



MEMORANDUM

To: Members of the Plans Management Board (“Board”)
From: Alan Colberg, Chair of the Investment Committee
Charles Campbell-King, Chair of the Audit & Governance Committee
John Meyer, Director of Contributions and Plan Management
Date: March 1, 2018
Re: Committee Reports and Recommended Action Items

Introduction:

In anticipation of the Board meeting in March, the Investment Committee convened a meeting on February 20, 2018 and the Audit & Governance Committee held a meeting on February 28, 2018.

The following recommendations are presented to the Board for consideration at the meeting on March 6, 2018.

Action Item Recommendations:

I. ClearBridge Mid Cap Growth

Cammack Retirement Group (“Cammack”) recommends this fund to be placed on “Watch” due to its relative underperformance to the benchmark over the near term. The fund’s recent performance is worth monitoring.

- Investment Committee approves Cammack’s recommendation and requests the PMB add ClearBridge Mid Cap Growth to the “Watch” list.

II. Declaration of Delaware Qualified Savings Plan Trust

Legal review of the Trust generated the following:

- Allow the Board to establish an Administrative Fund, in addition to the existing Participant Fund. The Administrative Fund would be dedicated to paying the operating expenses of the 529 program. This change is in Section 6.2.

OST recommends adoption of the change and transferring of the Trust administrative assets from a PNC Bank account to new account at Fidelity. Instituting these changes will properly position the Trust for 2018.

- The Audit & Governance Committee approves OST’s recommendation and requests the PMB to approve the change to Delaware Qualified Savings Plan Trust.

III. ABLA Administration Fee Recommendation

The National ABLA Alliance's governing document provides for a state administration fee. It comes in two versions: one for in-state residents and another assessed on plan participants from other states. The fee is a \$1.25 per-account, per-quarter fee (\$5 annually). The Alliance requires each state to assess a fee on out-of-state accounts. States have the ability to decide whether to charge a fee to in-state residents. OST recommends not assessing a fee to in-state residents as an incentive to keep the program competitive for Delaware residents and due to fee projections being too small to generate meaning amount of funds. (For example, even 1,000 Delaware accounts would provide only \$5,000 in annual revenue.)

- The Audit & Governance Committee approves OST's recommendation and requests the Board to approve the waiver of an administration fee for Delaware residents that open a Delaware ABLA account.

IV. Annual Plan Budget

OST presented the annual budget for the Deferred Compensation, College Investment and ABLA Plans to the Audit & Governance Committee in February.

- Audit & Governance Committee reviewed the annual budget for the Plans and recommends the PMB approve the 2018 budget.