



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
December 10, 2019**

A meeting of the Plans Management Board (the “Board”) was held on December 10, 2019, 10:00 a.m., in the Large Conference room at the Appoquinimink State Service Center, located at 122 Silver Lake Rd., Middletown, DE 19709.

Board Members Represented or in Attendance:

Mr. Alan Colberg, Investment Committee (“IC”) 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
Ms. Donna Vieira, Member-at-Large
Ms. Stephanie Scola, Director of Bond Finance, Department of Finance (on behalf of Mr. Richard Geisenberger, Secretary of Finance)

Board Members Not Represented or in Attendance:

Mr. Charles Longfellow, Associate Secretary for Operations Support, Department of Education (on behalf of Ms. Susan Bunting, Secretary of Education)
Mr. Ralph Cetrulo, Audit and Governance Committee (“AGC”) Chair
The Honorable Trinidad Navarro, Insurance Commissioner

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

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 Mr. Scoglietti to approve the minutes from the Board meeting on September 4, 2019.
MOTION ADOPTED UNANIMOUSLY**

PRESENTATIONS

Deferred Compensation Plans – Voya Financial

Voya reviewed Q4 2019 business result performance, plan information, and the communications strategy for the rest of 2019. Ms. Desrosiers reviewed enrollment activity and noted a 14.5 percent year-to-date growth in enrollments versus 2018. Voya noted that 2019 enrollments are on pace to exceed 2018 enrollments by approximately 18 percent for 2019. Voya explained that a variety of marketing efforts, such as email campaigns and direct mail, have resulted in a 39 percent increase in advisor appointment requests compared to prior year. Ms. Desrosiers briefed the Board on the status of the consolidation efforts to attract outside retirement assets. Ms. Desrosiers stated that asset consolidation requests (for transfers into the plan) will exceed 2018 results by approximately 20 percent. Ms. Desrosiers reviewed participant snapshot 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 \$68,019. The average contribution amount for both plans was \$213 per pay and the average account balance of \$35,242 dollars. She noted that this data does not include seasonal workers. The 2020 communication strategy will continue with targeted campaigns to drive enrollments, with a focus on unique audiences such as women and individuals nearing retirement and leverage the successful campaigns from 2019.

College Investment Plan – Fidelity

Mr. Morrissette discussed the Q3 business results for the 529 plan and highlighted the Morningstar upgrade of the plan from bronze to silver. Mr. Morrissette noted that new accounts for the plan were down 2 percent in Q3 compared to the same period of 2018, and that the industry was down 2.4 percent for the same period. There was a 9 percent decrease in new accounts from Delaware residents in Q3 versus the same period in 2018. Mr. Morrissette stated that 43 percent of new accounts opened were for children under 5 years of age. He also indicated that plan assets decreased 2.8 percent from Q2 to Q3. Mr. Morrissette stated that 23 percent of the assets within the plan are held for individuals who are either approaching 18 or are older than 18. In Q3, total contributions were up 1 percent, outpacing the industry over the same period. New account contributions were up 22 percent for the quarter, significantly outpacing the industry. Overall assets under management were down 3 percent to \$667 million dollars compared to the industry which remained flat during the same period.

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

DISCUSSIONS

529 Match Concept Campaign Update-OST

Mr. Kimmel presented information to the Board on the 529 match concept and awareness campaign. Mr. Kimmel stated that the match concept will have the greatest benefit to Delaware residents and would strictly target new accounts. The Board discussed whether to include a means test for match eligibility and the administrative costs associated with such a program. Mr. Meyer proposed to reserve a line item in the budget to be approved by the Board at the Q1 meeting.

2019 Budget Update-OST

Mr. Meyer presented the budget versus actuals to the Board and reported that expenses were at or under budget for the year.

