

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

DECEMBER 7, 2021

Chair Audrey Noda called the meeting to order at 9:03 AM.

ScholarShare Investment Board Members Present:

- Fiona Ma, State Treasurer, Chair (via teleconference)
- Audrey Noda for Fiona Ma, State Treasurer, Chair (via teleconference)
- Gayle Miller for Keely Martin Bosler, Director, Department of Finance (via teleconference)
- Rigel Massaro for Brooks Allen, Executive Director, State Board of Education (via teleconference)
- 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)

ScholarShare Investment Board Members Absent:

- Angela Acosta-Salazar, Senate Rules Committee Appointee

ScholarShare Investment Board Staff Members Present:

- Julio Martinez, Executive Director (via teleconference)
- Stanley Zeto, Deputy Executive Director
- Lori Mattson, Manager (via teleconference)
- Noah Lightman, Manager, CSA Initiatives
- James Millward, Office Technician
- Ravinder Kapoor, Senior Attorney, State Treasurer's Office (via teleconference)

ScholarShare Investment Board Consultants Present:

- Eric White, Principal, Meketa Investment Group, Inc. (via teleconference)
- Andrea Feirstein, Managing Director, AKF Consulting Group (via teleconference)
- Mark Chapleau, Senior Consultant, AKF Consulting Group, 529 Industry Consultant (via teleconference)

ScholarShare 529 Plan Manager, TIAA-CREF Tuition Financing, Inc., Staff Present:

- Chris Lynch, President
- Vivian Tsai, Senior Director, Head of Relationship Management
- Linda English, Senior Director
- Doug Harrison, Senior Director, Marketing
- Jeremy Thiessen, Senior Director, Investment Strategies of Education Savings (via teleconference)
- Glenn Friedman, Director (via teleconference)
- Yvette Haring, Director, State Outreach and Field Marketing
- Kristin Murphy, Senior Marketing Manager

Chair Noda declared a quorum present

Agenda Item No. 1
Fiduciary and Investment Training for Board Members

Fiduciary and Investment Training for ScholarShare Investment Board (SIB or Board) members was presented by SIB’s consultants, Ms. Andrea Feirstein and Mr. Mark Chapleau from AKF Consulting Group (AKF), and Mr. Eric White from Meketa Investment Group, Inc. (Meketa). Items covered in the training included the foundations of the Board’s duties, fundamentals of fiduciary duties, good governance practices, investment policy statements, and investment portfolios.

Mr. Ravinder Kapoor, State Treasurer’s Office (STO), provided an explanation in response to Member Lizarraga’s inquiry regarding Board member liability and limitations. Mr. White, Meketa, also provided additional details in response to Member Geiogoue’s inquiry regarding unintended biases as it relates to the program investment structure goals.

Chair Ma replaced Chair Noda at 10:21 AM.

Chair Ma asked for public comment. There was none.

Agenda Item No. 2
Approval of Minutes from September 14, 2021 ScholarShare Investment Board Meeting

The minutes for the September 14, 2021 SIB meeting were presented to the Board.

Chair Ma asked for public comment. There was none.

Board Action

Motion to approve the minutes for the September 14, 2021 SIB meeting.

MOTION:	Member Miller	SECOND:	Member Geiogoue
AYES:	Members Miller, Massaro, Geiogoue, Lizarraga, Martin, Ma		
NOES:	None		
ABSTAIN:	None		
ACTION:	MOTION PASSED		

Agenda Item No. 3
Executive Director’s Report

Mr. Stanley Zeto, SIB, provided updates on accounts, contributions, and assets for ScholarShare 529 (Plan), contracts, and presented a tentative Board meeting calendar for 2022, adding that some of the proposed dates will be revised and provided to Board members, along with date(s) for other potential SIB meetings.

Mr. Julio Martinez, SIB, provided general program updates, including the 529 performance rankings for third quarter 2021, Morningstar annual rating for 2021, and state legislation. Mr. Martinez provided a response to Chair Ma's inquiry regarding the Assembly Bill 340 and the new use of 529 plans for apprenticeship programs and payment of student loans.

Ms. Lori Mattson, SIB, provided marketing and outreach highlights, including updates on new partnerships, statewide outreach and education activities, the 2021 Matching Grant Program, and the upcoming holiday promotion.

Chair Ma asked for public comment. There was none.

