

ILLINOIS SECURE CHOICE BOARD

**Meeting of Tuesday, March 6, 2018
James R. Thompson Center
100 West Randolph, 16th Floor, Chicago, Illinois**

MEETING MINUTES

The March 6, 2018 meeting of the Illinois Secure Choice Board (“Board”) was called to order at 3:08 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 videoconference)

Miriam Martinez
Board Member

David Marzahl
Center for Economic Progress - President

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

TREASURER’S STAFF

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

Courtney Eccles, *Director of Secure Choice*

Fernando Diaz, *Chief Financial Product Officer*

Ashlee Gabrysch, *Deputy Director of Secure Choice*

Rodrigo Garcia, *Chief Investment Officer*

Sara Meek, *Deputy Director of Legislative Affairs*

Sandi Raphael, *Deputy General Counsel*

APPROVAL OF JANUARY BOARD MEETING MINUTES

Board members reviewed the January 11, 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 Mr. Gay, seconded by Mr. Rappaport to approve the January 11, 2018 Board Meeting Minutes. The motion carried by the following vote: 4 ayes, 0 nays, and 1 abstention (Mr. Marzahl).

STAFF UPDATES

Mr. Rowell gave an overview of staff changes affecting Secure Choice. Mr. Rowell announced that Julian Federle had left the office recently for a position with the City of Chicago. Mr. Rowell noted that Fernando Diaz, formerly the Director of College Savings, was promoted to Chief Financial Products Officer and as such he will oversee the two 529 plans, the ABLE program, and Secure Choice. Mr. Rowell also introduced Ashlee Gabrysch, previously with the Cook County CFO's Office, who recently joined the Secure Choice team as the Deputy Director.

Ms. Eccles provided several program implementation status updates, beginning with a summary of the Due Diligence Meeting that occurred in Newton, Massachusetts, onsite at the Ascensus headquarters on January 18th and 19th. In attendance from the office were Mr. Rowell, Mr. Garcia, Mr. Aguilar, and Ms. Eccles. Ms. Eccles noted that Treasurer staff were provided updates and information from Ascensus regarding marketing, outreach, operations, investments, data security, IT infrastructure, client services, legal work, the secure choice platform and new buildouts, lessons learned from Oregon's roll-out, security compliance, and risk management. Treasurer staff also toured the Ascensus headquarters and a Tier Four Data Security Facility.

Ms. Eccles related the investment conversations that occurred with the Ascensus team at the Due Diligence Meeting which involved discussions around investment philosophy, investment management, internal processes and monitoring of investment managers. She noted that Treasurer staff also met with six representatives from BlackRock during the meeting to discuss the LifePath target date series, and the ways in which BlackRock might assist in Secure Choice outreach, including investor information and retirement education.

Ms. Eccles provided a summary of the client services discussion, including how Ascensus structures their client services teams, the Ascensus training models for new staff, and the fact that Ascensus is in the process of staffing up and training individuals for their client services team. She also gave an overview of the IT and risk management section of the Due Diligence Meeting, including discussion of the SOC 1 and SOC 2 reports which had no findings.

Mr. Rowell noted that Ascensus took the meeting very seriously and brought several staff from their management team to the Due Diligence Meeting. Mr. Garcia related that Black Rock is very interested in how they can assist with Secure Choice and the deployment of program, including their willingness to share some ongoing research on behavioral finance with the Secure Choice team.

Ms. Martinez asked whether the discussion at the Due Diligence Meeting around OregonSaves elicited any concern about Secure Choice. Ms. Eccles answered that staff focused on lessons learned from how employers and employees engage with the online platform, and various changes that can be made to make the registration and enrollment process easier.

Mr. Mosby asked Mr. Garcia about whether the Board can see the information and resources that BlackRock provided. Mr. Garcia said he would be happy to provide any board member with any of the investment information that might be of interest.

Mr. Rowell then provided an update of the meeting with U.S. Department of Labor Secretary Acosta to discuss Secure Choice and state administered retirement plans. Mr. Rowell explained that the purpose of the meeting was to convey the importance of state savings programs to the Secretary of Labor. He noted that Secretary Acosta seemed aware of state sponsored retirement savings initiatives and he seemed to understand the importance of increasing retirement savings for workers. Ms. Eccles added that Treasurer staff will continue to monitor for any action by US DOL and continue working with state and national partners.

