



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
MARCH 5, 2019**

A meeting of the Plans Management Board (the “Board”) was held on March 5, 2019, 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. Stephen Saville, Board Chair
Mr. Alan Colberg, Investment Committee Chair
Mr. Ralph Cetrulo, Audit and Governance Committee Chair
Mr. Gerald Gallagher, Member-at-Large
Mr. Charles Campbell-King, Member-at-Large
Mr. Charles Longfellow, Associate Secretary for Operations Support, Department of Education (on behalf of Ms. Susan Bunting, Secretary of Education)
Mr. Robert Scoglietti, Chief of Policy, Office of Management and Budget (on behalf of Mr. Michael Jackson, Director)
Mr. Richard Geisenberger, Secretary of Finance
The Honorable Trinidad Navarro, Insurance Commissioner
The Honorable Colleen C. Davis, State Treasurer

Board Members Not Represented or in Attendance:

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. Dan Scholl, Deputy State Treasurer, Office of the State Treasurer (“OST”)
Mr. John Meyer, Director of Contributions and Plans Management, OST
Ms. Christine Haas, Director of Communications, OST
Mr. Mike Green, Investment and Operation Manager, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Ms. Susan Steward, Economic Policy Advisor, OST
Ms. Stephanie Scola, Director of Bond Finance, Department of Finance
Mr. Earle Allen, Partner, Cammack Retirement Group (“Cammack”)
Ms. Marie Villeneuve, Consultant, Cammack
Ms. Melissa Ridolfi, Vice President of Retirement and College Products, Fidelity Investments (“Fidelity”)
Mr. Roger Morrissette, Director- Retirement and College Leadership, Fidelity
Mr. Mark Jackowitz, Senior Vice President – Mid-Atlantic Region, Voya
Ms. Kellie Desrosiers, Vice President – Strategic Relationship Management, Voya

Ms. Sarala Katta, Regional Vice President – Mid-Atlantic Region, Voya
Mr. Doug Peters, K-12 Regional Vice President – Mid-Atlantic Region, Voya
Mr. Jason White, Director of Advisory Services, Voya

CALLED TO ORDER

The meeting was called to order at 10:02 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Colberg and seconded by Mr. Campbell-King to approve the minutes from the Board meeting on December 4, 2018.

MOTION ADOPTED UNANIMOUSLY

VENDOR PRESENTATIONS AND BUSINESS RESULTS

Deferred Compensation Plan - Voya

Ms. Desrosiers presented on the fourth quarter performance of the deferred compensation plan, and the year in review. According to Ms. Desrosiers, enrollment within the plans is up by 19 percent year-over-year, and hardship withdrawals declined. Ms. Desrosiers discussed the annual enrollment growth and retirement readiness metrics related to the plan for calendar year 2018. Ms. Desrosiers stated that at least 80 percent of new enrollees wait at least six months prior to enrolling. According to Ms. Desrosiers, total plan participation remained at 37 percent.

In reviewing the metrics, Ms. Desrosiers discussed new employees by month of hire and enrollment trends with respect to hire date. Mr. Saville asked about the eligibility of teachers into the 403(b) plan, and Mr. Kimmel stated that unlike the 457 plans, teachers are immediately eligible to enroll within the plan. Mr. Saville asked about the average age of the new teachers hired, and Mr. Longfellow stated that they are mainly in their early 20s. The Committee discussed enrollment and the challenges facing new hires.

Mr. Peters discussed how employees are engaging with Voya, and stated that the local advisors are seeing a significantly higher impact in those that are coming into meet with the advisors. Several state employees are using the online tool to schedule these appointments, with nearly 49 percent of individuals that schedule stating that they do not currently participate in the plans today. Nearly a 63 percent increase in appointments year-over-year, with in person locations (four) across the state. Mr. Allen, stated that the communications efforts with OST does appear to have a correlated impact with these increase in appointments. Mr. Allen then discussed the 2019 communication strategy plan. The final portion of the presentation focused on the Morningstar review, which reviewed the Tier 2 and Tier 3 program participants.

Mr. White reviewed the Morningstar program providing the year in review for 2018. Mr. White stated that both plans saw growth in the year. Mr. White stated that the Morningstar program has two features, manage by the individual and managed by Morningstar.

College Investment Plan - Fidelity

Ms. Ridolfi walked through the fourth quarter of 2018 results for the 529 College plan. Ms. Ridolfi stated there were 421 new accounts for the quarter, with new accounts up 20 percent year-over-year. Additionally, average contributions were up as well. Ms. Ridolfi stated that nearly 20 percent of plan participants are meeting or exceeding the “\$2K per year per beneficiary’s age” to meet college-readiness.

Fidelity acknowledges there is still work to do in this area such as educating those potential and current participants.

