
NOVEMBER 17, 2020

AGENDA ITEM 1

ACTION ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from August 18, 2020 Meeting

Attachments

- Attachment #1 – CalABLE Board August 18, 2020 Meeting Minutes

Recommended Action—Approve meeting minutes

CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD

Minutes

August 18, 2020 – 1:30pm

915 Capitol Mall, Room 587, Sacramento, CA 95814

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

Board members present:

Audrey Noda, ~~Chief of Staff for State Treasurer Fiona Ma~~ Deputy Treasurer (On Phone)

Sandra Aldana, State Council on Developmental Disabilities (On Phone)

Joe Xavier, Director of the Department of Rehabilitation

Jacqueline Jackson for the State Independent Living Center (On Phone)

David Oppenheim for the Controller (Betty Yee)

Gayle Miller for the Department of Finance (On Phone)

Carla Castaneda for the Department of Developmental Services (On Phone)

CalABLE Board Staff:

Dante Allen, Executive Director, CalABLE

Anne Osborne, Manager, CalABLE

Sandra Kent, AGPA, CalABLE

Alyssa Delacruz, Office Tech, CalSavers

Ravinder Kapoor, Senior Attorney

CalABLE Board Consultants present:

Andrea Feirstein, Managing Director, AKF Consulting (via teleconference)

CalABLE Marketing Services

Elizabeth Merwin, Account Director, Sagent

Karen Lewis, Senior Outcomes Leader

CalABLE Board Program Manager, Tuition Financing, Inc. (TFI), staff present:

Linda English, Senior Director of Relationship Management (via teleconference)

Glenn Friedman, Manager, TIAA Tuition Financing Inc. (via teleconference)

Eric White, Principal, Meketa Investment Group, Inc. (via teleconference)

Chairwoman Audrey Noda called the meeting to order at 1:36 pm.

Chairwoman Noda announces public comment directions for phone participants.

Item # 1 – Action Item

Approval of Minutes

Motion to approve the minutes of the May 19, 2020 meetings of the California ABLE Act Board.

| | | | |
|--------------|--|-----------|-----------------|
| MOTION: | Gayle Miller | SECONDED: | Carla Castaneda |
| AYES: | Audrey Noda, Sandra Aldana, Joe Xavier, David Oppenheim, Gayle Miller, Carla Castaneda | | |
| NOES: | None | | |
| ABSTAIN: | None | | |
| RECUSE: | None | | |
| Not Present: | | | |
| ACTION: | Motion Passes | | |

Chairwoman Noda asked if there were any public comments/phone comments - None

Item #2 – Executive Director’s Report by Dante Allen

Informational Items:

Program Update

- Strategic Planning Consultant Services Update**
 CalABLE delayed working with the strategic planner due to COVID- 19 in March 2020. The team has reconvened and has meet with the strategic planner to map out at self-sustainability plan for the future. Repayment of the loan plans that have provided CalABLE with its annual budget since its inception is scheduled to begin June 30, 2022. As part of this effort, CalABLE has commissioned AKF consulting to perform loan repayment projections based on conservative, moderate, and aggressive growth estimates. We hope to make a full report on the strategic planning efforts and our growth and repayment projections at the fall board meeting.
- NAST Conference Update**
 The National Association of State Treasurers recently concluded its Management Training Symposium. The virtual event, which took place over the months of June and July, focused on learnings from across the industry, with the hopes of spreading best practices to all ABLÉ programs. CalABLE was featured in two of the sessions, the first of which focused on CalABLE promotional efforts during the pandemic and the second on CalABLE’s cultural competency in addressing diverse communities. This symposium had a larger attendance than many of the previous in-person NAST learning events.

NAST has received word that the ABLÉ Age Adjustment Act may be included in an end-of-year budget package. Being included in this package would give the bill a better chance at being passed before year end. Additionally, CalABLE and the STO have reached out to Congressman Antonio Cardenas (D) representing district 29, which includes the San Fernando Valley. We are reaching out to Rep. Cardenas to see if he would be willing to include ABLÉ Age Adjustment Act language into one his bills addressing retirement funding or protection of workers health benefits. These bills might also give the Adjustment Act a better chance at being passed in the current Congress.

- **Budget Overview**

CalABLE will be monitoring the C&P External Expenses, which includes the contracted services of Meketa, AKF Consulting, Sagent, Equity Wellness and Other Outreach and Marketing services.

