
OCTOBER 4, 2022

AGENDA ITEM 1

ACTION ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from June 21, 2022, Meeting

Attachments

- Attachment #1 – CalABLE Board June 21, 2022 Meeting Minutes

Recommended Action—Approve meeting minutes

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October 4, 2022

AGENDA ITEM 1
ACTION ITEM

CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD

Meeting Minutes for June 21, 2022, California ABLE Act Board Meeting

Board members present:

Audrey Noda, Deputy Treasurer for the State Treasurer's Office
Ana Acton for the Department of Rehabilitation
Kathleen Barajas for the State Independent Living Council
David Oppenheim for the State Controller, Betty Yee
Carla Castañeda for the Department of Developmental Services
Cathay Liu for the State Council on Developmental Disabilities

CalABLE Board Staff present:

Dante Allen, Executive Director, CalABLE
Anne Osborne, Manager, CalABLE
Matt Harmetz, CalABLE
Rita Clark, CalABLE
Theodore Ballmer, Legal Counsel

CalABLE Board Consultants present:

Andrea Feirstein, Managing Director, AKF Consulting
Miriam Bookey, Founding Partner, Program 11
Kelly Doherty, Program Manager, Program 11

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

Linda English, Senior Director of Relationship Management, TIAA
Vivian Tsai, Head of Relationship Management, TIAA
Glenn Friedman, Manager, TIAA Tuition Financing Inc.
Eric White, Principal, Meketa Investment Group, Inc.
Doug Harrison, TIAA Tuition Financing Inc.

California ABLE Act Board (“Board”) Chair Audrey Noda called the meeting to order at 1:32 PM.

Public Comment

None

Agenda Item 1 – Approval of the Minutes from the March 22, 2022, meeting of the California ABLE Act Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes from the March 22nd, 2022, meeting of the California ABLE Act Board.

MOTION:	David Oppenheim	SECOND:	Carla Castañeda
AYES:	Audrey Noda, David Oppenheim, Ana Acton, Carla Castañeda, Kathleen Barajas, Cathay Liu		
NOES:	None		
NOT PRESENT:	Gayle Miller		
ABSTAIN:	None		
RECUSE:	None		
ACTION:	Motion Passed		

Agenda Item 2 – Executive Director’s Report (INFORMATION ITEM)

Executive Director, Dante Allen, provided the California ABLE Act Board (“Board”) with updates on CalABLE’s growth over the past quarter. CalABLE grew by 733 accounts and assets rose to \$78 million. Among independent programs, CalABLE is ranked 3rd in both assets and accounts.

Mr. Allen provided updates on legislation that could impact CalABLE, including federal legislation Secures Act 2.0 to amend the ABLE Age Adjustment Act, and state legislation AB 2216 and AB 1601. AB 2216 primarily provides language fixes to the CalABLE Act and has passed through the Assembly and the Senate Finance Committee. AB 1601 would require both state and non-state agencies that have call centers to maintain 90% of call center staff in California. This law could have significant

impact for CalABLE whose call center staff is in Florida. AB 1601 passed the Assembly floor on 5/26/22.

Mr. Allen also remarked that CalABLE is charted on a path towards self-sustainability through repayment of the general fund loans. CalABLE ran an updated projection model with the base case and aggressive growth scenarios projecting full repayment of loans by 2029. The low growth scenario predicts full repayment of loans by 2031.

Board member David Oppenheim thanked Mr. Allen and asked whether the board can be provided a draft analysis of the loan repayment. Mr. Allen confirmed yes.

Board member Cathay Liu asked for clarification on the projection dates. Mr. Allen noted the key factor in loan repayment is the growth in accounts as it directly impacts the revenue generated. CalABLE created projections based on three growth scenarios: base growth, aggressive growth, and low growth. Both the base growth and aggressive growth scenarios project full repayment by 2029 while the low growth scenario projects full repayment by 2031.

Public Comment

None

Chair Noda recognized Spencer Walker, the STO's chief counsel and Ted Ballmer, the new senior attorney. Chair Noda also recognized Gloria Pullido with External Affairs who was helping to facilitate the meeting in the Los Angeles office.

Dante Allen provided a brief introduction of Cathay Liu who joins as a board delegate representing the State Council of Developmental Disabilities.

Agenda Item 3 - Review of CalABLE Investments Performance for the First Quarter 2022 (INFORMATION ITEM)

Glen Friedman, manager for TIAA Tuition Financing Inc., provided the Board with a brief market overview which included concerns of high inflation and market instability. Mr. Friedman also noted the Federal Government raised interest rates in March. Mr. Friedman then discussed the quarterly performance of the program's investment options. Overall, the performance results followed market trends and there were no current concerns about performance.