Mr. Morrisette discussed the plan participation, stating that new accounts for the industry were down for the year, which means Delaware's growth was an outlier. Mr. Morrisette reported that there was 34 percent growth year-over-year growth from Delaware residents.

(Secretary Geisenberger exited the meeting at this time.)

Mr. Morrisette discussed the past year marketing success for the 529 plans, and the marketing plan for the forthcoming year.

STRATEGIC PLAN DISCUSSION FOR COLLEGE INVESTMENT PLAN

Mr. Meyer discussed the strategic internal plan for the 529 Plan. Mr. Meyer stated that of those graduating from high school in Delaware, there are 39 percent that are not enrolling in post-secondary education immediately following graduation. Mr. Meyer discussed the demographic data from Fidelity about the accountholders within the State.

Mr. Meyer reviewed the mission statement and the goals of the plan for the Board. Mr. Saville brought to the attention the need to expand the understanding policy-wise for the plan. The Board discussed the strategy to actively promote the plan moving forward. Mr. Saville stated that there is a significant need to increase the asset base over the next five years. The Board discussed the potential strategies and policy changes that could facilitate the growth over that time.

(Mr. Cetrulo left the meeting at this time)

COMMITTEE REPORTS

Schedule Ethics and Freedom of Information Act (FOIA) Training

Mr. Meyer reminded the Board that training would need to be scheduled for Ethics and FOIA training for the June meeting to be done by Mr. Staib.

A MOTION was made by Mr. Saville and seconded by Treasurer Davis to schedule the ethics and FOIA training for the Board's June 4, 2019 meeting.

MOTION ADOPTED UNANIMOUSLY

Voya Contract Extension

Mr. Meyer informed the Board that the initial period of engagement was ending, and two one-year extensions were available for the Board to initiate. Mr. Meyer discussed the positive momentum in new enrollments into the plans.

A MOTION was made by Mr. Colberg and seconded by Mr. Campbell-King to approve the Extension of the Voya Contract for one (1) year.

MOTION ADOPTED UNANIMOUSLY

Documentation of Managed Account Service and Self-directed Brokerage Provider

Mr. Staib discussed the memo prepared by Cammack regarding managed account and self-directed brokerage provider services. Mr. Colberg discussed the concern of the Audit and Governance Committee regarding periodic vetting of the self-directed brokerage provider and manage account provider. The Board discussed having the Investment Committee review.

Mr. Saville requested that Mr. Colberg take this back to the Investment Committee and provide an update to the Board at a later meeting.

Recommendation of Termination and Replacement of Clear Bridge Mid Cap

Mr. Colberg walked through the history of the watch status associated with Clear Bridge Mid-Cap Fund, and discussed the potential replacements that were recommended to the Investment Committee. Mr. Colberg summarized the review process the Investment Committee undertook in making the decision for recommendation, and the committee's decision to recommend Champlain as the replacement for ClearBridge.

Mr. Saville inquired as to the due diligence performed on Champlain to determine its viability as a replacement. Mr. Allen walked through Cammack's assessment for the Board. Mr. Saville asked about the transition process for those that would need to move from ClearBridge to Champlain. Mr. Allen discussed that communication would come from Voya with a transition date.

**A MOTION was made by Mr. Saville and seconded by Mr. Campbell-King to remove ClearBridge from the available fund offerings and replace with Champlain.
MOTION ADOPTED UNANIMOUSLY**

Approve Special Tax Counsel

Mr. Meyer provided a memo from the selection committee for the special tax counsel. Mr. Meyer stated that three firms bid for the project, and the selection committee recommends that the Board move forward to enter into negotiations with Ice Miller as the special tax counsel.

**A MOTION was made by Mr. Longfellow and seconded by Ms. Scola to approve OST entering into negotiations with Ice Miller for Special Tax Counsel Services.
MOTION ADOPTED UNANIMOUSLY**

Approval of the Budget for FY20

Mr. Meyer presented the proposed budget for FY20, and discussed the administrative fees that are charged to plan participants. This administrative account does provide for four individuals within the office to provide support services to the plan. Mr. Meyer explained additional costs that are paid from these plan administrative fees.

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 a budget update.

**A MOTION was made by Mr. Saville and seconded by Ms. Scola to approve the FY20 Budget as presented at this meeting and OST to provide a follow-up regarding potential increased fees related to audits.
MOTION ADOPTED BY ALL WITH ONE ABSTAINION (Commissioner Navarro)**

ABLE REPORT

Mr. Meyer commented that OST has posted the ABLE report on the Simbli meeting page.

PUBLIC COMMENT

No members of the public present for comment.

NEXT MEETING

The next meeting of the Board is scheduled for June 4, 2019.

ADJOURNMENT

The meeting was adjourned the meeting of the Board at 12:42 p.m.

Respectfully submitted,

Stephen Saville,
Chair for the Plans Management Board

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