

MINUTES
SCHOLARSHARE INVESTMENT BOARD

September 20, 2018

Chair John Chiang called the meeting to order at 1:02 PM.

Present:

Members:

John Chiang, State Treasurer, Chairperson
Vince Brown for John Chiang, State Treasurer
Erika Li for Keely Martin Bosler, Director, Department of Finance
Angela Acosta-Salazar, Senate Rules Committee Appointee
Hal Geiogue, Governor Appointee, California Student Aid Commission
Christopher Jennings, Speaker Appointee

Absent: David Sapp for Karen Stapf Walters, Executive Director, State Board of Education
Paul Martin, Governor Appointee, Member at Large

Staff: Julio Martinez, Executive Director, ScholarShare Investment Board (SIB or Board)
Robert Smith, Manager, SIB
Dana Salas, SIB
Carolina Hernandez, 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)
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 June 14, 2018 ScholarShare Investment Board Meeting

The minutes for the June 14, 2018 SIB meeting were presented to the Board.

Chair Chiang asked for public comment. There was none.

Board Action

Motion to approve the minutes for the June 14, 2018 SIB meeting.

MOTION: Member Geiogue SECONDED: Member Jennings
AYES: Members Li, Acosta-Salazar, Geiogue, Jennings, Chiang
NOES: None
ABSTAIN: None
RECUSE: None

MOTION APPROVED

Board Agenda Item Number Two
Executive Director's Report

Mr. Julio Martinez, SIB, provided updates related accounts and assets for the ScholarShare 529 College Savings Plan (Plan), recent staff changes, performance rankings and legislation.

Mr. Robert Smith, SIB, provided updates on marketing and outreach, recently executed contracts, and the Governor's Scholarship Programs.

Chair Chiang asked for public comment. There was none.

Board Agenda Item Number Three
Resolution to Approve Changes to the Maximum Account Balance Limit for ScholarShare 529

Mr. Martinez presented SIB staff's recommendation to adopt Resolution No. 2018-03 approving an increase to the maximum account balance limit for the Plan from \$475,000 to \$529,000 per beneficiary.

Ms. Andrea Feirstein, AKF, presented AKF's analysis of the maximum account balance limit which included a review of the current costs associated with attending various institutions of higher education and current limits for other 529 state plans.

Member Li inquired about the tuition difference between California and other states such as New York. Ms. Feirstein explained that her analysis concluded the costs of attendance in the two states were comparable.

Chair Chiang asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2018-03 approving an increase to the maximum account balance limit for the Plan from \$475,000 to \$529,000 per beneficiary.

MOTION: Member Geiogue SECONDED: Member Li
AYES: Members Li, Acosta-Salazar, Geiogue, Jennings, Chiang
NOES: None
ABSTAIN: None
RECUSE: None

MOTION APPROVED

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

Mr. Vince Brown took the place for Treasurer Chiang as Chair.

Mr. Glenn Friedman, TFI, presented TFI’s Investment Performance Report for the Plan for second 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 second quarter 2018. Ms. Ceserani also provided a brief market overview and presented PCA’s memo recommending that the TIAA-CREF Social Choice Equity Fund (Fund) remain on “watch” status.

Chair Brown 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, detailing marketing results through the second quarter of 2018 and marketing activities planned for the remainder of the year. The update included an overview of the account and asset results, Matching Grant Program, 529 Day campaigns, brand health study, and 2018 budget.

Member Li inquired about the average time spent researching and selecting a 529 plan. Mr. Harrison explained that through panels and self-reporting, they found that an average person may spend about four months completing this process.

Ms. Yvette Haring provided an update on the activities of the field consultants. Member Brown inquired about the progress made in the Silicon Valley. Ms. Haring responded by providing an

update on the recent onboarding of a few top employers as well as the recent addition of a new field consultant in that area.

Chair Brown asked for public comment. There was none.

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

Ms. Linda English, TFI, presented TFI's Administrative Performance Report for the Plan for second quarter 2018 and reported that TFI did not underperform (by more than two percent) in any performance areas. Ms. English also highlighted SIB staff's recent visit to one of the Plan's operation facilities in Boston as well as an upcoming change to its mailing center location.

Chair Brown called for public comment. There were none.

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 2:00 PM.