

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

December 13, 2018

Chair Vince Brown called the meeting to order at 1:04 PM.

Present:

Members: Vince Brown for John Chiang, State Treasurer
Jacqueline Wong-Hernandez for Keely Martin Bosler, Director,
Department of Finance
David Sapp for Karen Stapf Walters, Executive Director,
State Board of Education
Angela Acosta-Salazar, Senate Rules Committee Appointee
Hal Geogue, Governor Appointee, California Student Aid Commission
Christopher Jennings, Speaker 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
Robert Smith, Manager, SIB
Carolina Hernandez, SIB
Rachell Owen-Reinwald, SIB
Ravinder Kapoor, Senior Attorney, State Treasurer’s Office (STO)

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

TFI: Vivian Tsai, Senior Director, Education Savings, TIAA-CREF Tuition
Financing, Inc. (TFI)
Jeremy Thiessen, Senior Director, TFI
Bernard McCrossan, Senior Director, TFI
Linda English, Senior Director, TFI
Doug Harrison, Senior Director, Marketing and Sales, TFI
Jean Seidel, Director, Operations, TFI
Glenn Friedman, Manager, TFI
Yvette Haring, Team Manager, TFI

Chair Brown declared a quorum present.

Board Agenda Item Number One
Approval of Minutes from September 20, 2018 ScholarShare Investment Board Meeting

The minutes for the September 20, 2018 ScholarShare Investment Board (SIB or Board) meeting were presented to the Board.

Chair Brown asked for public comment. There was none.

Board Action

Motion to approve the minutes for the September 20, 2018 ScholarShare Investment Board meeting.

MOTION: Member Wong-Hernandez SECONDED: Member Jennings
AYES: Members Wong-Hernandez, Acosta-Salazar, Geiogue, Jennings, Brown
NOES: None
ABSTAIN: Member Sapp
RECUSE: None

MOTION APPROVED

Board Agenda Item Number Two
Executive Director’s Report

Mr. Stan Zeto, SIB, provided updates related to accounts and assets for ScholarShare 529 (Plan), and recently executed contracts and services orders. Mr. Julio Martinez, SIB, provided updates on performance rankings and current federal legislation. Mr. Robert Smith, SIB, provided updates on marketing and outreach and the Governor’s Scholarship Programs (GSP). SIB staff responded to questions from the Board regarding legislation and GSP.

Chair Brown asked for public comment. There was none.

Board Agenda Item Number Three
Review of 2019 Asset Allocation Recommendation for ScholarShare 529

This agenda item was deferred and will be presented to the Board for review and discussion at the February 2019 SIB meeting. Ms. Linda English, TFI, responded to questions from the Board regarding potential timing and implementation.

Chair Brown asked for public comment. There was none.

**Board Agenda Item Number Four
Review and Analysis of Investment Performance for ScholarShare 529 for
Third Quarter 2018**

Mr. Glenn Friedman, TFI, presented TFI's Investment Performance Report for the Plan for third quarter 2018 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmark.

Ms. Kay Ceserani, PCA, presented PCA's Investment Performance Status Report for the Plan for third quarter 2018 and outlined PCA's recommendation that the fund currently on "watch" status, TIAA-CREF Social Choice Equity Fund, remain on "watch" status.

Chair Brown asked for public comment. There was none.

**Board Agenda Item Number Five
2019 Marketing Plan and 2018 Marketing Update for ScholarShare 529**

Mr. Doug Harrison, TFI, presented TFI's 2018 Marketing Update for the Plan outlining marketing results through the third quarter of 2018, including an overview of the account and asset results, 2018 budget, and marketing activities. Mr. Harrison also presented TFI's 2019 ScholarShare 529 Marketing Plan Recommendations outlining marketing activities for the upcoming year.

Member Geiogue and Member Martin inquired about additional details on employer outreach and current customer perspectives about college savings. Mr. Harrison stated that he would follow-up and report back to the Board. Mr. Harrison and Ms. Haring also responded to questions from Member Acosta-Salazar and Member Sapp regarding Plan participation and marketing of 529 plans through financial advisors, respectively.

Chair Brown asked for public comment. There was none.

**Board Agenda Item Number Six
Review of Administrative Performance for ScholarShare 529 for Third Quarter 2018**

Mr. Bernard McCrossan, TFI, presented TFI's Administrative Performance Report for the Plan for third quarter 2017 relative to pre-established performance criteria and reported that TFI underperformed (by more than two percent) in one performance area, Call Center Answer Time - Within 35 seconds. Mr. McCrossan provided an explanation to the Board regarding the cause for the underperformance and the steps that have been taken to address and resolve the underperformance. Mr. McCrossan, Ms. English, and Ms. Jean Seidel, TFI, also responded to the Board's questions regarding call center processes and trends.

Chair Brown called for public comment. There was none.

Public Comment

Chair Brown called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 2:32 PM.