

ILLINOIS SECURE CHOICE BOARD

**Meeting of Thursday, July 26, 2018
James R. Thompson Center
100 West Randolph, 16th Floor, Chicago, Illinois**

MEETING MINUTES

The July 26, 2018 meeting of the Illinois Secure Choice Board (“Board”) was called to order at 9:02 a.m. CT with the presence of a quorum.

BOARD MEMBERS PRESENT

Fernando Diaz, *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 videoconference)*

Miriam Martinez, *Board Member*

David Marzahl, *Center for Economic Progress - President*

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

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

TREASURER’S STAFF

Courtney Eccles, *Director of Secure Choice*

Ashlee Gabrysch, *Deputy Director of Secure Choice*

Rodrigo Garcia, *Deputy Treasurer & Chief Investment Officer*

Christopher Flynn, *Assistant General Counsel*

Sara Meeks, *Deputy Director for Legislative Affairs*

Laura Williams, *Director of Policy*

APPROVAL OF BOARD MEETING MINUTES

Board members reviewed the April 19, 2018 Board Meeting Minutes, which were provided in advance of the meeting. There was no discussion, and no additional changes were proposed.

A motion was made by Ms. Martinez, seconded by Mr. Rauschenberger to approve the April 19, 2018 Board Meeting Minutes. The motion carried unanimously.

STAFF UPDATES

Director Courtney Eccles provided an update on legislation. Ms. Eccles noted that a bill that would make technical changes to the Secure Choice statute passed in both the House and the Senate with nearly unanimous support. Ms. Eccles stated that the bill is presently on the Governor's desk awaiting signature.

Ms. Eccles gave an update of the administrative rules, which were filed for pre-review on Monday, April 16, 2018. Ms. Eccles noted that the rules were then filed for first notice in June, which includes a forty-five-day public comment period. Ms. Eccles stated that the State Treasurer's Office (STO) has received only a few comments to date. Ms. Eccles then provided an overview of the administrative rules process whereby staff would answer any and all questions received during the public comment period, after which the rules will be filed for second notice.

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

Ms. Eccles then turned the discussion over to Amanda Sonneborn at Seyfarth Shaw LLP for an update on the CalSavers (California Secure Choice Program) lawsuit. Ms. Sonneborn noted that there was a lawsuit filed against CalSavers in May by a taxpayers' rights organization. Ms. Sonneborn stated that the lawsuit alleges that the California program creates ERISA plans for individual employer participants. Ms. Sonneborn stated that the outcome of the lawsuit potentially could have impacts for the Illinois program. Ms. Sonneborn stated that she anticipates sharing updates with Board as the litigation progresses.

DISCUSSION – SECURE CHOICE INVESTMENTS

Action Item – Approve Updates to the Secure Choice Investment Policy Statement

Mr. Garcia provided an overview and update on the Investment Policy Statement (IPS). Mr. Garcia noted that the STO wanted to make the IPS as clear as possible and prevent any potential audit issues in the future. Mr. Garcia noted that the updated statement provided additional language codifying the existing policy that the STO could not use the program as leverage to borrow. Mr.

Garcia added that the second update was the inclusion of language around the 90-day revocation period. Mr. Garcia noted that because the IPS is the governing document for the investment framework, it was important to bring these two updates to the Board's attention.

Mr. Diaz asked for a motion to approve the updates to the Investment Policy Statement. The motion was made by Mr. Rappaport and seconded by Mr. Marzahl and it was carried unanimously.

DISCUSSION – PROGRAM IMPLEMENTATION & PILOT UPDATES

Action Item – Approval of the Secure Choice Program Description

Action Item – Approval of Early Registration for Employers

Matt Golden of Ascensus gave an update on the status of the program implementation. Mr. Golden then gave an update on the key accomplishments since the last board meeting, including the successful upload of data from Illinois Department of Revenue into the system. Mr. Golden also noted that the investment portfolios were seeded July 2, 2018 in preparation for contributions from pilot participants. Brian Hogan of Ascensus provided a pilot update on the eight enrolled pilot employers. Ms. Eccles provided additional information on the pilot employers and their experience and engagement with the program. Mr. Hogan noted that there were currently approximately \$8,000 in assets, which represents around 160 funded accounts and payroll for four pilot employers. Mr. Hogan then covered some program system insights and updates from the pilot experience. Mr. Golden then provided an update on the client service call volume and call content from both employers and employees. Mr. Golden noted that the client services team includes representatives who are bilingual in both English and Spanish and that individuals can also use email to contact the program with questions. Mr. Golden added that Ascensus utilizes Lionbridge to provide translation service in languages other than English and Spanish.

