



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
March 3, 2020**

A meeting of the Plans Management Board (the “Board”) was held on March 3, 2020, 10:00 a.m., in the Buck Library at the Buena Vista Conference Center, located at 661 S. Dupont Highway, New Castle, DE 19720.

Board Members Represented or in Attendance:

Mr. Alan Colberg, Investment Committee 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

Ms. Donna Vieira, Member-at-Large

Mr. David Roose, Department of Finance (on behalf of Mr. Richard Geisenberger, Secretary of Finance)

Mr. Charles Longfellow, Associate Secretary for Operations Support, Department of Education (on behalf of Ms. Susan Bunting, Secretary of Education)

Leighann Hinkle, State Employee

Board Members Not Represented or in Attendance:

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”) (telephonically)

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

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Mr. Mike Green, Investments and Operations Manager, OST

Ms. Deborah Bradl, Policy Analyst, OST

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

Ms. Marie Villeneuve, Consultant, Cammack

Mr. Roger Morrissette, Director- Retirement and College Leadership, Fidelity Investments

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

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

Mr. Doug Peters, K-12 Regional Vice President-Mid-Atlantic Region, Voya

Mr. Mike Cordrey, Aloysius, Butler and Clark (“AB&C”)

CALLED TO ORDER

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

APPROVAL OF MINUTES

A MOTION was made by Mr. Colberg and seconded by Treasurer Davis to approve the minutes from the Board meeting on December 10, 2019.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Deferred Compensation Plans – Voya Financial

Voya presented the fourth quarter performance and 2019 results for the deferred compensation plans. Ms. Desrosiers reported that 2019 enrollments in the plans were up by 18% over 2018 and up 40% compared to 2017. She explained that a variety of marketing efforts, such as email campaigns and direct mail, have resulted in a 38% increase in advisor appointment requests compared to the prior year. Ms. Desrosiers briefed the Board on the status of the consolidation efforts with respect to legacy 403(b) assets. Ms. Desrosiers stated that asset consolidation requests (for transfers into the plan) totaled \$11.7 million in 2019, a 24% increase over 2018. Ms. Desrosiers next reviewed participant statistics with the Board. The average age of a plan participant was 47 (combined for both 457 and 403(b)) years of age, and the average salary for both plans was \$67,046. The average contribution amount for both plans was \$178 per pay, with an average account balance of \$37,132. She noted that this data does not include seasonal workers. Ms. Desrosiers indicated that the 2020 communication strategy will continue focusing on plan growth, asset consolidation and participant educational.

College Investment Plan – Fidelity

Mr. Morrisette discussed the 2019 fourth quarter business results for the 529 plan and highlighted the Morningstar upgrade of the plan from bronze to silver. Mr. Morrisette noted that new accounts for the plan were up 23% in the fourth quarter compared to the same period of 2018, and that the industry was up 10.5% for the same period. There was a 12 percent increase in new accounts from Delaware residents in fourth quarter versus the same period in 2018. Mr. Morrisette stated that 47% of new accounts were opened for children under 5 years of age. He also indicated that plan assets increased 2.75% from the third quarter to the fourth quarter. Mr. Morrisette stated that 15 percent of the assets within the plan are held for beneficiaries who are either approaching 18, or who are older than 18. In the fourth quarter, total contributions were up 10%, outpacing the industry over the same period. New account contributions were up 94% for the quarter, significantly outpacing the industry. Overall assets under management were up 3% to \$684 million compared to the industry, which was up 6.3% during the same period.

Mr. Morrisette provided a summary of the marketing update for the 529 plan.

529 Awareness Campaign Update by Aloysius, Butler and Clark

AB&C presented the 529 awareness campaign report to the Board. The campaign ran from October through December of 2019. The target audience was parents with children age zero through twelve and grandparents. A variety of outreach methods were used, including social media, local news sites, and digital and email creatives. Over 569,000 impressions were delivered from digital creatives. Banner ads and newsfeed ads saw a click-through rate of 25.75%. Over 25,000 individuals opened emails with an open rate of 21.23%. Radio had a 25.3% reach to adults ages 25 to 54. Digital and email creatives were also shared with the Board. The campaign will continue to leverage communications and influence events already in place at schools throughout the state.

