



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
December 8, 2020**

A meeting of the Plans Management Board (the “Board”) was held on December 8, 2020, 10:00 a.m. Pursuant to paragraph 5 of Governor Carney’s Executive Order, dated March 12, 2020, declaring a state of emergency due to the Covid-19 pandemic, the meeting was held telephonically, without a physical location. Members of the public were able to participate using the provided dial-in information.

Board Members Represented or in Attendance:

Ms. Donna Vieira, Board Chair

Mr. Alan Colberg, Investment Committee Chair (“IC”)

Mr. Pete Kennedy, Audit and Governance Committee (“AGC”) Chair

Mr. Gerald Gallagher, Member-at-Large

Mr. Robert Scoglietti, Chief of Policy, Office of Management and Budget (on behalf of Mr. Michael Jackson, Director)

The Honorable Colleen C. Davis, State Treasurer

The Honorable Trinidad Navarro, Insurance Commissioner

Mr. Sean McNeeley, Director of Bond Finance, Department of Finance (on behalf of Mr. Richard Geisenberger, Secretary of Finance)

Ms. Kimberly Klein, Associate Secretary, Operations Support, Department of Education (on behalf of Ms. Susan Bunting, Secretary of Education)

Mr. Joel Coppadge, III, Public Member

Board Members Not Represented or in Attendance:

Ms. Leighann Hinkle, State Employee

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Ms. Liza Davis, Deputy State Treasurer, Office of the State Treasurer (“OST”)

Mr. John Meyer, Director of Contributions and Plans Management, OST

Mr. Dan Madrid, Chief Operating Officer, OST

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Mr. Mike Green, Investments and Operations Manager, OST

Ms. Deborah Bradl, Executive Assistant, OST

Mr. Earle Allen, Partner, Cammack Retirement Group (“Cammack”)

Mr. Roger Morrisette, Director, Retirement and College Leadership, Fidelity Investments

Ms. Melissa Ridolfi, Vice President, Retirement and College Products, Fidelity Investments

Ms. Kellie Desrosiers, Vice President, Strategic Relationship Management, Voya

Ms. Sarala Kata, Regional Vice President, Mid-Atlantic Region, Voya

Mr. Dough Peters, Vice President, Mid-Atlantic Region, Voya

CALLED TO ORDER

The meeting was called to order at 10:00 a.m.

APPROVAL OF MINUTES

Mr. Colberg noted a duplicate sentence on the second page, third paragraph of the September 1, 2020 minutes. The Board discussed the change.

A MOTION was made by Mr. Scoglietti and seconded by Mr. Colberg to approve the minutes (as modified) from the Board meetings on September 1, 2020 and October 5, 2020.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Metrics Report Deferred Compensation Plans – Voya Financial

Voya presented the quarterly update on business metrics, plan information, and the 2020 communications strategy. Ms. Desrosiers reviewed enrollment activity and noted there were 145 new enrollments as of October 31, 2020, an increase from prior months. Ms. Desrosiers stated as of October 31, 2020 account consolidations totaled \$6.74 million year-to-date. Next, Ms. Desrosiers reviewed the Cares Act update. She stated there was a total of 414 Coronavirus-related Distributions (“CRDs”) from the plans worth \$4.6 million versus peers with 58 CRDs worth \$4.4 million. Mr. Kennedy questioned how Voya will remind participants of the recontribution options for CRDs. Ms. Desrosiers replied that advisors will remind participants of the three-year recontribution period. Ms. Desrosiers stated the 2020 communication strategy will continue with targeted campaigns to drive enrollments, including emails and personalized messaging with a focus on the education of participant’s benefit to consolidate plans.

Mr. Peters informed the Board that advisors continue to engage with local employees. Group and one-to-one meetings are occurring as virtual meetings. As of November 20, 2020, there were 683 appointment booked year-to-date.

Quarterly Business Metrics Report College Investment Plan – Fidelity

Mr. Morrissette presented the 529 plan business metrics for Q3. Mr. Morrissette noted that new accounts for the plan were up 19 percent in Q3 compared to the same period of 2019, and that the industry was up 4 percent for the same period. There was a 25 percent increase in new accounts opened by Delaware residents in Q3 versus the same period in 2019. Mr. Morrissette stated that 49 percent of new accounts opened were for children under 5 years of age. Mr. Morrissette stated the majority of assets within the plan are held for individuals who are either approaching 18 or are older than 18. In Q3, total contributions were up 13 percent, outpacing the industry over the same period. New account contributions were \$1.1 million, down 8 percent over the same period in 2019. Overall assets under management were up 1 percent to \$688 million, trailing the industry which increased 4 percent during the same period.

Mr. Coppadge questioned the plan’s investment underperformance compared to the industry. Fidelity stated that a large concentration of accounts are invested in more conservative portfolios due to plan beneficiaries being at or approaching college age.

