
SEPTEMBER 19, 2023

AGENDA ITEM 1

ACTION ITEM

CALIFORNIA ABLE ACT BOARD

Approval of Minutes from June 20, 2023, Meeting

Attachments

- Attachment #1 – CalABLE Board June 20, 2023, Meeting Minutes

Recommended Action – Approve meeting minutes

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JUNE 20, 2023

AGENDA ITEM 1
ACTION ITEM

CALIFORNIA ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT BOARD

Meeting Minutes from June 20, 2023, California ABLE Act Board Meeting

Board members present:

Patrick Henning for California State Treasurer, Fiona Ma
David Oppenheim for the State Controller, Malia Cohen
Ana Acton for the Department of Rehabilitation
Carla Castañeda for the Department of Developmental Services (Joined at 2:30 PM)
Lisa Hayes, Chair of the State Independent Living Council

STO Staff present:

Dante Allen, Executive Director, CalABLE
Anne Osborne, Manager, CalABLE
Madeline Handy, CalABLE
Maria Sandoval, CalABLE
Theodore Ballmer, Legal Counsel

CalABLE Board Consultants Present:

Andrea Feinstein, AKF Consulting
Juliana Crist, AKF Consulting
Eric White, Principal, Meketa Investment Group, Inc

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
Jeremy Thiessen, Head of Investment Strategies, TIAA

California ABLE Act Board Chair Patrick Henning called the meeting to order at 1:32 PM.

Public Comment

None

Agenda Item 1 – Approval of the Minutes from March 21, 2023, and May 15, 2023, meetings of the California ABLE Act Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes from the March 21, 2023, and May 15, 2023, meetings of the California ABLE Act Board.

MOTION:	Lisa Hayes	SECOND:	David Oppenheim
AYES:	Patrick Henning, David Oppenheim, Ana Acton, Lisa Hayes		
NOT PRESENT:	Cathay Liu, Gayle Miller, Carla Castaneda		
ABSTAIN:			
RECUSE:			
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 from the National Association of State Treasurers (NAST). Program Manager, Anne Osborne attended the NAST conference in Portland, OR. The agenda for the conference included updates from the ABLE Savings Plan Network, innovative methods to increase enrollments, national ABLE data, new opportunities for CalABLE and other ABLE programs, among other topics. Mr. Allen also remarked that there are some opportunities being presented to CalABLE from our partners at NAST. NAST and ABLE Today released a website that serves as the marketing arm for all ABLE programs.

Mr. Allen provided an update on AB 339 (Irwin), which will align California law with the ABLE Age Adjustment Act to increase the age of eligibility to age 46 beginning January of 2026. The bill is now headed to the Senate Finance and Governance Committee.

Mr. Allen provided an update on enrollments. CalABLE gained 495 accounts during the first quarter, this is up from Q4 by 5%. CalABLE has \$101 million in assets under management for Q1, this is up from Q4 by 13%. Additionally, CalABLE has been working with the State Treasurer's Office of Communications to issue a press release celebrating the \$101 million in assets threshold.

Mr. Allen introduced Maria Sandoval, as the new Spanish outreach specialist. Ms. Sandoval will be providing presentations and engaging with the Spanish Speaking community. This is needed since CalABLE account holders have expressed an interest in having material, presentations, and general information in their language.

Mr. Allen provided a brief budget update. CalABLE has spent approximately \$636,560 in fiscal year 2022-23. In this fiscal year CalABLE is receiving a General Fund allocation that covers the program's operations budget and did not submit a budget change proposal for the upcoming fiscal year.

Mr. Allen provided a conversion update. CalABLE continue to work with Vestwell and current program manager TIAA. CalABLE is on track for a mid to late August conversion with Vestwell. In addition, staff reviewed the program disclosure statement and other program documents and are close to finalizing all documents. CalABLE is in the process of phasing out the current prepaid card.

Mr. Allen provided an update on the Bank Transfer sale. TIAA Federal Savings Bank manages the funds in CalABLE's FDIC insured portfolio and TIAA has sold that bank. The sale is scheduled to go through by the end of July. TIAA has provided a letter, in which TIAA guarantees that CalABLE will remain in compliance with all terms of its agreement with the CalABLE Act Board.

Mr. Allen thanked TIAA for giving their best effort in showing amazing professionalism, help, support, and guidance along the way.

Mr. Allen provided an outreach update. Throughout the summer, CalABLE will continue outreach with our stakeholders. In the fall, when the conversion is complete, staff will take part in outreach events and activities with our English and Spanish partners.

