

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, January 11, 2018
James R. Thompson Center
100 West Randolph, 16th Floor, Chicago, Illinois**

MEETING MINUTES

The January 11, 2018 meeting of the Illinois Secure Choice Board (Board) was called to order at 3:10 p.m. CT with the presence of a quorum.

BOARD MEMBERS PRESENT

Jay Rowell
Designee for the Illinois State Treasurer

John Gay
Designee for the Illinois State Comptroller

Curt Clemons Mosby
Designee for the Illinois Governor's Office of Management and Budget (via teleconference)

Miriam Martinez
Board Member

David Rappaport
Rappaport Reiches Capital Management, LLC - Co-Managing Partner

John Rauschenberger
Technology & Manufacturing Association – Executive Vice-President and General Manager

TREASURER'S STAFF

Joe Aguilar, *Deputy Director – Investment Analysis and Due Diligence*

Courtney Eccles, *Director of Secure Choice*

Rodrigo Garcia, *Chief Investment Officer*

Sandi Raphael, *Deputy General Counsel*

APPROVAL OF NOVEMBER BOARD MEETING MINUTES

Board members reviewed the November 16, 2017 Board Meeting Minutes, which were provided in advance of the meeting. There was no discussion, and no additional changes were proposed.

Mr. Rauschenberger made a motion to approve the November 16, 2017 Board Meeting Minutes. Mr. Gay seconded the motion. The motion was unanimously approved.

STAFF UPDATES

Peg Creonte from Ascensus introduced the new relationship manager for Secure Choice, Matt Golden, who will serve as the main point of contact and key coordinator for the Board and Treasurer's staff. Ms. Creonte noted that Mr. Golden is specifically focused on serving state administered retirement savings programs and has a wealth of knowledge and experience in the retirement and investment space. Mr. Golden provided brief remarks on his background, including his work with other state programs, and work on various IRA products and defined contribution plans.

Ms. Eccles provided a number of program implementation status updates, beginning by noting that the contract with Ascensus was finalized and executed in December of 2017. She discussed the marketing work with Ascensus, including the development of a 2018 marketing plan and the public website (www.ILSecureChoice.com), which will launch in a basic form in early February. Ms. Eccles added that staff would be working on a variety of marketing materials and program documents over the coming months and would continue to provide the Board with updates at future meetings. Ascensus staff continue to build out the employer and employee platforms in advance of the May pilot program, and the Treasurer's Office is working to finalize the data sharing agreements with the Illinois Departments of Revenue and Employment Security in order to receive the employer data that will be necessary for program launch.

Ms. Eccles gave a report on a payroll provider outreach meeting that took place in December and included both local and national payroll providers. She stated that staff planned to work with Ascensus to schedule an online employer portal demo for payroll providers in February or March. Mr. Rappaport asked if the providers raised any concerns during the meeting. Ms. Eccles said that no major concerns were raised, though providers did ask if the program implementation was going to be delayed due to the repeal of a federal rule governing state administered plans.

Ms. Eccles noted that staff continues to work on draft administrative rules and plans to bring the rules to the Board at its next meeting, and she discussed the upcoming due diligence meetings in Newton, Massachusetts, where the Treasurer's staff would meet with Ascensus' staff to discuss marketing, outreach, operations, investments, data security, and IT infrastructure. Finally, she noted that a meeting with the new Secretary of Labor at the U.S. Department of Labor had been rescheduled for February. A bipartisan group of state treasurers, including Treasurer Frerichs, would meet with Secretary Acosta to discuss Secure Choice and similar state programs.

Ms. Eccles provided a budget update, reviewing the report that had been sent to Board members in advance of the meeting.

Mr. Rappaport asked about the status of hiring an additional staff person to work on Secure Choice. Mr. Rowell stated that interviews had taken place and the Treasurer’s Office hoped to have someone hired by the next Board meeting.

NATIONAL UPDATES

Wendy Carter, a consultant with Segal Marco, provided an update on similar state administered retirement savings programs, including states in the process of implementing programs and those with pending legislation, such as Oregon, California, Connecticut, Maryland, Vermont, and Virginia. The Board discussed the status of Oregon’s initial program rollout, including opt-out rates and contribution rates.

