

## **CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD**

### Meeting Minutes

October 24, 2019 – 1:30 p.m.

915 Capitol Mall, Room 587, Sacramento, CA 95814

Public Participation Call-In Number\* (877) 810-9415 and Participant Code: 653-5126

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#### Board members present:

Fiona Ma, CPA State Treasurer

Genevieve Jopanda for the State Treasurer, Fiona Ma

David Oppenheim for the State Controller, Betty T. Yee

Adam Dorsey for the Director of the Department of Finance, Keely Martin Bosner

Sandra Aldana for the Chairperson of the State Council on Developmental Disabilities, Maria Marquez

Elena Gomez for the Director of the Department of Rehabilitation, Joe Xavier

John Doyle for the Director of the Department of Developmental Services, Nancy Bargmann

Peter Mendoza Chairperson of the State Independent Living Council

#### CalABLE Board staff present:

Dante Allen, Executive Director

Anne Osborne, Staff Service Manager I

Diane Plescia, Retired Annuitant

Ravinder Kapoor, Senior Attorney

#### CalABLE Board consultants present:

Andrea Feirstein, AKF Consulting, LLC (via teleconference)

#### CalABLE Board program manager, Tuition Financing, Inc. (TFI), staff present:

Linda English, Senior Director of Relationship Management

Glenn Friedman, Manager, TIAA Tuition Financing Inc.

Eric White, Principal, Meketa Investment Group, Inc.

#### CalABLE Board Marketing consultants, Sagent Marketing, staff present:

Lynn Wallace, Marketing Director

Elizabeth Merwin, Account Supervisor

Chairperson Ma called the meeting to order at 1:30 p.m.

#### **Agenda Item 1 – Approval of the Minutes of the October 24, 2019 Meeting of the California ABLE Act Board (ACTION ITEM)**

Chairperson Ma asked for public comment. There was none.

#### Board Action

Motion to approve the minutes of the October 24, 2019 meeting of the California ABLE Act Board.

MOTION:	David Oppenheim	SECONDED:	Peter Mendoza
AYES:	Fiona Ma, David Oppenheim, Elena Gomez, John Doyle, and Peter Mendoza		
NOES:	None		
ABSTAIN:	Adam Dorsey and Sandra Aldana		
RECUSE:	None		
ACTION:	Motion Passes		

## **Agenda Item 2 – Executive Director’s Report**

### *Welcome Anne Osborne to the CalABLE team*

Mr. Dante Allen welcomed Anne Osborne as the new Staff Services Manager I. She comes from the California School Finance Authority. and has previous experience with non-profit agencies. Mr. Allen also introduced Adam Dorsey, designee for the Department of Finance and Sandra Aldana, designee for the State Council on Developmental Disabilities.

### *CalABLE Enrollments and Assets*

Mr. Allen reported on the October 24, 2019 weekly enrollment figures consisting of 2,372 enrollees with 9.2 million in assets. The CalABLE At a Glance Q2 2019 report prepared by TIAA, listed the average account balance as \$3,930, redemptions at .33% for rollovers out of the program, with 99.67% withdrawing funds for ABLE related expenses. The portfolio is comprised of 35% FDIC Insured funds supporting the assumptions behind the decision to waive the state administrative fee. The Public Web Statistics Q2 report indicates the top instances by referrer are Search Engines ranking number two with 30% of the market share and the top visits by device type being mobile phones comprising a 32% usage rate without having a mobile app. The CalABLE accountholders are Parents and Working Adults without a retirement plan, the highest population being the people with developmental disorders as account holders. CalABLE outreach efforts have targeted the regional centers.

### *Financial Literacy Partnership with NDI*

Mr. Allen announced the AchievABLE corner launch with the National Disabilities Institute (NDI) on October 1, 2019 as a joint - partnership with CalABLE and NDI. The AchievABLE corner is real time information and assists potential ABLE customers and ABLE customers with financial literacy information.

### *Strategic Insight 529 Conference*

Mr. Allen presented and serve as part of the panel discussion with Michael Morris in September 2019 discussing the 529 program and ABLE 529A program.

