

AGENDA ITEM 2B.

**APPROVAL OF MINUTES OF THE OCTOBER 30, 2018 MEETING
OF THE INVESTMENT ADVISORY PANEL**

Submitted for: Action

Summary: This report includes the minutes of the Investment Advisory panel

Action requested: That the Investment Advisory panel approve the minutes of the October 30, 2018 meeting.

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

**James R. Thompson
100 W. Randolph Street
Suite 9-031
Chicago, IL 60605**

October 30, 2018

1:00 p.m.

PANEL MEMBERS PRESENT:

Jeanna Cullins
James A. Hibbert
Louis Paster
Chasse Rehwinkel

PANEL MEMBERS ABSENT:

Karen Kissel
Steven Powell
Janice I. Reedus

STAFF PRESENT:

Eric Zarnikow, Executive Director
Carmen Heredia-Lopez, Chief Investment Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Natalie Wandall, Secretary to Commission
Kathleen Cole, Staff Attorney

CALLAN:

Ryan Ball, Callan and Associates
Brienne Weymouth, Callan and Associates

PUBLIC ATTENDANCE:

None

Item 1. Announcements/Public Comments

At 1:00 p.m. Executive Director, Eric Zarnikow called the October 30, 2018 meeting to order by announcing that this is a meeting of the Investment Advisory Panel. A roll call of all Investment Advisory Panel members (the Panel) was taken and a quorum was established.

Mr. Zarnikow presented the Commission meeting schedule for 2019, and stated that the annual joint meeting of the Investment Advisory Panel and the Commission is scheduled for April 4, 2019. He noted that no one from the public was in attendance.

Item 2. Approval of the Minutes of the April 5, 2018 Joint Meeting with the Illinois Student Assistance Commission (Action)

Mr. Rehwinkel **MOVED THAT** the Panel approve the Investment Advisory panel meeting portion of the minutes of the Joint Meeting of the Commission and the Investment Advisory Panel held on April 5, 2018 as incorporated into the full commission minutes. Mr. Paster seconded the motion, which was unanimously approved by the Panel, with Ms. Cullins noting for the record that she was not in attendance at that meeting.

Item 3. College Illinois! Appointment of New Chief Investment Officer (Information)-Eric Zarnikow

Mr. Zarnikow stated that since former Chief Investment Officer (CIO) Kent Custer accepted a position at another organization in June of 2018 a search for a replacement CIO was conducted. On September 24, 2018, Carmen Heredia-Lopez became the new CIO. He described her accomplished background noting that her vision coincided well with ISAC's mission.

Item 4. Review of the Investment Advisory Panel Duties and Responsibilities (Information)-Roger Rojas

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

Item 5. Program Update (Information) - Eric Zarnikow/Carmen Heredia-Lopez

Mr. Zarnikow noted that the College Illinois! 2018 Annual Report is not yet completed but that as of the June 30, 2018 there were no dramatic changes to the status of the College Illinois! fund. He noted that discussions with legislators continue as we pursue legislation to strengthen the program. He provided a brief overview of prepaid programs in other states in response to panel members' inquiries.

Item 6. Investment Update (Information) - Carmen Heredia-Lopez/Roger Rojas

Ms. Heredia-Lopez gave an investment update. The Callan investment report as of June 30, 2018 was provided separately. Mr. Rojas reviewed the highlights of the investment review memo provided in the agenda book. In addition, he reviewed in detail the private investments (with its respective risk to the portfolio) and gave an overview of the recent asset allocation transition completed, which was approved by the Commission at the June 14, 2018 meeting.

Item 7. Compliance Review (Information) - Roger Rojas

Mr. Rojas reviewed the compliance information provided in the agenda book.

Ms. Cullins and Mr. Paster inquired about the investment manager compliance process. Mr. Rojas provided a summary of the investment manager compliance framework established and refined over the past six years by current investment staff. Ms. Cullins and Mr. Paster provided some suggestions to potentially enhance the compliance framework, which staff agreed to take under consideration and review in further detail.

Item 8. Review of FY17 Annual Report and Discussion of FY18 Annual Report (Information) - Eric Zarnikow/Carmen Heredia-Lopez/Roger Rojas

Mr. Zarnikow noted that the Fiscal Year 2017 Annual Report was provided to the Panel. He encouraged the Panel to let him know if they had any suggestions in relation to what information to include in future Annual Reports.

Item 9. Review of Investment Policy/Strategic Investment Plan (Information) - Carmen Heredia-Lopez/Roger Rojas

Ms. Heredia-Lopez explained that the Investment Policy represents the comprehensive and strategic investment plan as established in the Prepaid Tuition Act. She stated that the investment objectives have not changed as delineated on page one of the Investment Policy. Ms. Heredia-Lopez informed the Panel that the fund asset classes are within the interim rebalancing ranges established.

Item 10. Approval of Advice to the Commission (Action) - Eric Zarnikow

Mr. Zarnikow informed the Panel that there was no advice at this time. Mr. Zarnikow thanked all of the Investment Advisory Panel for volunteering their time.

Seeing no further business to come before the Panel, Mr. Zarnikow asked for a motion to adjourn. Mr. Rehwinkel **SO MOVED** and Ms. Cullins seconded that motion, which was unanimously approved by the Panel. The meeting adjourned at 2:45 p.m.

Respectfully submitted,

Kathleen Cole