



**MINUTES FROM THE MEETING OF THE  
PLANS MANAGEMENT BOARD  
June 7, 2022**

A meeting of the Plans Management Board (the “Board”) was held on June 7, 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. Sean McNeeley, Director of Bond Finance (on behalf of Mr. Richard Geisenberger, Secretary of Finance)

Ms. Jennifer Carlson, Director of Finance, Department of Education (on behalf of Mr. Mark Holodick, Secretary of Education)

Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (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. 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 Kimmel, Promotion and Outreach Manager, OST

Mr. Mike Green, Investments and Operations Manager, OST

Ms. Deborah Bradl, Executive Assistant, OST

Mr. Earle Allen, Principal Financial Advisor, CAPTRUST

Mr. Anthony Durkan, Director, Vice President, Head of 529 Relationship Management (“Fidelity”)

Ms. Kellie Desrosiers, Vice President, Strategic Relationship Management, 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 Mr. Colberg and seconded by Mr. Kennedy to approve the minutes from the Board meeting on March 1, 2022.**

**MOTION ADOPTED UNANIMOUSLY**

## PRESENTATIONS

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

Mr. Meyer presented the quarterly summary report on business metrics and plan information. Mr. Meyer stated that there were 378 new enrollments, which represented a slight increase over the first quarter of 2021. Mr. Meyer indicated that enrollments in the second quarter are experiencing positive growth. The plan saw some momentum with total 2022 contributions increasing by approximately \$1.3 million to \$17.6 million. As of March 31, 2022, plan assets were approximately \$1.15 billion, not including 403(b) legacy vendor assets valued at approximately \$285.7 million. Mr. Meyer stated that overall consolidations were down from 74 in the first quarter of 2021 (totaling approximately \$2.9 million) to 57 in the first quarter of 2022 (totaling approximately \$1.4 million). Requests to consolidate assets held by legacy vendors was up over first quarter of 2021. Employee engagements increased slightly in the first quarter of 2022, up to 2,457 from 2,432 in the first quarter of 2021. Mr. Meyer stated OST is monitoring hardship requests to see if the economy is influencing withdrawals. Hardship withdrawals increased slightly in the first quarter of 2022, totaling 40 verses 35 in the first quarter of 2021. Mr. Meyer reviewed upcoming initiatives for the plans which include fiduciary training at the September Board meeting, an enrollment mailing, a beneficiary mailing, a promotion in October for Retirement Security Month, and a review of the Tier Two investment options. Mr. Meyer provided an update on the transition from Lazard International Equity fund to T. Rowe Overseas fund was completed in the second quarter of 2021.

### *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 new account growth in the first quarter of 2022 was unfavorable for the plan and for the whole industry. The plan received 492 new accounts in the first quarter of 2022 versus 650 in the first quarter of 2021. 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 quarter were down approximately \$2 million, from \$19 million to \$17 million. Assets under management decreased to \$710 million. This is due to market movement and the fact that 74 percent of the assets in the plan are for beneficiaries who are age 14 or older, whose savings are conservatively invested. Finally, distributions from the plan were flat for the quarter.

Mr. Meyer informed the Board that H.B. 145 (tax incentive legislation) passed the House and Senate, that the introduction of the stable value product (as a replacement for the money market fund) occurred in April, and that May 29, 2022, was celebrated as “DE529 Day” through a concurrent resolution of the General Assembly. Mr. Meyer also reported that the Aspire 529 program for Delaware’s foster youth was launched on June 1, 2022. Upcoming initiatives include an event at Winterthur Museum’s Enchanted Garden, a movie and bonfire promotion in Dewey Beach, and the State Fair. The incentive program “First State, First Steps” will look to launch in July 2022.

*Quarterly Business Metric Report - ABLE Plan*

Mr. Meyer presented the ABLE plan quarterly report on business metrics to the Board. The plan continues to experience growth. There were 223 funded accounts with approximately \$2.1 million in assets as of March 31, 2021. In the first quarter of 2022, new accounts grew by 26 percent over the fourth quarter of 2021. Mr. Meyer stated that net contributions totaled approximately \$198.2 thousand in the first quarter of 2022.

Mr. Meyer informed the Board that Ascensus was awarded a new recordkeeping contract by the Alliance.