Ms. Eccles gave an overview of the Program Description that is provided to all participants before their IRA can be created. Ms. Eccles noted that because the program description is a core document for the program it was important for the Board to indicate its formal approval of the document. Mr. Golden noted that the document is available online and if a participant goes online to claim their account, individuals are given an electronic version of the document. Mr. Diaz added that small adjustments may be made to the Program Description if needed, but they would not be material in nature.

Mr. Diaz asked for a motion to approve the Secure Choice Program Description. The motion was made by Mr. Mosby and seconded by Mr. Rauschenberger and it was carried unanimously.

Ms. Eccles provided an overview of the action item to allow for early employer entrance for those assigned to later waves. Mr. Golden noted that once allowed, giving employers early access is a simple process for client services. Ms. Martinez asked whether early enrollment might

compromise capacity issues. Mr. Golden assured Ms. Martinez that based upon the experience in Oregon, there is no indication that more employers would enter early than would be able to be handled by client services.

Mr. Diaz asked for a motion to approve early registration for employers. The motion was made by Ms. Martinez and seconded by Mr. Rauschenberger and it was carried unanimously.

DISCUSSION – MARKETING, COMMUNICATIONS, AND OUTREACH UPDATES

Gina Maria Lemon of Ascensus provided an update on marketing, communication, and outreach. Ms. Lemon noted that the public website has been live since April but that traffic has been light. Ms. Lemon informed the Board of the different print and online informational materials that are available to both employers and savers. Ms. Lemon noted that some of the materials, including the employee fact sheet and the auto-enrollment overview are available in both English and Spanish. Ms. Lemon also noted that Ascensus continues to review materials in light of learnings and feedback from the pilot. Ms. Eccles added that the one-page overview for employers and the two documents for employees have been rated highly by pilot employers. Ms. Lemon noted that Ascensus has finalized its contract with Kivvit for media relations and social media. Ms. Eccles noted the program has received positive media coverage due to the broad success of the pilot launch, which has included quotes from both pilot employers and board members.

DISCUSSION – SECURE CHOICE SURVEY RESEARCH

Action Item – Approval of Survey Project with Pew Charitable Trust

Mr. Diaz then turned the floor over to John Scott of Pew Charitable Trusts. Mr. Scott provided a quick recap of the survey research project Pew will be conducting for Secure Choice, which entails collecting data from participants in each enrollment wave and then following up a few times over the course of perhaps two years to analyze participant experience and interaction with the program. Mr. Scott noted that he was currently working to secure internal funding for the survey work and had also reached out to external vendors to help with survey management. Ms. Eccles noted that this work would be a great opportunity to learn more about both savers employers and could lead to insights that would allow for program improvements. Mr. Diaz noted that because of the scope of the project, he wanted to get formal Board approval to move forward.

Mr. Diaz asked for a motion to approve the survey research. The motion was made by Mr. Marzahl and seconded by Ms. Martinez and it was carried unanimously.

DISCUSSION – LEGAL UPDATES

Action Item – Approval for Purchase of Fiduciary Liability Insurance Coverage

Ms. Eccles gave an update on the memo from K & L Gates discussing the applicability of ERISA, which she noted was completed in June before any dollars entered the program. Ms. Eccles then passed the discussion over to Mr. Flynn to discuss the work the STO has done around indemnification and immunity for the Board. Mr. Flynn noted that since this is a state board created by statute doing work laid out in statute, both the State Employee Indemnification Act and State Lawsuit Immunity Act would cover the Board as long as it was determined that the Board members were acting within scope of their appointments. Mr. Flynn noted that there could be potential out of pocket litigation costs, however, while that determination by the Attorney General’s Office is being made. Mr. Flynn stated that because of this, Central Management Services; Burke Burns & Pinelli, Ltd; and the STO believed an outside insurance policy was appropriate. Mr. Flynn turned the discussion over to representatives from Allianz Mesirov who gave a presentation on the policy coverage options. Craig Gosel, Senior Vice President at Allianz Mesirov recommended a limit level of \$10M, which was the median coverage level for a peer group.

Mr. Diaz asked for a motion to approve the purchase of fiduciary liability insurance coverage. The motion was made by Mr. Marzahl and seconded by Ms. Martinez and it was carried unanimously.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

Ms. Eccles noted that there would be a discussion by Segal at the next meeting to update on state/federal initiatives. Ms. Eccles also noted that quarterly meetings would also be scheduled at the next meeting.

ADJOURNMENT

With no further business, a motion was made by Mr. Rauschenberger, seconded by Mr. Gay to adjourn the meeting. The motion carried unanimously.