
JANUARY 24, 2022

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the December 13, 2021, CalSavers Retirement Savings Board Meeting

Board members present:

Deputy Treasurer Audrey Noda for State Treasurer Fiona Ma
Karen Greene Ross for State Controller Betty T. Yee
Thomas Todd for Director of Finance Keely Martin Bosler
Edward De La Rosa
Michelle Gastelum
Heather Hooper
Stephen Prough
William Sokol

Staff present:

Kathleen Selenski, Executive Director
Angela Duvane
Carolina Hernandez
Jonathan Herrera
Eric Lawyer
Jacob Schafer

Others present:

Sharon O'Grady, Office of the Attorney General
Spencer Walker, General Counsel, State Treasurer's Office

Contractors present:

Andrea Feirstein, AKF Consulting Group ("AKF")
Mika Malone, Meketa Investment Group ("Meketa")
Vidur Mehra, State Street Global Advisors ("SSGA")
Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC ("Ascensus")
Paola Nealon, Meketa
Sonya Park, SSGA

George Piquette, Ascensus
Kevin Sullivan, Newton Investment Management (“Newton”)

CalSavers Retirement Savings Board (“Board”) Chair Audrey Noda called the meeting to order at 1:00 PM.

Agenda Item 1 - Approval of the Minutes of the September 13, 2021, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the September 13, 2021, meeting of the CalSavers Retirement Savings Board.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Michelle Gastelum, Heather Hooper, Audrey Noda, Stephen Prough, William Sokol, Thomas Todd		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	Karen Greene Ross		
ACTION:	Motion Passed		

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”) participation growth; employer compliance enforcement efforts, including efforts to directly contact non-responsive employers via email and by phone; recruitment and staffing; the program budget; program audits; risk monitoring efforts; contracting efforts; the need to begin a new procurement effort for the provider of an environmental, social, and governance (“ESG”) investment option; an update on analysis of In-Home Support Services Provider inclusion; legislation and policy; regulations; external presentations, and media coverage.

Regarding the procurement for a new provider of an ESG investment option, Ms. Selenski noted that if assets in the current ESG investment fund provided by Newton grew to a level that allowed the option to remain available to CalSavers, the Board could halt the new solicitation.

Board member Heather Hooper asked whether there has been any improvement in the time it takes employers to begin remitting payroll after registration. Ms. Selenski noted there has been some improvement since the pilot initiative, but noted challenges remain.

Board member William Sokol asked about the timeframe for a new ESG fund provider to begin. Ms. Selenski suggested the request for proposal would be released in February 2022, a new firm would be selected within three to four months, and work would be done to complete the conversion by around the end of October 2022.

Ms. Hooper asked for more information about regional attendance of the external presentations. Ms. Selenski noted the presentations are cohosted by Program staff and staff from Ascensus and are held virtually, allowing for attendance by individuals across the state. Ms. Selenski noted the request to provide more detailed information if available.

Board Chair Audrey Noda asked about efforts to do presentations to hard-to-reach communities. Ms. Selenski discussed the creation of multilingual informational materials, hosting multilingual webinars, increased presentations for the saver community, and efforts to work with local ethnic stakeholder groups.

Public Comment

None

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

Troy Montigney, with the Program administrator Ascensus, updated the Board on Program activities, including technology enhancement efforts, call center volume and performance, marketing and outreach, and field team efforts.

Board member Heather Hooper asked why call center performance diminished from September through October 2021. Mr. Montigney noted employer outreach efforts increased dramatically in that timeframe and suggested the cause was due to increased calls by employers.

Board member Stephen Prough asked about the time between employer registration and remission of payroll, as was discussed in the executive director’s report. Mr. Motigney noted he could provide the Board with statistics at a later time.

Board member Michelle Gastelum asked about the efforts to enhance the employer experience mentioned earlier in the item. Mr. Montigney briefly discussed efforts to create an “industry standard” application programming interface (“API”) and additional efforts to integrate with a popular payroll provider. Ms. Gastelum discussed communication she had with a business owner that caused her to be concerned about the effort that is required of some employers to facilitate the Program. Mr. Montigney discussed the hiring of a consultant to review the employer portal and onboarding experience and the importance of collecting employer feedback to guide the changes.

Agenda Item 4 – Third Quarter Investment Performance Report & Education Session on Industry Trends (INFORMATION ITEM)

Paola Nealon with 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 September 30, 2021. Mika Malone with Meketa presented an education session on industry trends.

Board member Heather Hooper asked about the weighting of the Program’s target date funds with respect to global versus domestic stocks. Ms. Nealon noted the funds have exposure to both, with a slight bias toward international.

Board member Stephen Prough asked about the purpose of the international weighting, noting a fund that is underperforming against its benchmark. Ms. Nealon noted the purpose for the weighting is due to opportunities and noted the investment decision is made by the fund provider, State Street Global Advisors.

During Ms. Malone’s presentation, Board member Sokol requested reporting on cybersecurity efforts. Ms. Selenski suggested she could add an item to a future Board meeting and may include reporting on it as part of the existing risk monitoring effort.

