

AGENDA ITEM 2.

**APPROVAL OF MINUTES OF THE JUNE 3, 2021 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 June 3, 2021 meeting.

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

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

**June 3, 2021
11:00 a.m.**

INVESTMENT ADVISORY PANEL MEMBERS PRESENT via WebEx:

Jeanna Cullins, Investment Advisory Panel Member
James Hibbert, Investment Advisory Panel Member
Cameron Mock, Investment Advisory Panel Member
Louis Paster, Investment Advisory Panel Member
Chasse Rehwinkel, Investment Advisory Panel Member

INVESTMENT ADVISORY PANEL MEMBERS ABSENT:

Rodrigo Garcia, Investment Advisory Panel Member
Karen Kissel, Investment Advisory Panel Member

STAFF PRESENT via WebEx:

Eric Zarnikow, Executive Director
Carmen Heredia, Chief Investment Officer
Roger Rojas, Investment Officer
Karen Salas, General Counsel
Natalie Wandall, Secretary to Commission
Gloria Legette, Deputy General Counsel
Lisa Murphy-Coveny, Staff Attorney
Meghan Chrum, Professional Development Specialist
Manuel Talavera, Professional Development Specialist

OTHERS PRESENT via WebEx:

Jim O'Connor, Callan
Brienne Weymouth, Callan
Jim Van Heuit, Callan

The Illinois Student Assistance Commission Investment Advisory Panel Meeting was called to order at 11:04 a.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 as required by law.

WebEx instructions, including those for public comment, were provided by Manuel Talavera.

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

Item 1. Announcements/Public Comments

Ms. Heredia announced that the next regularly scheduled meeting of the Investment Advisory Panel will be on Thursday, October 21, 2021. Notice will be provided of the manner of the upcoming meeting and instructions will be provided.

No requests for Public Comment were made.

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

Commissioner Hibbert **MOVED THAT** the Investment Advisory Panel approve the investment related portion of the minutes of the April 15, 2021 meeting as will be incorporated into the full Commission minutes. Investment Panel Member Rehwinkel seconded the motion and a roll call was taken which was approved by the Investment Panel. Investment Panel Member Cullins abstained from the vote.

Item 3. Asset and Liability Study (Information)

Mr. Zarnikow reported that the FY22 budget passed by the General Assembly included \$20 million as proposed by the Governor to fund the College Illinois! unfunded liability. He indicated that the budget also included an additional \$30 million appropriation for FY21, which brings the total appropriation to \$50 million for the College Illinois! program. He advised that once the budget is signed by the Governor, ISAC staff will work with the Comptroller's office to have the appropriations deposited into the College Illinois! trust fund. He expressed appreciation for the General Assembly's intention to honor the obligation to address the unfunded liability and noted that this appropriation is a good step forward.

Ms. Heredia provided background information regarding the Investment Advisory Panel's duties and responsibilities to offer advice and counseling regarding the investments of the Illinois Prepaid Tuition program. She advised that, at its May 13, 2021 meeting, the Investment Committee requested that the Investment Advisory Panel be convened to provide feedback, insights and advice on the strategic investment plan. She summarized the Asset and Liability Study and advised that Callan would present several alternative Investment Policy Asset Allocation mixes for the Committee's review. She stated that once an asset allocation mix that reflects the Investment Committee's risk tolerance and other considerations is approved, the policy benchmark for the investment portfolio would be updated to reflect the new policy targets. She emphasized that all the asset mixes that would be presented are reasonable and prudent with respect to fiduciary duty.

Mr. Van Heuit presented Callan's Asset and Liability study. He acknowledged the experience and sophistication of the members of the Investment Advisory Panel and explained his intention to focus on the results of the study, without needing to explain the background of the study for educational purposes. He presented and explained Callan's Capital Market Assumptions on page 3C-10 of the agenda book. There was discussion regarding whether the asset classes included preferred securities. He thoroughly reviewed the alternative asset mixes, the range of projected rates of return using the charts on pages 3C- 13 through 3C-16 of the agenda book. He then presented soundness simulations including the runoff scenario analysis for the alternative mixes. There was lengthy discussion regarding the goals, risk, and ramifications of the College Illinois! investment strategies and alternative asset allocation mixes that were presented.

The Investment Advisory Panel, after considering the information presented and the points raised in discussion provided an assessment that selecting optimal mix 6 on page 3C-13 of the agenda book was reasonable and prudent considering the current status of the College Illinois! program.

Investment staff will summarize the Panel's discussions regarding the Investment Policy Asset Allocation targets at the next Joint Commission and Investment Committee Meeting.

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

The meeting adjourned at approximately 12:33 p.m.

Respectfully submitted,

Lisa Murphy-Coveny