

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

June 18, 2015

Chair Grant Boyken called the meeting to order at 1:00 PM.

Present:

Members: Grant Boyken, Deputy Treasurer, State Treasurer's Office (STO)
Erika Li for Michael Cohen, Finance Director, Department of Finance
Hal Geigogue, Governor Appointee, California Student Aid Commission
Christopher Jennings, Speaker Appointee
Rhonda Johnson, Senate Rules Committee Appointee
Paul Martin, Governor Appointee – Member at Large

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

Present:

Staff: Julio Martinez, Executive Director, ScholarShare Investment Board
(SIB or Board)
Stanley Zeto, Deputy Executive Director, SIB
Mario Sierras, Manager, SIB
Roxanne Anderson, SIB
Katie Burns, SIB
Maria Collins, SIB
Brian Gorban, SIB
Sue Lim, SIB
Diana Sanchez, SIB
Joyce Eriksson, SIB
Deborah Yang, Senior Attorney, STO

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

TFI: Chris Lynch, Director, TIAA-CREF Tuition Financing, Inc. (TFI)
Jeremy Thiessen, Senior Director, Education Savings, TFI
Vivian Tsai, Senior Director, Education Savings, TFI
Don Wolf, Senior Director, TFI

Chair Boyken declared a quorum present.

Board Agenda Item Number One

Approval of Minutes from March 12, 2015 ScholarShare Investment Board Meetings

The minutes for the March 12, 2015 SIB meeting were presented to the Board.

Chair Boyken asked for public comment. There was none.

Board Action

Motion to approve the minutes for the March 12, 2015 SIB meeting.

MOTION: Member Johnson SECONDED: Member Jennings
AYES: Members Boyken, Geiogue, Johnson, Jennings, Li, Martin
NOES: None
ABSTAIN: None
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 the ScholarShare College Savings Plan (Plan), recently executed contracts, and the recent proxy vote. Chair Boyken inquired whether it was prudent to review the Board's proxy policy for potential revisions to be brought back to the Board for review at the next meeting, to which the Board agreed.

Mr. Julio Martinez, SIB, provided an update on enhancements to the public's accessibility to Board meetings which are anticipated to be available beginning in July 2015. Mr. Martinez also provided updates on federal and state legislation.

Mr. Mario Sierras, SIB, highlighted some of ScholarShare's recent marketing and outreach efforts and provided updates on the Governor's Scholarship Programs.

Chair Boyken asked for public comment. There was none.

Board Agenda Item Number Three
Resolution to Adopt Amendments to the Golden State ScholarShare Trust Program Regulations

Mr. Zeto presented Resolution No. 2015-03 recommending that the Board adopt amendments to the Golden State ScholarShare Trust Program Regulations in order to continue to reflect the needs of the Plan, as well as its existing and prospective participants. If adopted by the Board, SIB staff would move forward with initiating the rulemaking action.

Chair Boyken asked for public comment. There was none.

Board Action

Motion to approve Resolution No. 2015-03 to adopt amendments to the Golden State ScholarShare Trust Program Regulations.

MOTION: Member Geiogue SECONDED: Member Johnson
AYES: Members Boyken, Geiogue, Johnson, Jennings, Li, Martin
NOES: None
ABSTAIN: None
RECUSE: None

MOTION APPROVED

Board Agenda Item Number Four
Review of Core Bond Fund Options for the ScholarShare College Savings Plan

Member Geiogue recused himself from this item due to his ownership of investments in MetWest.

Mr. Martinez provided background on the fund change made in October 2014 and the Board's request for a full screening of the core fixed income universe with a list of alternative funds to be presented to the Board for consideration. Mr. Martinez presented the staff recommendation to approve the transfer of the Plan assets from the TIAA-CREF Bond Plus Fund to the Met West Total Return Fund at an appropriate time or as market conditions permit as recommended by PCA and TFI.

Mr. Jeremy Thiessen, TFI, and Mr. Eric White, PCA, each provided highlights on their screening of the core fixed income universe and their list of alternative funds.

Chair Boyken inquired about the timing strategy for implementing the fund change. Ms. Vivian Tsai, TFI, responded that the transition of funds could be completed by mid-October 2015.

Chair Boyken asked for public comment. There was none.

Board Action

Motion to approve the transfer of the Plan assets from the TIAA-CREF Bond Plus Fund to the Met West Total Return Fund at an appropriate time or as market conditions permit as recommended by PCA and TFI.

MOTION: Chair Boyken SECONDED: Member Johnson
AYES: Members Boyken, Johnson, Jennings, Li, Martin
NOES: None
ABSTAIN: None
RECUSE: Member Geiogue

MOTION APPROVED

Board Agenda Item Number Five
Review and Analysis of Investment Performance for the ScholarShare College Savings Plan for First Quarter 2015

Mr. Thiessen presented TFI's Investment Performance Report for the Plan for first quarter 2015 and provided a market update.

Mr. White presented PCA's Investment Performance Status Report for first quarter 2015 and its memo reviewing funds qualifying for "watch" status. Mr. White stated that PCA recommends that the two underlying funds, PIMCO Income Fund and PIMCO Real Return Fund, remain on "watch" status and that no other funds qualify for "watch" status.

Chair Boyken asked for public comment. There was none.

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

Mr. Don Wolf, TFI, presented TFI's Marketing Update for the Plan outlining marketing results for the first quarter of 2015, highlighting various activities used to promote the National 529 College Savings Day held on May 29th and marketing activities planned for the remainder of the year. Mr. Wolf stated that ScholarShare would begin making some Plan materials available in Mandarin, in addition to English and Spanish.

Chair Boyken asked for public comment. There was none.

Board Agenda Item Number Seven
Review of Administrative Performance for the ScholarShare College Savings Plan for First Quarter 2015

Ms. Tsai presented TFI's Administrative Performance Report for the Plan for first quarter 2015 relative to pre-established performance criteria and reported that TFI did not underperform by more than two percent in any performance areas. Ms. Tsai noted that, in the area of non-financial correspondence received, the timeliness fell below the benchmark by one percent and she explained that the winter storm in the east and closure of the United States Postal Service for a few days resulted in a back-up of responses to correspondence. When the center opened, the financial correspondence was given top priority.

Public Comment

Chair Boyken called for public comment. There were none.

There being no further business before the Board, the Chair adjourned the meeting at 3:00 PM.