

**ILLINOIS SECURE CHOICE BOARD**

**Meeting of Monday, August 22, 2016  
James R. Thompson Center  
100 West Randolph, Room #9034, Chicago, Illinois**

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**MEETING MINUTES**

The August 22, 2016 meeting of the Illinois Secure Choice Board (Board) was called to order at 2:20 p.m. with the presence of a quorum.

**BOARD MEMBERS PRESENT**

Michael Frerichs, Chair  
*Illinois State Treasurer*

Josh Potts  
*Designee for the Illinois State Comptroller (via teleconference)*

Miriam Martinez  
*Office of the City Treasurer - Chief Investment Officer*

David Marzahl  
*Center for Economic Progress – President & CEO*

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, *Invest in Illinois Program Manager*

Julian Federle, *Chief Policy and Programs Officer*

Rodrigo Garcia, *Chief Investment Officer*

Keith Horton, *General Counsel*

Sandi Raphael, *Assistant General Counsel*

Jay Rowell, *Deputy Treasurer*

## **APPROVAL OF JULY BOARD MEETING MINUTES**

Board members reviewed the July 20, 2016 Board Meeting Minutes, which were provided in advance of the meeting. Mr. Rauschenberger noted a correction to his title. That change was reflected in the final version of the Meeting Minutes.

*With the changes, Mr. Rauschenberger made a motion to approve the July 20, 2016 Board Meeting Minutes. Ms. Martinez seconded the motion. The motion was unanimously approved.*

## **STAFF UPDATES**

### **Research**

Ms. Eccles provided the Board with an update on the University of Chicago Urban Poverty Lab's (Poverty Lab) research and the Market Analysis RFP. The Poverty Lab will be providing staff with its findings and analysis in September, and she hoped to facilitate a presentation by Poverty Lab staff to the Board on the findings at a future meeting. Ms. Eccles stated that the Market Analysis RFP went out and that the responses would be received in September. She informed the Board that the evaluation team has been formed, including a staff member from the Governor's Office of Management and Budget.

### **Data Sharing**

Ms. Eccles provided a brief update on the data sharing efforts with the Illinois Department of Employment Security (IDES) and Illinois Department of Revenue (IDOR), noting that the Treasurer's staff is working with the Departments to put together a data sharing agreement. Data from the agencies will help the Board identify which businesses need to participate in the program and help facilitate enrollment of participants.

Mr. Marzahl asked when the first information from IDOR would be available. Ms. Eccles explained that the information from IDOR would be coming from a new 2016 tax form, so data would not be available until after the first quarter filings by Illinois businesses in May of 2017. Ms. Eccles explained that the new form will include questions about whether a business offers a retirement plan to its workers. She noted that IDOR would be making educational presentations around the state on the new form rollout, and she would be attending those events to discuss Secure Choice.

Ms. Martinez asked if IDOR would be responsible for compiling all the data, or if they would simply send it. Ms. Eccles said that those details would be worked out with the agencies through the data sharing agreements.

### **U.S. Department of Labor Rule**

Mr. Federle provided the Board with an update on the U.S. Department of Labor (US DOL) final rule. He noted that US DOL is expected to release the rule shortly, and staff's understanding is that the rule will contain all of the provisions necessary to move forward with Secure Choice. Mr. Federle added that the Board may want to consider drafting a letter to US DOL after staff has a chance to review the rule, either thanking the US DOL or asking for clarification, if there are any surprise concerns.

Ms. Eccles noted that staff will put together a memo for the Board, outlining the final rule and any key considerations related to Secure Choice.

### **Budget/Appropriations**

Mr. Federle provided a brief update on the Secure Choice appropriation, noting that \$2M has been appropriated by the General Assembly for Secure Choice start-up costs, but an inadvertent error in the language prevents the money from being spent. He added that the issue can hopefully be addressed during the fall veto session, so the appropriation can be used to assist with start-up expenses.

### **BUSINESS OUTREACH PLAN**

Mr. Rauschenberger walked the Board through a proposal for business outreach and engagement. The recommendation was to create a business fact sheet and a business FAQ document, and hold an event in late fall for businesses throughout northern Illinois. The Technology and Manufacturing Association (TMA) would host. Mr. Rauschenberger noted that an early morning start time would be best to ensure higher attendance. The goal would be to bring together key staff from business associations and businesses that meet the requirements of Secure Choice (25 or more employees and no retirement plan). Mr. Rauschenberger outlined a potential program format, including presentations and time for Q&A. He noted that this type of format could be a blueprint for future outreach efforts and events that could be conducted downstate or in central Illinois.

Ms. Martinez asked if there were dates that had been considered. Mr. Rauschenberger noted that the Board could push the event to January but thought a November meeting could give the Board time to make additional program design decisions but is early enough in the process to solicit feedback from event attendees.

Mr. Rappaport noted that once the fact sheet and FAQ for businesses are developed, they should also be added to the Secure Choice webpage.

The Board discussed holding the event the week after the election in November. They agreed to look at November 15<sup>th</sup> through the 17<sup>th</sup> as potential options and have staff follow-up with a firm date after the Board meeting.

