
DECEMBER 13, 2021

AGENDA ITEM 1
ACTION ITEM

CALSAVERS RETIREMENT SAVINGS BOARD

Meeting Minutes for the September 13, 2021 CalSavers Retirement Savings Board Meeting

Board members present:

State Treasurer Fiona Ma
Deputy Treasurer Audrey Noda for State Treasurer Fiona Ma
Jacqueline Wong-Hernandez for State Controller Betty T. Yee
Gayle Miller for Director of Finance Keely Martin Bosler
Edward De La Rosa
Heather Hooper
Michelle Gastelum
Stephen Prough
William Sokol

Staff present:

Kathleen Selenski, Executive Director
Angela Duvane
Carolina Hernandez
Jonathan Herrera
Eric Lawyer
Jacob Schafer

Others present:

Jennifer Baldwin, Senior Attorney, State Treasurer's Office
Rita Clark, State Treasurer's Office
Genevieve Jopanda, Chief Deputy Treasurer, State Treasurer's Office
Frank Moore, Executive Director, California Health Facilities Financing Authority &
California Educational Facilities Authority
Nancee Robles, Executive Director, California Debt Limit Allocation Committee
& California Tax Credit Allocation Committee
Tim Schaefer, Deputy Treasurer, State Treasurer's Office
Spencer Walker, General Counsel, State Treasurer's Office

Contractors present:

Andrea Feirstein, AKF Consulting Group (“AKF”)
Jason Gilbert, Ascensus College Savings Recordkeeping Services, LLC (“Ascensus”)
Julian Lyne, Newton Investment Management Limited (“Newton”)
Mika Malone, Meketa Investment Group (“Meketa”)
Vidur Mehra, State Street Global Advisors (“SSGA”)
Troy Montigney, Ascensus
Paola Nealon, Meketa
Sonya Park, SSGA
George Piquette, Ascensus
Thomas Reinhart, Ascensus
Kevin Sullivan, Newton

CalSavers Retirement Savings Board (“Board”) Chair Fiona Ma called the meeting to order at 1:03 PM. Chair Ma began the meeting by presenting resolutions recognizing the service of former Board member Yvonne Walker and Jacqueline Wong-Hernandez, who would soon be departing the State Controller’s Office. Genevieve Jopanda, Frank Moore, Tim Schaefer, Gayle Miller, Nancee Robles, and Katie Selenski each spoke about the Board members.

Agenda Item 1 - Approval of the Minutes of the June 22, 2021 Meeting of the CalSavers Retirement Savings Board (ACTION ITEM)

Public Comment

None

Board Action

Approval of the minutes of the June 22, 2021 meeting of the CalSavers Retirement Savings Board.

MOTION:	Edward De La Rosa	SECOND:	Jacqueline Wong-Hernandez
AYES:	Edward De La Rosa, Michelle Gastelum, Heather Hooper, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Jacqueline Wong-Hernandez		
NOES:	None		
NOT PRESENT	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 2 – Executive Director’s Report (INFORMATION ITEM)

Executive Director Kathleen Selenski provided the Board with an update on significant items, including an update on the CalSavers Retirement Savings Program’s (“CalSavers” or “Program”) participation growth; enforcement efforts; staffing; the program budget, including a brief discussion of efforts to develop a budget change proposal for 2022; program audits; risk monitoring efforts; contracting efforts; the annual review of the customer service call center staffing model; an update on In Home Support Services Provider inclusion; legislation and policy; external presentations, and media coverage.

Board Chair Ma asked about efforts to get employers to register and facilitate the Program. Ms. Selenski discussed continual efforts to get registered employers to facilitate the program, including efforts to reach out directly to employers by the field team and client services team.

Board member Heather Hooper asked about enforcement efforts and how non-compliant employers will be notified. Executive Director Selenski noted formal enforcement efforts had begun, which include mailing of notices of penalty application to employers. Ms. Selenski also noted Ascensus field reps and client service staff regularly reach out to non-compliant employers through email and phone communications.

Public Comment

Cynthia Landry, a member of SEIU Local 1021, asked for clarification on the federal legislation that Ms. Selenski referred to in her item.

Agenda Item 3 – Program Growth and Budget Projections (INFORMATION ITEM)

This item was not heard at the meeting.

Agenda Item 4 – Discussion of ESG Investment Option and Resolution No. 2021-06 to Exercise One-Year Contract Extension for Newton Investment Management Limited As Manager of the Sustainable Balanced Fund Investment Option (ACTION ITEM)

Ms. Selenski introduced the item to the Board and gave a brief history and overview of the current contract and saver participation in the sustainable balanced fund (“ESG”) investment option. Ms. Selenski introduced Mika Malone, from the Board’s investment consultant, Meketa, who discussed the performance of the ESG investment option currently available through the Program.

