
AUGUST 22, 2022

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the May 24, 2022, CalSavers Retirement Savings Board Meeting

Board members present:

Audrey Noda for State Treasurer Fiona Ma
Karen Greene Ross for State Controller Betty T. Yee
Michelle Gastelum
Heather Hooper
Nam Le
Stephen Prough
William Sokol

Board members absent:

Director of Finance Keely Martin Bosler

Staff present:

Kathleen Selenski, Executive Director
Alyssa Delacruz
Angela Duvane
Sandy Guan
Carolina Hernandez
Jonathan Herrera
Eric Lawyer
Eric Lei
Ariel Pickett
Jacob Schafer

Others present:

Rita Clark, State Treasurer's Office
Theodore Ballmer, Counsel, State Treasurer's Office
Spencer Walker, General Counsel, State Treasurer's Office

Contractors present:

Peg Creonte, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”)
Andrea Feirstein, AKF Consulting Group (“AKF”)
Drew LoRusso, Calvert Research and Management (“Calvert”)
Mika Malone, Meketa Investment Group (“Meketa”)
Troy Montigney, Ascensus
Martha Nemecek, Ascensus
Paola Nealon, Meketa
Sonya Park, SSGA
Scott Parry, Ascensus
Kevin Sullivan, Newton Investment Management (“Newton”)

CalSavers Retirement Savings Board (“Board”) Chair Audrey Noda called the meeting to order at 1:07 PM.

Agenda Item 1 - Approval of the Minutes of the February 28, 2022, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the February 28, 2022, meeting of the CalSavers Retirement Savings Board.

MOTION:	William Sokol	SECOND:	Stephen Prough
AYES:	Michelle Gastelum, Karen Greene Ross, Heather Hooper, Nam Le, Audrey Noda, Stephen Prough, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

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

Executive director Kathleen Selenski provided the CalSavers Retirement Savings Board (“Board”) an update on significant items, including efforts throughout the organization to prepare for the next registration deadline for mandated employers on June 30, 2022. Ms. Selenski also discussed the registration deadline for newly eligible employers, which was set for

December 31, 2022, due to regulations amendments approved by the Board at the December 13, 2021, Board meeting.

Ms. Selenski introduced a new staff member, Ariel Pickett, who was hired as an analyst for administrative operations. Ms. Selenski also discussed employer compliance enforcement efforts, presented the quarterly risk monitoring heat map, provided a presentation on the program budget, contracting efforts, the status of the analysis of in-home supportive service providers, state and federal legislation and policy, regulations, and external presentations.

Regarding the deadline for newly eligible employers, Board member William Sokol asked whether staff had concerns regarding employer compliance. Ms. Selenski noted the differences in employer response rates by employer size, noting that employers tend to take action to either register or report exemption closer to registration deadlines.

Board member Stephen Prough asked whether market fluctuations have caused changes in saver behavior. Ms. Selenski noted there had not been any significant changes in the nature of contacts to the client services center or the volume of calls related to the market activity.

Board member Heather Hooper asked about the lag between employer registrations and employer activities to remit participating employee contributions, asking how the Program can close the gap. Ms. Selenski noted there are natural lags between employer registration and facilitation activities and explained the lag has remained relatively consistent since the Program launched.

Regarding the outreach events, Board member Hooper asked which staff had been conducting them and mentioned her appreciation for their work. Ms. Selenski noted staff members Jonathan Herrera, Carolina Hernandez, and Ascensus field team member Martha Nemecek were responsible for much of the work and the Board expressed their appreciation for their work.

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 the launch of a revised employer portal, activity related to the June 30, 2022, employer registration deadline, and customer service. Peg Creonte, with Ascensus, discussed the sale of Ascensus. Scott Parry, with Ascensus, introduced himself to the Board. Martha Nemecek, with Ascensus, discussed field team activities.

Board member Nam T. Le asked if employer had given any feedback related to employee participation. Ms. Nemecek discussed how employers know they cannot give advice on employee participation, but they see employers sharing essential information about the program, including program-designed materials. Ms. Nemecek mentioned the issue as another reason why the saver webinars are valuable.

Board member Le asked how the program can reach workers that are not participating and how to get more employers to join. Mr. Montigney discussed some of the challenges with the saver community, including low median income and the balance between informing savers about their options and overcommunicating. Ms. Selenski mentioned that the program is built on passive engagement. Selenski noted that the board's strategic plan for fiscal years 2021-22 through 2023-24 includes increased focus on financial education and saver outreach and noted that the 70% employee participation rate was a success.

