



**MINUTES FROM THE MEETING OF THE  
PLANS MANAGEMENT BOARD  
September 14, 2021**

A meeting of the Plans Management Board (the “Board”) was held on September 14, 2021, convening at 10:00 a.m., at the Office of State Treasurer (“OST”), Carvel State Building, 820 N. French Street, Wilmington, DE. Board members and 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, Chair, Investment Committee (“IC”)

Mr. Pete Kennedy, Chair, Audit and Governance Committee (“AGC”)

The Honorable Colleen C. Davis, State Treasurer

Mr. Stuart Snyder, Chief of Staff (on behalf of The Honorable Trinidad Navarro, Insurance Commissioner)

Mr. Richard Geisenberger, Secretary of Finance

Ms. Kimberly Klein, Associate Secretary, Operations Support, Department of Education (on behalf of Ms. Susan Bunting, Secretary of Education)

Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (“OMB”) (on behalf of Mr. Cerron Cade, Director of OMB)

Mr. Joel Coppadge, III, Public Member

Mr. Jason Hale, State Employee

Ms. Leighann Hinkle, State Employee

Others in Attendance:

Mr. Sean McNeeley, Director of Bond Finance

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Ms. Liza Davis, Deputy State Treasurer, Office of the State Treasurer (“OST”)

Mr. John Meyer, Director of Contributions and Plans Management, OST

Mr. Dan Madrid, Chief Operating Officer, OST

Mr. Jordan Seemans, Director of Policy & Communications, OST

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Mr. Mike Green, Investments and Operations Manager, OST

Ms. Deborah Bradl, Executive Assistant, OST

Mr. Matthew Rosen, Senior Policy Advisor, OST

Ms. Christine Haas, Senior Policy Advisor, Delaware Department of Insurance

Mr. Earle Allen, Principal Financial Advisor, CAPTRUST

Mr. Roger Morrissette, Director, Retirement and College Leadership, Fidelity Investments (“Fidelity”)

Mr. Anthony Durkan, Head of 529 Relationship Management, Fidelity

Ms. Kellie Desrosiers, Vice President, Strategic Relationship Management, Voya  
Ms. Sarala Katta, Regional Vice President, Mid-Atlantic Region, Voya  
Mr. Doug Peters, Vice President, Mid-Atlantic Region, Voya  
Mr. Mark Jackowitz, Senior Vice President, Voya

### **CALLED TO ORDER**

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

### **APPROVAL OF MINUTES**

**A MOTION was made by Secretary Geisenberger and seconded by Mr. Kennedy to approve the minutes from the Board meeting on June 8, 2021.**

**MOTION ADOPTED UNANIMOUSLY**

### **PRESENTATIONS**

#### *Quarterly Business Metric Report - Deferred Compensation Plans*

Mr. Meyer presented the quarterly summary on business metrics and plan information. Mr. Meyer stated that enrollment activity was significant for the second quarter of 2021. There were 429 new enrollments, a 16.5 percent increase over the first quarter of 2021. The increase in enrollments was driven in part by an email campaign to employees during open enrollment. Total second quarter 2021 contributions increased 23 percent (to \$21.2 million) over second quarter 2020. The increase was attributable, in part, to strong consolidation volume. There were 137 consolidations for the quarter, totaling approximately \$5.3 million, compared to 113 consolidations, totaling approximately \$2.7 million, for all of 2020. As of June 30, 2021, plan assets were approximately \$1.16 billion, not including 403(b) legacy vendor assets valued at approximately \$315.1 million.

Mr. Meyer stated that a recordkeeping RFP has been published for the plans and indicated that OST will update the Board at the next meeting in December. Upcoming initiatives include an October email campaign for National Retirement Security Week and an additional beneficiary mailing. The campaigns will be focused on increasing enrollments into the plans and encouraging participants to designate beneficiaries.

#### *Quarterly Business Metric Report-ABLE Plan*

Mr. Madrid presented the ABLE plan quarterly report on business metrics to the Board. The plan continues to experience stable growth. Currently there are 170 funded accounts with approximately \$1.5 million in assets as of September 1, 2021. In the second quarter of 2021, new accounts grew by 56 percent over the second quarter of 2020.

Mr. Madrid indicated that the Alliance will be awarding the recordkeeping business by year end. Mr. Madrid stated that upcoming initiatives include plan promotion at the Life Conference in September 2021 and the Autism Delaware Walk in October 2021.

