



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
June 2, 2020**

A meeting of the Plans Management Board (the “Board”) was held on June 2, 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
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. 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)
Ms. Leighann Hinkle, State Employee
Mr. Joel Coppadge, III, Public Member

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, Retirement and College Products, Fidelity Investments

Ms. Kellie Desrosiers, Vice President, Strategic Relationship Management, Voya Retirement Insurance and Annuity Company (“Voya”)
Mr. Doug Peters, Vice President, Mid-Atlantic Region, Voya

CALLED TO ORDER

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

APPROVAL OF MINUTES

A MOTION was made by Mr. Coppadge and seconded by Mr. Kennedy to approve the minutes from the Board meetings on March 3, 2020 and April 23, 2020.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Metrics Report on Deferred Compensation Plans – Voya

Voya presented the first quarter performance results for the deferred compensation plans. Ms. Desrosiers reported that 2020 enrollments in the plans were up by 16% over 2019. She explained that a variety of marketing efforts, such as email campaigns and direct mail, have resulted in a 25-30% increase in advisor appointment requests compared to the prior year. Ms. Desrosiers briefed the Board on the status of ongoing consolidation efforts with respect to legacy 403(b) assets and Voya’s communication strategy.

Quarterly Business Metrics Report on the College Investment Plan – Fidelity

Mr. Morrissette discussed the 2020 first quarter business results for the 529 plan and highlighted the Morningstar upgrade from bronze to silver. Mr. Morrissette noted that new accounts for the plan were up 41% in the fourth quarter compared to the same period of 2019, and that the industry was up 25% for the same period. There was a 26% increase in new accounts from Delaware residents in first quarter versus the same period in 2019. Mr. Morrissette stated that 44% of new accounts were opened for children under 5 years of age down slightly from the fourth quarter. He also indicated that plan assets decreased by 10.8% from the fourth quarter of 2019 to the first quarter of 2020. Mr. Morrissette stated that 15% of the assets within the plan are held for beneficiaries who are either approaching 18, or who are older than 18. In the first quarter, total contributions were up 15%, while the industry increased by 25% over the same period. New account contributions were up 65% for the quarter. Overall assets under management were down 9% to \$623 million, outpacing the industry which was down 10.8% during the same period.

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

DISCUSSIONS AND ACTION ITEMS

Discussion on Proposed Training Policy

Mr. Meyer discussed the draft proposed training policy with the Board. OST drafted the policy based on research from other states and in consultation with Cammack and the Deputy Attorney General. The policy covers (a) fiduciary duties and best practices, (b) the State’s Code of Conduct, and (c) the State’s Freedom of Information Act and Public Records Law. Scheduled training sessions are mandatory for appointed Board and committee members and designees of ex officio members. Ex officio members are encouraged to attend. Appointed members or designees who are unable to participate in a mandatory training session as scheduled must promptly coordinate with OST to review

the session recording and related training materials and confirm in writing to OST when the training has been completed. The AGC reviewed and revised the policy and recommends that it be approved in its current form.

A MOTION was made by Mr. Kennedy and seconded by Mr. Colberg to approve the training policy.

MOTION PASSED UNANIMOUSLY

Discussion Regarding proposed Fiduciary Training Date

Mr. Meyer discussed potential fiduciary training dates. The AGC recommended that training on fiduciary duties and best practices be conducted, if possible, via a webinar at the September Board meeting.

A MOTION was made by Mr. Navarro and seconded by Treasurer Davis that fiduciary duties and best practices training occur during the September Board meeting.

MOTION PASSED UNANIMOUSLY

Discussion Regarding the resumption of Administrative Fee for the 457(b) Plan

Mr. Meyer noted that the State administrative fee had been suspended for the past eight quarters. The initial projection indicated that 457(b) legacy fees would cover two years of expenses and leave a budget reserve of approximately \$200,000. The AGC recommends that the fee be reinstated because, the legacy fees have been drawn down, leaving a budget reserve amount of approximately \$220,000.

A MOTION was made by Mr. Longfellow and seconded by Mr. Coppadge to approve the activation of the State administration fee for the 457(b) plan in June 2020.

MOTION ADOPTED UNANIMOUSLY

Discussion Regarding the 457(b) SECURE Act Plan Amendments

Mr. Meyer explained certain potential amendments required or authorized by the federal “SECURE” Act, which passed in December 2019. The SECURE Act included a number of retirement savings and employee benefit changes. In March 2020, the Board directed OST to work with the Deputy Attorney General and Ice Miller to draft two amendments for the 457(b) plan. The first amendment, mandatory in nature, would increase the age for required minimum distributions from 70 ½ years of age to 72 years of age. The second amendment, permissive in nature, would reduce the age for in-service distributions from 70 ½ years of age to 59 ½ years of age. The AGC reviewed the amendments and recommends approval.

