# MINUTES SCHOLARSHARE INVESTMENT BOARD

#### **MARCH 19, 2020**

In light of the COVID-19 pandemic and in accordance with the requirements of Executive Order N-25-20 to provide social distancing at state body meetings, the ScholarShare Investment Board provided its members, participants, and members of the public the opportunity to participate in this meeting via teleconference.

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

Present:

Members: Fiona Ma, State Treasurer, Chair

Gayle Miller for Keely Martin Bosler, Director, Department of Finance Hal Geiogue, Governor Appointee, California Student Aid Commission

(via teleconference)

David Lizarraga, Speaker Appointee (via teleconference)

Paul Martin, Governor Appointee – Member at Large (via teleconference)

Absent: Karen Stapf Walters, Executive Director, State Board of Education

Angela Acosta-Salazar, Senate Rules Committee Appointee

Present:

Staff: Julio Martinez, Executive Director, ScholarShare Investment Board

(SIB or Board) (via teleconference)

Stanley Zeto, Deputy Executive Director, SIB

Robert Smith, Manager, SIB

Lori Mattson, SIB James Millward, SIB

Rachell Owen-Reinwald, SIB

Diana Sanchez, SIB

Audrey Noda, Deputy Treasurer, State Treasurer's Office (via teleconference)

Ravinder Kapoor, Senior Attorney, State Treasurer's Office

Consultants: Eric White, Principal, Meketa Investment Group, Inc. (Meketa) (via teleconference)

Kay Ceserani, Managing Principal, Meketa (via teleconference) Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)

(via teleconference)

Soohvang Lee, Vice President, AKF

(via teleconference)

TFI: Chris Lynch, President, TIAA-CREF Tuition Financing, Inc. (TFI)

(via teleconference)

Vivian Tsai, Senior Director, Head of Relationship Management, TFI

(via teleconference)

Jeremy Thiessen, Senior Director, Investment Strategies of Education Savings, TFI

(via teleconference)

Linda English, Senior Director, TFI (via teleconference)

Doug Harrison, Senior Director, Marketing, TFI (via teleconference)

Jean Seidel, Director, Operations, TFI (via teleconference)

Glenn Friedman, Director, TFI (via teleconference)

Gloria Yvette Haring, Team Manager, TFI (via teleconference)

Chair Ma declared a quorum present.

# Board Agenda Item Number One Approval of Minutes from December 19, 2019 ScholarShare Investment Board Meeting

The minutes for the December 19, 2019 ScholarShare Investment 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 December 19, 2019 SIB meeting.

MOTION: Member Geiogue SECONDED: Member Miller

AYES: Members Miller, Geiogue, Lizarraga, Martin, Ma

NOES: None ABSTAIN: None RECUSE: None

MOTION APPROVED

# Board Agenda Item Number Two Executive Director's Report

Mr. Julio Martinez, SIB, provided general program updates, including updates on the recently completed record-keeper and investment portfolio transitions, and an overview on current federal legislation. Mr. Stan Zeto, SIB, provided updates on accounts and assets for ScholarShare 529 (Plan), recently executed contracts, current request for proposals, and recently processed marketing and outreach purchase orders. Mr. Robert Smith, SIB, provided updates on marketing and outreach and the Governor's Scholarship Programs.

SIB staff and TFI responded to questions from Board members regarding marketing and outreach strategies, partnerships, and future collaboration with the State Treasurer's Office and other media outlets

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. 2020-01, approving an amendment to Agreement No. SIB 15-10 with TIAA-CREF Tuition Financing, Inc. for program management services for the Plan.

Ms. Andrea Feirstein, AKF, presented AKF's analysis of Plan, which analyzed account and asset growth rates, investment structures, and fees. Ms. Feirstein reported that AKF found that the Plan has generally improved its position in relation to peer plans and the rest of the industry.

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 reported that Meketa found that the Plan has performed well on both an absolute and relative basis. Chair Ma asked for public comment. There was none.

#### **Board Action**

Motion to adopt Resolution No. 2020-01, approving an amendment to Agreement No. SIB 15-10 with TFI for program management services for Plan.

MOTION: Member Geioque SECONDED: Member Miller

AYES: Members Miller, Geiogue, Lizarraga, Martin, Ma

NOES: None ABSTAIN: None RECUSE: None

**MOTION APPROVED** 

### **Board Agenda Item Number Four**

Resolution to Approve Changes to the ScholarShare Monitoring Procedures and Criteria; Review and Analysis of Investment Performance for ScholarShare 529 for Fourth Quarter 2019

Mr. Zeto presented SIB staff's recommendation for the Board to adopt Resolution No. 2020-02 approving changes to the ScholarShare Monitoring Procedures and Criteria (Procedures).

Mr. Glenn Friedman, TFI, presented TFI's Investment Performance Report for the Plan for fourth quarter 2019 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmark.

Mr. White presented Meketa's Investment Performance Status Report for the Plan for fourth quarter 2019 and its watch memo that outlined Meketa's recommendation that the fund currently on "watch" status, TIAA-CREF Social Choice Equity Fund (Fund), remain on "watch" status. Mr. White also highlighted in the memo a summary of options for monitoring of the Fund going forward including Meketa's recommendation for changes to the Procedures as it relates to Fund.

Member Lizarraga departed at 2:15 p.m.

Chair Ma asked for public comment. There was none.

#### **Board Action**

Motion to approve Resolution No. 2020-02 approving changes to the Procedures.

MOTION: Member Miller SECONDED: Member Ma

AYES: Members Miller, Geiogue, Martin, Ma

NOES: None ABSTAIN: None RECUSE: None

MOTION APPROVED

## Board Agenda Item Number Five 2019 Marketing Results for ScholarShare 529

Mr. Doug Harrison, TFI, presented TFI's 2019 Marketing Results for the Plan, which outlined marketing results for 2019 and highlighted various activities implemented during the year to promote the Plan. Mr. Harrison and SIB staff responded to inquiries from Chair Ma and Member Miller regarding the eGifting feature, general communication related to the COVID-19 pandemic, and exploration of the College Access Tax Credit Fund and how it could be utilized in collaboration with ScholarShare 529. Chair Ma also provided feedback on the Scholar Dollars program and both Chair Ma and Member Miller requested that TFI provide an update on the 2020 marketing plan at the next Board meeting due to the recent impact of the COVID-19 pandemic.

Chair Ma asked for public comment. There was none.

## Board Agenda Item Number Six Review of Administrative Performance for ScholarShare 529 for Fourth Quarter 2019

Ms. Linda English, TFI, presented TFI's Administrative Performance Report for the Plan for fourth quarter 2019 relative to pre-established performance criteria and reported that TFI did not underperform in any of the performance areas. Ms. Jean Seidel, TFI, provided an update on the recently completed record-keeper transition that took place in late-January.

Chair Ma called for public comment. There was none.

#### **Public Comment**

Chair Ma called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 2:58 PM.