Board member David Oppenheim commended the fact that a significant amount of funds was secure in the FDIC-insured portfolio but asked about an alternative/changes for the FDIC-insured portfolio based on prior discussions due to the lack of returns on it.

Executive Director Dante Allen reminded the Board that an analysis of the FDIC-insured portfolio was conducted, and stakeholders were positive about the portfolio performance despite low rate of returns. There are no plans now to make any changes to the FDIC-insured portfolio.

Board member Cathay Liu asked, “once an account holder makes a decision on where to place their allocation of funds, is it fairly easy to change how the funds are allocated?”

Mr. Allen stated that account holders can change their allocations among the various portfolios up to two times per year and it is a fairly simple process. Mr. Allen further elaborated on how any subsequent contributions to an account allows you to select which portfolio the funds will go into.

Eric White, principal for Meketa Investment Group Inc., was introduced and continued the review of CalABLE Investments Performance for the First Quarter 2022. Most of the funds were positive or acceptable with one fund listed as caution due to the tracking error reported in the previous board meeting. Mr. White recommended against it being watched. Additionally, all broad assets classes lost money. All portfolios largely lost the same amount of money due to similar declines in equities and fixed income. Mr. White noted that the start to 2022 has been one of the worst on record for both stocks and bonds given high inflation rates and the fast recent rise in interest rates. Mr. White provided an analysis of historical trends during other periods of market turbulence. Following 12 months of the worst returns, the trends have generally been positive.

Board Member David Oppenheim thanked Mr. White for the analysis. Mr. Oppenheim suggested the importance of education and being mindful of the fact that future results are not necessarily indicative of past trends.

Board Member Ana Acton thanked Mr. Oppenheim for providing his input and echoed the importance of education. Ms. Acton asked how this type of information can be provided to account holders.

Mr. Allen informed Ms. Acton that most CalABLE account holders have accounts for benefits protection rather than the prospect of growing money through investments. He emphasized the importance of the disclosure statement when making decisions regarding investments and discussed how CalABLE’s monthly webinar series provides education to both current and prospective account holders. Lastly, Mr. Allen mentioned the financial education tool that CalABLE is providing.

Linda English from TIAA commended Mr. Allen and the advertising agency for providing education as well as Mr. Friedman's writing around market volatility. She reinforced how TIAA does not provide investing advice but does educate account holders on the different portfolios and suggests account holders make informed decisions based on their time horizon and risk tolerance.

Mr. Oppenheim asked whether there is any way to quantify benefit protection to account holders.

Mr. Allen stated how CalABLE can provide data on how many account holders are receiving state or federal benefits. Assigning value to benefit protection is complex due to the various benefits programs and what individuals qualify for. There is no set dollar amount for any particular benefit.

Board Member Carla Castañeda thanked Mr. White for the charts indicating that they were very helpful.

Public Comment

None

Agenda Item 4- Resolution to Approve Issuance of Request for Proposals for Program Management Services for CalABLE 529A (ACTION ITEM)

Executive Director Dante Allen provided a review of the request to adopt Resolution No. 2022-02 authorizing the Executive Director to issue a Request for Proposals No. ABLE01-23 for 529A Program Management services. Mr. Allen provided a broad overview of the functions of the program manager and a summary of CalABLE's contract history for program managers.

Board member Carla Castañeda asked whether there are any limitations on the one-year extensions.

Mr. Allen stated contracts cannot be renewed in periods longer than one-year terms.

Public Comment

None

Board Action

Approval of Resolution to Approve Issuance of Request for Proposals for Program Management Services for CalABLE 529A.

MOTION:	David Oppenheim	SECOND:	Carla Castañeda
AYES:	Audrey Noda, David Oppenheim, Cathay Liu Ana Acton, Carla Castañeda, Kathleen Barajas		
NOES:	None		
NOT PRESENT:	Gayle Miller		
ABSTAIN:	None		
RECUSE:	None		
ACTION:	Motion Passed		

Agenda Item 5 - ABLE Industry Landscape Update (INFORMATION ITEM)

Andrea Feirstein, Managing Director for AKF Consulting, provided an update on the ABLE industry landscape. CalABLE performed remarkably since 2021 compared to the overall ABLE industry. Updates for other ABLE programs included that Hawaii joined the Oregon partnership of ABLE programs and Illinois joined the ABLE Alliance. Additionally, independent plans represent about 41% of assets in accounts versus 44% of assets in accounts due to Michigan’s shift away from an independent plan. Finally, CalABLE is third in assets and accounts.

Public Comments

None

Agenda Item 6 - Program 11 Program Update

Executive Director Allen proposed to the Board that the final agenda item be postponed to the following board meeting in the interest of time and due to the technical challenges, that occurred during the board meeting.

Chair Noda approved postponing the final agenda item.

Agenda Item 7 – General Public Comment

None.

The Board adjourned at 3:00 P.M.