- **Outreach/Marketing**

CalABLE presented at 13 outreach events with 1,444 attendees. The two webinars topics included information about the CalABLE Ambassador Program and an “Ask the Expert” question and answer session regarding CalABLE. The webinars have become a popular series for CalABLE, with a 55% attendance rate from participants. The CalABLE 101 webinar featured in February has over 1,300 YouTube views. CalABLE was a sponsor at the Abilities Virtual Experience and had over 800 virtual booth visits. CalABLE is a joint sponsor with TIAA at the #ABLEtoSave hosted by ABLE National Resource Center and was the feature sponsor during the #ABLEtoSave podcast, with over 16,000 unique users accessing the #ABLEtoSave Campaign page.

CalABLE has received many virtual presentation requests during COVID-19 and favor a smaller group. These have been very beneficial to the team as we are receiving direct feedback from our audience. We are continuing our monthly webinar series: the August topic will be “Special Needs Trusts”, September will be “Qualified Disability Expenses” and October will highlight a financial literacy session.

The CalABLE Quarterly Newsletter produced by TIAA generated the following results: the April 2020 issue had 77 unique visitors and 95 visits, and the July 2020 issue currently has 145 unique visitors and 165 visits.

- **Financial Literacy**

CalABLE staff is currently exploring a new initiative to provide financial literacy education as a means of attracting potential account holders, and informing them of the benefits of a CalABLE account. We believe this approach would encourage a more diverse account holder base and bring in many communities that would especially benefit from a CalABLE account.

To pilot this effort, Staff is currently finalizing an agreement with “Squirmy & Grubs,” a YouTube program that features an inter-abled couple and focuses on their lives. The couple have agreed to open a CalABLE account and talk about their ABLE experiences over the course of a three episode arc. Their program routinely averages nearly 500,000 views, and they have episodes that have received more than 2 million views. The show will also feature a specialized URL address that will allow us to track the number of people who explore opening a CalABLE account as a result of this promotional opportunity.

- **Account Holder Survey**

As a follow up on a previous agenda item, CalABLE and TIAA are working to develop an account holder survey. The primary goal of this survey is to learn the motivations of account holders who choose our FDIC-Insured Portfolio. We are conducting this interview to provide additional insight as we continue to explore whether Board action may be needed in order to address the limited interest rate offered by our FDIC-Insured Portfolio. Additionally, we will explore opportunities to improve our marketing and promotional efforts by directing a number of survey questions to inform our current approach. We hope to have additional information to report regarding this initiative at the fall board meeting.

- **Contracts Signed Under Delegation Authority**
From March 2020 through August 2020, there were four contracts signed and executed under the Executive Director’s delegation authority as listed below and totaling \$710,210.00.
- **Ms. Feirstein, AKF Consulting**, provided a brief Industry overview, highlighting the current ABLE landscape.
 - Presented a high-level overview about the ABLE landscape. There are no changes in available plans.
 - Currently, ABLE accounts total appropriately \$469 million and close to 70,000 accounts across the country. California is ranked four in the amount of assets under management for ABLE plans.
 - The independent plan, or single state plans, comprise approximately \$188 million. In March the account balance was \$152 million, a little more than a 20% increase. The number of accounts increased from 27,000 in March to about 30,000 in June.
 - In the state of California, the assets are about \$22 million, representing about 20% growth. Although CalABLE was the last plan to launch, we are ranked fourth in ABLE plans across the country.
 - The percentage of FDIC-Insured accounts in March was 30.9%. In June there was a slight drop to 30.5%.

Chairwoman Noda asked if there were any public comments/phone comments - None

Item #3 - Informational Item

- **2019-20 Marketing Campaign Update (Sagent)**
 - Ms. Merwin and Ms. Lewis reported on the creative campaign, which produced a 15-second and a 30-second video. The tagline “Dream. Save. Succeed” was developed for parents with disabled children. The tagline “Dream. Plan. Achieve” was developed for working adults with a disability.
 - In the first year of the campaign, total cost was \$75,000. Added value amounted to \$15,500, with the total value of \$90,500. The investment netted over 7.87 million impressions. The campaign was promoted October 2019 through February 2020 and included the following elements: Digital, Paid Social Media, Eblast, Search Engine Marketing and Video. A review of the first year media analytics summary illustrated a Display Impression click-through-rate of 1.37 %, Mobile Ad Messenger click-through-rate of .94%, and Adwords click-through-rate of 12.69 %. The Eblast and Eblast retargeting was very successful, with the click to open rate at 22.01% exceeding the industry standard of 15-18%. The audience

who frequented the site were working adults being touched by all campaign platforms and parents accessing the site through social media.

