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NOVEMBER 13, 2023

AGENDA ITEM 1

ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

*Meeting Minutes for the August 21, 2023, CalSavers Retirement Savings Board Meeting*

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Board members present:

Stephanie Tom for State Treasurer Fiona Ma  
State Controller Malia Cohen  
Gayle Miller for Director of Finance Joe Stephenshaw  
Michelle Gastelum  
Heather Hooper  
David Low  
William Sokol

Board Members Absent:

Nam Le  
Stephen Prough

Staff present:

Angela Duvane  
Sandy Guan  
Carolina Hernandez  
Jonathan Herrera  
Eric Lei  
Ariel Pickett  
Irma Ruiz  
Jacob Schafer  
Jessica Stroing  
David Teykaerts  
Conner Van Vorhis

Others present:

Theodore Ballmer, Counsel, State Treasurer's Office

Contractors present:

Aspen Cloud, Gilbert CPAs ("Gilbert")

Mika Malone, Meketa Investment Group (“Meketa”)

Paola Nealon, Meketa

Troy Montigney, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”)

CalSavers Retirement Savings Board (“Board”) Chair Stephanie Tom called the meeting to order at 1:04 PM.

**Agenda Item 1 – Approval of the Minutes of the May 22, 2023, Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)**

Board Member Heather Hooper commented new and prior Executive Directors. Ms. Hooper welcomed Mr. Teykaerts as the new Executive Director and opined that the Board had not properly recognized the prior Executive Director Katie Selenski. Ms. Hooper expressed excitement about the future of the CalSavers Retirement Savings Program (“Program”). Board Member Gayle Miller expressed gratitude to former Executive Director Katie Selenski for her service to the State of California and for starting this brand-new type of program and echoed Ms. Hooper's excitement.

Public Comment

None

Board Action

Approval of the minutes of the May 22, 2023, meeting of the CalSavers Retirement Savings Board.

MOTION: William Sokol

SECOND: Malia Cohen

AYES:

Malia Cohen, Michelle Gastelum, Heather Hooper, David Low, Gayle Miller, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Nam Le, Stephen Prough

ABSTENTIONS:

None

ACTION:

Motion Passed

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

CalSavers Executive Director David Teykaerts presented the report. Mr. Teykaerts expressed excitement to be a part of CalSavers and noted his pre-existing support of the Program. Mr. Teykaerts stated his goal of working alongside the strategic partners to work to bring the program from a startup build to a sustainability. Mr. Teykaerts recognized the Director of Program Operations Jonathan Herrera, Manager of Administrative Operations Jessica Stroing, Manager of Data and Enforcement Angela Duvane, and Board Clerk Conner Van Vorhis for their collective efforts in supporting onboarding.

Mr. Teykaerts discussed the Participation and Funding Report and the Enforcement Report. Mr. Teykaerts highlighted the participant growth, asset growth, and the average contribution rate. Mr. Teykaerts noted the relative positive state of the market.

Mr. Teykaerts closed with a discussion of the focus and goals for the Program. Mr. Teykaerts reiterated the goal of increasing the percentage of employers facilitating payroll deductions by reengaging employers. Mr. Teykaerts noted his and Mr. Herrera’s ongoing efforts to mobilize the stakeholder network to increase employer knowledge and engagement.

### Public Comment

None

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

Ascensus representative Troy Montigney presented the item. Mr. Montigney highlighted that nationally, state facilitated retirement savings programs had recently reached one billion dollars under management and noted that over half of those assets were under CalSavers management.

Mr. Montigney commented on the opt out rates that Mr. Sokol inquired about during the previous item. Mr. Montigney stated that part of the marketing for the Program was built around the idea that the Program was simple and easy for employers to facilitate. Mr. Montigney noted that employers are not permitted to advocate for or against the Program.

Mr. Montigney discussed employer and saver engagement. Mr. Montigney highlighted the changes to Ascensus’s communications capabilities as part of the vendor transition the Board approved. Mr. Montigney noted the most immediate changes would be to how Ascensus engages with employers, and stated that as the changes were implemented, saver engagement efforts could be nimbler. Mr. Montigney discussed the various ways that saver communications could reduce the effective opt out rate. Ms. Hooper stressed the importance of educating savers on the impact of not adequately saving for retirement.

Mr. Montigney discussed the ongoing compliance related efforts. Mr. Montigney stated that for employers with five or more employees whose deadline was June 30, 2022 (referred to as “Wave 3”), there was years of preparation and communication efforts. Mr. Montigney stated that the

ongoing due process compliance notices were for mostly for employers who completed some but not all the steps to begin facilitating payroll Mr. Montigney noted efficacy of increasing compliance these notices prompted.

Mr. Montigney continued discussing compliance efforts. Mr. Montigney stated that payroll provider integration was a key part in simplifying the process for employers to facilitate payroll deductions. Mr. Montigney highlighted that some payroll providers also offer private retirement savings programs to their clients and may view the Program as a competitor.

