
NOVEMBER 6, 2018

AGENDA ITEM 2
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

*Meeting Minutes for the October 16, 2018 California Secure Choice Retirement Savings
Investment Board Meeting*

Board members present:

State Treasurer John Chiang
Steve Juarez for State Treasurer John Chiang
Karen Greene Ross for State Controller Betty T. Yee
Jacqueline Wong-Hernandez for Director of Finance Keely Martin Bosler
Edward De La Rosa
Heather Hooper
Robert Purcell
Yvonne Walker
Dora Westerlund

Board members absent:

William Sokol

Staff present:

Alyssa Delacruz
Angela Duvane
Brian Gould
Jonathan Herrera
Ruth Holton-Hodson
Eric Lawyer
Robert Hedrick, Senior Attorney, State Treasurer's Office

Contractors present:

Soohyang Lee, AKF Consulting Group ("AKF")
Gina Maria Lemon, Ascensus College Savings Recordkeeping Services, LLC
("Ascensus")
Mika Malone, Meketa Investment Group ("Meketa")
Lisa Massena, Ascensus
Paola Nealon, Meketa

California Secure Choice Retirement Savings Investment Board (“Board”) Chair Steve Juarez called the meeting to order at 1:32 PM.

Board Chair Juarez announced the Board would not hold closed session and item #1 would not be considered.

Agenda Item 2 – Approval of the Minutes of the September 24, 2018 Meeting of the California Secure Choice Retirement Savings Investment Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the September 24, 2018 meeting of the California Secure Choice Retirement Savings Investment Board.

MOTION:	Jacqueline Wong-Hernandez	SECOND:	Karen Greene Ross
AYES:	Karen Greene Ross, Heather Hooper, Steve Juarez, Robert Purcell, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	Edward De La Rosa, Dora Westerlund		
ACTION:	Motion Passed		

Agenda Item 3 – Executive Director’s Report (INFORMATION ITEM)

Deputy Director Brian Gould provided the Board an update on significant items including the program budget, the independent auditor’s report for the 2017-18 fiscal year currently in progress, staffing, contracting efforts, the risk management report for the first quarter of 2018-19, regulations and rulemaking, due diligence visits to contractor facilities, and pending research partnership opportunities.

Chair Juarez and Board member Walker briefly discussed the efforts to translate materials, including the schedule and types of material to be translated.

State Treasurer John Chiang arrived at 1:44 PM to serve as Board Chair for the meeting.

Public Comment

None.

Agenda Item 4 – Implementation Update (INFORMATION ITEM)

Lisa Massena with Ascensus presented the Board with an update on the implementation of the CalSavers Retirement Savings Program (“CalSavers” or “the Program”), including updates on the program platform and related elements, client services, pilot planning and readiness, and the search for field representatives throughout the state.

Public Comment

None.

Agenda Item 5 – Marketing and Outreach Plan (INFORMATION ITEM)

Deputy Treasurer Ruth Holton-Hodson led a panel discussion to update the Board on the marketing and outreach strategy for the Program. Ms. Holton-Hodson updated the Board on the statewide marketing and outreach strategy.

Outreach Coordinator Jonathan Herrera updated the Board on the regional outreach and education strategy currently being implemented with strategic partners throughout the state.

Mr. Hererra introduced to the Board Nalleli Sandoval of United Ways of California, Mark Herbert of Small Business Majority, and Gustavo Herrera of Young Invincibles.

Ms. Sandoval updated the Board on how United Ways of California has committed to promote CalSavers at a regional level and throughout the state.

Mr. Herbert updated the Board on how Small Business Majority has committed to promote CalSavers with small businesses throughout the state.

Mr. Herrera updated the Board on how Young Invincibles has committed to promote CalSavers with young adults, ages 18 through 34, throughout the state.

Lisa Massena and Gina Maria Lemon of Ascensus updated the Board on Ascensus' marketing and outreach strategy.

Deputy Treasurer Holton-Hodson introduced Blanca Castro with AARP. Ms. Castro updated the board on the partnership between AARP and CalSavers, and discussed upcoming efforts to develop promotional materials about the Program

The Board discussed ways to clarify and shorten forms and materials, means to conduct oversight of outreach and marketing, and ways to assist with marketing and outreach efforts.

State Treasurer John Chiang departed the meeting during the item and his designee Steve Juarez arrived to serve as Chair.

Public Comment

None.

Agenda Item 6 – ESG Investment Option (INFORMATION ITEM)

Deputy Director Gould introduced Mika Malone and Paola Nealon with Meketa to lead a discussion on strategies to solicit bids for an environmental, social and governance (ESG) investment option.

Ms. Malone and Ms. Nealon presented the Board with various options for ESG investments and explained how the different types of ESG investments work.

The Board discussed the importance of fees and investment return for any fund to be offered to CalSavers participants.

The Board directed staff and consultants to prepare a request for proposals (RFP) specifically for an ESG investment option to be presented as an action item for Board review at the next Board meeting. The Board directed staff to prepare the RFP in a way that does not limit responses to active or passive investment management; does not define a specific ratio for equities or fixed-income, nor restricts responses to solely equities or solely fixed-income; and does not specifically target or prioritize any specific ESG values. The Board also agreed to consider awarding the contract to more than one firm and blending investment options under one ESG investment fund.

Public Comment

Blanca Castro with AARP commended the Board for bringing forward the dialogue regarding ESG options and its discussion regarding fees and investment return.

Agenda Item 7 – State Administrative Fee (ACTION ITEM)

Deputy Director Gould presented the Board with a recommendation for the state administrative fee necessary to pay for the state's share of costs for the Program financed through a loan from the state general fund. Staff recommended a fee of five basis points, or 0.05% based on the current budget and funds necessary to repay the loan, developed using projection models completed by staff, with the assistance of AKF. The models include projected budget items, including the repayment of two implementation loans.

The Board discussed potential methods to reduce or extend the term of the general fund loan and asked about when the issue must be decided. Ms. Lemon with Ascensus noted a decision at the meeting was necessary, as the next Board meeting is scheduled for a time after the pilot program begins.

Soohyang Lee with AKF informed the Board that they have reviewed the projection models and they concur with the five BPS recommendation.

Public Comment

None.

Board Action

Approval of staff recommendation to set the state administrative fee at five basis points, with instruction to the staff to explore all available options for reducing that fee, up to and including, approaching the legislature for any necessary changes to the statute.

MOTION:	Yvonne Walker	SECOND:	Edward De La Rosa
AYES:	Edward De La Rosa, Karen Greene Ross, Heather Hooper, Steve Juarez, Robert Purcell, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ACTION:	Motion Passed		

Public Comment

None.

Other Business

None.

The meeting adjourned at 3:57 PM.