

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

October 8, 2015

Chair Tim Schaefer called the meeting to order at 1:03 PM.

Present:

Members: Tim Schaefer for John Chiang, State Treasurer
Justyn Howard 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

Absent: Paul Martin, Governor Appointee – Member at Large

Present:

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

Consultants: Eric White, Principal, Pension Consulting Alliance, LLC (PCA)
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)
via teleconference

TFI: Glenn Friedman, Manager, Asset Allocation & Investments,
TIAA-CREF Tuition Financing, Inc. (TFI)
Vivian Tsai, Senior Director, Education Savings, TFI
Don Wolf, Senior Director, Marketing and Sales, TFI

Chair Schaefer declared a quorum present.

Board Agenda Item Number One

Approval of Minutes from June 18, 2015 ScholarShare Investment Board Meeting

The minutes for the June 18, 2015 SIB meeting were presented to the Board.
Mr. Julio Martinez, SIB, noted a correction to the minutes presented.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to approve the minutes for the June 18, 2015 SIB meeting, with a correction to Item 3 showing Member Geiogoue not voting, but recusing himself.

MOTION: Member Howard SECONDED: Member Johnson
AYES: Members Geiogoue, Howard, Jennings, Johnson,
NOES: None
ABSTAIN: Members Schaefer, Allen
RECUSE: None

MOTION APPROVED

Board Agenda Item Number Two
Executive Director’s Report

Mr. Stanley Zeto, SIB, provided updates on the accounts and assets for the ScholarShare College Savings Plan (Plan).

Mr. Martinez presented program updates on ScholarShare’s annual meeting with Morningstar in Chicago and the completion of the fund change adopted by the Board in June 2015. Mr. Martinez also presented updates on federal and state legislation. Chair Schaefer asked for clarification of the proposed federal legislative bill, H.R. 529, specifying that funds withdrawn but unused, can be redeposited without tax consequences. Mr. Martinez confirmed that was correct.

Mr. Mario Sierras, SIB, provided a status update on the regulation changes approved by the Board at the June SIB meeting. Mr. Sierras presented an update on ScholarShare’s recent marketing and outreach efforts, emphasizing September as College Savings Month, and also provided an update on the Governor’s Scholarship Programs.

Chair Schaefer asked for public comment. There was none.

Board Agenda Item Number Three
Review of the ScholarShare Investment Board Proxy Policy

Mr. Zeto presented SIB’s review of its current proxy policy as requested by the Board at the June 2015 SIB meeting. Following a review of SIB’s existing proxy policy, PCA and SIB staff determined that the policy continued to serve as a suitable guide for the Board’s proxy voting responsibilities and recommended no changes.

Chair Schaefer asked for public comment. There was none.

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

Mr. Sierras presented Resolution No. 2015-04 recommending that the Board approve changes to the SCOPE Plan which included minor updates to the current landscape, metrics, Plan data, sponsorship selection criteria, partnership list, and current initiatives.

Chair Schaefer asked for public comment. There was none.

Board Action

Motion to adopt Resolution No. 2015-04 to approve changes to the SCOPE Plan.

MOTION:	Member Allen	SECONDED:	Member Johnson
AYES:	Members Schaefer, Allen, Geiogue, Howard, Jennings, Johnson,		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		

MOTION APPROVED

Board Agenda Item Number Five
Review and Analysis of Investment Performance for the ScholarShare College Savings Plan for Second Quarter 2015

Mr. Glenn Friedman, TFI, presented TFI's Investment Performance Report for the Plan for second quarter 2015 and provided a market update. Member Hal Geiogue inquired about the timing around the availability and distribution of the investment reports to the Board. Mr. Zeto outlined the process for the development and review of these reports and stated that SIB staff would review the Board meeting schedule for next year to ensure reports are presented to the Board as timely as possible.

Member Geiogue inquired whether Plan funds were compared to other fund companies. Mr. Friedman stated that TFI conducts a peer evaluation and analysis, and provides peer ranking comparisons. Mr. Martinez stated, that going forward, an update on plan performance will be provided in the Executive Director's Report. Mr. Eric White, PCA, also reported that a risk/return evaluation will be added to PCA's report.

Mr. White presented PCA's Investment Performance Status Report for second quarter 2015 and its memo reviewing funds qualifying for "watch" status. Mr. White stated that PCA recommends that the two underlying funds, PIMCO Income Fund and PIMCO Real Return Fund, remain on "watch" status and that no other funds qualify for "watch" status.

Chair Schaefer asked for public comment. There was none.

Board Agenda Item Number Six
Marketing Update for the ScholarShare College Savings Plan

Mr. Don Wolf, TFI, presented TFI's Marketing Update for the Plan outlining marketing results for the second quarter of 2015, and highlighting various activities used to promote September as College Savings Month. Mr. Wolf also provided an update on the marketing activities planned for the remainder of the year.

Chair Schaefer asked for public comment. There was none.

Board Agenda Item Number Seven
Review of Administrative Performance for the ScholarShare College Savings Plan for Second Quarter 2015

Ms. Vivian Tsai, TFI, presented TFI's Administrative Performance Report for the Plan for second quarter 2015 relative to pre-established performance criteria and reported that TFI did not underperform (by more than two percent) in any performance areas.

Public Comment

Chair Schaefer called for public comment. There were none.

There being no further business before the Board, the Chair adjourned the meeting at 2:37 PM.