

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

March 17, 2016

Chair Grant Boyken called the meeting to order at 1:00 PM.

Present:

Members: Grant Boyken for John Chiang, State Treasurer
Eraina Ortega for Michael Cohen, Finance Director, Department of Finance
David Sapp 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

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
Brian Gorban, SIB
Dana Salas, SIB
Diana Sanchez, SIB
Joyce Eriksson, SIB
Deborah Yang, Senior Attorney, STO

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

TFI: Chris Lynch, Senior Director, TIAA-CREF Tuition Financing, Inc. (TFI)
Bernard McCrossan, Senior Director, TFI
Jean Seidel, Director, TFI
Jeremy Thiessen, Senior Director, TFI
Vivian Tsai, Senior Director, Education Savings, TFI
Don Wolf, Senior Director, Marketing and Sales, TFI

Chair Boyken declared a quorum present.

Board Agenda Item Number One
Approval of Minutes from December 10, 2015 ScholarShare Investment Board Meeting

The minutes for the December 10, 2015 SIB meeting were presented to the Board.

Chair Boyken asked for public comment. There was none.

Board Action

Motion to approve the minutes for the December 10, 2015 ScholarShare Investment Board meeting.

MOTION: Member Ortega SECONDED: Member Geiogue
AYES: Members Boyken, Geiogue, Jennings, Johnson, Martin, Ortega
NOES: None
ABSTAIN: None
RECUSE: None

MOTION APPROVED

Member David Sapp joined the meeting at 1:07 PM.

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. Zeto also provided recent marketing and outreach highlights, and contracts and service orders recently signed.

Mr. Julio Martinez, SIB, provided an update on recent 529 performance rankings by SavingforCollege.com and state and federal legislation.

Mr. Mario Sierras, SIB, presented an update on ScholarShare's proposed changes to the program regulations, the Governor's Scholarship Programs, and presented the SIB meeting calendar for 2016.

Chair Boyken asked for public comment. There was none.

Board Agenda Item Number Three
Resolution to Approve Amendment to Agreement No. SIB 15-10 with TIAA-CREF Tuition Financing, Inc. for Program Management Services for the ScholarShare College Savings Plan

Mr. Martinez presented SIB staff's recommendation for the Board to adopt Resolution No. 2016-01 approving amendment to Agreement No. SIB 15-10 with TIAA-CREF Tuition Financing, Inc. for program management services for the Plan.

Ms. Kay Ceserani, PCA, provided an overview of PCA's analysis which focused on the investment results and how the programs are structured and determined that the program has performed very well in the three year period ending September. PCA concluded that they had no concerns and recommended approving the amendment.

Ms. Andrea Feirstein, AKF, provided AKF's review comparing relative asset and account growth rates and investment structure and fees of the California plan to the national 529 market, the direct market and peer plans and concurred with PCA the recommendation to approve the amendment.

Ms. Feirstein responded to the inquiries from Board Members about the effect of tax incentives, account growth rate and fees.

Chair Boyken asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2016-01 approving amendment to Agreement No. SIB 15-10 with TIAA-CREF Tuition Financing, Inc. for program management services for the Plan.

MOTION:	Member Ortega	SECONDED: Member Johnson
AYES:	Members Boyken, Geiogoue, Jennings, Johnson, Martin, Ortega, Sapp	
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 2015

Mr. Thiessen presented TFI's Investment Performance Report for the Plan for fourth quarter 2015 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmark criteria.

Ms. Ceserani presented PCA's Investment Performance Status Report for the Plan for fourth quarter 2015 and reported the underlying funds were either in the "positive" or "acceptable" status with two in the "caution" status. Ms. Ceserani also provided a brief market overview and recommended that two underlying funds currently on "watch" status, the PIMCO Income Fund and the PIMCO Real Return Funds remain on "watch" status and no new funds qualify for "watch" status.

Ms. Ceserani responded to inquiries from Board member about investment performance and benchmarks.

Chair Boyken asked for public comment. There was none.

Board Agenda Item Number Five

Review of 2015 Marketing Performance for the ScholarShare College Savings Plan

Mr. Don Wolf, TFI, presented TFI's Marketing Update for the Plan outlining marketing results through the fourth quarter of 2015, and highlighted various activities used to promote the Plan. Mr. Wolf also provided an update on the marketing activities planned for the upcoming year.

Mr. Wolf responded to inquiries from Board members about online advertising strategy, content and employer outreach.

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 2015

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

Ms. Tsai and Ms. Jean Seidel, TFI, responded to Board Member inquiries regarding call centers and feedback from account owners.

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 2:30 PM.