### *Outreach Report*

Mr. Allen attended the National Association of State Treasurer conference in October to promote ABLE. Treasurer Ma also moderated an ABLE panel discussion. Staff has been attending outreach events and making presentations about ABLE to the community. CalABLE is a national program and participants do not need to live in California to participate. The advantage of a CalABLE account for California residents are two-fold 1) Medi-Cal will not file a claim directly on the ABLE account holder and 2) ABLE accounts are exempt from enforcement of money judgements. TIAA is the portfolio manager for CalABLE and the program fees are competitive. Treasurer Ma mentioned working with the Governor on future ABLE legislation.

### *Contracts*

Mr. Allen reported an Intent to Award for a Strategic Planner has been identified. The contract would be a six months in the amount of \$22,500 with the goal to become self-sustainable and less reliant and additional general fund loans.

### *Technical Advisory Consultant*

Mr. Allen is currently researching a Request for Proposal (RFP) for a Technical Advisory Consultant which good navigate the cultural competencies and be a resource for the technical questions. The consultant would provide training to staff to increase their creditability when asked general financial questions related to the program. This is still in the planning stages as the Scope of Work and RFP amount are being researched by Mr. Allen. Plain language option for technical support materials.

### *Legislation*

Mr. Allen reported AB736 did not pass, however the language was rolled over to AB91 which allowed 529 accounts to be rolled into a 529A account without any additional taxes.

### *California Department Social Services (CDSS) Mailing*

Mr. Allen reported on a direct mail piece partnership with CDSS. TIAA will incur the cost of the printing and CDSS will incur the cost of the mailing. The mailing is scheduled for November 2019 and should reach approximately 350,000 potential ABLE customers.

### *Prepaid Debit Card*

We have experienced additional delays related to the ADA accessibility of the card vendor's website we would launch the program shortly following the remediation of these issues.

A five-minute recess was called for technical assistance.

Chairperson Jopanda asked for public comment. There was none.

**Agenda Item 3 – Review and Analysis of Investment and Administrative Performance for CalABLE for Quarter 2 2019 – TIAA-CREF Tuition Financing, Inc., (TFI). (INFORMATION ITEM)**

Mr. Dante Allen introduced item 3 and present members of TIAA Tuition Financing Inc. Mr. Glenn Friedman, Manager, and Meketa Investment Group, Inc. Eric Which, Principal.

Mr. Friedman presented the Quarter 2 results which were good. Strong results overall for the month of June. Total Assets for CalABLE at the end of the second quarter were \$5.7M the first quarter was \$3.3M. The majority of the portfolio being the FDIC – Insured Portfolio at 34%, the Aggressive Growth Portfolio at 23%, the Moderate Portfolio at 23% and the Conservative Portfolio at 19%. Investment Portfolio vs Composite Benchmarks, (Performance results) FDIC – Insured Portfolio at 34%, the Aggressive Growth Portfolio at 23%, the Moderate Portfolio at 23% and the Conservative Portfolio at 2.3%, the Moderate Portfolio at 3.1%, the Aggressive Growth Portfolio at 3.5% and FDIC – Insured Portfolio at .1%. The program is primarily composed of index funds, tracking error for the underlying funds was small, and underperformance was due to fees. The returns are net of all fees.

Mr. Oppenheim made a suggestion for future chart presentations, the fee portion be in a gray color since the current chart suggests the program is not meeting the benchmarks due to the current fee schedule. The chart could be interpreted as an underperforming program. The portfolio is expected to perform under the benchmarks because of the underlying funds and their strategy, and under performing fund is a positive outcome.

Mr. Friedman will consult with legal on how to accurately present the information to the board and public.

Mr. Friedman reported on the Asset Allocation, Fees and Performance chart on page 7 discussing the benchmark performance vs the return option. The expectation is the portfolio will underperform by a slight amount and manage to an index.