Ms. Carter’s presentation slides are available on the Secure Choice webpage under Board Materials.

DISCUSSION: RECOMMENDED SECURE CHOICE FUND LINE-UP

Mr. Rowell opened the discussion by noting that the Investment Subcommittee approved the recommended fund line-up unanimously at its January 4, 2018 meeting and asked the Treasurer’s investment team to provide a summary of the recommendations.

Mr. Aguilar explained that the recommendations were brought to the Board after both an internal analysis by the Treasurer’s Office as well as an external analysis by Segal Marco. Peter Gerlings, a Segal Marco consultant, discussed the key considerations that went into the analysis and final recommendation, including cost, glide path, and asset allocation.

The recommendations are listed below:

	Investment Option	Investment Manager/ Fund
1.	Target Retirement Date Funds	<i>BlackRock LifePath® Index Series</i>
2.	Growth Fund	<i>Charles Schwab / Schwab S&P 500 Index Fund (Ticker: SWPPX)</i>
3.	Conservative Fund	<i>Charles Schwab / Schwab U.S. Aggregate Bond Index (Ticker: SWAGX)</i>
4.	Capital Preservation Fund	<i>State Street Global Advisors/ State Street Institutional Liquid Reserves Fund (Ticker: SSHXX)</i>

Mr. Rowell added that the final recommendations are consistent with the Board's Investment Principles, and the cost falls within the statutory cap on fees.

Ms. Martinez made a motion to approve the funds listed in the Treasurer's Office memo. Mr. Rappaport seconded the motion. The motion was unanimously approved.

Mr. Garcia noted that the Treasurer's staff would be meeting with a variety of staff from BlackRock as part of the due diligence meetings in Newton, MA.

SECURE CHOICE WEBSITE AND 2018 MARKETING PLAN

Mr. Rowell introduced Suzanne Fetky and Brian Hogan from Ascensus to discuss the 2018 marketing plan and show the Board the first iteration of the Secure Choice website (www.ILSecureChoice.com). Mr. Hogan conducted a demo of the public website. He noted that this is the first version of the site and that it will be built out with additional information, educational material, and resources for both employers and employees. Mr. Hogan explained that the public website would also house the links for both the employer and employee portals.

Ms. Fetky presented the 2018 Marketing Plan, focusing on the need for general program and brand awareness, lead-up to the pilot, and key outreach efforts during program launch. She discussed certain milestones that should be used for media outreach and public relations activities, and highlighted the importance of employer testimonials. Ms. Fetky noted that most advertising would be digital but that a few other strategic avenues would be pursued.

Mr. Rauschenberger noted that Ascensus should consider imagery that more fully encompasses the diversity of employers and employees who are expected to participate in Secure Choice. He noted that the visuals on the website seem to focus largely on college-educated employees and suggested that a broader array of photographs depicting an occupational and age diversity is important to ensure that employees connect with what they will see on the website.

DISCUSSION: SECURE CHOICE PROPOSED 2018 LEGISLATION

Mr. Rowell discussed proposed legislation that would make technical changes to the Secure Choice Act. The changes include the following: adjusting the reporting and auditing period from a calendar year to a fiscal year, making it consistent with other programs; allowing the Board to set a date by when employers need to remit their employees' contributions to the program; and modifying the investment language to ensure it is consistent with the Investment Policy Statement.

He noted that introducing legislation also ensures there is placeholder in case additional federal or State issues arise. He explained that while this was not listed as an item for a formal motion, it would be beneficial to have the Board support moving forward with the legislation.

Board members indicated their support for moving forward with the legislation.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

Mr. Rowell asked to clarify membership on subcommittees, verifying that the Investment Subcommittee includes members Rappaport, Martinez, Rowell, Gay, and Mosby, and that the Program Design and Outreach Committee includes members Martinez, Gay, Marzahl, Rauschenberger, and Rowell. Board members confirmed their membership on each subcommittee.

ADJOURNMENT

With no further business, Ms. Martinez moved to adjourn the meeting, and Mr. Rappaport seconded the motion. The motion to adjourn was approved unanimously.