
FEBRUARY 01, 2018

AGENDA ITEM 1
ACTION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

*Meeting Minutes for the January 22, 2018 California Secure Choice Retirement Savings
Investment Board Meeting*

Board members present:

Steve Juarez for State Treasurer John Chiang
Karen Greene Ross for State Controller Betty T. Yee
Jacqueline Wong-Hernandez for Director of Finance Michael Cohen
Edward De La Rosa
Robert Purcell
William Sokol
Yvonne Walker
Dora Westerlund

Board members absent:

Heather Hooper

Staff present:

Katie Selenski, Executive Director
Brian Gould, Deputy Director
Alyssa Delacruz
Jonathan Herrera
Ruth Holton-Hodson
Eric Lawyer
Robert Hedrick, Senior Attorney, State Treasurer's Office

Consultants present:

Andrea Feirstein, AKF Consulting Group ("AKF")
Karin Bloomer, AKF
Derek DeLorenzo, AKF
Eric Douglas, AKF
Mika Malone, Meketa Investment Group ("Meketa")
Paola Nealon, Meketa

Board Chair Steve Juarez called the meeting to order at 1:05 p.m.

Agenda Item 1 – Approval of the Minutes of the December 18, 2017 Meeting of the California Secure Choice Retirement Savings Investment Board (ACTION ITEM)

Public Comment

None

Board Action

Motion to approve the minutes of the December 18, 2017 meeting of the California Secure Choice Retirement Savings Investment Board (“Board”).

MOTION:	William Sokol	SECONDED:	Edward De La Rosa
AYES:	Edward De La Rosa, Karen Greene Ross, Steve Juarez, Robert Purcell, William Sokol, Yvonne Walker, Dora Westerlund, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	None		
RECUSE:	None		
ACTION	Motion Passes		

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

Katie Selenski, Executive Director, proposed that the Board discuss Agenda Item #8 as an information item due to new information under consideration for the enrollment portion of the regulations, to which the Board concurred. Ms. Selenski then provided the Board with an update on significant items including:

- efforts to hire a new analyst;
- the program budget;
- the new office for the California Secure Choice Retirement Savings Program (“the Program”) in Suite 105 at 915 Capitol Mall in Sacramento, CA;
- the pending release of the Request for Proposals (“RFP”) for legal services; and
- stakeholder engagement and outreach.

Public Comment

None

Agenda Item 3 – Legal Analysis Update (INFORMATION ITEM)

There was no legal analysis update provided at the meeting.

Agenda Item 4 – Resolution No. 2018-01: Adoption of Program Name, Logo, and other Branding Concepts (ACTION ITEM)

Executive Director Selenski presented the results of the effort to consider alternative names for the Program and develop brand concepts, a logo, and other graphic design elements. Ms. Selenski presented the staff recommendation that the Board adopt the name “CalSavers” as the

name for the Program and the logo displayed as Option 4 in Attachment 1 to Agenda Item 4 as the logo for the Program.

The Board discussed their reactions to the logo.

Public Comment

None

Board Action

Motion to approve resolution No. 2018-01 adopting “CalSavers” as the name for the Program.

MOTION:	Robert Purcell	SECONDED:	Karen Greene Ross
AYES:	Edward De La Rosa, Karen Greene Ross, Steve Juarez, Robert Purcell, Yvonne Walker, Dora Westerlund, Jacqueline Wong-Hernandez		
NOES:	None		
ABSTAIN:	William Sokol		
RECUSE:	None		
ACTION	Motion Passes		

Agenda Item 5 – Presentation and Discussion of Board Governance Policy (INFORMATION ITEM)

Andrea Feirstein, AKF, introduced Eric Douglas and Karin Bloomer who facilitated a presentation and discussion of board governance concepts and development of a Board governance policy. The discussion focused on the features and habits of effective governance. During the discussion, each Board member identified what they believed were the Board’s greatest strengths and areas for future work. Mr. Douglas and Ms. Bloomer stated that the feedback will help them prepare for the governance discussion planned for the Board meeting on February 1, 2018.

Public Comment

Jeff from the California Alliance of Retired Americans requested that the Board utilize a sign-in sheet and make available a copy of the meeting materials for the public.

