
MAY 19, 2021

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the March 17, 2021, CalSavers Retirement Savings Board Meeting

Board members present:

State Treasurer Fiona Ma
Jacqueline Wong-Hernandez for State Controller Betty T. Yee
Gayle Miller for Director of Finance Keely Martin Bosler
Edward De La Rosa
Stephen Prough
William Sokol
Yvonne Walker

Board members absent:

Heather Hooper

Staff present:

Kathleen Selenski, Executive Director
Alyssa Delacruz
Angela Duvane
Brian Gould
Carolina Hernandez
Jonathan Herrera
Eric Lawyer
Jacob Schafer

Others present:

Jennifer Baldwin, Senior Attorney, State Treasurer's Office
Rita Clark, State Treasurer's Office
Audrey Noda, Deputy Treasurer
Sharon O'Grady, Attorney General's Office
Spencer Walker, General Counsel, State Treasurer's Office

Contractors present:

Andrea Feirstein, AKF Consulting Group ("AKF")
Jason Gilbert, Ascensus
Mika Malone, Meketa Investment Group ("Meketa")
Vidur Mehra, State Street Global Advisors ("SSGA")

Troy Montigney, Ascensus
Paola Nealon, Meketa
Sonya Park, SSGA
George Piquette, Ascensus
Kevin Sullivan, Newton Investment Managers

CalSavers Retirement Savings Board (“Board”) Chair Fiona Ma called the meeting to order at 1:01 PM.

Agenda Item 1 - Approval of the Minutes of the December 7, 2020, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Due to the late arrival of a Board member, the chair moved this item out of order and the Board began the meeting with Agenda Item 2.

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

Executive Director Kathleen Selenski provided the Board with an update on significant items, including an update on the CalSavers Retirement Savings Program’s (“CalSavers” or “Program”) COVID-19 response, including business continuity and the resumption of full-time in-office rotations.

Ms. Selenski informed the board that enforcement efforts with the Franchise Tax Board are still pending, with the agreement for enforcement services expected to be completed by the end of April and subsequent Board vote necessary to begin enforcement activities. Ms. Selenski reminded the Board the plan is to begin sending notices to eligible employers with more than 100 employees who have not registered by October 2021.

Ms. Selenski updated the Board on ongoing risk monitoring, including the status of three categories of risk that have changed status since the last risk monitoring report.

First, Ms. Selenski noted the program staffing category of risk is continually monitored, including staffing sufficiency within the program administrator, especially as it relates to the customer service function. Ms. Selenski noted an increased risk due to the program administrator’s failure to meet customer service call center answer time metrics in the fall of 2020 surrounding the first employer deadline. Ms. Selenski noted more information on the status of this category would be provided in Agenda Item 3.

Second, Ms. Selenski discussed the financial category of risk and the impact of the Board’s decision to temporarily allocate a portion of the program administrator’s marketing commitment to support participants in the capital preservation fund. Ms. Selenski noted the risks with the fund were being addressed through the upcoming change to the default investment option.

Third, Ms. Selenski discussed the cyber security risk category and noted the Program was establishing new data sharing agreements with other agencies, including the Franchise Tax Board and the cannabis control authorities. Ms. Selenski noted risk monitoring efforts would

continue after the agreements were executed to ensure the data security provisions would be followed by the Program and the other state agencies.

Ms. Selenski also provided updates on the Program budget through November 2020, legislation, policy, regulations, media updates, outreach, and contracting efforts of the Program.

In response to an item in the risk monitoring section of the item, Board Chair Fiona Ma asked for clarification about whether cannabis related businesses are participating in the Program. Ms. Selenski noted licensed cannabis businesses are not excluded by statute from participation. Chair Ma noted she would include the CalSavers outreach team in outreach efforts with the cannabis industry.

Public Comment

None

Agenda Item 1 - Approval of the Minutes of the December 7, 2020, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Board Action

Approval of the minutes of the December 7, 2020, meeting of the CalSavers Retirement Savings Board.

MOTION:	William Sokol	SECOND:	Gayle Miller
AYES:	Edward De La Rosa, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Public Comment

Cynthia Landry with SEIU Local 1021 commented in support of the program, and requested clarification on the employer registration deadlines based on employer size, referred to during the items as “waves.”

