

MINUTES
SCHOLARSHARE INVESTMENT BOARD

June 14, 2018

Chair John Chiang called the meeting to order at 1:01 PM.

Present:

Members: John Chiang, State Treasurer
Jacqueline Wong-Hernandez for Michael Cohen, 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
Christopher Jennings, Speaker Appointee

Absent: Paul Martin, Governor Appointee

Present:

Staff: Julio Martinez, Executive Director, ScholarShare Investment Board
(SIB or Board)
Stanley Zeto, Deputy Executive Director, SIB
Robert Smith, Manager, SIB
Aaron Lester, SIB
Diana Sanchez, SIB
Carolina Hernandez, SIB
Ravinder Kapoor, Senior Attorney, State Treasurer's Office (STO)

Consultants: Eric White, Principal, Pension Consulting Alliance, LLC (PCA)
Soohyang Lee, Associate, AKF Consulting Group (AKF)
via teleconference

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
Glenn Friedman, Manager, TFI
Yvette Haring, Team Manager, TFI

Chair Chiang declared a quorum present.

Board Agenda Item Number One
Approval of Minutes from April 5, 2018 ScholarShare Investment Board Meeting

The minutes for the April 5, 2018 ScholarShare Investment Board meeting were presented to the Board.

Chair Chiang asked for public comment. There was none.

Board Action

Motion to approve the minutes for the April 5, 2018 SIB meeting.

MOTION: Member Wong-Hernandez SECONDED: Member Geiogoue
AYES: Members Chiang, Wong-Hernandez, Sapp, Geiogoue, Jennings
NOES: None
ABSTAIN: Member Acosta-Salazar
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 ScholarShare 529 (Plan), and contracts and service orders processed.

Mr. Julio Martinez, SIB, provided an update on recent 529 performance rankings by SavingforCollege.com, and state and federal legislation. Mr. Martinez also provided an update on changes in staff as well as recent programs and promotions such as the Matching Grant Program, Scholar Dollars and 529 Day.

Mr. Robert Smith, SIB, provided an update on recent marketing and outreach efforts and the Governor’s Scholarship Programs.

Chair Chiang asked for public comment. There was none.

Board Agenda Item Number Three
Review of Emerging Market Debt Asset Class for ScholarShare 529

As a follow-up to a discussion at the April 5, 2018 SIB meeting regarding the introduction of a potential new asset class for the Plan, Mr. Thiessen, TFI, stated that following further analysis, TFI would not be recommending the introduction of the Emerging Market Debt (EMD) asset class to the Plan at this time.

Mr. White, PCA, provided its analysis of TFI's presentation and came to a similar conclusion stating that the premium of the asset fund does not outweigh the risk factor. Therefore, recommended that no changes be made to the existing asset allocation at this time.

Ms. Soohyang Lee, AKF, provided research of other direct-sold 529 plans that included EMD in their investment strategies and though it found that a small fraction of plans did include this asset class, they concluded that it is not an industry standard.

Chair Chiang asked for public comment. There was none.

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

Mr. Glenn Friedman, TFI, presented TFI's Investment Performance Report for the Plan for first quarter 2018 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 first quarter 2018 and reported the underlying funds were either in the "positive" or "acceptable" status with two funds in the "watch" status. Mr. White also provided a brief market overview and PCA's memo recommending that the TIAA-CREF Social Choice Equity Fund remain on "watch" status and that no new funds qualify for "watch" status.

Chair Chiang asked for public comment. There was none.

Board Agenda Item Number Five
Marketing Update for ScholarShare 529

Mr. Doug Harrison, TFI, presented TFI's Marketing Update for the Plan outlining marketing results through the first quarter of 2018, and the marketing activities planned for the remainder of the year.

Ms. Yvette Haring, TFI, provided an update on employer marketing outreach.

Chair Chiang asked for public comment. There was none.

Chair Vince Brown took the place of Chair Chiang at 2:34 PM.

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

Ms. Linda English, TFI, presented TFI's Administrative Performance Report for the Plan for first quarter 2018 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 Brown called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 2:35 PM.