COMMITTEE REPORTS - AGC

403(b) Plan Audit Reports for Plan years 2016, 2017, 2018

Mr. Meyer provided the report from the AGC. At the AGC's November meeting, audit firm Belfint, Lyons & Shuman ("BLS") presented final audit reports and financial statements for the 403(b) plan for years 2016, 2017, and 2018. The AGC accepted the report and financial statements for the plan and recommends approval by the Board. The Board discussed the reporting challenges with legacy vendors and thanked OST for working with BLS to complete the audits.

A MOTION was made by Treasurer Davis and seconded by Mr. Scoglietti to accept the 403(b) audit reports and financial statements for 2016, 2017 and 2018.

MOTION ADOPTED UNANIMOUSLY

Policy Approval for Governance Manual-Audit and Budget Policies

Mr. Meyer stated that the AGC recommends to the Board the approval and acceptance of the Audit Policy and the Budget Policy. Mr. Meyer highlighted the discussion from the AGC meeting including the topics of the Board's involvement in the evaluation committee organized by the Auditor of Accounts to select the external auditor and the creation budget reserves. Mr. Meyer updated the Board that the 2019 plan budget versus actuals was posted to the Simbli site. The actuals were through month end November.

A MOTION was made by Mr. Colberg and seconded by Mr. Scoglietti to accept the Audit Policy and the Budget Policy.

MOTION ADOPTED UNANIMOUSLY

Involuntary Small Balance Cash-out 457(b) and 401(a) Plan Amendment

Mr. Meyer informed the Board that the AGC discussed plan amendments for the 457(b) and 401(a) plans that would permit the involuntary cash out for terminated employee accounts that maintained a balance below \$1,000. The 403(b) plan document already contains a provision for small balance distributions.

A MOTION was made by Mr. Scoglietti and seconded by Ms. Vieira to approve the 457(b) and 401(a) Plan Amendment.

MOTION ADOPTED UNANIMOUSLY

COMMITTEE REPORTS - IC

Placement of American Funds Washington Mutual R6 and Target Date Series on Watch List

Mr. Colberg discussed concerns with public reporting on one member of the Capital Group's investment staff. Cammack will look to fully scrutinize any potential impact and to evaluate the remedial actions taken by Capital Group to avoid similar situations in the future.

A MOTION was made by Ms. Vieira and seconded by Ms. Scola to place American Funds Washington Mutual R6 and Target Date Series on Watch List.

MOTION ADOPTED UNANIMOUSLY

Investment Consultant Agreement Extension

Mr. Colberg explained the IC's recommendation that the investment consultant agreement with Cammack be extended through March 31, 2020 to afford the evaluation committee for the pending investment consultant RFP ample time to review and score the proposals.

A MOTION was made by Ms. Scola and seconded by Treasurer Davis to approve the extension of the consulting agreement with Cammack through March 31, 2020 and authorizing the Office of the State Treasurer to execute the extension.

MOTION ADOPTED UNANIMOUSLY

Changes to 529 Investment Management Agreement

Mr. Colberg discussed the need for a change to the investment management agreement with Fidelity to reflect the new blend investment option and entity changes. The changes were reviewed by Cammack and OST's Deputy Attorney General and no concerns were raised.

A MOTION was made by Treasurer Davis and seconded by Ms. Scola to approve the revised investment management agreement with Fidelity.

MOTION ADOPTED UNANIMOUSLY

ABLE REPORT

Mr. Meyer presented the ABLE report and stated it has been posted to the Simbli meeting page. Mr. Meyer stated that there are 60 accounts with \$439,493 in assets as of November 2019.

PUBLIC COMMENT

No members of the public present for comment.

NEXT MEETING

The next meeting of the AGC is scheduled for February 11, 2020.

The next meeting of the IC is scheduled for February 18, 2020.

The next meeting of the Board is scheduled for March 3, 2020.

ADJOURNMENT

A MOTION was made by Mr. Scoglietti and seconded by Mr. Colberg to adjourn the meeting of the Board at 11:45 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Chair for the Plans Management Board