Agenda Item 3 – Program Administrator’s Report (INFORMATION ITEM)

Troy Montigney with the Program Administrator, Ascensus, provided the Board with an update on program operations, including administrative benchmarks, call center volume, the employer onboarding team, and product enhancements.

Jason Gilbert with Ascensus updated the board on outreach activities of the CalSavers Ascensus field team.

Mr. Montigney then updated the board on marketing and outreach efforts, including the results of the fall 2020 messaging campaign to waves two and three mandated employers.

Board member Stephen Prough asked how the Board could be confident in Ascensus efforts to improve call center performance. Mr. Montigney noted Ascensus had evaluated the methods and frequency of the inquiries received at the call center and developed assumptions for the calendar year to aid in anticipating the volume of inquiries.

Public Comment

Cynthia Landry with SEIU Local 1021 requested clarification on the deadlines for each wave. Ms. Selenski clarified the deadline dates for each wave.

Agenda Item 4 – Fourth Quarter Investment Performance & 2020 Review (INFORMATION ITEM)

Mika Malone and Paola Nealon from the Board’s investment consultant, Meketa, provided the Board an overview of the quarterly performance of the Program’s investment options for the quarter ending December 31, 2020, and provided an overview of the investment performance for the 2020 calendar year. Ms. Nealon concluded the item by noting Meketa would provide educational items at each Board meeting in 2021 and identified the topics to be discussed at each meeting.

Board member Gayle Miller asked that there be presentations on how the program is educating its participants about investment topics.

Public Comment

Cynthia Landry with SEIU Local 1021 asked if climate risk is one of the ESG factors used to contemplate risk in the BNY Mellon Sustainable Balance Fund. Ms. Malone verified that climate risk is one of the factors considered in the ESG rating system for the portfolio.

Ms. Landry also asked what percent of program participants are choosing the ESG option. Ms. Selenski verified that there were 120 participants as of March 16, 2020, who had chosen the ESG option.

Agenda Item 5 – Report on the Status of the Implementation of the Strategic Plan 2018-2021 and a Discussion of the Development of the Next Strategic Plan (INFORMATION ITEM)

Ms. Selenski presented the board with the status of the implementation of the Board’s strategic plan for fiscal years 2018-21, by reviewing each strategic goal, including the objectives of the goal, how those objectives are measured, and their current status.

Ms. Selenski discussed the first strategic goal, which covers the Program infrastructure and includes the goal to “cultivate a dynamic, high-performing team that serves the Board and participants efficiently and effectively.”

Ms. Selenski discussed how each objective for the goal is defined and measured, starting with Objective 1A, which has the goal to “foster a strong and evolving dynamic between staff and the Board as the Board transitions from doing to governing.” and is measured by Board member

feedback in an annual survey and a performance evaluation of the Executive Director. Ms. Selenski explained that policies for both of these processes were being reviewed by the State Treasurer's Office, to create streamlined processes that will be used for all of the boards that are chaired by the Treasurer. Ms. Selenski explained, due to these circumstances, the status of Objective 1A was pending.

Ms. Selenski explained Objective 1B for the goal is to “recruit and retain a diverse, dynamic, and experienced staff where each member exercises leadership in service of the mission,” which is measured by the trend of number of staff applicant sources within California government and external organizations. Ms. Selenski showed that the applicant pools for each open position were, on average, evenly mixed between current State employees and external applicants.

Ms. Selenski explained that this objective is also measured by the trend of portion of employees reporting overall positive job satisfaction on survey feedback. Ms. Selenski noted the objective is also pending, as the State Treasurer's Office Personnel Department is currently reviewing the policy and considering whether there are more informal methods of measuring employee satisfaction. For that reason, Ms. Selenski noted the measurement was pending.

Board member Jacqueline Wong-Hernandez requested more information on the status of the first two objective measurements.

Ms. Selenski explained that the State Treasurer's Office policies and procedures around these measurements are currently being reviewed by the current administration.

Board member Gayle Miller requested that the annual reviews be conducted in a timely manner due to the Board's fiduciary duty to the Program participants.