Public Comment

None

Agenda Item 4 – First Quarter Investment Performance Report (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 March 31, 2022.

Board member Stephen Prough asked about the tracking error between returns of some CalSavers investment options and the benchmarks used to measure performance. Ms. Nealon mentioned some differences are due to differences in timing of evaluation of the funds and the benchmarks. Mr. Prough asked about the differences between domestic and international aspects of the target retirement fund. Sonya Park, with SSGA, explained that Ms. Nealon was correct in her response regarding the differences in timing of fund evaluation, noting the differences ultimately have no impact.

Public comment

None

Agenda Item 5 – Resolution 2022-03: Approval of Contract for Environmental, Social, and Governance Investment Option (ACTION ITEM)

Executive director Kathleen Selenski presented the item. Ms. Selenski noted the Board received four qualified proposals for the environmental, social, and governance (ESG) investment option. Ms. Selenski noted the firm proposed to be awarded the contract, Calvert Research and

Management, received significantly higher score than other bids and was the sole finalist for consideration.

Ms. Selenski noted the winning bid did not have a similar enough product to the Program’s existing ESG option to roll over existing participants who are invested in the current ESG option to the new ESG option. Due to that reason, Ms. Selenski noted, the Board would have to take action to approve how to treat participants invested in the current ESG option when it is no longer available by the Program.

Board member Karen Greene Ross asked how the Program would communicate the transition to the new ESG fund to participating savers. Ms. Selenski noted the Program will focus on using plain language to describe the change and discuss the similarity in risk level between the two ESG funds, without providing investment advice to participants.

Public Comment

None

Board Action

Approval of Resolution 2022-03 to approve a contract with Calvert for an environmental, social, and governance investment option.

MOTION:	Heather Hooper	SECOND:	William Sokol
AYES:	Michelle Gastelum, Karen Greene Ross, Heather Hooper, Nam Le, Audrey Noda, Stephen Prough, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 6 – Resolution 2022-04: Treatment of Participants Holding Assets in Outgoing Investment Option (ACTION ITEM)

Executive director Kathleen Selenski presented the item. Ms. Selenski noted Board action was required to approve the treatment of savers who are invested in the existing ESG investment option if it is replaced with the new ESG investment option.

Public Comment

None

Board Action

Approval of Resolution 2022-04 to authorize the movement of participants’ Newton ESG assets into the Program’s default investment option, the appropriate age-based target date fund, for any participants who do not respond to notices by specifying their investment election.

MOTION:	William Sokol	SECOND:	Stephen Prough
AYES:	Michelle Gastelum, Karen Greene Ross, Heather Hooper, Nam Le, Audrey Noda, Stephen Prough, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 7 – Investment Policy Statement Amendments (ACTION ITEM)

Executive director Kathleen Selenski presented the item. Ms. Selenski noted amendments to the Board’s Investment Policy Statement were necessary due to the approval of the new ESG investment option earlier in the agenda.

Public Comment

None

Board Action

Approval of amendments to the Investment Policy Statement with edits as presented by staff.

MOTION:	William Sokol	SECOND:	Michelle Gastelum
AYES:	Michelle Gastelum, Karen Greene Ross, Heather Hooper, Nam Le, Audrey Noda, Stephen Prough, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 8 – Resolution 2022-05: Extension of Contract No. CRSB04-20 with AKF Consulting for General Consulting Services (ACTION ITEM)

Executive director Kathleen Selenski presented the item. Ms. Selenski noted the agreement with AKF Consulting for general consulting services was due to expire on August 6, 2022, if the Board did not vote to extend the contract. Ms. Selenski noted that staff were not seeking any increases in the total amount of the contract, despite that being an option, explaining that it was not necessary due to spending being well below the existing contract amount.

Public Comment

None

Board Action

Approval of Resolution 2022-05 to authorize a one-year contract extension with AKF Consulting for general consulting services.

MOTION:	Heather Hooper	SECOND:	Karen Greene Ross
AYES:	Michelle Gastelum, Karen Greene Ross, Heather Hooper, Nam Le, Audrey Noda, Stephen Prough, William Sokol		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 9 – Fiduciary Training (INFORMATION ITEM)

This item was not heard during the meeting.

Agenda Item 10 – Public Comment

None.

The Board adjourned at 3:00 PM.