DISCUSSIONS AND ACTION ITEMS

529 Match Concept Campaign Update - OST

Mr. Kimmel reviewed previous information presented to the Board on the 529 match concept. Mr. Kimmel stated that the match concept faces operational, technological and legislative challenges. Mr. Kimmel proposed that the Board table further discussion of the 529 match concept until OST and Fidelity have a clear path forward. The Board will revisit the concept at a later meeting.

Committee 2020 Goals

Mr. Meyer presented the 2020 committee goals to the Board. Mr. Meyer indicated that the Audit and Governance Committee recommended the following as priorities for 2020: further development of the Board's governance manual; documentation of the Voya contract extension; presentation and closing of the 2019 plan audits; and fiduciary and FOIA training. The Investment Committee outlined priorities include: review of the investment policy statement ("IPS") for the deferred compensation plans; creation of an IPS for the college investment plan; review of the target date fund manager for the deferred compensation plans; issuance of an investment consultant RFP, and review of the managed account and self-directed brokerage providers for the deferred compensation plans..

A MOTION was made by Treasurer Davis and seconded by Ms. Vieira to approve the 2020 Committee goals as presented.

MOTION ADOPTED UNANIMOUSLY

403 (b) Plan Amendment (Loans)

Mr. Meyer discussed the 403(b) plan amendment to grandfather unauthorized loans made in 2016 by a legacy vendor. The loans were discovered through the recent audit process. The amendment has been reviewed by Ice Miller and the Deputy Attorney General.

A MOTION was made by Mr. Longfellow and seconded by Mr. Colberg to approve the 403(b) plan amendment for 2016 loans.

MOTION ADOPTED UNANIMOUSLY

457 Plan Amendment (SECURE Act)

Mr. Meyer explained certain potential amendments required or authorized by the Setting Every Community Up for Retirement Enhancement (or "SECURE") Act, which passed in December 2019. Mr. Meyer reported that the Audit and Governance Committee is recommending two amendments for the 457 Plan related to the SECURE Act. The first amendment, mandatory in nature, would increase the age for required minimum distributions ("RMDs") from 70½ year of age to 72 years of age. The second amendment, discretionary in nature, permits sponsors to decrease the in-service distribution age from 70½ to 59½. Mr. Meyer noted a need for authority to work with Ice Miller and the Deputy Attorney General to draft the 457 Plan Amendments.

A MOTION was made by Insurance Commissioner Navarro and seconded by Treasurer Davis to grant OST the authority to work with Ice Miller and the Deputy Attorney General to draft the 457 Plan Amendments.

MOTION ADOPTED UNANIMOUSLY

Voya Contract Extension

Mr. Meyer indicated that the Audit and Governance Committee was recommending that the Board exercise the last remaining one-year extension under the agreement with Voya. The committee based the extension on Voya's performance over the past several years. The committee also recommended that the Board or the Investment Committee, in connection with the extension, undertake and document a review of the managed account and self-directed brokerage providers under the IPS.

A MOTION was made by Mr. Gallagher and seconded by Treasurer Davis to approve the second one-year contract extension with Voya and to direct OST and the Investment Committee to review the managed account and self-directed brokerage providers.
MOTION ADOPTED UNANIMOUSLY

Templeton Global Bond R6 (Watch List)

Mr. Colberg presented to the Board information regarding the performance of the Templeton Global Bond R6 fund due to changes in the management team and recent underperformance relative to its prospectus benchmarks and peers. There was a discussion as to whether to place the fund on watch.