Board member Wong-Hernandez asked to be reminded how the Executive Director has been evaluated in the past. Ms. Selenski explained that her last performance review was completed by the prior administration about a year after her hiring date.

Board member Yvonne Walker requested more information on the current delay with these objective measurements.

Board Chair Fiona Ma said she would like to establish a process and would be more than happy to implement an annual review and evaluation of the Executive Director and would welcome the Board's feedback on the processes.

Ms. Selenski discussed the last measure for this goal: employee retention. Ms. Selenski explained that the program currently has 100% retention among eight-person full-time staff, and only one part-time retired annuitant departed for full retirement.

Ms. Selenski noted objective 1C for the goal, is to “ensure staff and Board access and consider expert advice and analysis when necessary to best serve participants and uphold fiduciary duty.”

Ms. Selenski noted the objective is measured by analyzing engagement with leading consultants, advisors, and other experts. Ms. Selenski noted the staff and Board have ongoing engagement with investment consultant Meketa Investment Group, program consultant AKF Consulting, and legal advisor K&L Gates. In addition, senior staff engage frequently with preeminent national policy and industry experts through a variety of informal networks, events, and other channels.

Ms. Selenski discussed the second strategic goal, which covers the launch and rollout of the program, and its objectives and measures.

Ms. Selenski noted objective 2C for this goal is to “ensure reasonable competitive fees at launch, with scheduled decreases as the program grows.” Ms. Selenski noted the objective is measured by the benchmark against peers and more mature public funds. Ms. Selenski noted the program fees are within competitive ranges in both areas for retirement savings programs of similar size, and the contractual agreement with Ascensus includes fee decreases that coordinate with increases in asset levels.

Board member Miller asked about statutory caps on fees in a similar program in Illinois. Ms. Selenski noted their statute, and the statute governing CalSavers, includes a cap on fees. Ms. Miller affirmed the importance to the Board in maintaining the goal to reduce fees.

Board member Edward De La Rosa provided an example of the impact of even small fee differences over various time horizons and noted the Board’s fiduciary duty to the participants in the program.

Ms. Miller discussed how the program can be leveraged for financial education and suggested the program include financial education in its efforts.

Ms. Selenski reintroduced Mr. Montigney to discuss objective 2D for this goal, which is to “ensure high quality, accessible customer service for all participants.” Ms. Selenski noted the objective is measured by average call center wait time, and customer satisfaction survey feedback, which Mr. Montigney shared with the board.

Ms. Selenski moved on to the remaining strategic goals and presented the objectives and measures for each goal.

Board Chair Ma detailed the items the Treasurer's Office would follow up on, including conducting a survey of Board member feedback, conducting an evaluation of the executive director’s performance, and measurement of employee job satisfaction.

Ms. Selenski then provided a brief overview of the draft framework for the 2021-24 strategic plan. Board Chair Ma suggested that the Executive Director either gather feedback from Board members on the framework or schedule an extra Board meeting to discuss it in advance of a vote during the June meeting.

Agenda Item 6 – Readoption of Emergency Regulations Initially Approved on July 27, 2020, Resolution No. 2021-01 (Action Item)

Eric Lawyer presented the Board with resolution no. 2021-01 regarding approval to readopt emergency regulations.

Board Action

Approval of Resolution 2021-01: Authorizes the Executive Director to readopt the emergency regulations due to be repealed on June 30, 2021.

MOTION:	Gayle Miller	SECOND:	Jacqueline Wong-Hernandez
AYES:	Edward De La Rosa, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Yvonne Walker, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Public Comment

None

Board Chair Fiona Ma adjourned the open session at 3:31 PM.

Agenda Item 7 – Litigation (Government Code Section 11126(e)) – Discussion with Legal Counsel Regarding Litigation (Howard Jarvis Taxpayers Ass’n., et al. v. The California Secure Choice Retirement Savings Program, et al.; U.S. Court of Appeals for the Ninth Circuit

Board Action

No action taken

Board Chair Fiona Ma reconvened the open session at 3:49 PM. Chair Ma announced that the Board met in closed session and that no action was taken.

Public Comment

None

Other Business

None

The meeting adjourned at 3:50 PM.