#### *Quarterly Business Metric Report - Education Savings Plan*

Mr. Meyer presented the 529 plan quarterly report on business metrics and plan information. New accounts were up by 12 percent for the second quarter, compared to the same quarter in 2020, while the industry was up 21 percent. Of the new accounts, 68 percent were opened by existing Fidelity customers versus 71 percent in the first quarter of 2021. Approximately 45 percent of new accounts were opened

for children under the age of five. Mr. Meyer stated that there was a 17 percent increase in new accounts opened by Delaware residents in the second quarter versus the second quarter of 2020. The majority of assets within the plan are held for individuals who are either approaching 18 or older than 18. Mr. Meyer stated that total contributions for the quarter were up 47 percent over second quarter 2020, with new account contributions up 33 percent over the same period for 2020, outpacing the industry. Assets under management increased five percent for the quarter (to \$767 million), trailing the industry, which increased 6 percent during the same period. This is due to the age of the Delaware 529 plan and the fact that 74 percent of the assets in the plan are for beneficiaries who are age 14 and older, and whose savings are conservatively invested. Finally, distributions from the plan were up 53 percent.

Upcoming initiatives include promotion of the plan at Winterthur Museum and rebranding of the plan. In addition, OST is exploring partnerships with hospitals and the three largest employers in the state to increase participation in the plan.

#### *Delaware Education Savings Plan Strategy Discussion*

Mr. Meyer led discussion regarding the 529 plan strategy with the Board. Mr. Meyer shared goals and objectives, possible performance metrics, and strategies for the direction of the plan from 2022-2024. Three objectives have been identified: grow accounts, increase contributions, and build a top-tier plan. The Board discussed the strategic objectives and associated goals.

*[Secretary Bunting left the meeting.]*

#### *Training on Freedom of Information Act (FOIA)*

Mr. Staib presented FOIA and Public Records Law training.

*[Courtney Stewart left the meeting.]*

### **COMMITTEE REPORTS, DISCUSSIONS AND ACTION ITEMS**

#### *Recommendation on Administrative Fee to the Office of the Auditor of Accounts*

#### *Recommendation on Pending Issue and Memorandum of Understanding with the Office of the Auditor of Accounts*

Mr. Kennedy presented the AGC's recommendations regarding the pending fee dispute and Memorandum of Understanding ("MOU") with the Auditor of Accounts ("AOA") Mr. Kennedy explained the history of the dispute concerning the fee payable to AOA for its role in the procurement process and the oversight of the engagement with outside auditors. Mr. Kennedy noted the existing agreement between OST and AOA, which defines a reasonable rate as the 10-year average of fees (8.91%). AOA is demanding that the Board approve a rate of 11.28% based on the AOA overhead rate determined by Maximus, an outside consulting firm retained by OMB. The AGC recommended that the Board adhere to the agreed-upon rate for the current year under the existing MOU. Mr. Kennedy also reported that the AGC reviewed the newly proposed MOU with AOA, which will cover the life of the new contract with the successful outside consulting vendor. The AGC discussed its fiduciary and other concerns with the variable pricing structure under new proposed MOU, which would require the use of the prevailing Maximus rate (estimated to be 16.71% for 2021 audits) for each year covered by the new outside audit contract. The Board also discussed the lack of member involvement in the selection of audit firms. The AGC recommended that the Board reject the newly proposed MOU to the extent AOA's oversight fee is tied to the Maximus rate.

**A MOTION was made by Mr. Kennedy and seconded by Mr. Colberg to adhere to the rate as defined in the existing MOU and to authorize OST to engage with AOA to determine a reasonable rate.**

**MOTION ADOPTED UNANIMOUSLY**

**A MOTION was made by Mr. Kennedy and seconded by Mr. Colberg to reject the newly proposed MOU because the fee is tied to the Maximus rate.**

**MOTION ADOPTED UNANIMOUSLY**

*Approval of 2022-2024 Strategic Objectives for Delaware Education Savings Plan*

Mr. Meyer requested the Board to approve the strategic objectives and associated goals for the Delaware Education Savings Plan for the 2022-2024 plan years. Secretary Geisenberger expressed support for the objectives with the caveat that he was not in a position to support HB145 at this time.

**A MOTION was made by Mr. Kennedy and seconded by Ms. Vieira to approve the 2022-2024 strategic objectives for the 529 plan.**

**MOTION ADOPTED UNANIMOUSLY**

**PUBLIC COMMENT**

None

**NEXT MEETING**

The next meeting of the AGC is scheduled for November 2, 2021.

The next meeting of the IC is scheduled for November 16, 2021.

The next meeting of the Board is scheduled for December 7, 2021.

**ADJOURNMENT**

**Ms. Vieira adjourned the meeting of the Board at 12:02 p.m.**

Respectfully submitted,

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Donna Vieira  
Chair for the Plans Management Board