A MOTION was made by Mr. Longfellow and seconded by Ms. Vieira to approve the SECURE Act Amendments to the 457(b) plan.

MOTION ADOPTED UNANIMOUSLY

Discussion Regarding the CARES Act Loan Repayment Provisions

Mr. Meyer discussed the federal “CARES” Act loan repayment provisions with the Board. The CARES Act, which was signed into law in March 2020, includes provisions affecting government-sponsored defined contribution retirement plans. The Board held a special meeting on April 23, 2020 at which it (a) approved new coronavirus-related distributions authorized under the CARES Act, and (b) rejected

new coronavirus-related loans authorized under the CARES Act. The Board did not at that time vote on a CARES Act provision authorizing loan repayment deferrals, as that provision was originally interpreted as mandatory in nature and thus binding on the Board. Based on guidance issued by the Internal Revenue Service on May 4, 2020, it now is clear that the loan deferral provision is permissive. The AGC reviewed the loan repayment deferral provision and recommends that the Board not to adopt it due to the limited amount of active grand fathered loans and the relatively small amount of the active loan balances.

**A MOTION was made by Mr. Colberg and seconded by Mr. Longfellow to not adopt the CARES Act loan repayment deferral provision.
MOTION ADOPTED UNANIMOUSLY**

Discussion Regarding the Removal of American Funds Washington Mutual R6 and Target Date Series from Watch List

Mr. Colberg noted that, in December 2019, the Board placed American Funds Washington Mutual R6 and the American Funds Target Date Series on watch due to compliance concerns at Capital Group. Cammack issued the attached memorandum recommending that the funds be removed from watch. Mr. Colberg noted that the Investment Committee agreed with Cammack's assessment.

**A MOTION was made by Ms. Vieira and seconded by Treasurer Davis to approve the removal of American Funds Washington Mutual R6 and the American Funds Target Date Series from Watch.
MOTION ADOPTED UNANIMOUSLY**

Discussion Regarding the Addition of American Funds 2065 Target Date Vintage

Mr. Colberg presented the Investment Committee's recommendation that the Board add the American Funds 2065 Target Date vintage as an investment option for the 457(b), 403(b) and 401(a) plans. Target date series periodically add vintages to account for the next generation of participants. The 2065 vintage of the American Funds Target Date Series is now available. The 2065 vintage follows the same glidepath and strategy.

**A MOTION was made by Mr. Colberg and seconded by Mr. Scoglietti (a) to add the American Funds 2065 Target Date vintage as an investment option for the 457(b), 403(b) and 401(a) plans, and (b) directing OST to work with Voya to add the fund to the investment array and coordinate communications to plan participants.
MOTION ADOPTED UNANIMOUSLY**

Discussion regarding the Managed Account and Self-Directed Brokerage Services Providers

At the March 2020 meeting, the Board approved the second of two one-year contract extensions for Voya's record-keeping services for the deferred compensations plans. Mr. Colberg explained that, as a condition to that approval, the Board directed the Investment Committee and OST to undertake a due diligence review of third-party services being offered under the Voya contact (managed account and self-directed brokerage services). At the May 2020 Investment Committee meeting, Cammack provided a report concluding that the third-party services are of a quality to merit incorporation of the services into the plan. The Investment Committee agreed with Cammack's assessment.

A MOTION was made by Mr. Coppadge and seconded by Ms. Vieira to approve the due diligence review of the managed account and self-directed brokerage services.

MOTION ADOPTED UNANIMOUSLY

ABLE REPORT

Mr. Madrid spoke to the Board regarding the National ABLE alliance's search for an emerging markets manager. The Alliance retained Charles Schwab as the manager due to low expense ratios and management fees.

Mr. Madrid also informed the Board that the Alliance and Ascensus had been monitoring a fraud issue involving Fifth Third Bank, the bank currently providing the checking account option for ABLE participants. He stated that one hundred bank accounts were affected by the fraud, none of which were owned by ABLE participants. Mr. Madrid indicated that a meeting will be held shortly with Alliance members to discuss the issue further, and that additional information will be forthcoming.

PUBLIC COMMENT

No members of the public present for comment.

NEXT MEETING

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

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

The next meeting of the Board is scheduled for September 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