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## MEMORANDUM

To: Plans Management Board Members  
From: John Meyer, Director of Contributions and Plan Management  
Sent: September 1, 2020  
Subject: **September Meeting- Discussions and Action Items**

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The Plans Management Board (“Board”) will meet on September 1, 2020. The Board will receive reports from the Audit and Governance Committee (“AGC”), the Investment Committee (“IC”) and updates from the Office of State Treasurer (“OST”). The AGC assembled virtually on August 11, 2020. The AGC reviewed the plan audit reports presented by the external audit firm Belfint Lyons Shuman (“BLS”), the Board training material by Ice Miller, the Communications Policy and discussed the status of the recordkeeper agreement for the college investment plan. The IC convened virtually on August 18, 2020. In addition to the quarterly investment reports presented by Cammack, the IC was briefed by representatives from American Funds on the target date funds, reviewed the existing investment policy statements (“IPS”) for the deferred compensation plans and continued discussion on the draft IPS for the college investment plans. The committees will present the following items to Board:

### **2019 Audit Reports**

BLS presented the final audit reports and financial statements for the 2019 [457\(b\) plan](#), [401\(a\) plan](#), [403\(b\) plan](#), and the [529 college investment plan](#). The AGC accepted the reports and financial statements for the plans. Materials can be viewed [online](#) and physical copies will be available upon request.

**Action Item:** Motion to accept the audit reports for the 2019 457(b) plan, 401(a) plan, 403(b) plan, and the 529 college investment plan

### **Communication Policy**

The AGC reviewed the proposed [Communication Policy](#) that is designed to ensure that communications by and among Board and Committee members are handled appropriately. This policy governs any communications by or between any Board or Committee member relating to Plan-related public business. OST worked with the Deputy Attorney General and presented the draft version to the AGC for review.

**Action Item:** Motion to approve the proposed Communication Policy as recommended by the AGC.

## **College Plan RFP and Recordkeeper Contract Extension**

The AGC discussed the recordkeeper contract with Fidelity for the college investment plan. In October 2017, the Board approved new terms for the Master Administrative Services Agreement and extended Fidelity's contract for another 2 ½ years from December 31, 2018 until June 30, 2021. Fidelity has been the sole provider of the plan since it was created in 1998. The AGC recommended that the Board direct OST to issue an RFP and with guidance from the Deputy Attorney General, negotiate and execute an extension with Fidelity until December 31, 2021.

**Action Item:** Motion to direct OST to issue an RFP and with guidance from the Deputy Attorney General, negotiate and execute an extension with Fidelity for the college investment plan.

### **Watch List**

Cammack Retirement Group ("Cammack") is recommending action on the Templeton Global Bond fund and JPMorgan Small Company fund. The two funds are currently on Watch. The IC discussed the recommendations pertaining to funds and agree with the Cammack recommendation.

#### *Templeton Global Bond R6 – Replace*

The Board placed Templeton Global Bond R6 on Watch at the March 2020 meeting. The IC and Cammack have monitored the fund and recommend it be removed from the investment lineup. This is due to deterioration of performance relative to its prospectus benchmark and peers. Cammack recommends removing this investment option, as well as the asset class, and mapping current assets/future contributions to PIMCO Total Return Instl (PTTRX), an Intermediate Core-Plus Bond fund. Please see the attached supporting [memorandum](#) from Cammack.

**Action Item:** Motion to approve the removal of Templeton Global Bond R6 and the asset class from the investment lineup and direct OST to work with Voya on mapping current assets/future contributions to the PIMCO Total Return Bond fund.

#### *Removal of JPMorgan US Small Company R6 From Watch*

The Board placed JP Morgan US Small Company R6 fund on watch status at the June 2019 meeting. Cammack and the IC continued to monitor the fund's performance over the last year. JP Morgan fund representatives participated in an IC meeting in November 2019. The fund is recommended to be removed from watch status. This is based on the fund's increased relative performance and successful management transition following the departure of senior leadership from the firm's behavioral finance department. Please see the attached supporting [memorandum](#) from Cammack.

**Action Item:** Motion to approve the removal of JP Morgan US Small Company R6 from watch status.

### **New Outside Committee Members**

David Biddle is a prospective outside (non-board) committee member for the Investment Committee. Mr. Biddle is the owner and founder of Biddle Capital Management located in Centreville, Delaware. More information on Mr. Biddle can be found on his firm's [website](#).

**Action Item:** Motion to approve David Biddle as an outside member of the Investment Committee.