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

ASCENSUS – PROGRAM IMPLEMENTATION UPDATE

Matt Golden, the Secure Choice relationship manager for Ascensus, provided an update on program implementation and noted that Secure Choice is on track and hitting the necessary milestones to launch on schedule. Mr. Golden stated that the website is now live and the call center is now in operation with client service representatives ready to take calls about Secure Choice. He provided an update on the status of marketing materials under review by Ascensus and Treasurer staff, including content for the website, rack cards, and the program description document that will be sent to all Secure Choice participants. Mr. Golden then gave an update on the executed data sharing agreement and the ongoing analysis of employer data. He noted that four employers have signed up for the Pilot, and outreach for additional employers was ongoing. Finally, Mr. Golden provided a hiring update on the field representatives and client service team members.

SECURE CHOICE INVESTMENT UPDATE

Mr. Aguilar provided a summary of the investment changes that had occurred since the last meeting, including the naming of the investment fund options the addition of the placeholder for a LifePath 2065 fund, and the ongoing work happening between Treasurer staff and Black Rock, State Street and Schwab to develop materials for investor education. The Board had no questions regarding the investment update.

DISCUSSION – SECURE CHOICE ADMINISTRATIVE RULES

Action Item – Approval to Proceed with Administrative Rules Process

Mr. Rowell provided an update on the drafting of administrative rules (Rules) for Secure Choice. He noted that the rules were currently in draft form and Board members could send feedback and edits to Ms. Eccles before the Rules would be submitted to the Joint Committee on Administrative Rules (JCAR). Mr. Rowell added that Treasurer staff had reached out to Seyfarth, Ascensus, and others for comments and proposed edits to the draft Rules. He then stated that he was seeking a motion to move ahead with the process, not a motion to approve the specific draft Rules provided to the Board.

Ms. Eccles then provided an overview of the rulemaking process for new programs like Secure Choice. She noted that no Rules exist currently and that in the development of these draft Rules, existing state rules for ABLE (A Better Life Experience), the 529 College Savings plans, the state's deferred compensation plan, and the existing rules in Oregon and California were used for reference. Ms. Eccles explained that Rules are necessary to provide additional clarity where procedures and processes are alluded to but not explained in detail in the statute. For example, the Rules will provide details on the opt-out process for a participant in Secure Choice, as well as more details on the role of recordkeeper and more detail on the investment options.

Ms. Eccles then turned the discussion over to Ms. Meek, who provided more detail around the administrative rulemaking process and the timeline. Ms. Meek noted that Treasurer staff hoped to file an informal draft of the Rules with JCAR by the end of March. Ms. Meek explained that once the Rules are publicly filed, there would be a 45-day public comment period and after that, it would take approximately six weeks for Treasurer staff to review and provide a reply to each comment received. Ms. Meek noted that staff would be required to reply to all submitted comments. She estimated that the hearing for the Secure Choice Rules would take place in mid-September in either Springfield or Chicago. Mr. Gay asked whether delays in the process with JCAR could mean that the Rules are not finalized before Secure Choice launches. Ms. Eccles responded that while it is best practice to have the rules in place, it is not absolutely necessary, but staff were working to remain on schedule.

Mr. Rowell then asked for any other comments or questions. Hearing none, Mr. Rowell asked for a motion to allow the Treasurer's Office to proceed with the administrative rules process. The motion was made by Mr. Marzahl and seconded by Ms. Martinez, and it was carried unanimously.

DISCUSSION – SECURE CHOICE PILOT PROGRAM & ENROLLMENT WAVES

Mr. Rowell began the Pilot update and discussion by noting the number of association meetings Mr. Rowell and Ms. Eccles had attended to build employer awareness and interest in the Pilot. Ms. Eccles asked the Board to provide any contacts they have either directly with employers or with an association to Treasurer staff for Pilot outreach. Ms. Eccles noted that only four employers were currently enrolled in the Pilot and that more would need to be recruited. She indicated that direct contacts have been more effective than general notices in recruiting employers. Mr. Rowell added that employer data from IDOR and IDES had been secured and that Treasurer staff and Ascensus were analyzing the data. Mr. Rowell stated that Ascensus was using the data to come up with the employer wave schedule and breakdown, which would be presented the next Board meeting and would need to be formally adopted.

PUBLIC COMMENT

There was no public comment.

OLD AND NEW BUSINESS

There was no new or old business brought forth.

ADJOURNMENT

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