Mr. Montigney discussed the annual employer campaign strategy and client services review. Mr. Montigney noted the stages of employer contact and whether Ascensus or Program staff was responsible for overseeing each stage. Mr. Montigney noted that other state agencies including EDD and FTB worked with Program staff during various stages. Mr. Montigney discussed the call volumes by month and noted that the new service level agreements were all met during the quarter and that customer satisfaction remained high. Mr. Montigney discussed field team activities and noted the compliance related outreach focus of both the field team and Program staff overseen by Mr. Herrera.

Public Comment

None

**Agenda Item 4 – Second Quarter Investment Performance Report (INFORMATION ITEM)**

Meketa Investment Group representatives Mika Malone and Paola Nealon presented the item. Ms. Malone discussed the overall positive performance of the investment market during the second quarter. Ms. Malone noted high inflation and a potential recession as factors in people's financial decision making, and that this would affect how savers view their retirement savings. Ms. Malone noted that there is currently no consensus on whether or when a recession will occur. Ms. Malone highlighted the equities market's positive returns and the fixed income market's unusual volatility. Ms. Malone noted that due to the lower performance of the market during 2022, some savers may still be recuperating losses despite positive performance in 2023.

Ms. Nealon discussed the Q2 performance of funds the Program offered. Ms. Nealon noted equities performed especially well, stated that the inflation sensitive assets performance varied for the quarter, and that fixed income markets had the lowest growth in the quarter.

Ms. Nealon discussed the performance of the non-TDF funds in the Program's portfolio. Ms. Nealon noted that the money market fund was performing much better this year. Ms. Nealon stated that the Environmental Social Governance fund as provided by Calvert was relatively new to the Program and there was not much historical performance data but stated that the returns were positive.

Public Comment

None

**Agenda Item 5 – Administrative Fund Audit Report for Fiscal Year 2021-22  
(INFORMATION ITEM)**

Gilber CPAs representative Aspen Cloud presented the item. Ms. Cloud discussed the Administrative Fund Audit report and noted that the data being presented in the report was now over a year old. Ms. Cloud thanked Ms. Stroing for her work in taking over the audit responsibilities after previous Program staff had left. Ms. Cloud stated that there were no significant adjustment or concerns found and stated that the audit was clean.

Public Comment

None

**Agenda Item 6 – Annual Review of the Investment Policy Statement (ACTION ITEM)**

Mr. Teykaerts presented the item. Mr. Teykaerts noted that government code required the Board to review the Investment Policy Statement (referred to as “IPS”) annually in a public meeting and stated that staff had worked with Meketa to review and identify potential revisions. Mr. Teykaerts stated that proposed revisions were presented during the May 22, 2023, meeting. Mr. Teykaerts noted that at this meeting a request was made by the Controller’s office to revise the statement of beliefs relating to Environmental, Social, and Governance and to add language that encouraged the Board to evaluate efforts by fund managers to incorporate Diversity, Equity, and Inclusion (referred to as “DEI”) principles as part of the selection of future fund managers.

Ms. Malone stated that DEI efforts were allowable to include as a selection criterion in the formal Request for Proposals (referred to as “RFP”) process and highlighted that the more significant aspect of this update was that it encouraged transparency on the part of any investment fund managers offering a proposal. Ms. Malone highlighted that this inclusion of DEI efforts as a selection criterion was only one of many criteria evaluations would cover. Ms. Cohen thanked the Program Staff and Meketa Staff for their attention to her request and efforts to include DEI in the IPS and noted the significance of addressing its prior omission.

Public Comment

None

Board Action

Approval of the amended Investment Policy Statement as presented.

MOTION: William Sokol

SECOND: Heather Hooper

AYES:

Malia Cohen, Michelle Gastelum, Heather Hooper, David Low, Gayle Miller, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Nam Le, Stephen Prough

ABSTENTIONS:

None

ACTION:

Motion Passed

**Agenda Item 7 – Resolution 2023-05, Authority to Release Request for Proposals for Investment Consulting Services (ACTION ITEM)**

Mr. Teykaerts presented the item. Mr. Teykaerts discussed the scope of the currently active contract for Investment Consulting services and noted that the contract expires on January 9, 2024. Mr. Teykaerts discussed the term and proposed budget of the contract.

Public Comment

None

Board Action

Approval of Resolution 2023-05, Authority to Release Request for Proposals for Investment Consulting Services.

MOTION:

William Sokol

SECOND:

Gayle Miller

AYES:

Malia Cohen, Michelle Gastelum, Heather Hooper, David Low, Gayle Miller, William Sokol, Stephanie Tom

NOES:

None

NOT PRESENT:

Nam Le, Stephen Prough

ABSTENTIONS:

None

ACTION:  
Motion Passed

**Agenda Item 8 – Public Comment**

None.

The Board adjourned at 2:36 P.M.