
OCTOBER 23, 2017

AGENDA ITEM 1
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Meeting Minutes for the September 25, 2017 California Secure Choice Retirement Savings Investment Board Meeting

Board members present:

Alan Gordon for State Treasurer John Chiang
Karen Greene Ross for State Controller Betty T. Yee
Eraina Ortega for Director of Finance Michael Cohen
Edward De La Rosa
Heather Hooper
William Sokol
Yvonne Walker

Board members absent:

Marty Morgenstern

Secure Choice staff present:

Katie Selenski, Executive Director
Brian Gould, Deputy Director
Ruth Holton-Hodson, Senior Policy Advisor
Eric Lawyer
Alyssa Delacruz
Robert Hedrick, Senior Attorney

Board Chair Alan Gordon called the meeting to order at 1:02 p.m.

Agenda Item 1 – Approval of the Minutes of the August 28, 2017 Meeting of the California Secure Choice Retirement Savings Investment Board (ACTION ITEM)

Chair Gordon asked for public comment; there were none.

Board Action

Motion to approve the minutes of the August 28, 2017 meeting of the California Secure Choice Retirement Savings Investment Board (Board).

MOTION:	Karen Greene Ross	SECONDED:	Eraina Ortega
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AYES:	Alan Gordon, Karen Greene Ross, Heather Hooper, Eraina Ortega, William Sokol, Yvonne Walker
NOES:	None
ABSTAIN:	Edward De La Rosa
RECUSE:	None
ACTION	Motion Passes

Agenda Item 2 – Executive Director’s Report (INFORMATION ITEM)

Katie Selenski, Executive Director (ED), provided the Board an update on significant items.

Ms. Selenski provided the Board an update on the budget request for fiscal year 2018-19. Ms. Selenski noted the request has been submitted to the Department of Finance.

Ms. Selenski noted no contracts have been entered into under her delegated authority.

Ms. Selenski provided the Board an update on hiring of the program consultant, AKF Consulting Group. Ms. Selenski noted the contract was executed August 31, 2017. Ms. Selenski noted AKF Consulting Group will provide the Board fiduciary training at the October 23, 2017 Board meeting.

Ms. Selenski provided the Board an update on efforts to hire a branding consultant to assist the Board in selecting a name for the program and develop a logo and other graphic design elements. Ms. Selenski noted the deadline for submitting quotes closed September 18, 2017 and that interviews were scheduled for September 26, 2017. Heather Hooper asked Ms. Selenski for the interview questions to be asked of the firms during the interview. Ms. Selenski noted she would provide the questions to the Board.

Eric Lawyer provided the Board an update on efforts to analyze the eligibility of providers of in-home supportive service (“IHSS”) providers among eligible employees for the Program. Mr. Lawyer noted staff have met with labor unions representing IHSS providers, the California Department of Social Services, and advocacy organizations to better understand how the Board can consider eligibility of IHSS providers in the Program. Mr. Lawyer noted staff are planning to work with counsel to begin analyzing IHSS provider eligibility.

Ruth Holton-Hodson, Senior Policy Advisor, discussed efforts to produce informational material about the Program. Ms. Holton-Hodson noted AARP has decided to provide the funding necessary to produce informational material to be developed by the News & Review. The production will include development of the material and production of 50,000 physical copies of the informational material. Karen Greene Ross asked how the efforts will coincide with the Board’s decision on what to name the Program and implementation of the Program, noting the Board has not yet decided on the date of Program implementation. Ms. Holton-Hodson asserted there is a need to begin marketing and outreach efforts early in order to fill an information vacuum. Ms. Greene Ross and Ms. Hooper expressed a desire to discuss timing of marketing and outreach at a future Board meeting.

Agenda Item 3 – Summary of Input from Informal Stakeholder Working Groups (INFORMATION ITEM)

Deputy Director Brian Gould provided the Board an update on the meetings of the informal stakeholder working groups. Mr. Gould noted the employee stakeholder group held their final meeting on regulations September 6, 2017 and that a joint meeting of the two informal stakeholder working groups was held September 18, 2017. Mr. Gould noted the purpose of the informal working groups is now shifting from regulations and plan design to outreach and education.

Agenda Item 4 – Proposal to Plan for a Pilot Launch in Q3 2018 (ACTION ITEM)

Andrea Feirstein, Managing Director, AKF Consulting Group discussed a proposal to hold a voluntary pilot launch in the third-quarter of 2018. The pilot would be used to test the Program with a relatively small sample of employers who will volunteer to participate in the pilot.