Ms. Aldana asked about financial literacy for the new investor and how are they being advised about their options? The information could be overwhelming, since there are no financial advisors. Ms. Jopanda suggested possibly a dashboard. Ms. English stated the investments are fairly simple and dependent on their risk level of the participant

Ms. English stated everything is viewable online along with the disclosure documents meant to inform the participant about the CalABLE program options. Since the plan is a direct sold plan there are no available financial advisors to provide guidance. The partnership with NDI and the AchievABLE Corner is a resource option for people to access for additional information.

Ms. Aldana, mentioned the possibility of Navigators assisting CalABLE enrollees when selecting their investment options and the value of the CalABLE accounts throughout their lifespan.

Mr. Allen stated early days of ABLE will be built on financial literacy and understanding the benefits of owning an ABLE account. Ms. Jopanda mentioned ABLE 2.0 as the future phase with the technical expertise and assistance to support how future accounts may be used with additional guidance on maximizing the ABLE account.

Mr. Eric White, stated in the future he will be spending more time on the monitoring reports. Since this is the first presentation to the board, Mr. White began his report with the Summary of the Underlying funds and provided a snapshot of the how the program is doing against the expectations codified by the IPS Monitoring guidelines. Meketa will analyze the portfolio at the underlying fund level for two reasons: 1) the underlying funds drive the performance of the overall portfolio and 2) have the ability to make changes if the portfolio needs to be adjusted. On page 17, reviewing the Prior QTR Status and Current QTR status columns. The green column means good performance, the yellow column means the fund is acceptable, and the red column means there is an issue with the fund. The color code makes it easy for the reader.

Mr. Oppenheim suggested the chart presentation on page 22 as a possible presentation of data results using the color green. Mr. White explained the tracking charts and the relationship of low numbers versus high numbers on the charts. Meketa's returns are shown as gross of fees, illustrated on pages 28-30 under portfolio analysis. The chart shows the performance of the fund without fees. A quick review of the underlying fund analysis charts and fee schedule was presented to the board.

Chairperson Jopanda asked for public comment. There was none.

#### **Agenda Item 4 – Strategic Program Update: Sagent (INFORMATION ITEM)**

Mr. Allen introduced Ms. Elizabeth Merwin and Ms. Lynn Wallace from Sagent. Ms. Merwin reported on stakeholder interviews. The target audience being parents with children and working adults without a retirement plan. Two ad campaigns were created with the Slogan Dream, Save and Succeed for parents with children and the Slogan Dream, Plan and Achieve for working adults, both messaging banner graphics include people with disabilities and diversity.

Ms. Wallace discussed the distribution of the approved messaging to the digital audience. The marketing plan fits within the budget of \$75,000 along with \$15,000 of "added value (free advertising)". The ad campaign is an integrated approach using both online and digital media, which launched October 18 and will end in February. The total number of estimated impressions is 7.87 million, industry standards conclude it takes eight times to hear and see a message before taking action.

The current digital campaign was developed to reach the largest audience due to the economies of scale. Partnerships with disabilities organizations are currently being developed in order to reach the non-technical population.

Chairperson Jopanda asked for public comment. There was none.

**Agenda Item 5 – Resolution No. 2019-03: Delegation of Signature Authority (ACTION ITEM)**

Mr. Allen requested that the board adopt Resolution No. 2019-03 authorizing in the event of the unavailability of the Executive Director, the Chair, or his or her designee to enter into contracts.

Chairperson Jopanda asked for public comment. There was none.

Board Action

Motion to adopt Resolution No. 2019-03, Delegation of Signature Authority.

MOTION:	Sandra Aldana	SECONDED:	Elena Gomez
AYES:	Genevieve Jopanda, David Oppenheim, Adam Dorsey, Sandra Aldana, Elena Gomez, John Doyle, and Peter Mendoza		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		
ACTION:	Motion Passes		

Chairperson Brown asked for public comment. There was none.

**Other Comments or Questions of the Board outside of the Agenda**

Mr. Allen mentioned a new security element being added to CalABLE two-factor authentication when logging into to your CalABLE account. Required documents to open a CalABLE account can be uploaded to the website instead of mailing the documents. These enhancements will be available in November.

The meeting adjourned at 3:45 p.m.