

**MINUTES  
SCHOLARSHARE INVESTMENT BOARD**

**March 20, 2014**

Chair Bettina Redway called the meeting to order at 9:05 AM.

***Present:***

**Members:** Bettina Redway for Bill Lockyer, California State Treasurer  
Eraina Ortega for Michael Cohen, Director of Finance  
Brooks Allen for Karen Stapf Walters, Executive Director, State Board of Education  
Hal Geiogue, Governor Appointee, California Student Aid Commission  
Christopher Jennings, Speaker Appointee  
Rhonda Johnson, Senate Rules Committee Appointee

**Staff:** Arlene Greene, Executive Director, ScholarShare Investment Board  
(SIB or Board)  
Stanley Zeto, Deputy Executive Director, SIB  
Katie Burns, SIB  
Hau Cam, SIB  
Maria Collins, SIB  
Sue Lim, SIB  
Joyce Eriksson, SIB  
Deborah Yang, Senior Attorney, State Treasurer's Office

**Consultants:** Jeremy Thiessen, Managing Director, Pension Consulting Alliance, Inc. (PCA)  
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)

**TFI:** Chris Lynch, Director, TIAA-CREF Tuition Financing, Inc. (TFI)  
Pamela McNulty, Senior Director, Head of Marketing, TFI  
Vivian Tsai, Senior Director, Education Savings, TFI  
Glenn Friedman, Manager, Asset Allocation and Investments, TFI  
Laura Moewe, Director, TFI  
Don Wolf, Senior Marketing Manager, TFI  
Ralph Clement, Team Manager, Lead Field Consultant, TFI

Chair Redway declared a quorum present.

**Board Agenda Item Number One**  
**Fiduciary and Investment Training for Board Members**

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Fiduciary and Investment Training for Board Members was presented by SIB's consultants, AKF Consulting Group and Pension Consulting Alliance, Inc., and by the program manager, TIAA-CREF Tuition Financing, Inc. Items covered in the training included the Board's role and responsibilities, investment and asset overview, and investment strategy.

**Board Agenda Item Number Two**  
**Approval of Minutes from December 12, 2013 and January 8, 2014 ScholarShare Investment Board Meetings**

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The minutes for the December 12, 2013 and January 8, 2014 SIB meetings were presented to the Board.

*Board Action*

Member Johnson moved to approve the item before the Board, the minutes for the December 12, 2013 and the January 8, 2014 SIB meetings. The motion was seconded by Member Geiogue and approved by the Board.

**Board Agenda Item Number Three**  
**Executive Director's Report**

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Mr. Stanley Zeto, SIB, provided updated account and asset data for the ScholarShare College Savings Plan (Plan) and an update on the Governor's Scholarship Programs. Mr. Zeto also provided an update on state legislation and contracts currently in progress.

Ms. Arlene Greene, SIB, provided updates on SIB staffing changes, TFI personnel changes, and she introduced new board member designees. Ms. Greene provided highlights of ScholarShare's recent marketing and outreach efforts.

**Board Agenda Item Number Four**  
**Resolution to Enter into a Contract with Investment Consultant**

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Mr. Zeto presented Resolution No. 2014-02 authorizing the Executive Director to enter into a contract with PCA for investment consulting services for SIB. Mr. Zeto stated that the term of the contract is from April 17, 2014 through April 16, 2016 with an option to extend for one additional year. The maximum amount for the two-year contract is \$195,000.

*Board Action*

Member Ortega moved to approve the item before the Board, Resolution No. 2014-02, authorizing the Executive Director to enter into a contract with PCA for investment consulting services for SIB. The motion was seconded by Member Johnson and approved by the Board.

**Board Agenda Item Number Five**  
**Resolution to Approve Changes to the ScholarShare Statement of Investment Policy**

Mr. Zeto presented Resolution No. 2014-03 approving changes to the ScholarShare Statement of Investment Policy (Policy) and noted that pending Board approval, the revised Policy will take effect immediately.

Mr. Jeremy Thiessen, PCA, noted that the recommended changes do not constitute any material modifications to the purpose of the Policy.

*Board Action*

Member Ortega moved to approve the item before the Board, Resolution No. 2014-03, approving changes to the Policy. The motion was seconded by Member Allen and approved by the Board.

**Board Agenda Item Number Six**  
**Review of ScholarShare Monitoring Procedures and Criteria**

Mr. Thiessen provided PCA and SIB's annual review of the ScholarShare Monitoring Procedures and Criteria (Procedures). He noted that SIB staff and PCA recommend no changes to the Procedures at this time.

**Board Agenda Item Number Seven**  
**Review and Analysis of Investment Performance for the ScholarShare Plan for Fourth Quarter 2013**

Mr. Thiessen provided PCA's Plan Investment Performance Status Report for the fourth quarter 2013, which outlined the performance of the funds in the Plan in accordance with the approved Procedures. Mr. Thiessen reported that PCA is not recommending any underlying funds be placed on "watch" status at this time.

Mr. Glenn Friedman, TFI, presented TFI's Investment Performance Report for the Plan for fourth quarter 2013.

**Board Agenda Item Number Eight**  
**Review of 2013 Marketing Performance for the ScholarShare Plan**

Mr. Don Wolf, TFI, presented TFI's 2013 Marketing Results for the Plan, which included an overview of the account and asset results for 2013 and how they measure against the marketing performance criteria adopted by the Board. Mr. Wolf reported that the industry annual asset growth rate exceeded the Plan's, although ScholarShare was one of the top performers of all the 529 plans. Ms. Feirstein inquired whether TFI could discern if the growth rate was due to performance or new contributions. Ms. Greene noted that there are a number of variables that may have contributed to the difference in growth rate. Mr. Wolf reported that, when comparing the Plan with its peer group of similar 529 plans not offering tax incentives, it outperformed by over three percent. Mr. Wolf also provided a recap of the 2013 marketing results and budget.

**Board Agenda Item Number Nine**  
**Review of Administrative Performance for the ScholarShare Plan for Fourth Quarter 2013**

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Ms. Laura Moewe, TFI, presented TFI's Administrative Performance Report for the Plan for fourth quarter 2013 relative to pre-established performance criteria. Ms. Moewe reported that, for the fourth quarter, there were no areas where TFI underperformed by more than two percent.

**Public Comment**

Chair Redway called for public comment.

There being no further business before the Board, the Chair adjourned the meeting at 2:30 PM.