Agenda Item 6 – Presentation by Meketa Investment Group and Discussion of Process for Establishing Investment Beliefs and Investment Policies (INFORMATION ITEM)

Deputy Director Brian Gould introduced Mika Malone and Paola Nealon from Meketa, who gave a presentation and facilitated a Board discussion of the process for establishing a statement of investment beliefs and the creation of an Investment Policy Statement (“IPS”).

Ms. Malone and Ms. Nealon discussed the purpose of establishing investment beliefs, which include a small set of general statements about investments on which Board Members agree. The investment beliefs would set the foundation for future investment related decisions and would be incorporated as a portion of the IPS.

Ms. Malone and Ms. Nealon also discussed the purpose of the IPS, which would provide a framework for selecting the types and number of investment options to be offered under the Program and the means by which the Board will monitor the performance of the investment options. The IPS would also formalize and delineate the roles of the Board, the investment manager, investment consultant, and staff regarding the management and oversight of the investment options.

The Board discussed the rationale for adopting investment beliefs and best practices for the development of investment beliefs.

Public Comment

None

Agenda Item 7 – Discussion of the Request for Proposals for Program Administrator and Investment Manager (INFORMATION ITEM)

Executive Director Selenski provided the Board with an updated timeline for the preparation and release of the RFP for Program Administrator and Investment Manager. Ms. Feirstein and Derek DeLorenzo, AKF, gave the Board a presentation and facilitated a discussion on the components of and options for the program's fee structure followed by a discussion of comments received on the draft version of Contract Terms and Conditions ("Exhibit E") from the draft RFP.

The Board discussed the advantages and disadvantages of various fee structures for the RFP, as well as the fees featured in the program management agreements of similar programs in other states. The Board concurred with AKF and staff that the contractor shall be required to discharge their duties as fiduciaries. The Board directed staff and AKF to keep the sections in the RFP on indemnification as currently drafted, including no changes to place limitations on indemnification amounts, and to not make such sections inconsistent with the standard general terms and conditions included in California State contracts.

Ms. Selenski presented the Board with a summary of the staff memorandum on models for staffing a customer service call center for the Program. The memorandum was included as Attachment 3 to Agenda Item 7, providing background, considerations, examples of call center services at other state agencies, and options for the RFP. Ms. Selenski discussed Government Code Section 19130, which defines the conditions under which personal services may be contracted out to private vendors rather than being performed by state employees.

Ms. Selenski stated that further analysis of the costs of using state employees to provide call center services is necessary in order to compare the two models. Ms. Selenski noted any cost analysis to compare the costs of using a TPA's call center versus use of state employees should include an understanding of how firms would respond to a scenario where the Board would choose to transition call center services to state employees and that asking bidders to respond to such a scenario as part of their responses to the RFP is likely the most direct way to obtain the information. Ms. Selenski also noted that the Program should analyze potential issues of liability created for the state and the TPA that could be created by use of a state employee call center and noted that there is uncertainty as to whether a TPA would be willing to grant non-TPA

employees access to their proprietary systems. Ms. Selenski noted that if TPAs are not willing to grant such access, two call centers may be required. Finally, Ms. Selenski noted that qualification, training, and licensing requirements of call center staff should be considered. Ms. Selenski offered the Board three possible solutions:

- a. Retain the call center services in the RFP for the TPA and maintain that scope of work for the duration of the term.
- b. Launch the program with call center services in the TPA contract and conduct a Board study and subsequent action by year three of program operation.
- c. Remove the customer service functions from the RFP for the TPA; launch the Program with a state employee call center from the first day of operation.

The Board discussed these considerations and options in the context of the Government Code Section 19130, noted above.

The Board concluded that:

- Additional analysis should be done now and during the first year of the Program operation on the feasibility and costs associated with a state employee call center; and
- The RFP should include language that states the call center will begin as a service of the TPA but, unless the Board chooses otherwise by the end of year one of Program operation, the services will be transitioned to state employees during years two and three of Program operation. The Board also concluded the RFP should ask bidders to show the cost of call center services broken out separately and provide bids under both scenarios, one in which they transition the services to the state and one in which they do not.

Public Comment

None

Agenda Item 8 – Resolution No. 2018-02: Authority to Initiate Emergency Rulemaking (ACTION ITEM)

Due to time considerations the Board agreed to discuss this item at the February 26, 2018 meeting. No discussion was held on this item.

Public Comment

None.

Other Business

None.

The meeting adjourned at 6:08 p.m.