



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
March 1, 2022**

A meeting of the Plans Management Board (the “Board”) was held on March 1, 2022, convening at 10:00 a.m., at the Office of State Treasurer (“OST”), Carvel State Building, 820 N. French Street, Wilmington, Delaware. 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
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 Mr. Mark Holodick, Secretary of Education)
Mr. Cerron Cade, Director of OMB
Mr. Joel Coppadge, III, Public Member
Mr. Jason Hale, State Employee

Board members not in attendance:

Ms. Leighann Hinkle, State Employee

Others in Attendance:

Mr. Sean McNeeley, Director of Bond Finance
Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. John Meyer, Director of Contributions and Plans Management, OST
Mr. Jordan Seemans, Director of Policy & Communications, OST
Mr. Dan Madrid, Chief Operating Officer, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Mr. Mike Green, Investments and Operations Manager, OST
Ms. Deborah Bradl, Executive Assistant, OST
Ms. Monai Washington, Administrative Manager, OST
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST
Mr. Roger Morrissette, Director, Retirement and College Leadership, Fidelity Investments (“Fidelity”)
Ms. Kellie Desrosiers, Vice President, Strategic Relationship Management, Voya
Ms. Sarala Katta, Regional Vice President, Mid-Atlantic Region, Voya

Mr. Mark Jackowitz, Senior Vice President, Voya
Ms. Corrine Armann, Office of Rebecca Kinder, P.A.

CALLED TO ORDER

The meeting was called to order at 10:01 a.m.

APPROVAL OF MINUTES

A MOTION was made by Secretary Geisenberger and seconded by Mr. Coppadge to approve the minutes from the Board meeting on December 7, 2021.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Metric Report - Education Savings Plan

Mr. Meyer presented the 529 plan quarterly report on business metrics and plan information. Mr. Meyer stated that growth in 2021 was strong, with new accounts up 9 percent over 2020. Of the new accounts, approximately 65 percent were opened by existing Fidelity customers. Approximately 49 percent of new accounts were opened for children under the age of five. Mr. Meyer stated that total contributions for the year were up approximately 22 percent, adding around \$70 million to the plan. December 2021 contributions totaled \$6.89 million; the highest monthly total for the plan since 2016. Assets under management increased three percent for the year to \$747 million. This is due to the age of the 529 plan and the fact that 73 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 32 percent.

Upcoming initiatives include the ongoing partnerships with area hospitals, which involve outreach materials being placed in newborn packets, the match incentive pilot program launching in 2022, the addition of the stable value investment product, and H.B. 145, the 529 plan tax incentive bill.

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 growth. There were 193 funded accounts with approximately \$1.9 million in assets as of December 31, 2021. In the fourth quarter of 2021, new accounts grew by 82 percent over the fourth quarter of 2020. Mr. Madrid stated that net contributions totaled approximately \$543.3 thousand in the fourth quarter of 2021.

Mr. Madrid indicated that negotiations are ongoing with Ascensus, the Alliance's recordkeeper. Mr. Madrid stated that upcoming ABLE initiatives include outreach opportunities with Unite Us, a non-profit company who connects services to communities in need, implementing streamlined enhancements to the online enrollment platform in Spring 2022, and meeting with the State's special education advisory committee in April 2022.

Mr. Madrid led the ABLE plan strategy discussion with the Board. He shared benchmark data stating the Delaware Plan has approximately 219 accounts, which is comparable to plans of states with a similar population size. Mr. Madrid indicated that the majority of the plan's participants fall in the 16-35 age range. He stated that approximately 72 percent of account holders are individuals who are receiving SSI/SSDI benefits, with the leading disability category comprised of individuals with a development disability. Mr. Madrid noted that a majority of account holders are located in New Castle County, leaving

room for outreach for Kent and Sussex counties. Mr. Madrid discussed a number of strategic objectives and goals for the plan, such as a need for more targeted outreach and education on financial literacy, a need to enhance operational resources in having dedicated personnel for the plan, and a need to establish peer state benchmarks to support plan growth.

The Board discussed benchmarking and the possibility of outreach that could be utilized to improve or monitor program growth. Mr. Meyer responded that OST would draft strategic objectives for the ABLE Plan for Board approval at the June meeting.

Quarterly Business Metric Report - Deferred Compensation Plans

Mr. Meyer presented the quarterly summary on business metrics and plan information. Mr. Meyer stated that there were 396 new enrollments, which represented a 27 percent increase over the fourth quarter of 2020 and indicated that full-year enrollments were up 13 percent over prior year. Total 2021 contributions increased 7 percent over 2020, totaling approximately \$70.5 million. As of December 31, 2021, plan assets were approximately \$1.22 billion, not including 403(b) legacy vendor assets valued at approximately \$308 million. Mr. Meyer stated that approximately 2,300 participants added beneficiaries to their accounts as a result of the beneficiary campaign in 2021. Mr. Meyer reviewed upcoming initiatives for the plans. Goals include increasing enrollments and contributions and strengthening plan operations, starting with revisions to the sick and vacation payout form. Mr. Meyer briefly reviewed the average participant profile. He stated that the average tenure of participants is 16 years of state employment and indicated that the average age of the participants is 46 years. The average salary of the participants is \$68,210.

