

**MINUTES  
SCHOLARSHARE INVESTMENT BOARD**

**September 20, 2012**

Chair Patricia Wynne called the meeting to order at 1:03 PM.

***Present:***

Members: Patricia Wynne for Bill Lockyer, California State Treasurer  
Richard Gillihan for Ana J. Matosantos, Director of Finance  
Camille Esch for Sue Burr, Executive Director, State Board of Education  
Rhonda Johnson

Staff: Zeny M. Agullana, Executive Director, ScholarShare Investment Board  
(SIB or Board)  
Arlene Greene, Deputy Director, SIB  
Stanley Zeto, Manager, SIB  
Katie Burns, SIB  
Maria Collins, SIB  
Brian Gorban, SIB  
Sue Lim, SIB  
Joyce Eriksson, SIB  
Deborah Yang, Senior Attorney, State Treasurer's Office (STO)

Consultants: Jeremy Thiessen, Managing Director, Pension Consulting Alliance, Inc., (PCA)

TFI: Doug Chittenden, Vice President-Head of Individual Business, TIAA-CREF  
Tuition Financing, Inc. (TFI)  
Michael Noone, President, TFI  
Pamela McNulty, Senior Director, Head of Marketing, TFI  
Craig Parkin, Director, Chief of Staff-Individual Business, TFI  
Laura Moewe, Program Director, CA Relationship Manager, TFI  
Ed Mihallo, Director, Investment and Product Strategy, TFI  
Don Wolf, Senior Marketing Manager, TFI  
Ralph Clement, Team Manager, Lead Field Consultant, TFI

Chair Wynne declared a quorum present.

**Board Agenda Item Number One**  
**Approval of Minutes from June 7, 2012 ScholarShare Investment Board Meeting**

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The minutes for the June 7, 2012 SIB meeting were presented to the Board.

*Board Action*

Member Johnson moved to approve the item before the Board, the minutes for the June 7, 2012 SIB meeting. The motion was seconded by Member Esch and approved by the Board. Member Gillihan abstained from the vote.

**Board Agenda Item Number Two**  
**Executive Director's Report**

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Mr. Doug Chittenden, TFI, provided an update on recent organizational changes at TFI.

Mr. Stanley Zeto, SIB, provided updated account and asset data for the ScholarShare College Savings Plan (Plan). Ms. Wynne observed that with the maturing of the Plan, families were beginning to withdraw their funds for qualified higher education expenses. Mr. Chittenden noted that other state programs were also experiencing this trend and stated that although there was a slower rate of account openings due to the lagging economy, TFI continues to see a tremendous opportunity to engage more families in the Plan.

Ms. Zeny Agullana, SIB, provided an update on recent state and federal legislation, and recent annual reports and audits in progress. Ms. Agullana reported that the Department of Finance recently completed a review of the California Memorial Scholarship Program (CMS) and that an audit of CMS by the Bureau of State Audits was in progress.

Ms. Arlene Greene, SIB, provided an update on recent changes to SIB staff. Ms. Greene also provided highlights of ScholarShare's recent marketing and outreach efforts, including College Savings Month activities. Ms. Greene also noted that many of these efforts lead up to the gifting season in November and December, where ScholarShare typically see the greatest account and asset growth.

Mr. Zeto provided program updates for the Governor's Scholarship Programs (GSP) and provided an update on recent legislative changes including the reversion of funds back to the General Fund.

**Board Agenda Item Number Three**  
**Resolution to Approve Amendment to Agreement No. SIB 05-09 for Program Management Services for the Governor's Scholarship Programs**

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Mr. Zeto presented to the Board Resolution No. 2012-04 authorizing the Executive Director to approve and execute an amendment to Agreement No. SIB 05-09 for program management services for GSP. Mr. Zeto stated that amendments to this contract are a result of the recently enacted legislation. Member Wynne inquired as to whether there were any impediments with

state regulations in extending the contract for five additional years. Member Gillihan inquired whether there were statutory language changes which allowed SIB to have a non-competitive bid. Ms. Deborah Yang, STO, stated that SIB had verbal approval from the Department of General Services to amend the contract to follow legislatively mandated changes authorized in the bill.

Board Action

Member Gillihan moved to approve the item before the Board, Resolution No. 2012-04, authorizing the Executive Director to approve and execute an amendment to Agreement No. SIB 05-09. The motion was seconded by Member Johnson and approved by the Board.

**Board Agenda Item Number Four**  
**Resolution to Approve Changes to the ScholarShare Outreach and Public Education Plan**

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Ms. Greene stated that the proposed changes to the ScholarShare Outreach and Public Education (SCOPE) Plan are part of the annual review and that no changes are being recommended to the selection criteria or goals and objectives. Ms. Greene stated that the proposed changes are updates to the program information, the current landscape including data from recent studies, removal of references to the previous program manager and to the Advisor Plan, and updates to the partnership examples. Member Esch inquired about the criteria for evaluating the success of the partnerships and the benchmarks for continuing sponsorships. Ms. Greene informed the Board that metrics are required in every sponsorship contract and those metrics, combined with other review, are used to evaluate the success of the partnership.

Board Action

Member Esch moved to approve the item before the Board, Resolution No. 2012-05, approving changes to the SCOPE Plan. The motion was seconded by Member Johnson and approved by the Board.

**Board Agenda Item Number Five**  
**Review and Analysis of TIAA-CREF Tuition Financing, Inc.'s Investment Performance for the ScholarShare Plan for Second Quarter 2012**

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Mr. Ed Mihalho, TFI, presented TFI's Investment Performance Report for the Plan for the second quarter 2012. Mr. Mihalho provided a brief market overview and highlighted the performance of the portfolios. Mr. Mihalho also reported that the second quarter was a volatile "risk-off" period that saw investors shun low-quality investments and seek out safe-haven assets.

Mr. Jeremy Thiessen, PCA, presented PCA's Investment Performance Status Report for second quarter 2012. Mr. Thiessen discussed performance of the funds compared to applicable investment benchmarks.

**Board Agenda Item Number Six**  
**Review of TIAA-CREF Tuition Financing, Inc.'s Administrative Performance**  
**for the ScholarShare Plan for Second Quarter 2012**

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Ms. Laura Moewe, TFI, presented TFI's Administrative Performance Report comparing its administrative performance during the second quarter of 2012 to the benchmarks adopted by the Board. Ms. Moewe reported that for the second quarter of 2012, there were no areas where TFI underperformed by more than two percent.

Ms. Pamela McNulty, TFI, noted that TFI would begin the transition for Wisconsin's 529 Plan in late-October and assured the Board that with this additional workload, TFI would continue to meet the administrative benchmarks.

**Board Agenda Item Number Seven**  
**TIAA-CREF Tuition Financing, Inc.'s Marketing Update for the ScholarShare Plan**

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Mr. Don Wolf, TFI, presented TFI's Marketing Overview for the Plan identifying the new marketing campaigns and providing results for marketing efforts completed earlier in the year. Mr. Wolf provided an update on online advertising and noted that the banner and search campaign drove approximately 33 percent of the new accounts this quarter. Mr. Wolf also provided an update on local marketing efforts, noting that TFI continues to work closely with SIB staff to ensure all sponsorships meet ScholarShare's objectives. In addition, Mr. Wolf highlighted a number of marketing and outreach activities planned for the remainder of the year.

**Public Comment**

Chair Wynne called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 3:05 PM.

Respectfully submitted by,

Zeny M. Agullana, Executive Director  
ScholarShare Investment Board