

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, January 26, 2017
James R. Thompson Center
100 West Randolph, Room #16-504, Chicago, Illinois**

MEETING MINUTES

The January 26, 2017 meeting of the Illinois Secure Choice Board (Board) was called to order at 3:10 p.m. with the presence of a quorum.

BOARD MEMBERS PRESENT

Michael Frerichs, Chair
Illinois State Treasurer

John Gay
Designee for the Illinois State Comptroller

Miriam Martinez
Office of the City Treasurer – Chief Investment Officer

David Marzahl
Center for Economic Progress – President & CEO

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, *Invest in Illinois Program Manager*

Julian Federle, *Chief Policy and Program Officer*

Rodrigo Garcia, *Chief Investment Officer*

Keith Horton, *General Counsel*

Sandi Raphael, *Deputy General Counsel*

Jay Rowell, *Deputy Treasurer*

Catherine Shannon, *Legislative Director*

APPROVAL OF DECEMBER BOARD MEETING MINUTES

Board members reviewed the December 14, 2016 Board Meeting Minutes, which were provided in advance of the meeting. Treasurer Frerichs noted that an addition was made by Mr. Rappaport and was reflected in the copy provided to Board members at the meeting. There was no discussion and no additional changes were proposed.

Ms. Martinez made a motion to approve the December 14, 2016 Board Meeting Minutes. Mr. Rauschenberger seconded the motion. The motion was unanimously approved.

PRESENTATION BY URBAN POVERTY LAB

Terri Zhu, Research Manager at the University of Chicago's Urban Poverty Lab, presented on the results of their Consumption Study analyzing the demographics of expected participants in the Secure Choice Program.

The powerpoint presentation is available on the Secure Choice webpage under Board Materials.

Ms. Zhu will work with the Treasurer's staff to complete a policy brief documenting the findings. The policy brief will be made available to the Board and general public and is expected to be completed in advance of releasing the Program Manager RFP.

PRESENTATION BY BOSTON COLLEGE CENTER FOR RETIREMENT RESEARCH

Geoff Sanzenbacher, Research Economist with the Boston College Center for Retirement Research (CRR) presented the preliminary findings of CRR's financial feasibility study for the Secure Choice Program. The results focused on when the program would become self-sustaining and when all program costs would be paid back.

The powerpoint presentation is available on the Secure Choice webpage under Board Materials.

CRR staff will work with the Treasurer's staff to draft and complete a final report that will be made available to the Board and general public. The final report is expected to be completed in advance of releasing the Program Manager RFP.

SECURE CHOICE LEGISLATION

Courtney Eccles and Catherine Shannon provided an update on the proposed priorities for Secure Choice legislation to be introduced during the spring session of the General Assembly. Ms. Eccles highlighted the three items being addressed: clarifying that the Secure Choice Fund does

not need to register as a security in Illinois; providing the Board with the authority to select a default contribution rate between 3% and 6%; and, pushing the start date to 2018 and allowing the Board to establish an implementation timeline that could include a pilot program or different enrollment phases. Ms. Shannon and Ms. Eccles added that they had met with a variety of business associations to discuss these changes and worked with the original legislative sponsors on bill language. At this time, there were no known opponents to the changes.

Ms. Martinez asked how the updated default rate would impact allowing for escalation down the road. Ms. Eccles noted that auto-escalation was not in the original bill language and the Board would need legislative authority to allow for escalation. She added that stakeholders seemed comfortable with allowing for the higher contribution rate so that is why it was being changed, and that escalation would need to be addressed at a later date.

The Board discussed how quickly the legislation would move in the General Assembly and acknowledged that it was not likely to pass before the Program Manager RFP is released. Staff stated they could draft the RFP to allow for consideration of both the current 3% default contribution rate as well as a higher default rate, contingent upon final passage of the legislation.

Mr. Marzahl moved that the Board authorizes staff to proceed with the legislative priorities outlined to the Board. Ms. Martinez seconded the motion. The motion passed unanimously.

STAFF UPDATES

Federal Updates:

Ms. Eccles stated that staff continue to work with partner states to monitor any potential action at the federal level. A new Secretary of Labor has not yet been appointed to lead the Department of Labor and there has been no movement by Congress to change or repeal the rule.

Ms. Eccles added that the US Treasury finalized changes to their rules governing Treasury bonds to allow access for state-administered retirement savings programs. The updated rule means the Board would be able to select the bond as one of its fund options for Secure Choice.

Budget to Date:

Ms. Eccles walked the Board through two budget documents. The first was an update to the report provided to the Board at the previous meeting, with adjusted total spending. Staff realized that certain expenses from Unclaimed Property had been billed to Secure Choice so after reallocating those expenses, total spending on Secure Choice was less than had been reported. Ms. Eccles also walked the Board through the January Budget Report highlighting total spending for the first half of Fiscal Year 2017. Ms. Eccles noted that spending thus far was approximately 5% of the total appropriation for Secure Choice.

IDOR and IDES Updates:

Ms. Eccles provided a brief update on work with the Department of Employment Security and Department of Revenue. She noted that the IL 941 form would be released by IDOR in 2017 and would enable the Board to learn more about which employers will qualify for Secure Choice. In addition, staff continue to work with the two Departments to draft an Inter-Governmental Agreement for data sharing.

BUSINESS OUTREACH AND ENGAGEMENT

Treasurer Frerichs reminded the Board that the outreach event would take place on February 9th at the TMA Headquarters in Schaumburg. Mr. Rauschenberger walked the Board through the agenda for the morning, distributed the flyer that was sent to TMA members and a variety of other business associations, and discussed the outreach efforts taking place.

Ms. Eccles added that a number of business associations indicated they would post the invitation in their newsletters and send it out electronically.

PROGRAM DESIGN DISCUSSION

Ms. Eccles introduced Wendy Carter from Segal to discuss some of the program design work that Segal assisted with in Oregon and to walk through key considerations for developing the Program Manager RFP in advance of the Board's March meeting.

Ms. Carter provided a brief presentation about program design considerations to the Board. The powerpoint presentation is available on the Secure Choice webpage under Board Materials.

Ms. Eccles suggested staff and consultants could prepare a draft RFP in advance of a mid-February subcommittee meeting. The subcommittee could be a joint Program Design & Investment meeting and would ensure that all Board members could review the RFP, discuss the scope of services with staff, and provide feedback in advance of the March Board Meeting. The Board agreed to schedule a joint Program Design & Investment subcommittee meeting on Friday, February 17, in the afternoon.

OLD AND NEW BUSINESS

No old or new business was brought forward.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

With no further business, Treasurer Frerichs thanked the Board for its work and adjourned the meeting at 3:45 p.m.