*Mr. Rauschenberger made a motion to hold the first outreach event for the Secure Choice Board during the second week of November at the TMA offices in Schaumburg. Mr. Marzahl seconded the motion. The motion was unanimously approved.*

Mr. Rappaport noted that he had been invited to speak to the University of Chicago Alumni Entrepreneurial Roundtable on Monday, September 12, 2016. He added that he would be working with Ms. Eccles on the presentation and invited all Board members to attend.

### **PROGRAM DESIGN DISCUSSION**

The Board spent time discussing the Program Design Elements (Worksheet) it had received in advance of the Board meeting. The Worksheet outlined different components of Secure Choice, the decisions the Board had made, as well as what components still needed to be discussed.

Mr. Rauschenberger provided his initial comments, based on his role as the representative for employers. The Board discussed the basic program design elements, and the Worksheet was updated to reflect the most recent thinking. Chairman Frerichs noted that the Worksheet is a working document and will be updated as decisions are made; no official vote will be made on each item.

*The Worksheet will be available on the Secure Choice webpage. The Worksheet continues to be a working document that will be updated as the Board makes additional decisions.*

The Board agreed to schedule an Investment Subcommittee meeting and Program Design Subcommittee meeting to continue conversations about program design elements.

### **IMPLEMENTATION TIMELINE**

While discussing the Worksheet, the Board discussed updating the implementation timeline to accurately reflect the work that needs to be done before enrollment begins. Ms. Eccles provided the Board with an updated timeline that envisioned having the program infrastructure in place by early 2018 with a phased-in enrollment, beginning with a pilot program to be followed by additional phases. She noted that statutory changes could be sought to allow the Board to use phased-in enrollment and adjust the scheduled implementation.

Mr. Rappaport asked if the changes would be legislatively contentious. Mr. Federle and Ms. Eccles said they believed Senator Biss would be supportive and obtaining the legislative changes should not be a problem. Mr. Rappaport also inquired whether other states are contemplating a phased-in enrollment. Ms. Eccles responded that Oregon plans to utilize a phased approach, and other states are also contemplating it. She added that using a phased approach has been the general recommendation from industry groups that have provided feedback.

The Board agreed there was general consensus to move forward with a phased-in enrollment approach, beginning with a pilot program in early 2018.

*Mr. Rauschenberger moved that the Board agree to a phased-in rollout for Secure Choice, beginning with a pilot program in early 2018 with anticipated full rollout in January 2019. Mr. Rappaport seconded the motion. The motion was approved unanimously.*

The Board agreed that it would determine the number of phases and the exact timeline for each phase in future discussions. Ms. Eccles walked through the updated schedule, noting the work that needed to be done through the fall of 2016 and early 2017 in order to stay on the schedule. She suggested that in addition to the pre-scheduled November Board meeting, the Board may also want to meet in October and hold subcommittee meetings in September.

Mr. Rappaport asked about the investment consultant RFP. He asked whether program design consulting services would be included and what type of services that might include. Ms. Eccles replied that a program design consultant could help the Board formulate its final decisions on how to structure Secure Choice, interact with the investment side but focus more closely on the administrative pieces. Mr. Federle added that a program design consultant would focus on all of the work that isn't directly related to investments, including recordkeeping services, marketing, and designing the architecture of the program. He added that this type of consulting services has been helpful for the 529 college savings programs and ABLE program. Ms. Eccles added that she would review the previous consultant RFP draft and add in elements related to program design services and administrative consulting services.

The Board had no further discussion on the investment timeline.

### **OLD/NEW BUSINESS**

Chairman Frerichs asked Mr. Rowell to provide an update on securing legal counsel for the Board. Mr. Rowell stated that he had conversations with the head of pro bono counsel for DLA Piper, and that while the firm was very interested in assisting, they did not have the right attorneys available at the time. They sent around a notice to a pro bono attorneys' working group

to see if there are other firms that could provide pro bono legal assistance. Staff will continue to pursue this option and will update the Board at future meetings.

Mr. Marzahl asked how a counsel for the Board would differ from the services currently provided by the Treasurer's Office legal staff. Mr. Rowell replied that this topic has come up over the last few months with some Board members believing separate counsel would be beneficial for the Board and others thinking that those services were not necessary at the time. The Treasurer's Office will continue to pursue pro bono services but is also willing to provide funding for the Board to secure its own counsel. Mr. Rappaport clarified that if the pro bono option does not take place, then the Board could move forward with an RFP to secure counsel. Mr. Marzahl noted that from a cost perspective it might make sense to have the Treasurer's legal team continue to help with the more regular ethics and operation needs and only use outside counsel for specific decisions or advice.

Mr. Rappaport asked that this discussion be kept on the agenda for the next meeting to see if progress has been made on the search for a pro bono attorney.

#### **PUBLIC COMMENT**

There was no public comment.

#### **ADJOURNMENT**

Chairman Frerichs noted that Ms. Eccles will follow-up with dates for subcommittee meetings and future Board meetings, as well as updates to the Program Design Elements document.

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