Financial Reporting
Jackie Eckley, Asst. Director Program Communication Service
Katherine Gricevich, Director, Government Relations
Kimberly Eck, Manager, Partner Services
Kishor Desai, Chief Internal Auditor
Linda Jeffries, Deputy Director, FFELP Services
Lynne Baker, Managing Director, Communications
Lisa Murphy-Coveny, Staff Attorney

STAFF PRESENT via WebEx cond't:

Gloria Legette, Deputy General Counsel
Manuel Talavera, Professional Development Specialist
Marisa Lowe, Deputy Director, Budget and Financial Analysis
Vicki Baba, Director, HRD
Wendy Funk, Managing Director, Accounting and Finance
Paul Oliver II, Manager ISAC Call Center
Shana Rogers, Managing Director, RPPA
Evelyn Smith, Director, Loan Portfolio
Shoba Nandan, Chief Financial Officer
Ramnath Cidambi, Chief Information Officer
Ana Moya, Professional Development Specialist, GEAR UP

OTHERS PRESENT via WebEx:

Jim Van Heuit, Callan LLC
James O'Connor, Callan LLC
Brienne Weymouth, Callan LLC
Eric Hiatt, University of Illinois
Emily Goldman
Pat Jackson
Sherman Lee

The Illinois Student Assistance Commission Audit Committee was called to order at 1:10 p.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting is being 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, open and closed session, as required by law.

WebEx instructions, including those for public comment, were provided by Ana Moya.

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

Item 1. Announcements

Chair Huber announced that the next regularly scheduled joint meeting of the Commission and the Audit Committee will be on Thursday September 16, 2021. The Audit Committee is scheduled to start at 11:00 a.m. and the Commission meeting at 1:00 p.m. Currently the meetings are scheduled to be held virtually and notice will be provided if there are any changes.

Item 2A. Approval of the Minutes of the April 15, 2021 Joint Commission/Investment Committee/Investment (Advisory Panel) Meeting- Investment Portion (Action)

Commissioner Arrington **MOVED THAT** the Commission approve the of the minutes of the April 15, 2021 meeting. Commissioner Dowling seconded the motion and a roll call was taken which was unanimously approved by the Commission.

Due to technical difficulties, Commissioner Amos joined the meeting at 1:23 p.m.

Chair Huber called for a roll call of the Investment Committee. A roll call of the Investment Committee members was taken, and a quorum was established.

Item 2B. Approval of the Minutes of the April 15, 2021 Investment Committee Meeting- Investment Portion (Action)

Commissioner Amos **MOVED THAT** the Investment Committee approve the of the minutes of the May 13, 2021 Investment Committee meeting. Chair Huber seconded the motion and a roll call was taken which was unanimously approved by the Investment Committee.

Item 7. College Illinois! Prepaid Tuition Program Investments (Information/Action)

Item 7A. College Illinois! Prepaid Tuition Program Update (Information)

Mr. Zarnikow reiterated that the \$50 million funding to address the unfunded liability of the College Illinois! Prepaid Tuition Program is a great start and that ISAC will continue to pay for benefits and normal operations along with continuing to advocate for additional funding.

Item 7B. Investment Update (Information)

Ms. Heredia reported on the College Illinois! Prepaid Tuition Program investments. She specifically noted the market's strong economic recovery in the first quarter of 2021. She summarized the risk profile of the investment portfolio and reviewed the performance of the public market investments on pages 7B-2 to 7B-4 of the agenda book. She noted that staff continues to closely monitor our managers' performance considering market valuations and pandemic uncertainty. Further, she stated that recently Neuberger Berman notified staff that the Diversified Arbitrage Fund II Board voted to wind-down the Fund by year end 2021.

Mr. Rojas reviewed all the private investments with its outstanding risks (primarily infrastructure assets) and current/projected realizations. Mr. Rojas reviewed the Asset Allocation, Status Updates and Search Update sections as provided in the agenda book. Mr. Rojas highlighted that Ativo remains on Watch.

Mr. Rojas noted that due to the College Illinois run-off scenario, no manager searches are underway or expected in the near future.

Item 7C. Compliance Review (Information)

Mr. Rojas reviewed the compliance report as provided in the agenda book. No violations or issues of concern were identified.

Item 7D. College Illinois! Prepaid Tuition Program Investments (Action)

Ms. Heredia reviewed the actions taken with respect to the asset liability study requirements found in the Statement of Investment Policy. She explained that every three years a formal asset liability study is conducted, and this year was the year to conduct such an in-depth study. Investment Staff and Callan performed the study and the results were presented to the Investment Committee on May 13, 2021. Per the Investment Committee's request, the results were separately presented to the Investment Advisory Panel on June 3, 2021. The Investment Advisory Panel was asked to review and make recommendations regarding the allocation policy, rebalancing ranges and policy benchmarks. Ms. Heredia also noted that the presentation materials were included in the agenda.

Ms. Heredia explained that staff, Callan, the Investment Committee, and the Investment Advisory panel have all reached a consensus around an asset mix. She advised that, consistent with the recommendations of the Investment Committee and the Investment Advisory Panel, investment staff and Callan support the asset allocation policy targets, rebalancing ranges and policy benchmarks on pages 7D-2 and 7D-3 of the agenda.

Commissioner Amos **MOVED THAT** the Commission approve the proposed Investment Policy Asset Allocation and benchmark change recommendation. Commissioner Dowling seconded the motion and a roll call was taken which was unanimously approved by the Commission.

Item 7E. Investment Policy Review and Adoption (Action)

Ms. Heredia presented the proposed changes to the College Illinois! Statement of Investment Policy to include the updated asset allocation targets, rebalancing ranges, and policy benchmarks. She noted that a redlined draft copy of the Statement of Investment Policy was included in the agenda book for reference.

Commissioner Bullock **MOVED THAT** the Commission approve the proposed revisions to the Statement of Investment Policy. Commissioner Dowling seconded the motion and a roll call was taken which was unanimously approved by the Commission.

Seeing no further business to come before the Commission, Commissioner Dowling **MOVED** to adjourn, and Commissioner Arrington seconded that motion. A roll call was taken which was unanimously approved by the Commission.

The meeting adjourned at approximately 3:30 p.m.

Respectfully submitted,

Lisa Murphy-Coveny