

ILLINOIS SECURE CHOICE BOARD

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

MEETING MINUTES

The October 26, 2017 meeting of the Illinois Secure Choice Board (Board) was called to order at 3:00 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

Kim Fowler
Designee for the Illinois Governor's Office of Management and Budget (via teleconference)

Miriam Martinez
Office of the City Treasurer – Chief Investment Officer

David Rappaport
Rappaport Reiches Capital Management, LLC - Co-Managing Partner (via teleconference)

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*

Julian Federle, *Chief Policy and Program Officer*

Rodrigo Garcia, *Chief Investment Officer*

Keith Horton, *General Counsel*

Sara Meek, *Deputy Director of Legislative Affairs*

Sandi Raphael, *Deputy General Counsel*

Catherine Shannon, *Legislative Director*

APPROVAL OF JULY BOARD MEETING MINUTES

Board members reviewed the September 14, 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 September 14, 2017 Board Meeting Minutes. Mr. Gay seconded the motion. The motion was unanimously approved.

STAFF UPDATES

Ms. Eccles provided the Board with an update on program implementation items, including contract negotiations, branding, communications, investments, and program operations. She noted that a program website should be launched in early December with a few basic pages that would be expanded upon in the coming months. Ms. Eccles noted that the Treasurer's staff is working on administrative rules and hoped to provide the Board with draft rules for approval at its December Board meeting. The draft rules will be reviewed by Ascensus and Seyfarth before the meeting. She added that the draft rules will then go through the formal administrative rules process.

Ms. Eccles reviewed the Secure Choice Budget Report, which provided spending levels for July through September of fiscal year 2018. She noted staff's continued efforts to keep spending as low as possible and stated that salaries and contractual expenses made up a majority of the expenditures. Mr. Horton noted that the budget report referenced total spending for fiscal year 2017 and asked if it should read 2018. Ms. Eccles said she would update the budget report and circulate a new copy with the correction.

DISCUSSION: PROGRAM BRANDING AND LOGO SELECTION

Suzanne Fetky, Vice President of Marketing for Ascensus, provided the Board with two options for a logo and tagline as well as examples of the photos and icons that Ascensus plans to use on the Secure Choice website and materials. She discussed key considerations for branding financial products and articulated Ascensus' focus on clean and simple imagery that highlights the diversity of workers by race, age, gender, and industry.

Ms. Fetky pointed out that the first logo did not contain a specific reference to a retirement savings program, so it would be important to use the logo and tagline together. She noted that the second logo more clearly alludes to Illinois and includes a direct reference to Secure Choice

being a retirement savings program. Finally, Ms. Fetky noted that both taglines have already been vetted and approved by the Ascensus compliance team for use with a financial product.

Mr. Rappaport made a motion to approve the second logo option for Secure Choice. Ms. Martinez seconded the motion. The motion was approved 5-1.

Ms. Martinez made a motion to select “Invest in Your Retirement” as the tagline for Secure Choice. Mr. Rappaport seconded the motion. The motion was unanimously approved.

Board members also voiced support for the imagery Ascensus is planning to use on the website and in materials. Ms. Fetky added that the images provided during the presentation were examples and not inclusive of every photo that might be used.

DISCUSSION: APPROVAL OF INVESTMENT FRAMEWORK

Mr. Aguilar presented the Secure Choice investment framework recommendation from Segal Marco and the Treasurer’s staff. He discussed the slides provided by Segal Marco and the memo provided to the Board by the Treasurer’s investment staff.

The recommended investment framework includes target date funds to serve as the default investment option, a capital preservation fund, an equity index fund mirroring the S&P 500 fund, and a US core fixed-income index fund mirroring the Bloomberg Barclays fund. Mr. Aguilar noted that this recommendation is intended to align with the Board’s Investment Principles.

Mr. Rowell added that approval of the investment framework would allow Ascensus to take the next steps in identifying and recommending the specific funds for approval by the Board at its December meeting.

Mr. Gay asked for clarification on whether the additional single strategy funds would increase costs. Mr. Garcia responded that Ascensus is allowing up to 15 basis points for investment fees, and these funds would be well under that figure.

Mr. Rappaport motioned to approve the recommended investment framework. Ms. Martinez seconded the motion. The motion was approved unanimously.

Ms. Martinez and Mr. Rappaport thanked the staff from the Treasurer’s Office and Segal Marco for their work in providing the investment subcommittee and Board members with the information and materials necessary to finalize an investment framework.

DISCUSSION: 2018 PILOT PROGRAM

Ms. Eccles provided the Board with a brief update on the progress that is being made to launch the pilot program in spring of 2018. She discussed conversations that staff has had with individuals from Oregon and Ascensus who were involved in organizing the two pilots for OregonSaves.

Ms. Eccles stated that the pilot program should have at least 30 to 40 different employers. The hope would be to recruit employers of differing sizes, from across Illinois, and with different payroll processing systems. She added that staff has begun reaching out to different business associations and stakeholders that may be able to assist with employer recruitment. Staff intends to prepare materials that can be used for recruitment, including a pilot program fact sheet and two short surveys that interested employers can complete.

Ms. Eccles added that staff will continue to provide updates and information at future meetings, and would welcome any assistance from Board members on outreach ideas or individual connections to employers that might participate in the pilot. Staff hopes to recruit all employers for the pilot by the end of February 2018.

Finally, Ms. Eccles stated that the Treasurer's staff and Ascensus would be convening a meeting for payroll providers to discuss Secure Choice and provide a demonstration of how the employer registration and employee enrollment processes would work.

PUBLIC COMMENT

There were no public comments.

OLD AND NEW BUSINESS

There was no old or new business.

ADJOURNMENT

Mr. Rowell reminded the Board that its next meeting would be on Thursday, November 16, 2017 at 3:00pm. With no further business, Ms. Martinez moved to adjourn the meeting, and Mr. Rauschenberger seconded the motion. The motion to adjourn was approved unanimously.