Agenda Item No. 4

Resolution to Approve Newborn Financial Incentive Structure for the California Kids Investment and Development Savings Program (CalKIDS); Update on CalKIDS

Mr. Noah Lightman, SIB, presented SIB staff's recommendation for the Board to adopt Resolution No. 2021-05 to approve the newborn financial incentive structure for the California Kids Investment and Development Savings Program (CalKIDS or Program). In addition, Mr. Lightman also provided an update on CalKIDS that included the anticipated launch timeline, program challenges, and recommended seed and incentive model for the newborns.

Chair Ma asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2021-05 to approve the newborn financial incentive structure for CalKIDS

MOTION:	Member Miller	SECOND:	Member Massaro
AYES:	Members Miller, Massaro, Geiogue, Lizarraga, Martin, Ma		
NOES:	None		
ABSTAIN:	None		
ACTION:	MOTION PASSED		

Agenda Item No. 5

Resolution to Approve Changes to the ScholarShare Statement of Investment Policy

Mr. Martinez presented SIB staff's recommendation for the Board to adopt Resolution No. 2021-06 to approve changes to the ScholarShare Statement of Investment Policy (Investment Policy). Mr. White presented Meketa's review of the Investment Policy, outlining its recommended revisions to reflect upcoming changes to the Plan's investment lineup in February 2022.

Chair Ma asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2021-06 to approve changes to the Investment Policy

MOTION:	Member Geiogoue	SECOND:	Member Miller
AYES:	Members Miller, Massaro, Geiogoue, Lizarraga, Martin, Ma		
NOES:	None		
ABSTAIN:	None		
ACTION:	MOTION PASSED		

Agenda Item No. 6

Resolution to Approve Changes to the ScholarShare Monitoring Procedures and Criteria

Mr. Martinez presented SIB staff's recommendation for the Board to adopt Resolution No. 2021-07 to approve changes to the ScholarShare Monitoring Procedures and Criteria (Procedures). Mr. White presented Meketa's review of the Procedures, outlining its recommended revisions, primarily to reflect upcoming changes to the Plan's investment lineup in February 2022.

Chair Ma asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2021-07 to approve changes to ScholarShare Monitoring Procedures and Criteria

MOTION:	Member Martin	SECOND:	Member Lizarraga
AYES:	Members Miller, Massaro, Geiogoue, Lizarraga, Martin, Ma		
NOES:	None		
ABSTAIN:	None		
ACTION:	MOTION PASSED		

Agenda Item No. 7

Review of 2021 Asset Allocation Recommendation for ScholarShare 529

Mr. Glenn Friedman, TIAA-CREF Tuition Financing, Inc. (TFI), presented TFI's 2022 Asset Allocation Recommendation for the Plan, providing an overview of its full analysis and its recommendation for no additional changes to the Plan's asset allocation in 2022. Mr. White presented Meketa's analysis and stated that Meketa and SIB staff concur with TFI recommendation for no additional changes to the Plan's asset allocation.

Chair Ma asked for public comment. There was none.

Agenda Item No. 8
Review and Analysis of Investment Performance for ScholarShare 529

Mr. Friedman, presented TFI's Quarterly Investment Report for the Plan for third quarter 2021 comparing each underlying fund allocated to the portfolios in the Plan to applicable benchmarks.

Mr. White presented Meketa's Investment Performance Status Report for the Plan for third quarter 2021 and its "Watch Memo" recommending that no funds qualify for watch status.

Chair Ma asked for public comment. There was none.

Agenda Item No. 9
2022 Marketing Plan and Marketing Update for ScholarShare 529

Mr. Doug Harrison, TFI, presented TFI's Q3 2021 Marketing Results for the Plan, highlighting marketing results for the third quarter of 2021 and outlining the marketing activities planned for the remainder of the year. Ms. Yvette Haring, TFI, provided an update on recent employer outreach efforts.

Mr. Harrison also presented TFI's 2022 Marketing Plan for the Plan outlining the goals and strategies for the upcoming year, and an overview of the marketing budget and the efforts planned for 2022.

Chair Ma asked for public comment. There was none.

Agenda Item No. 10
Review of Administrative Performance for ScholarShare 529

Ms. Linda English, TFI, presented TFI's Administrative Performance Report for the Plan for third quarter 2021 relative to pre-established performance criteria and reported that TFI did not underperform in any of the performance areas.

Chair Ma asked for public comment. There was none.

Public Comment

Chair Ma called for public comment. Comments were made by Ms. English, Mr. Martinez and Mr. Chris Lynch, congratulating the Plan on the many accomplishments achieved during this successful year and highlighting the exciting developments for the new year.

There being no further business before the Board, the Chair adjourned the meeting at 12:42 PM.