

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

October 4, 2017

Chair Vince Brown called the meeting to order at 9:05 AM.

Present:

Members: Vince Brown 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
Paul Martin, Governor Appointee – Member at Large

Staff: Julio Martinez, Executive Director, ScholarShare Investment Board
(SIB or Board)
Mario Sierras, Manager, SIB
Diana Sanchez, SIB
Maria Collins, SIB
Roxanne Anderson, SIB
Brian Gorban, SIB
Aaron Lester, SIB
Rachell Reinwald, SIB
Carolina Hernandez, SIB
Mark Paxson, General Counsel, State Treasurer’s Office (STO)

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

TFI: Vivian Tsai, Senior Director, Education Savings, TIAA-CREF Tuition
Financing, Inc. (TFI)
Jeremy Thiessen, Senior Director, TFI
Linda English, Senior Director, TFI
Doug Harrison, Senior Director, Marketing and Sales, TFI
Lois Welsh, Investment Manager, TFI
Yvette Haring, Team Manager, TFI

Chair Brown declared a quorum present.

Board Agenda Item Number One
Fiduciary and Investment Training for Board Members

Fiduciary and Investment Training for Board Members was presented by SIB’s consultants, AKF Consulting Group and Pension Consulting Alliance, LLC., and by the program manager, TIAA-CREF Tuition Financing, Inc. Items covered in the training included the Board’s role and responsibilities, investment and asset overview, and investment strategy.

The Board adjourned for lunch at 11:55am and resumed at 1:00pm.

Board Agenda Item Number Two
Approval of Minutes from June 15, 2017 ScholarShare Investment Board Meeting

The minutes for the June 15, 2017 SIB meeting were presented to the Board.

Chair Brown asked for public comment. There was none.

Board Action

Motion to approve the minutes for the June 15, 2017 SIB meeting.

MOTION:	Member Martin	SECONDED:	Member Sapp
AYES:	Members Ortega, Sapp, Geiogue, Jennings, Martin, Brown		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		

MOTION APPROVED

Board Agenda Item Number Three
Executive Director’s Report

Mr. Julio Martinez, SIB, provided updates on the accounts and assets for the ScholarShare 529 College Savings Plan (Plan), SIB staff changes, Savingforcollege.com 529 performance rankings for second quarter 2017, new Plan account setup enhancements, Plan rebrand campaign, and the annual meeting with Morningstar. Mr. Martinez also provided updates on state and federal legislation.

Mr. Mario Sierras, SIB, provided updates on recent marketing and outreach efforts, recently executed contracts and service orders, and the Governor’s Scholarship Programs.

Chair Brown asked for public comment. There was none.

Board Agenda Item Number Four
Resolution to Issue Request for Proposals for Audit Services

Mr. Sierras presented SIB staff’s recommendation for the Board to adopt Resolution No. 2017-03 authorizing the executive director to issue a request for proposals (RFP) for audit services.

Chair Brown asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2017-03 authorizing the executive director to issue a RFP for audit services.

MOTION: Member Ortega SECONDED: Member Martin
AYES: Members Ortega, Sapp, Geiogue, Jennings, Martin, Brown
NOES: None
ABSTAIN: None
RECUSE: None

MOTION APPROVED

Board Agenda Item Number Five
Review of the ScholarShare Outreach and Public Education (SCOPE) Plan

Mr. Martinez presented SIB staff’s recommendation for the Board to adopt Resolution 2017-04, approving changes to the ScholarShare Outreach and Public Education Plan.

Member Sapp inquired whether the Board should be reviewing the SCOPE Plan as one of their duties or whether this process should be left to SIB staff. Chair Brown suggested an alternative process be explored and presented to the Board during the first quarter of 2018.

Chair Brown asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2017-04 approving changes to the SCOPE Plan.

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

MOTION APPROVED

Board Agenda Item Number Six
Review and Analysis of Investment Performance for ScholarShare 529 College Savings Plan for Second Quarter 2017 and Resolution to Approve Placement of TIAA-CREF Social Choice Equity Fund on Watch Status

Mr. Eric White, PCA, presented PCA’s Investment Performance Status Report for the Plan for second quarter 2017 and outlined PCA’s recommendation to place the TIAA-CREF Social Choice Equity Fund on “watch” status.

Mr. Jeremy Thiessen, TFI, presented TFI’s Investment Performance Report for the Plan for second quarter 2017 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmark.

Chair Brown asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2017-05 approving the placement of the TIAA-CREF Social Choice Equity Fund on “watch” status.

MOTION:	Member David	SECONDED:	Member Geiogue
AYES:	Members Ortega, Sapp, Geiogue, Jennings, Martin, Brown		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		

MOTION APPROVED

Board Agenda Item Number Seven
Marketing Update for the ScholarShare 529 College Savings Plan

Mr. Doug Harrison, TFI, presented TFI’s Marketing Update for the Plan, detailing marketing results through the second quarter of 2017 and marketing activities planned for the remainder of the year. The update included an overview of the account and asset results, 2017 budget, and marketing activities, such as online, print, radio, employer, and ethnic outreach advertising, customer direct marketing and communications, social media, public relations, and local marketing.

Member Geiogue inquired about the reasoning behind removing California from the ScholarShare rebrand campaign. Mr. Harrison responded that this was part of a large research effort which showed that this would increase the appeal of the Plan.

Ms. Yvette Haring provided an update on the activities of the field consultants.

Chair Brown asked for public comment. There was none.

Board Agenda Item Number Eight
Review of Administrative Performance for ScholarShare 529 College Savings Plan for
Second Quarter 2017

Ms. Linda English, TFI, presented TFI's Administrative Performance Report for the Plan for second quarter 2017 and reported that TFI underperformed (by more than two percent) in one performance area, Call Center Answer Time – Within 35 seconds. Ms. English explained that during the course of April and May, they experienced significant spikes in call arrival times which negatively impacted their service level for the period. During those peak times, a number of calls had longer than average wait times.

Public Comment

Chair Brown called for public comment. There were none.

There being no further business before the Board, the Chair adjourned the meeting at 2:36 PM.