

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

April 4, 2019

Chair Fiona Ma called the meeting to order at 1:01 PM.

Present:

Members: Fiona Ma, State Treasurer
Audrey Noda for Fiona Ma, State Treasurer
Jennifer Whitaker 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 Geiogue, Governor Appointee, California Student Aid Commission
David Lizarraga, 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
Aaron Lester, SIB
Rachell Owen-Reinwald, SIB
Ravinder Kapoor, Senior Attorney, State Treasurer’s Office (STO)

Consultants: Eric White, Executive Vice President, Meketa Investment Group, Inc. (Meketa)
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)
via teleconference
Soohyang Lee, Vice President, AKF

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

Chair Ma declared a quorum present.

Board Agenda Item Number One
Approval of Minutes from February 14, 2019 ScholarShare Investment Board Meeting

The minutes for the February 14, 2019 ScholarShare Investment Board (SIB or Board) meeting were presented to the Board.

Chair Ma asked for public comment. There was none.

Board Action

Motion to approve the minutes for the February 14, 2019 SIB meeting.

MOTION:	Member Sapp	SECONDED:	Member Geiogoue
AYES:	Members Sapp, Geiogoue, Martin, Ma		
NOES:	None		
ABSTAIN:	Members Whitaker, Acosta-Salazar, Lizarraga		
RECUSE:	None		

MOTION APPROVED

Board Agenda Item Number Two
Executive Director's Report

Mr. Stan Zeto, SIB, provided updates on accounts and assets for ScholarShare 529 (Plan), and recently executed contracts and purchase orders. Mr. Julio Martinez, SIB, provided program updates as well as updates on current federal and state legislation, as well as the Scholar Dollars program. Mr. Robert Smith, SIB, provided updates on marketing and outreach. SIB staff responded to questions from the Board regarding Savingforcollege.com program rankings and the Scholar Dollars program.

Chair Ma 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 ScholarShare 529

Mr. Martinez presented SIB staff's recommendation to adopt Resolution No. 2019-02, approving an amendment to Agreement No. SIB 15-10 with TIAA-CREF Tuition Financing, Inc. (TFI) for program management services for the Plan.

Mr. Eric White, Meketa, presented Meketa's analysis reviewing performance of the Plan, as compared with the Morningstar Direct Plan Median, other TFI-managed 529 plans, and non TFI-managed 529 plans, and the Plan's underlying funds. Mr. White stated that Meketa found that the Plan has performed well on both an absolute and relative basis.

Ms. Soohyang Lee, AKF, presented AKF's analysis of Plan, which looked at account and asset growth rates, investment structures, and fees. Ms. Lee stated that AKF found that ScholarShare 529 has generally improved its position in relation to peer plans and the rest of the industry.

Mr. White, Ms. Lee, Ms. Vivian Tsai, TFI, and Mr. Jeremy Thiessen, TFI, responded to questions from Board members about the analyses.

Chair Ma asked for public comment. There was none.

Board Action

Motion to adopt Resolution No. 2019-02, approving an amendment to Agreement No. SIB 15-10 with TFI for program management services for Plan.

MOTION:	Member Sapp	SECONDED:	Member Acosta-Salazar
AYES:	Members Sapp, Acosta-Salazar, Geiogue, Lizarraga, Martin, Ma		
NOES:	None		
ABSTAIN:	Member Whitaker		
RECUSE:	None		

MOTION APPROVED

Chair Audrey Noda replaced Chair Fiona Ma at 1:54 PM.

Board Agenda Item Number Four
Resolution to Approve Change from the Age-Based Portfolio Structure to the Enrollment-Based Portfolio Structure for ScholarShare 529

Mr. Martinez presented SIB staff's recommendation to adopt Resolution No. 2019-03, approving the change from the age-based portfolio structure to the enrollment-based portfolio structure for the Plan.

Mr. Thiessen presented TFI's recommendation proposing the change from the age-based structure to an enrollment-based structure, highlighting the structure, advantages, portfolio mapping, and timeline.

Mr. White, presented Meketa's recommendation to approve TFI's proposal to move to an enrollment-based structure, outlining the benefits and issues related to the change. Ms. Lee, presented AKF's recommendation to approve TFI's proposal, reviewing the prevalence of this structure within the industry and highlighting the primary benefits with this change.

Mr. Thiessen, Ms. Tsai, and Mr. Glenn Friedman, TFI responded to questions from Board members related to portfolio mapping, timing, and the transition.

Chair Noda asked for public comment. There was none.

Board Agenda Item Number Seven

Review of Administrative Performance for ScholarShare 529 for Fourth Quarter 2018

Mr. Bernard McCrossan, TFI, presented TFI's Administrative Performance Report for the Plan for fourth quarter 2018 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 on the cause for underperformance in that area and the steps taken to address and resolve the underperformance. Mr. McCrossan also responded to questions from Board members regarding call center processes and trends.

Chair Noda called for public comment. There was none.

Public Comment

Chair Noda called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 3:21 PM.