

**MINUTES  
SCHOLARSHARE INVESTMENT BOARD**

**September 29, 2016**

Chair Tim Schaefer called the meeting to order at 1:06 PM.

***Present:***

Members: Tim Schaefer for John Chiang, State Treasurer  
Eraina Ortega for Michael Cohen, Finance Director, Department of Finance  
David Sapp 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  
Paul Martin, Governor Appointee – Member at Large

***Present:***

Staff: Julio Martinez, Executive Director, ScholarShare Investment Board  
(SIB or Board)  
Stanley Zeto, Deputy Executive Director, SIB  
Mario Sierras, Manager, SIB  
Dana Salas, SIB  
Diana Sanchez, SIB  
Carolina Hernandez, SIB  
Deborah Yang, Senior Attorney, State Treasurer’s Office (STO)

Consultants: Eric White, Principal, Pension Consulting Alliance, LLC (PCA)  
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)  
via teleconference

TFI: Jeremy Thiessen, Senior Director, TFI  
Vivian Tsai, Senior Director, Education Savings, TFI  
Don Wolf, Senior Director, Marketing and Sales, TFI  
Doug Harrison, Senior Director, Marketing and Sales, TFI  
Yvette Haring, Team Manager, TFI

Chair Schaefer declared a quorum present.

**Board Agenda Item Number One**  
**Approval of Minutes from June 23, 2016 ScholarShare Investment Board Meeting**

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The minutes for the June 23, 2016 SIB meeting were presented to the Board.

Chair Schaefer asked for public comment. There was none.

*Board Action*

Motion to approve the minutes for the June 23, 2016 ScholarShare Investment Board meeting.

MOTION: Member Johnson      SECONDED: Member Geiogue  
AYES: Members Ortega, Sapp, Johnson, Geiogue, Jennings, Martin  
NOES: None  
ABSTAIN: Member Schaefer  
RECUSE: None

MOTION APPROVED

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

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Mr. Stanley Zeto, SIB, provided updates on the accounts and assets for the ScholarShare College Savings Plan (Plan).

Mr. Julio Martinez SIB, provided a program updates with regard to SIB staff, the 529 performance rankings for direct-sold 529 plans for second quarter 2016 and the approval of program regulations recently adopted by the Board. Mr. Martinez also provided updates on state and federal legislation. Mr. Martinez provided a brief overview on two SIB initiatives planned for first quarter 2017.

Mr. Mario Sierras, SIB, provided an update on recent marketing and outreach efforts as well as recently executed contracts and service orders. Mr. Sierras also provided on update on the Governor's Scholarship Programs.

Chair Schaefer asked for public comment. There was none.

**Board Agenda Item Number Three**  
**Resolution to Issue Request for Proposals for 529 Industry Consulting Services for the ScholarShare Investment Board**

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Mr. Zeto presented SIB staff's recommendation for the Board to adopt Resolution No. 2016-03 authorizing the executive director to issue a request for proposals (RFP) for 529 industry consulting services.

Member Ortega inquired about how the RFP proposals would be reviewed. Mr. Zeto responded that proposals would be evaluated by a panel consisting of SIB staff. In response to Member Geiogoue's inquiry, Mr. Zeto confirmed that approval of the subsequent contract is within the delegated authority of the executive director and SIB staff would provide an update to Board in early-2017.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2016-03 authorizing the executive director to issue a request for proposals for 529 industry consulting services.

MOTION: Member Johnson      SECONDED: Member Geiogoue  
AYES: Members Schaefer, Ortega, Sapp, Johnson, Geiogoue, Jennings, Martin  
NOES: None  
ABSTAIN: None  
RECUSE: None

MOTION APPROVED

**Board Agenda Item Number Four**  
**Resolution to Issue Request for Proposals for Investment Consulting Services for the ScholarShare Investment Board**

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Mr. Zeto presented SIB staff's recommendation for the Board to adopt Resolution 2016-04 authorizing the executive director to issue a RFP for investment consulting services.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2016-04 authorizing the executive director to issue a request for proposals for investment consulting services.

MOTION: Member Ortega      SECONDED: Member Johnson  
AYES: Members Schaefer, Ortega, Sapp, Johnson, Geiogoue, Jennings, Martin  
NOES: None  
ABSTAIN: None  
RECUSE: None

MOTION APPROVED

**Board Agenda Item Number Five**  
**Resolution to Approve Changes to the ScholarShare Outreach and Public Education Plan**

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Mr. Sierras presented SIB staff’s recommendation for the Board to adopt Resolution No. 2016-05 approving changes to the ScholarShare Outreach and Public Education (SCOPE) Plan. Mr. Sierras provided a brief overview of the recommended changes to the SCOPE Plan.