COMMITTEE REPORTS, DISCUSSIONS AND ACTION ITEMS

Morningstar 529 Plan Rating

Mr. Meyer updated the Board on Morningstar's recent annual rating. Morningstar changed the rating criteria, which resulted in numerous plans being downgraded and some plans being upgraded. The Delaware plan and Fidelity's three other state plans were downgraded back to Bronze (after being upgraded to Silver in 2019). However, Mr. Meyer stated that the Parent Pillar was upgraded to a positive rating due to the increased fiduciary oversight of the 529 plan and retention of Cammack as the consultant.

[Mr. Scoglietti left the meeting.]

2021 Board Meeting Calendar

Mr. Meyer presented the 2021 meeting calendar to the Board. OST will be sending out the 2021 meeting invitations soon.

Recommendation Regarding Deferred Compensation RFP and Recordkeeper Contract Extension

Mr. Meyer stated the AGC discussed the recordkeeper contract with Voya for the deferred compensation plans. In March, the Board authorized OST to extend the contract based on positive performance from Voya over the initial term. The extension is set to expire in May 2021. The AGC discussed a consensual further extension through December 31, 2021 to allow for a comprehensive RFP to be issued for the program. The AGC recommended that the Board extend the current Voya contract through December 31, 2021, contingent upon an opinion of the Deputy Attorney General that the extension is permissible under the procurement code. OST has since received a favorable opinion regarding the extension.

Mr. Colberg questioned the timing on the development and potential release of the RFP. Mr. Meyer stated the RFP for the deferred compensation plans would be scheduled after the completion of the college plan RFP in the first half of 2021.

A MOTION was made by Mr. Kennedy and seconded by Mr. Colberg to extend the current Voya contract through December 31, 2021.

MOTION ADOPTED UNANIMOUSLY

Recommendation Regarding the College Plan Investment Policy Statement

Mr. Meyer stated that the IC, in consultation with Cammack and the Deputy Attorney General, developed an Investment Policy Statement ("IPS") for the college investment plan. The IPS will guide decision-making related to the selection, monitoring, and removal of investment options. Mr. Colberg reported that the IC discussed the IPS and addressed questions as to whether a fund's underlying assets would be reviewed and monitored. Mr. Meyer stated that subsequent changes were made to clarify that the underlying assets will be subject to review. The IPS, as revised, was presented to the Board for approval.

A MOTION was made by Mr. Colberg and seconded by Treasurer Davis to approve the IPS for the college investment plan.

MOTION ADOPTED UNANIMOUSLY

Recommendation Regarding the Revised Investment Management Agreement for the College Investment Plan

Mr. Meyer informed the Board that Fidelity is proposing to lower (from .1% to .08%) the program management fee for the age-based blend portfolios. This change requires a revision to Schedule B of the Investment Management Agreement (“IMA”) and will be effective in March 2021. Mr. Meyer stated that OST will report back to the Board with a revised fee schedule relative to this change. Mr. Colberg reported that the IC recommends this change to the IMA.

**A MOTION was made by Mr. Coppadge and seconded by Mr. Colberg to approve the revised Investment Management Agreement.
MOTION ADOPTED UNANIMOUSLY**

2020 Plan Administrative Budget Update

Mr. Meyer presented the 2020 Plan budget update to the Board. He stated that in March 2020, the Board approved the administrative budget for the deferred compensation and college investment plans. Through November 2020, the plans have operated within budget parameters.

Policy and Legislative Outlooks for 2021-OST

Treasurer Davis provided an overview of OST’s policy and legislative priorities for the next session of the General Assembly, including a tax deduction bill for the college and ABLE savings plans, a scholarship program geared towards foster care youth, and a public option IRA program for individuals who do not have a retirement plan offered through their employers, and potential changes to the deferred compensation 457 plan to permit casual/seasonal employees to participate.

ABLE Report

Mr. Madrid presented the ABLE report. Mr. Madrid stated that there are 109 funded accounts with \$1 million in assets as of December 8, 2020. He further stated that OST has been collaborating with Christiana Healthcare social workers and families who could benefit from the ABLE program. Finally, Mr. Madrid indicated that the National ABLE Alliance published an RFP for the ABLE consortium on December 7, 2020.

[Commissioner Navarro left the meeting.]

PUBLIC COMMENT

No members of the public present for comment.

NEXT MEETING

The next meeting of the AGC is scheduled for February 9, 2021.
The next meeting of the IC is scheduled for February 16, 2021.
The next meeting of the Board is scheduled for March 2, 2021.

ADJOURNMENT

**A MOTION was made by Mr. Colberg and seconded by Ms. Vieira to adjourn the meeting of the Board at 11:10 a.m.
MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board

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