Board member Hooper requested reporting on the portion of CalSavers participants that have selected a beneficiary. Ms. Selenski noted the request.

Public Comment

None

Agenda Item 5 – Annual Review of the Investment Policy Statement (ACTION ITEM)

Executive director Kathleen Selenki presented the item. Ms. Selenski noted statute requires the Board to review the investment policy statement (“IPS”) annually. Ms. Selenski noted neither she nor the Board’s investment consultant suggested any changes to the IPS.

Public Comment

None

Board Action

Agreement with staff recommendation to make no changes to the IPS.

MOTION:	William Sokol	SECOND:	Karen Greene Ross
AYES:	Edward De La Rosa, Michelle Gastelum, Karen Greene Ross, Heather Hooper, Audrey Noda, Stephen Prough, William Sokol, Thomas Todd		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 6 – Resolution 2021-11, Authority to Readopt Emergency Regulations in Chapter 15 of Title 10 of the California Code of Regulations, Including Changes to Remove the Second Automatic Enrollment Feature (ACTION ITEM)

Eric Lawyer, director of policy and communications, presented the Board with Resolution 2021-11 regarding authority to readopt emergency regulations.

Public Comment

None

Board Action

Approval of Resolution No. 2021-11 to authorize the readoption of emergency regulations.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Michelle Gastelum, Karen Greene Ross, Heather Hooper, Audrey Noda, Stephen Prough, William Sokol, Thomas Todd		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 7 – Resolution No. 2021-12, Approval of Emergency Regulations Amendments to Sections 10000, 10001, 10002, and 10004 of Chapter 15 of Title 10 of the California Code of Regulations and Authority to Conduct Rulemaking (ACTION ITEM)

Eric Lawyer presented the resolution and discussed the regulations amendments proposed by staff.

Public Comment

None

Board Action

Approval of Resolution No. 2021-12 to approve regulations amendments and authorize staff to conduct rulemaking.

MOTION:	William Sokol	SECOND:	Edward De La Rosa
AYES:	Edward De La Rosa, Michelle Gastelum, Karen Greene Ross, Heather Hooper, Audrey Noda, Stephen Prough, William Sokol, Thomas Todd		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 8 - Resolution 2021-13, Extension of Contract CSCRSIB02-19 for Legal Advisory Services with K&L Gates LLP (ACTION ITEM)

Executive director Selenski presented the item. Ms. Selenski noted agreement CSCRSIB02-19 for legal services with K&L Gates LLP would expire March 31, 2022, unless extended by the Board for an additional year.

Public Comment

None

Board Action

Approval of Resolution No. 2021-13 to extend agreement CSCRSIB02-19 with K&L Gates LLP for legal services.

MOTION:	Karen Greene Ross	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Michelle Gastelum, Karen Greene Ross, Heather Hooper, Audrey Noda, Stephen Prough, William Sokol, Thomas Todd		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 9 - Update on the Landscape of State Retirement Programs (INFORMATION ITEM)

Andrea Feirstein with the Board’s program consultant, AKF, presented the item.

Board member Heather Hooper asked about the change of program administrator in the OregonSaves program and how many accounts were included in the transition. Ms. Hooper also asked about the amount of work required for such a transition. Ms. Hooper also asked about the ease of use for employers between program platforms operated by Ascensus and BNY Mellon/Vestwell. Ms. Feirstein discussed the effort to make the transition of administrators easy for employers and noted reports from Oregon suggested the transition went “extremely well.” Ms. Feirstein also suggested BNY Mellon/Vestwell had a higher degree of integration with payroll providers than Ascensus.

Ms. Hooper asked for the total assets in Oregon that had been migrated to the new program administrator. Ms. Feirstein noted about \$143 million in assets were moved as of November 5, 2021, representing about 112,000 accounts.

Board member Karen Greene Ross asked about the reasons why the OregonSaves program made the transition to a new program administrator. Ms. Selenski suggested the Board read the news coverage about the change and suggested she would recirculate the news clips with the Board.

Board member Stephen Prough spoke about fee structures with dollar-based fees and suggested that, for most CalSavers participants, the current asset-based fee without any dollar-based fee is less expensive for the population of savers. Ms. Feirstein presented a table showing differences between dollar-based fees and asset-based fee under a variety of circumstance, which showed the asset-based fee was less expensive for smaller account balances and dollar-based fees were less expensive for larger account balances.

Public Comment

None

Chair Noda called for the start of closed session at 3:06 p.m.

Agenda Item 10 – As authorized by Government Code Section 11126(e), the Board will meet in closed session to confer with, and receive advice from, its legal counsel regarding the following pending litigation: Howard Jarvis Taxpayers Ass’n., et al. v. The California Secure Choice Retirement Savings Program, et al.; Supreme Court of the United States Case No. 21-558

No action was taken.

The Board reconvened at 3:24 p.m.

Agenda Item 11 – Public Comment

None.

The meeting adjourned at 3:25 p.m.