Public Comment

None.

Agenda Item 3 – Quarterly Investment Performance Report (INFORMATION ITEM)

Jeremy Thiessen from TIAA provided the Board an overview of CalABLE Investment Performance for the First Quarter 2023.

Mr. Thiessen provided an overview of the equities and fixed income market. In equities, seven out of eleven GIC sector in the S&P 500 produced positive returns in the first quarter. In fixed income, the federal reserve raised interest rates by 25 basis points in February and 25 basis points in March.

Mr. Thiessen provided an asset overview for Q1 2023 with total assets at \$100.9 million.

Mr. Thiessen provided an overview of Q1 2023 returns. The broader market themes carried over into portfolio performance. All the portfolios produced positive returns the highest was the aggressive growth portfolio with a return of 6.4% and matching its benchmark of 6.4. The moderate portfolio had a return of 4.9% which was less than its benchmark of 5.0. The conservative portfolio had a return of 3.2%, slightly lower than its

benchmark of 3.4. The lowest returning was the FDIC insured portfolio had a return of 0.2% trailing its benchmark of 1.1.

Mr. Thiessen commented on asset allocation across the portfolios. Asset based fees include Underlying Expenses and State Administrative Fees set at 0.44%. The FDIC Insured Portfolio currently waives the State Administrative fee approved by the Board.

Public Comment

None.

Agenda Item 4 – Performance & Evaluation Report (INFORMATION ITEM)

Eric White, principal for Meketa Investment Group, provided the Board an overview of the financial market and CalABLE Investments Performance for First Quarter 2023.

Mr. White commented since last year, the aggressive growth portfolio has recovered and increased by 6.4% in Q1 and the performance of the International Equity Index Fund was good, rising 8%. The moderate portfolio was up 4.9% for Q1. Finally, the conservative portfolio proved most challenging as it was up 3.2% for Q1 with a much lower rate of returns. Q1 is showing positive returns. However, the funding agreement did provide some cushion.

Public Comment

None.

Agenda Item 5 – Industry Landscape (INFORMATION ITEM)

Ms. Feirstein introduced Juliana Crist, who presented on behalf of AKF. Ms. Crist provided an overview of the ABLE market landscape in 2023, focusing on CalABLE numbers and CalABLE's new fee structure. Despite the markets in April, CalABLE plans are still growing, meeting national growth averages and numbers. The industry is still growing, with the first few quarters of 2022 showing dips in assets.

Ms. Crist noted the rates of growth are slowing as the industry matures, which is expected to continue. The independent plans in the marketplace include 11 ABLEs. CalABLE's performance is impressive; it is the third largest independent program with 9,100 accounts and over \$100 million in assets. Although there are two larger plans, both launched two years before CalABLE and they remain in close relationships. The national average account balance is \$9,700, indicating that CalABLE is relatively strong in the national marketplace with the average account balance being \$11,000. Ms. Crist commented that account growth has been consistent, with an average of about 2,100 accounts per year. Even when the current program fees are compared to the new program's administrators' fees, CalABLE costs remain reasonable.

Public Comment

None.

Agenda Item 6 – Resolution No. 2023-05 Approval of Amendment to extend consultant services with AKF Consulting for the amount of \$400,619 (ACTION ITEM)

Executive Director Dante Allen provided background on Resolution No. 2023-04.

The AKF team has ABLE industry insight and support to the CalABLE team. Their experience with data analysis of ABLE program fee schedules, the program disclosure statement and record-keeping process was invaluable when CalABLE changed program administrator's. AKF continues to provide industry updates and program repayment projections for the CalABLE team.

Staff proposed to the Board to authorize a contract extension by one year to November 30, 2024, and increase the contract amount to \$400,619.00. The new amount is over the Executive Director signature authority.

Public Comment

None

Board Action

Approval of Resolution No. 2023-04 to amend Agreement No. ABLE01-21 with AKF Consulting, LLC for \$400,619.00

MOTION:	David Oppenheim	SECOND:	Carla Castañeda
AYES:	Patrick Henning, David Oppenheim, Ana Acton, Carla Castaneda, Lisa Hayes		
NOT PRESENT:	Cathay Liu, Gayle Miller		
ABSTAIN:			
RECUSE:			
ACTION:	Motion Passed		

Agenda Item 7 – Public Comment

None.

The Board adjourned at 2:38 PM.

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