

MINUTES
SCHOLARSHARE INVESTMENT BOARD

March 22, 2017

Chair Alan Gordon called the meeting to order at 1:02 PM.

Present:

Members: Alan Gordon for John Chiang, State Treasurer
Eraina Ortega for Michael Cohen, Director, Department of Finance
David Sapp for Karen Stapf Walters, Executive Director, State Board of
Education
Christopher Jennings, Speaker Appointee
Absent: Hal Geiogue, Governor 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
Diana Sanchez, SIB
Carolina Hernandez, SIB
Aaron Lester, SIB
Deborah Yang, Senior Attorney, State Treasurer’s Office (STO)

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

TFI: Chris Lynch, President, TIAA-CREF Tuition Financing, Inc. (TFI)
Jeremy Thiessen, Senior Director, TFI
Vivian Tsai, Senior Director, Education Savings, TFI
Doug Harrison, Senior Director, Marketing and Sales, TFI
Yvette Haring, Team Manager, TFI

Chair Gordon declared a quorum present.

Board Agenda Item Number One
Approval of Minutes from December 8, 2016 ScholarShare Investment Board Meeting

The minutes for the December 8, 2016 SIB meeting were presented to the Board.

Chair Gordon asked for public comment. There was none.

Board Action

Motion to approve the minutes for the December 8, 2016 ScholarShare Investment Board meeting.

MOTION: Member Ortega SECONDED: Member Sapp
AYES: Members Gordon, Ortega, Sapp, Jennings
NOES: None
ABSTAIN: None
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. Zeto also provided an update on request for proposals and contracts and the California Memorial Scholarship Program.

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

Mr. Mario Sierras, SIB, provided recent marketing and outreach highlights and service orders recently approved. Mr. Sierras also provided an update on the Governor's Scholarship Programs.

Chair Gordon 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 529 College Savings Plan

Mr. Martinez presented SIB staff's recommendation for the Board to adopt Resolution No. 2017-01 approving an amendment to Agreement No. SIB 15-10 with TIAA-CREF Tuition Financing, Inc. for program management services for the Plan.

Ms. Andrea Feirstein, AKF, provided AKF’s review comparing relative asset and account growth rates and investment structure and fees of the Plan to the national 529 market, the direct market, and peer plans and concurred with SIB staff’s recommendation.

Mr. Eric White, PCA, provided an overview of PCA’s analysis which focused on the investment results and how the Plan and other peer plans are structured and determined that the program has performed very well. PCA concluded that they had no concerns and concurred with SIB staff’s recommendation.

Chair Gordon asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2017-01 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 Sapp
AYES:	Members Gordon, Ortega, Sapp, Jennings		
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 2016 and Resolution to Approve Removal of PIMCO Real Return Fund and PIMCO Income Fund from Watch Status

Mr. Jeremy Thiessen presented TFI’s Investment Performance Report for the Plan for fourth quarter 2016 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmark criteria.

Mr. White presented PCA’s Investment Performance Status Report for the Plan for fourth quarter 2016 and reported the underlying funds were either in the “positive” or “acceptable” status with two in the “watch” status. Mr. White 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 Fund be removed from “watch” status and no new funds qualify for “watch” status.

Mr. White responded to inquiries from Board members about investment performance and benchmarks.

Chair Gordon asked for public comment. There was none.

Board Action

Motion to approve removal of PIMCO Real Return Fund and PIMCO Income Fund from watch status.

MOTION: Member Sapp SECONDED: Member Jennings
AYES: Members Gordon, Ortega, Sapp, Jennings
NOES: None
ABSTAIN: None
RECUSE: None

MOTION APPROVED

Board Agenda Item Number Five
Review of 2016 Marketing Performance for the ScholarShare College Savings Plan

Mr. Doug Harrison, TFI, presented TFI's Marketing Update for the Plan outlining marketing results through the fourth quarter of 2016, and highlighted various activities used to promote the Plan. Mr. Harrison also provided an update on the marketing activities planned for the upcoming year.

Chair Gordon 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 2016

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.

Public Comment

Chair Gordon called for public comment. There were none.

There being no further business before the Board, the Chair adjourned the meeting at 2:08 PM.