COMMITTEE REPORTS AND ACTION ITEMS

2022 Committee Goals

Mr. Meyer updated the Board on the committee goals that were approved by the AGC and the IC for 2022. Suggested goals for the AGC include focusing on the 2022 education schedule, tracking progress on past audit findings, developing vendor management and cyber security policies, approval of plan amendments related to the SECURE and CARES Acts, and amending the Memorandum of Understanding with the Auditor's office. Audit presentations are scheduled for the August 2022 AGC meeting. Additional items may include matters related to the retirement plan recordkeeper contracts. The key items out of the IC include annual reviews of the investment policy statements for the deferred compensation and college investment plans, reviews of the performance of target date fund provider, managed account vendor and self-directed brokerage vendor. The IC also discussed considerations related to Environmental, Social and Governance ("ESG") factors. Additional IC goals may include the desirability of expanding the universe of Tier 2 investment options for participants within the deferred compensation plans.

A MOTION was made by Ms. Vieira and seconded by Mr. Colberg to accept the 2022 Committee goals.

MOTION ADOPTED UNANIMOUSLY

2022 Board Training Schedule

Mr. Meyer stated that the Board's training policy generally requires training on fiduciary and best practices and the State's Code of Conduct every two years and FOIA and Records Act training every four years. Training on fiduciary duties and best practices occurred at the September 2020 meeting, Code of Conduct training occurred in June 2021, and training on FOIA and Records Act were offered

in September 2021. Mr. Meyer recommended that fiduciary training be scheduled for the September 2022 Board meeting.

A MOTION was made by Ms. Vieira and seconded by Mr. Kennedy to approve the Board training schedule for calendar year 2022.

MOTION ADOPTED UNANIMOUSLY

Fidelity Tax Reporting

Mr. Meyer informed the Board that certain principal and earnings from rollovers into the Fidelity 529 direct-sold plan accounts were not properly recorded between 2015 and 2017. Fidelity is working with outside counsel and the IRS to resolve the matter. This consists of Fidelity making a voluntary fee submission to the IRS as well as requesting state 529 trusts/trustees to execute a Consent Disclosure Form and a Power of Attorney Form. Mr. Meyer requested authority for OST to execute these documents after consultation with the Deputy Attorney General.

A MOTION was made by Treasurer Davis and seconded by Mr. Colberg to delegate to the State Treasurer authority to execute, on the Board's behalf, and after consultation with Deputy Attorney General, the Consent Disclosure Form and Power of Attorney Form.

MOTION ADOPTED UNANIMOUSLY

Replacement of Lazard International R6 Fund

Mr. Meyer stated that the Lazard International R6 Fund has been on watch since June 2021. CAPTRUST recommended the removal and replacement of the fund. After discussion of historical performance and other factors, including alternative funds, the IC voted to recommend the removal and replacement of the Lazard International R6 Fund with the T. Rowe Price Overseas Stock Fund.

A MOTION was made by Ms. Vieira and seconded by Secretary Geisenberger to approve the removal of the Lazard International R6 Fund and its replacement with the T. Rowe Price Overseas Stock Fund.

MOTION ADOPTED UNANIMOUSLY

2022 Administrative Budget

Mr. Meyer presented the 2022 plans budget to the Board. He informed the Board that assets under management for the deferred compensation, education savings and ABLE plans are approximately \$2 billion, not including 403(b) legacy assets. Mr. Meyer reviewed revenue sources and expenses as they relate to the operations of the plans. Mr. Meyer also discussed the balance of administrative fees collected from plan participants.

A MOTION was made by Director Cade and seconded by Mr. Coppadge to approve the 2022 administrative budget for the plans.

MOTION ADOPTED UNANIMOUSLY

2022 Policy and Legislative Updates

Treasurer Davis provided a legislative update to the Board. She stated that there is bipartisan support for H.B. 205, which will establish a publicly offered IRA program for approximately 150,000 Delawareans who are not offered a retirement plan through their employer. Treasurer Davis also noted support for H.B. 145, which will establish a tax deduction for contributions made to 529 education and ABLE

accounts. Finally, Treasurer Davis noted that S.B. 210 also was recently introduced. That bill will conform state law ABLI provisions with federal guidelines.

Mr. Seemans added comment regarding H.B. 205, stating that it will create a separate program board to implement the program by January 1, 2025. At that time, the program board will dissolve, with all duties and responsibilities then transferred to the Plans Management Board. Mr. Seemans reviewed the make-up of the Board, which would include the Chair of the Plans Management Board.

PUBLIC COMMENT

None

NEXT MEETING

The next meeting of the AGC is scheduled for May 10, 2022.

The next meeting of the IC is scheduled for May 17, 2022.

The next meeting of the Board is scheduled for June 7, 2022.

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 11:41 a.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board

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