Member Johnson recommended continued outreach and education to underrepresented communities where awareness of 529 plans may still be limited. Member Geiogue recommended reaching out to each of the senators where winners of the Summer Reading Program were selected. Mr. Martinez concurred with recommendations from Board members and stated that SIB staff would continue to explore and develop these efforts.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2016-05 approving changes to the SCOPE Plan.

MOTION:	Member Ortega	SECONDED:	Member Martin
AYES:	Members Schaefer, Ortega, Sapp, Johnson, Geiogue, Jennings, Martin		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		

MOTION APPROVED

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

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Mr. Zeto presented SIB staff’s recommendation for the Board to adopt Resolution No. 2016-06 approving changes to the ScholarShare Statement of Investment Policy (Policy).

Mr. Eric White, PCA, presented a memo from PCA outlining the recommended changes to the Policy which primarily reflected the change in benchmark for the TIAA-CREF Inflation-Linked Bond Fund.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2016-06 approving changes to the Policy.

MOTION: Member Sapp                      SECONDED: Member Johnson  
AYES: Members Schaefer, Ortega, Sapp, Johnson, Geiogue, Jennings, Martin  
NOES: None  
ABSTAIN: None  
RECUSE: None

MOTION APPROVED

**Board Agenda Item Number Seven**  
**Resolution to Approve Changes to the ScholarShare Monitoring Procedures and Criteria**

Mr. Zeto presented SIB staff’s recommendation for the Board to adopt Resolution No. 2016-07 approving changes to the ScholarShare Monitoring Procedures and Criteria (Procedures).

Mr. White presented a memo from PCA outlining the recommended changes to the Procedures which primarily reflected the change in benchmark for the TIAA-CREF Inflation-Linked Bond Fund.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2016-07 approving changes to the Procedures.

MOTION: Member Johnson                      SECONDED: Member Ortega  
AYES: Members Schaefer, Ortega, Sapp, Johnson, Geiogue, Jennings, Martin  
NOES: None  
ABSTAIN: None  
RECUSE: None

MOTION APPROVED

**Board Agenda Item Number Eight**  
**Review and Analysis of Investment Performance for the ScholarShare College Savings Plan for Second Quarter 2016**

Mr. Jeremy Thiessen, TFI, presented TFI’s Investment Performance Report for the Plan for second quarter 2016 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmark.

Mr. White presented PCA’s Investment Performance Status Report for the Plan for second quarter 2016 and outlined PCA’s recommendation that the three funds currently on “watch”

status, the PIMCO Income Fund, the PIMCO Real Return Fund, and the TIAA-CREF Bond Index Fund, remain on “watch” status.

Mr. Thiessen responded to Member Geiogue and Member Sapp’s questions with regard to the benchmarks for the active and passive portfolios in the Plan and the investment performance criteria outlined in the Procedures.

Chair Schaefer asked for public comment. There was none.

**Board Agenda Item Number Nine**  
**Marketing Update for the ScholarShare College Savings Plan**

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Mr. Don Wolf, TFI, and Mr. Doug Harrison, TFI, presented TFI’s Marketing Update for the Plan, detailing marketing results through the second quarter of 2016 and the marketing activities planned for the remainder of the year. The update included an overview of the account and asset results, 2016 budget, and past and current marketing activities. A handout was distributed to the Board outlining additional direct mail and email results.

Member Martin inquired about the demographics available for new accounts opened. Mr. Harrison responded that half of the new accounts opened were for beneficiary’s ages three and under. Member Sapp inquired about targeting for online banners. Mr. Wolf responded that they would look into cycling with different banner ads, and outlined TFI’s current utilization of retargeting as it relates to online banner ads. Member Martin also recommended reaching out to potential advocates including prior account owner to which SIB staff and TFI indicated it would explore further.

Chair Schaefer asked for public comment. There was none.

**Board Agenda Item Number Ten**  
**Review of Administrative Performance for the ScholarShare College Savings Plan for Second Quarter 2016**

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Ms. Vivian Tsai, TFI, presented TFI’s Administrative Performance Report for the Plan for second quarter 2016 and reported that TFI did not underperform (by more than two percent) in any of the performance areas.

Ms. Tsai also provided an update on recent leadership changes at TFI.

**Public Comment**

Chair Schaefer called for public comment. There were none.

There being no further business before the Board, the Chair adjourned the meeting at 2:56 PM.