- In the second year, the planned paid media incorporates a budget increase to \$93,500, continuing the year one campaign elements and increasing the number of impressions to 8.04 million.

Chairwoman Noda asked if there were any public comments/phone comments - None

Item #4 - Action Item

- **Resolution No. 2020-02 Approval to Issue Request for Proposals for Marketing Services**

Mr. Allen provided an overview of the Marketing Services Request for Proposal (RFP) resolution. CalABLE’s current contract with Sagent expires February 28, 2021. CalABLE will be posting a RFP in October 2020 for \$305,000 annually for two years with an optional one year extension. Mr. Allen’s signature authority is \$300,000 and requested Board approval for the RFP. Resolution No 2020-02 was approved and later corrected to 2020-03 to maintain consistency with the 2020 resolution sequence.

| | | | |
|--------------|--|-----------|-----------------|
| MOTION: | Gayle Miller | SECONDED: | Carla Castaneda |
| AYES: | Audrey Noda, Sandra Aldana, Joe Xavier, David Oppenheim, Gayle Miller, Carla Castaneda | | |
| NOES: | None | | |
| ABSTAIN: | None | | |
| RECUSE: | None | | |
| Not Present: | | | |
| ACTION: | Motion Passes | | |

Chairwoman Noda asked if there were any public comments/phone comments - None

Item #5 - Informational Item

- **Review, Analysis and Performance Monitoring of Investment Portfolios for CalABLE for Second Quarter 2020 (TIAA, Meketa Investment Group)**

- Mr. Allen reported on the weekly updates and noted the numbers reported were as of August 18, 2020. Mr. Allen stated he monitors the FDIC portfolio very closely since it is directly related to the Board’s decision to waive the state administrative fee to participants who put their money into the FDIC portfolio. If the FDIC creeps up above the one-third benchmark on a month-to-month basis, he will report to the Board account activity above the one-third benchmark and recommend revisiting the previous FDIC portfolio decision. Mr. Allen introduced Mr. Friedman, who reported the 2nd quarter returns ending June 30, 2020.

- **Glen Friedman from TIAA**

- Spoke about the COVID-19 health crisis and the effects on the worldwide economy, record unemployment, and manufacturing. Experts agree we are generally in a recessionary period. The Federal government has a zero interest rate policy and states will decide when to open up their economies.
- Slide 2 shows a positive in the market, and stocks across the board are up. The big winner was the Consumer Discretionary funds gaining 32.86% for the quarter. Bonds did quite well, and similar Treasuries were highly rated.
- Slide 3 - FDIC bank account option, Aggressive Growth, Moderate and Conservative. April was one of the strongest for the market. It was very encouraging with the possibility of a vaccine and the economy opening, but though everything seems to be positively optimistic, it may react sporadically due to the economy.
 - **Mr. Oppenheim** commented that it seems our portfolio is tracking very close to the benchmark, so the funds seem to be in line. He asked if we are tracking the same on the upside as we are on the downside of our benchmark. **Mr. Friedman** responded many of the funds are index funds, and there is a method of tracking the benchmark. In terms of how we are tracking so far, it's been pretty much within our expectations.

Chairwoman Noda asked if there were any public comments/phone comments - None

- **Eric White from Meketa –**

- Mr. Eric White began his report with page 16 the Summary of the Underlying funds and stated the portfolios had met their benchmarks as either positive or acceptable.
- **Portfolios on pages 27-30 –** The *Aggressive* Portfolio, up 16% for the second quarter, is showing signs of recovery from the first quarter. It is highly sensitive to what happens in the stock market. The *Moderate* Portfolio was up 10%, and the *Conservative* Portfolio was up about 5%. The *FDIC* Portfolio has a miniscule positive return. Because the program is well-structured, all portfolios performed as expected due to the current market trends.

Chairwoman Noda asked if there were any public comments/phone comments - None

Item #6 – Informational Item

- **Review of Board Fiduciary and Governance Training by AKF Consulting LLC was rescheduled for November 17, 2020.**

Chairwoman Noda asked if there were any public comments/phone comments - None

Meeting Adjourned at 3:09pm