Ms. Selenski then introduced Julian Lyne and Kevin Sullivan, from the Board’s ESG Fund Manager, Newton, who provided more history and background on the ESG investment option.

Board member Edward De La Rosa noted the ESG fund had outperformed the benchmark and requested more information on the performance goals of the funds. Mr. Lyne and Ms. Malone responded to Mr. De La Rosa explaining the investment strategies of the ESG funds is to deliver outperformance of the benchmark, without exceeding the risk of the benchmark.

Ms. Selenski noted that while there are expectations that there will be growth in participation in the ESG fund, the Board would have to consider seeking a different ESG option next year if the current one is unable to grow to the level required to comply with federal regulations.

Public Comment

Cynthia Landry commented to advocate for continuing to include the ESG investment option in the Program.

Board Action

Approval of Resolution No. 2021-06 to exercise one-year contract extension for Newton Investment Management Limited.

MOTION:	William Sokol	SECOND:	Gayle Miller
AYES:	Edward De La Rosa, Michelle Gastelum, Heather Hooper, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 5 – Second Quarter Investment Performance Report and Education Session on ESG Funds (INFORMATION ITEM)

Mika Malone from the Board’s investment consultant, Meketa, provided the Board an overview of the quarterly performance of the Program’s investment options for the quarter ending June 30, 2021.

Paola Nealon, with Meketa, gave an educational session on ESG investment funds. Board member Wong-Hernandez asked about the investment consultants’ expectations about growth of different ESG fund offerings. Ms. Nealon talked about the existence of ESG target-date funds and noted she expected growth in that area. Ms. Malone noted challenges in the space due to changing political and regulatory factors.

Public Comment

None

Agenda Item 7 – Resolution No. 2021-07, Delegation of Authority to Board Chair for Execution of Performance Evaluation for Executive Director (ACTION ITEM)

This item was heard out of order.

Board Chair Ma introduced the item and explained that the executive director had, as part of the development of the strategic plan, requested that the Board complete a performance evaluation. Chair Ma noted that no other boards, commissions, or authorities on which she serves as chair complete performance evaluations of their executive directors.

Ms. Ma summarized the Board's consideration of the matter at the previous meeting and discussed her proposal for executing a performance evaluation of the executive director. Ms. Ma proposed a model where the chair would complete the performance evaluation with input from Board members.

Board member William Sokol noted the role of the Board to act as fiduciaries to whom the executive director serves and suggested some Board members participate in the evaluation process.

Board member De La Rosa discussed the Board's fiduciary responsibility to the account holders, and the Board relies on the executive director to run the program so that it is to the benefit of those account holders, and suggested that two other Board members join the Treasurer for the annual evaluation.

Board member Miller discussed the Board's fiduciary responsibility and noted that it is a constitutional authority that supersedes state law. Ms. Miller expressed support for an evaluation that includes Board input and approval, noting it is necessary for the Board to be able to fulfill their fiduciary duty.

Board member Sokol suggested changing the end of the resolution from referring to Board "input" on the evaluation to Board "approval", so that the Treasurer will perform the evaluation, but would be subject to approval by the Board.

Board member Wong-Hernandez commented that according to statute, the executive director serves at the pleasure of the board. Ms. Wong-Hernandez noted statute establishes the chair as responsible for appointing an executive director and that the executive director serves at the pleasure of the Board. Ms. Wong-Hernandez expressed comfort with the suggestions made to alter the resolution by Board members Sokol and Miller.

Spencer Walker, general counsel for the State Treasurer's Office, stated according to statute, the executive director shall serve at the pleasure of the Board, but their duties are specifically established by the Treasurer. Mr. Walker noted the Treasurer has an obligation and responsibility to ensure that the executive director is handling those duties in an adequate manner.

Mr. Walker stated that the legislature would not have worded the statute this way, had it not intended for the Treasurer to be solely responsible for the execution of the executive director's duties, therefore, if the Board members want to weigh in on the duties, they would have to be uniquely aware of what takes place during the day to day work activities. Mr. Walker further explained the Treasurer is responsible for the day to day business, and that board members typically have little contact with an executive director, except immediately prior to Board meetings and during Board meetings.

Board member Wong-Hernandez stated the Board is ultimately responsible for whether or not an executive director may serve in that role and suggested the Board should therefore have a role in

completing a performance evaluation. Board member Wong-Hernandez stated that she supports the resolution with the amendment requested by Board member Sokol.

