

**AGENDA ITEM 2A.**

**APPROVAL OF MINUTES OF THE OCTOBER 13, 2022  
INVESTMENT ADVISORY PANEL**

**Submitted for:** Action

**Summary:** This report includes the minutes of Investment Advisory Panel meeting held on October 13, 2022

**Action requested:** That the Investment Advisory Panel approve the minutes of the October 13, 2022 Investment Advisory Panel meeting.

**MINUTES OF THE  
ILLINOIS STUDENT ASSISTANCE COMMISSION  
COLLEGE ILLINOIS! INVESTMENT ADVISORY PANEL MEETING**

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

**October 13, 2022  
10:00 a.m.**

**INVESTMENT ADVISORY PANEL MEMBERS PRESENT via WebEx:**

James Hibbert, Investment Advisory Panel Member  
Cameron Mock, Investment Advisory Panel Member  
Louis Paster, Investment Advisory Panel Member  
Andrew Ranck, Investment Advisory Panel Member  
Fernando Diaz, Investment Advisory Panel Member

**INVESTMENT ADVISORY PANEL MEMBERS ABSENT:**

Jeanna Cullins, Investment Advisory Panel Member  
Karen Kissel, Investment Advisory Panel Member

**STAFF PRESENT via WebEx:**

Eric Zarnikow, Executive Director  
Roger Rojas, Director of Investments  
Rich Nowell, Interim General Counsel  
Natalie Wandall, Secretary to Commission  
Gloria Legette, Deputy General Counsel  
Lisa Murphy-Coveny, Deputy General Counsel  
Lisa Schlessinger, Staff Attorney  
Manuel Talavera, Professional Development Specialist  
Dada Ibrahimovic, Professional Development Specialist

**OTHERS PRESENT via WebEx:**

Jim O'Connor, Callan

The Illinois Student Assistance Commission, College Illinois! Investment Advisory Panel Meeting was called to order at 10:03 a.m.

Mr. Zarnikow, ISAC's Executive Director, began by explaining that the meeting was being conducted through electronic means pursuant to Governor Pritzker's extension of the Gubernatorial COVID-19 Disaster Proclamation and the Open Meetings Act.

Mr. Zarnikow advised that it is not practical or prudent to conduct the meeting in person at the usual meeting location, so the meeting was conducted virtually. He indicated he was physically present at ISAC's headquarters in Deerfield, Illinois.

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 Panel 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 Manuel Talavera.

A roll call of the Investment Advisory Panel members was taken, and a quorum was established.

### **Item 1. Announcements**

Mr. Zarnikow advised the panel that Carmen Heredia recently accepted a new position and that Roger Rojas was promoted to Director of Investments.

He announced that Karen Kissel and Fernando Diaz were reappointed to the Panel at the September 22, 2022, Commission meeting. Their terms expire on November 19, 2025.

He announced that, pending the approval of the next agenda item, the next regularly scheduled meeting of the Investment Advisory Panel will be a joint meeting with the Commission on Thursday, April 13, 2023, at 1:00 p.m. He explained that the meeting is expected to be in person in the Chicago area, but notice would be provided if that changes.

### **Item 1A. Approval of the 2023 Meeting Dates (Action)**

Mr. Zarnikow asked that the Investment Advisory Panel approve the scheduled meeting dates that appear on page 1A of the agenda book.

Commissioner and Investment Panel Member Hibbert **SO MOVED**. Investment Panel Member Diaz seconded the motion. A roll call was taken, and the motion was unanimously approved by the Investment Advisory Panel.

**Item 2. Approval of the Minutes of the April 14, 2022 Meeting of the Investment Advisory Panel (Action)**

Investment Advisory Panel Member Mock **MOVED THAT** the Investment Advisory Panel approve the minutes of the investment portion of the April 14, 2022 meeting. Investment Advisory Panel Member Paster seconded the motion. A roll call was taken, and the motion was approved by the Investment Advisory Panel.

**Item 3. Review of the Investment Advisory Panel Duties and Responsibilities (Information)**

Mr. Rojas reviewed the roles and responsibilities of the Investment Advisory Panel that appear on page 3A-1 of the agenda book. He stressed the two main areas requiring the Panel's attention, which are the Investment Policy and Annual Report. He encouraged the members to share their insights and advice during the meeting. He also advised the Panel that the text of the Prepaid Tuition Act was included in the meeting book for their review.

**Item 4. Program Update (Information)**

Mr. Zarnikow advised that the fiscal year 2022 State budget included \$230 million in supplemental funding intended to fully address the unfunded liability of the Prepaid Tuition Program. He explained that fiscal year 2022 investment returns have turned out to be negative, but tuition and fee increases were less than anticipated. Further, he advised that an actuarial update as of June 30, 2022 would be provided to the panel when it was available.

**Item 5. Investment Update (Information)**

Mr. Rojas reviewed the fund risk profile and trailing performance as of June 30, 2022. He presented a detailed performance review of the managers in the public market portfolio, as well as the open-end and the closed-end limited partnerships. Mr. Rojas reviewed the CM Growth investment situation that led to the investment staff recommendation of a full write down of this asset. The panel discussed this item and agreed with staff's recommendation. Mr. Rojas expressed gratitude from ISAC staff for the Governor and State legislators' support and commitment to the College Illinois! contract holders.

Additionally, Mr. Rojas reviewed the Asset Allocation, Status Updates and Search Update sections as shown in the agenda book. He provided a status update of the manager on the watch list and explained that no new manager searches are underway. There was discussion regarding the overall performance and relative performance of the fund as it appears on page 22 of the Callan Report. Mr. Zarnikow noted that the decision to put the \$230 million into a laddered portfolio has proven to be a wise decision, at least in the short run, because it has not been impacted by the recent steep market declines.

**Item 6. Compliance Review (Information)**

Mr. Rojas reviewed the Compliance items provided in the agenda book and noted that no issues or violations were identified. He stated that ISAC investment staff has established a very robust compliance review process over time for the College Illinois Trust Fund.

**Item 7. Review of the FY21 Annual Report (provided separately) and Discussion of the FY 22 Annual Report (Information)**

Mr. Zarnikow advised that the FY21 Annual Report was previously provided to panel members and was attached to the meeting invitation. He explained that it was the duty of the Investment Advisory Panel to review and provide advice on the cover letter and the audited financial statements which includes the Annual Report. He noted that the Panel's advice about the structure of the FY22 Annual Report, due in February 2023, would be appreciated and could be directed to Mr. Rojas or himself.

**Item 8. Review of the Investment Policy/ Strategic Investment Plan (Information)**

Mr. Zarnikow explained that Mr. Rojas has been promoted to the Director of Investments and will report directly to Mr. Zarnikow. Mr. Rojas then provided the summary of the changes to the Investment Policy approved by the Commission on June 16, 2022. Further, he explained that the next revision is expected to be adopted at the June 2023 Commission meeting.

**Item 9. Public Comment**

No requests for Public Comment were made.

**Item 10. Approval of Advice to the Commission (Action)**

There were no requests to provide any formal advice to the Commission.

Seeing no further business to come before the Investment Advisory Panel, Investment Advisory Panel Member Mock **MOVED** to adjourn. Commissioner and Investment Advisory Panel Member Hibbert seconded that motion. A roll call was taken which was unanimously approved by the Investment Advisory Panel.

The meeting adjourned at 11:02 a.m.

Respectfully submitted,

Lisa Murphy-Coveny