Ms. Greene Ross indicated she was supportive of the concept. William Sokol indicated he was also supportive of the concept. Mr. Sokol suggested the pilot launch include at least one large employer that reflect the ethnic diversity of the state, and that the employers are selected from a wide variety of geographic areas in the state. Yvonne Walker suggested the pilot be conducted in the second quarter of 2018 in order to allow more time between the pilot launch and a full launch by January 1, 2019. Ms. Walker noted the Board may have to hold more frequent meetings to meet its goals on time. Edward De La Rosa spoke in favor of the proposal and recommended staff seek the input of employers and the retirement industry for the development and implementation of the pilot proposal.

Chair Gordon asked for public comment; there were none.

Board Action

Motion to direct staff to plan for a pilot launch program in Q2 of 2018 in which a select group of employers can voluntarily participate in the California Secure Choice Retirement Savings Program (“the Program”).

MOTION:	William Sokol	SECONDED:	Yvonne Walker
AYES:	Edward De La Rosa, Alan Gordon, Karen Greene Ross, Heather Hooper, Eraina Ortega, William Sokol, Yvonne Walker		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		
ACTION	Motion Passes		

Agenda Item 5 – Program Consultant Revised Work Plan (INFORMATION ITEM)

Andrea Feirstein summarized the program consultant’s work plan for developing, implementing, and operating the Program.

Karen Greene Ross asked about the impact on the program implementation timeline of hiring a single administrator to perform recordkeeping, manage investments, and market—referred to as “bundled” services—versus hiring separate firms for each service—referred to as “unbundled” services. Ms. Feirstein noted the unbundled model would allow the Board to implement the program more quickly, as it would not have to wait until investment policy is developed to hire a recordkeeper.

William Sokol noted his support for the “unbundled” option. Mr. Sokol noted the unbundled model would likely offer the Board better transparency into the fees applied by program administrators.

Yvonne Walker asked about the procurement process for the third-party administrator(s), noting she wants to participate in the procurement of the administrator(s). Katie Selenski noted the Board hasn’t yet determined if any Board members will participate in the selection of the administrator(s). Eraina Ortega requested the Board decide upon the procurement process for the administrator(s) at the October 23, 2017 Board meeting.

Agenda Item 6 – Investment Consultant Procurement Plan (INFORMATION ITEM)

Andrea Feirstein discussed the plan to hire an investment consultant. Ms. Feirstein identified the investment consultants’ main roles to be developing an investment policy, assisting the Board in selecting investment options, assisting the Board in procuring the investment manager(s), and monitoring investment performance.

William Sokol discussed the provision in statute allowing the Board to create an investment option that addresses risk-sharing and the smoothing of market losses and gains. Mr. Sokol suggested the investment consultant contract include actuarial services to evaluate the risk-sharing investment option. Mr. Sokol also suggested the Board have input into the development of the request for proposals (“RFP”) for the investment consultant. Karen Greene Ross expressed she would defer to the program consultants on whether or not to require actuarial services in the investment consultant contract.

Katie Selenski noted she plans to send the draft RFP to the Board no later than two weeks before the October Board meeting.

Agenda Item 7 – Third-Party Administrator Models (INFORMATION ITEM)

Katie Selenski began the discussion noting the Board will consider action items on certain plan design and regulatory aspects of the Program.

Andrea Feirstein discussed the differences between “bundled” and “unbundled” administrator models. Ms. Feirstein discussed the advantages and disadvantages of both options.

Heather Hooper expressed support for the “unbundled” option, noting it gives the Board better oversight over the administrator(s). Karen Greene Ross asked about the models used by other state agencies including ScholarShare, CalABLE, and SavingsPlus.

Ms. Feirstein discussed two other third-party administrator models: use of the Employment Development Department (“EDD”) as an intermediary between participating employers and the third-party administrator versus a “direct” model in which the third-party administrator interacts directly with participating employers. Ms. Feirstein noted she agrees with the findings of the Board’s market analysis, program design, and financial feasibility study, which recommended the Board use the “direct” model.

Agenda Item 8 – Presentation by Stacey Moore, AARP – “California Dreaming or Struggling?”

Stacey Moore with AARP presented the results of a study of the financial security of California adults age 36-70 in the workforce.

Public Comment

None.

Other Business

None.

The meeting adjourned at 2:34 p.m.