A MOTION was made by Mr. Longfellow and seconded by Ms. Vieira to place Templeton Global Bond R6 fund on Watch.
MOTION ADOPTED UNANIMOUSLY

Cammack left the room

Investment Consultant RFP Award

Mr. Colberg presented the Investment Committee's recommendation to the Board for investment advisory and consulting services for the 457(b), 403(b), 401(a) and 529 plans. He stated that the evaluation committee reviewed presentations from four companies in January and recommended Cammack for an award. The Investment Committee discussed the selection process and approved the evaluation committee's recommendation. The Investment Committee recommended that the Board issue an award to Cammack for a three-year contract with two one-year extensions for the purpose of providing.

A MOTION was made by Mr. Longfellow and seconded by Mr. Scoglietti to accept the recommendation from the Investment Committee to award a new three-year contract with two one-year extensions for the purpose of providing investment advisory and consulting services to the Board for the 457(b), 403(b), 401(a) and 529 plans.
MOTION ADOPTED UNANIMOUSLY

ABLE Plan Share Class Change and Delegation of Authority

Mr. Meyer presented information to the Board regarding the National ABLE Alliance ("NAA") assets within the Vanguard Short-Term Inflation Protected Index fund ("VTAPX") having surpassed \$5 million dollars. He further stated that on January 28, 2020 the NAA, with the consent of OST, voted to approve moving NAA assets within VTAPX from the current share class into the lower cost share class. Mr. Meyer requested that the Board ratify OST's decision to support the favorable share-class change.

Mr. Meyer also indicated that, in the first quarter of 2019, the NAA requested the program manager, Ascensus, to conduct an annual fee study to assess the expense ratios of the investment funds in the

NAA investment lineup. Ascensus provided the NAA with an analysis of the funds and their peers in their respective asset classes. After reviewing the analysis, the NAA recommended a search be conducted within the emerging markets asset class. Mr. Meyer indicated that the NAA is seeking a vote from the Board authorizing a search for a new emerging markets investment manager.

Finally, Mr. Meyer indicated that the Board may want to consider a delegation of authority to permit OST, after consultation with and the consent of the Investment Committee chair, to vote on certain investment-related matters.

A MOTION was made by Ms. Vieira and seconded by Mr. Colberg to ratify the decision to change the share class for NAA assets within VTAPX.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Mr. Colberg and seconded by Ms. Vieira to authorize the NAA to proceed with a search for a new investment manager for the emerging markets asset class.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Ms. Vieira and seconded by Mr. Colberg to authorize OST to vote on certain NAA matters after consultation with and the consent of the Investment Committee chair.

MOTION ADOPTED UNANIMOUSLY

2020 Budget Update-OST

Mr. Meyer presented the proposed budget for the calendar year 2020. Mr. Meyer outlined sources and uses as it relates to the operations of the plans. The Board reviewed potential costs for the upcoming year. The Board discussed approving the budget at the meeting and asked OST to return at a future meeting with an update reflecting budget versus actuals.

A MOTION was made by Mr. Colberg and seconded by Mr. Gallagher to approve the calendar year 2020 Budget (as presented) and directing OST to provide a follow-up regarding budget versus actuals.

MOTION ADOPTED UNANIMOUSLY

ABLE REPORT

Mr. Meyer presented the report for Delaware NAA accounts as of January 31, 2020. The Delaware plan has 70 funded accounts with \$547,098.13 in assets.. Mr. Meyer indicated that several public outreach events are planned for Spring of 2020.

PUBLIC COMMENT

No members of the public present for comment.

NEXT MEETING

The next meeting of the AGC is scheduled for May 12, 2020.

The next meeting of the IC is scheduled for May 19, 2020.

The next meeting of the Board is scheduled for June 2, 2020.

ADJOURNMENT

**A MOTION was made by Ms. Vieira and seconded by Treasurer Davis to adjourn the meeting of the Board at 11:25 a.m.
MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

Chair for the Plans Management Board

DRAFT