

**MINUTES  
SCHOLARSHARE INVESTMENT BOARD**

**March 12, 2015**

Chair John Chiang called the meeting to order at 1:02 PM.

***Present:***

**Members:** John Chiang, California State Treasurer, State Treasurer's Office (STO)  
Grant Boyken, Deputy Treasurer, STO  
Eraina Ortega for Michael Cohen, Finance Director, Department of Finance  
Brooks Allen for Karen Stapf Walters, Executive Director, State Board of  
Education  
Hal Geiogue, Governor Appointee, California Student Aid Commission  
Christopher Jennings, Speaker Appointee  
Rhonda Johnson, Senate Rules Committee Appointee  
Paul Martin, Governor Appointee – Member at Large

**Staff:** Julio Martinez, Executive Director, ScholarShare Investment Board  
(SIB or Board)  
Stanley Zeto, Deputy Executive Director, SIB  
Mario Sierras, Manager, SIB  
Roxanne Anderson, SIB  
Katie Burns, SIB  
Maria Collins, SIB  
Sue Lim, SIB  
Diana Sanchez, SIB  
Joyce Eriksson, SIB  
Deborah Yang, Senior Attorney, STO

**Consultants:** Allan Emkin, Managing Director, Pension Consulting Alliance, Inc. (PCA)  
Eric White, Principal, PCA  
Kay Ceserani, Principal, PCA  
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)

**TFI:** Chris Lynch, Director, TIAA-CREF Tuition Financing, Inc. (TFI)  
Jeremy Thiessen, Senior Director, Education Savings, TFI  
Vivian Tsai, Senior Director, Education Savings, TFI  
Don Wolf, Senior Marketing Manager, TFI

Chair Chiang declared a quorum present.

**Board Agenda Item Number One**  
**Approval of Minutes from December 9, 2014 and January 6, 2015 ScholarShare**  
**Investment Board Meetings**

---

The minutes for the December 9, 2014 SIB meeting were presented to the Board.

Chair Chiang asked for public comment. There was none.

*Board Action*

Motion to approve the minutes for the December 9, 2014 SIB meeting.

MOTION: Member Geiogue      SECONDED: Member Johnson  
AYES: Members Chiang, Ortega, Johnson, Geiogue, Jennings, Martin  
NOES: None  
ABSTAIN: None  
RECUSE: None  
NOT PRESENT: Member Allen

MOTION APPROVED

The minutes for the January 6, 2015 SIB meeting were presented to the Board.

Chair Chiang asked for public comment. There was none.

*Board Action*

Motion to approve the minutes for the January 6, 2015 SIB meeting.

MOTION: Member Geiogue      SECONDED: Member Jennings  
AYES: Members Chiang, Ortega, Johnson, Geiogue, Jennings, Martin  
NOES: None  
ABSTAIN: None  
RECUSE: None  
NOT PRESENT: Member Allen

MOTION APPROVED

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

---

Mr. Stanley Zeto, SIB, provided updated account and asset data for the ScholarShare College Savings Plan (Plan). Chair Chiang inquired if there was a specific reason for the increase in assets and accounts for this period. Mr. Don Wolf, TFI, stated that TFI had improved their banner and search campaigns, and direct mail and email campaigns, which are trackable and metric driven. Chair Chiang requested that explanation be provided for any fluctuations in

account and asset growth. Mr. Zeto also provided updates on the request for proposals (RFP) for audit services and recently executed contracts.

Mr. Julio Martinez, SIB, provided updates on staff changes and federal and state legislation.

Mr. Mario Sierras, SIB, provided highlights on recent marketing and outreach efforts and updates on the Governor's Scholarship Programs.

Chair Chiang asked for public comment. There was none.

Member Allen arrived at 1:11 PM.

**Board Agenda Item Number Three**  
**Resolution to Approve Delegation of Authority for the Execution of Contracts**

Mr. Zeto presented Resolution No. 2015-02 which would increase the current delegated contract amount from \$250,000 to \$300,000, and require the Executive Director to report to the Board any action taken under the resolution for contracts exceeding \$10,000. Mr. Zeto noted that approving the resolution would greatly improve the timeliness and overall efficiency of the business operations.

Chair Chiang asked for public comment. There was none.

**Board Action**

Motion to approve Resolution No. 2015-02 to approve delegation of authority for the execution of contracts.

MOTION:	Member Ortega	SECONDED:	Member Johnson
AYES:	Members Chiang, Ortega, Allen, Johnson, Geiogoue, Jennings, Martin		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		

MOTION APPROVED

**Board Agenda Item Number Four**  
**Review and Analysis of Investment Performance for the ScholarShare College Savings Plan for Fourth Quarter 2014**

Mr. Allan Emkin, PCA, presented an economic and market overview for fourth quarter 2014.

Mr. Jeremy Thiessen, TFI, presented TFI's Investment Performance Report for the Plan for fourth quarter 2014.

Member Martin inquired what ScholarShare does, if anything, to inform Plan participants about a potential downturn in the market, advising the participants of the extraordinary period of positive portfolio performance that we have experienced and that, although the Plan is well managed, there is a possibility that the success we have experienced is subject to some volatility. Mr. Chris Lynch, TFI, responded that Plan participants can be advised through direct mail and eNewsletters.

Chair Chiang inquired how the program management fees compare with other 529 plans and how these fees are charged. Ms. Andrea Feirstein, AKF, stated that the Plan's actively managed portfolios compare favorably to other 529 plans. Mr. Thiessen provided an explanation for how the fees were determined.

Mr. Eric White, PCA, presented PCA's 4Q 2014 Investment Performance Status Report and its memo reviewing funds qualifying for "watch" status. Mr. White explained that PCA conducted a review of the underlying funds in the Plan and provided a quantitative analysis based on specific performance criteria, outlined in SIB's Monitoring Procedures and Criteria, as well as a qualitative analysis including a review of organizational concerns, stability of personnel, and changes in investment objectives. Mr. White stated that PCA recommends that the two funds currently on "watch" status, the PIMCO Real Return Fund and the PIMCO Income Fund, remain on "watch" status.

Chair Chiang asked for public comment. There was none.

**Board Agenda Item Number Five**  
**Review of 2014 Marketing Performance for the ScholarShare College Savings Plan**

Mr. Don Wolf, TFI, presented TFI's 2014 Marketing Results for the Plan which included an overview of the account and asset results for 2014 and how they measure against the marketing performance criteria adopted by the Board.

Member Geiogue inquired about participation in direct-sold plans versus advisor-sold plans. Ms. Feirstein replied that the direct-sold plan is shifting the market and is greater by a small percentage over advisor-sold plans. Chair Chiang inquired about the demographics of the participants in direct-sold and advisor-sold plans. Ms. Feirstein stated that there isn't a significant difference in the clients who invest in direct-sold and advisor-sold plans.

Chair Chiang, was called away from the meeting. Designee Grant Boyken replaced the Chair at this time.

Chair Boyken asked for public comment. There was none.

**Board Agenda Item Number Six**  
**Review of Administrative Performance for the ScholarShare College Savings Plan for Fourth Quarter 2014**

---

Ms. Vivian Tsai, TFI, presented TFI's Administrative Performance Report for the Plan for fourth quarter 2014 relative to pre-established performance criteria. Ms. Tsai reported that TFI did not underperform by more than two percent in any performance areas.

**Public Comment**

Chair Boyken called for public comment. There were none.

There being no further business before the Board, the Chair adjourned the meeting at 2:41 PM.