

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

September 12, 2013

Chair Bettina Redway called the meeting to order at 1:05 PM.

Present:

Members: Bettina Redway for Bill Lockyer, California State Treasurer
Richard Gillihan for Ana J. Matosantos, Director of Finance
Camille Esch for Karen Stapf-Walters, Executive Director, State Board of
Education
Hal Geiogue
Christopher Jennings
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
Hau Cam, SIB
Deborah Yang, Senior Attorney, State Treasurer's Office (STO)
Tawnia Starr Contreras, Special Assistant, STO

Consultants: Jeremy Thiessen, Managing Director, Pension Consulting Alliance, Inc., (PCA)
Eric White, Vice President, PCA
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)

TFI: Chris Lynch, Director TIAA-CREF Tuition Financing, Inc. (TFI)
Laura Moewe, Director, TFI
Ed Mihallo, Director, Investment & Product Strategy, TFI (via teleconference)
Don Wolf, Senior Marketing Manager, TFI
Ralph Clement, Team Manager, Lead Field Consultant, TFI

Chair Redway declared a quorum present.

Board Agenda Item Number One
Approval of Minutes from June 13, 2013 ScholarShare Investment Board Meeting

The minutes for June 13, 2013 SIB meeting were presented to the Board.

Board Action

Member Gillihan moved to approve the item before the Board, the minutes for the June 13, 2013 SIB meeting. The motion was seconded by Member Esch and approved by the Board.

Board Agenda Item Number Two
Executive Director's Report

Ms. Zeny Agullana, SIB, reported that a team, including Arlene Greene, SIB, Jeremy Thiessen, PCA, and herself, attended a review in Chicago of the ScholarShare College Savings Plan (Plan) with Morningstar Rating Agency in Chicago in August 2013. The results of the review will be available in mid-October. Additionally, Ms. Agullana reported that ScholarShare recently completed its annual College Savings Survey and the results will be available before the next Board meeting.

Ms. Agullana noted that statutorily required annual reports for the Plan and the Governor's Scholarship Programs (GSP) are being prepared for submission to the required parties this fall. Ms. Agullana also provided an update on recent legislative matters. Ms. Greene provided highlights of recent marketing and outreach efforts. Mr. Stanley Zeto, SIB, provided updated account and asset data for the Plan and current account data for GSP.

Board Agenda Item Number Three
Resolution to Issue Request for Proposals for 529 Industry Consulting Services

Mr. Zeto presented a resolution to issue a request for proposals (RFP) for 529 industry consulting services. Member Gillihan requested that, going forward, parameters, such as duration of the contract and maximum cost, be included in the description of the request.

Board Action

Member Johnson moved to approve the item before the Board, Resolution No. 2013-03, authorizing the Executive Director to issue an RFP for 529 industry consulting services. The motion was seconded by Member Geiogue and approved by the Board.

Board Agenda Item Number Four
Resolution to Issue Request for Proposals for Investment Consulting Services

Mr. Zeto presented a resolution to issue an RFP for investment consulting services.

Board Action

Member Gillihan moved to approve the item before the Board, Resolution No. 2013-04 authorizing the Executive Director to issue an RFP for investment consulting services. The motion was seconded by Member Johnson and approved by the Board.

Board Agenda Item Number Five

Resolution to Approve Changes to the ScholarShare Outreach and Public Education Plan

Ms. Greene presented a resolution to approve changes to the ScholarShare Outreach and Public Education (SCOPE) Plan. Ms. Greene noted that the proposed changes include updates to the types of partnerships, the addition of recent initiatives, and current survey data.

Board Action

Member Esch moved to approve the item before the Board, Resolution No. 2013-05, approving changes to the SCOPE Plan. The motion was seconded by Member Jennings and approved by the Board.

Board Agenda Item Number Six

Resolution to Approve Fee Reduction for the ScholarShare Plan

Ms. Agullana presented a resolution to approve a fee reduction for passively-managed portfolios in the Plan. Additionally, Ms. Agullana provided the Board with estimated projections for administrative fees.

Ms. Andrea Feirstein, AKF, presented a memo that demonstrates how the proposed fee reduction would affect the Plan's overall fees and how the Plan would rank when compared with other direct-sold 529 plans.

Board Action

Member Johnson moved to approve the item before the Board, Resolution No. 2013-06, approving fee reduction for the passively-managed portfolios in the Plan. The motion was seconded by Member Geiogoue and approved by the Board.

Board Agenda Item Number Seven

Review and Analysis of Investment Performance for the ScholarShare Plan for Second Quarter 2013

Mr. Ed Mihalho, TFI, presented TFI's Investment Performance Report for the Plan for second quarter 2013.

Mr. Jeremy Thiessen presented PCA's Investment Performance Status Report for the second quarter 2013, comparing each underlying fund allocated to the portfolios to the applicable

benchmark criteria. Mr. Thiessen stated that PCA is not recommending any funds be placed on watch status at this time.

Board Agenda Item Number Eight
Marketing Update for the ScholarShare Plan

Mr. Don Wolf, TFI, provided the Marketing Update for the Plan, outlining results for the first half of 2013 and the marketing activities planned for the remainder of the year. The update included an overview of the account and asset results, 2013 budget, and marketing activities such as online, print, radio, employer and ethnic outreach advertising, customer direct marketing, social media, public relations, and local marketing.

Board Agenda Item Number Nine
Review of Administrative Performance for the ScholarShare Plan for Second Quarter 2013

Ms. Laura Moewe, TFI, presented TFI's Administrative Performance Report for second quarter 2013 reporting that TFI underperformed in two areas: correspondence and customer relationships, non-financial correspondence – timeliness; and enrollment kit processing, enrollment kits mailed – timeliness. Member Gillihan requested that in future reports, more thorough explanations and remedies must be included for underperforming areas.

Public Comment

Chair Redway called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 2:45 PM.