Board member Sokol made a motion to approve the resolution, as amended.

Board Member Miller clarified that the Board is not suggesting that they manage the executive director day-to-day. Ms. Miller discussed the differences between state law and fiduciary duty established by federal law. Ms. Miller noted evaluation of an executive director, or a similar role, is a fiduciary obligation of a governing board.

Treasurer Ma discussed some of the aspects that could be included in the performance evaluation.

Board member Sokol clarified that his motion would be to adopt the resolution with the amendment change the last word from “input” to “approval”, with the understanding that the Treasurer will work with two Board members on the evaluation, and the full Board will consider the evaluation for approval.

Board member Sokol moved to approve the resolution with the discussed amendment. Board member De La Rosa seconded the motion.

Jennifer Baldwin, senior attorney with the State Treasurer’s Office, read the language of the motion to ensure clarity about the motion. Ms. Baldwin read the section of the resolution as was suggested to be amended by the motion: “Now, therefore, be it resolved that the board delegates to the Board chair the responsibility for executing an annual performance evaluation of the executive director, to include approval from the Board.”

Public Comment

None

Board Action

Approval of Resolution No. 2021-07 to delegate authority to the Board chair for execution of performance evaluation for executive director, as amended.

MOTION:	William Sokol	SECOND:	Edward De La Rosa
AYES:	Edward De La Rosa, Michelle Gastelum, Heather Hooper, Fiona Ma, Gayle Miller, Stephen Prough, William Sokol, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Deputy Treasurer Audrey Noda assumed the duties of the chair at 2:58 PM.

Agenda Item 6 – Program Administrator’s Report (INFORMATION ITEM)

This item was heard out of order.

Troy Montigney, with the Program administrator Ascensus, updated the Board on Program activities, including the current communication schedule for each wave of employers and performance of the client services call center.

Thomas Reinhart, with Ascensus, updated the Board on marketing and outreach efforts, including accomplishments for the 2020-2021 fiscal year; marketing strategies; and a campaign to inform employers with more than five employees about the Program prior to the June 30, 2022 registration deadline.

Public Comment

None

Agenda Item 8 - Resolution No. 2021-08, Readoption of Emergency Regulations Regarding the Registration Deadline for Employers with more than 100 Employees (ACTION ITEM)

Eric Lawyer presented the Board with Resolution No. 2021-08 regarding approval to readopt emergency regulations.

Public Comment

None

Board Action

Approval of Resolution No. 2021-08 to readopt emergency regulations to Section 10002 of Chapter 15 of Title 10 of the California Code of Regulations regarding the registration deadline for employers with more than 100 employees.

MOTION:	Gayle Miller	SECOND:	Jacqueline Wong-Hernandez
AYES:	Edward De La Rosa, Michelle Gastelum, Gayle Miller, Audrey Noda, Stephen Prough, William Sokol, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 9 - Resolution No. 2021-09, Readoption of Emergency Regulations Including Changes to the Default Investment Option (ACTION ITEM)

Eric Lawyer presented the Board with Resolution No. 2021-09 regarding approval to readopt emergency regulations.

Public Comment

None

Board Action

Approval of Resolution No. 2021-09 to readopt emergency regulations in Chapter 15 of Title 10 of the California Code of Regulations, including changes to the default investment option.

MOTION:	Gayle Miller	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Michelle Gastelum, Gayle Miller, Audrey Noda, Stephen Prough, William Sokol, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 10 – Resolution No. 2021-10, Regarding Regular Rulemaking (ACTION ITEM)

Eric Lawyer presented the Board with Resolution No. 2021-10 regarding regular rulemaking, and explained rulemaking processes.

Public Comment

None

Board Action

Approval of Resolution No. 2021-10 authorizing a regular rulemaking for amendments to Section 10002 of Chapter 15 of Title 10 of the California Code of Regulations regarding the registration deadline for employers with more than 100 employees.

MOTION:	William Sokol	SECOND:	Heather Hooper
AYES:	Edward De La Rosa, Michelle Gastelum, Gayle Miller, Audrey Noda, Stephen Prough, William Sokol, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
ACTION:	Motion Passed		

Agenda Item 11 – Litigation (Government Code Section 11126(e)) – Discussion with Legal Counsel Regarding Litigation (Howard Jarvis Taxpayers Ass’n., et al. v. The California Secure Choice Retirement Savings Program, et al.; U.S. Court of Appeals for the Ninth Circuit

This item was not heard at the meeting.

Agenda Item 12 – Public Comment

None.

The meeting adjourned at 3:10 PM.