**COMMITTEE REPORTS AND ACTION ITEMS**

*Discussion and Vote on Recommendation Regarding 457(b) and 403(b) Plan Amendments Regarding 2020 Coronavirus-Related Distributions and Waiver of Required Minimum Distributions*

*401(a) Plan Amendment Regarding 2020 Waiver of Required Minimum Distributions*

Mr. Meyer indicated to the Board that, in April 2020, the Board addressed plan-related changes implemented by the CARES Act relating to coronavirus-related distributions (“CRDs”) and the waiver of required minimum distributions (“RMDs”). Mr. Meyer stated that OST worked with Ice Miller and the Deputy Attorney General to memorialize those provisions in amendments for both the 457(b) and 403(b) plans. The 401(a) plan amendment only relates to the waiver of RMDs. The AGC reviewed the plan amendments and recommends approval by the Board.

**A MOTION was made by Mr. Kennedy and seconded by Treasurer Davis to approve 457(b) and 403(b) plan amendments regarding CRDs and RMDs and a 401(a) plan amendment for RMDs.**

**MOTION ADOPTED UNANIMOUSLY**

*Discussion and Vote on Recommendation Regarding Legislation Concerning Auditor Selection*

Mr. Meyer informed the Board that the AGC discussed the topic of legislation that would address responsibility for auditor selection. Mr. Meyer indicated that, based on industry research, it appears that oversight bodies for deferred compensation plans typically have responsibility for securing external auditors, and that such authority was recently granted to the Board of Pension Trustees. Mr. Meyer noted that OST and the Deputy Attorney General, at the request of the AGC, had explored legislation that would transfer from the Auditor of Accounts to the Board exclusive authority to hire accounting firms to audit the State’s education, deferred compensation, and “ABLE” plans. Mr. Meyer reported that the AGC recommends that the Board pursue such legislation.

**A MOTION was made by Mr. Kennedy and seconded by Mr. Coppadge to pursue legislation to permit the Board to select external auditors for the plans.**

**MOTION ADOPTED UNANIMOUSLY**

*Discussion and Vote on Recommendation Regarding Managed Account and Self-directed Brokerage Services for Deferred Compensation Plans*

Mr. Meyer reported that the Board awarded a new recordkeeping contract to Voya for the deferred compensations plans. Mr. Meyer indicated that, as required by the Investment Policy Statement for the plans, the IC and OST, with the assistance of CAPTRUST, conducted a due diligence review of Voya’s third-party managed account service (Morningstar) and self-directed brokerage (TD Ameritrade) providers. CAPTRUST’s report concluded that the providers offer quality services and are leading providers in the markets for their respective services. The IC agreed with CAPTRUST’s assessment.

**A MOTION was made by Mr. Coppadge and seconded by Treasurer Davis to approve the due diligence review of the managed account and self-directed brokerage providers.  
MOTION ADOPTED UNANIMOUSLY**

*Discussion and Vote on Recommendation Regarding Changes to the Investment Policy Statement for the 529 Plan*

Mr. Meyer stated that, in December 2021, the Board approved the addition of a stable value option for the 529 plan. Mr. Meyer indicated that the IC had reviewed changes to the Investment Policy Statement (“IPS”) to reflect the new offering. The changes include criteria for the selection and monitoring of the stable value product. The criteria track the criteria approved for the evaluation of the stable value product in the deferred compensation plan IPS.

**A MOTION was made by Ms. Vieira and seconded by Mr. Kennedy to approve revisions to the IPS for the 529 plan.  
MOTION ADOPTED UNANIMOUSLY**

*Discussion and Vote on Deferred Compensation Recordkeeping Fees*

Mr. Meyer stated that Voya provided OST with options for recordkeeping fees for the deferred compensation plans. OST, in consultation with CAPTRUST, is recommending an option with an asset-based fee of six and a half basis points or .0065%. This fee would be a reduction from the current asset-based fee of eight basis points. The recommendation also includes a future reduction to six basis points (.0006%) if the Board chooses to amend the plans to allow for involuntary cash outs for terminated employees with balances between \$1,000 to \$5,000. In addition, the recommendation also supports the full liquidity of the fixed product at the end of contract and includes services of the four local education representatives. The Board discussed the involuntary cash outs for terminated employees with small balances. Voya stated that an individual retirement account (IRA) rollover would be an option for the participants. The Board requested that OST and the AGC explore the involuntary cash out provision at a future meeting.

**A MOTION was made by Mr. Colberg and seconded by Mr. Coppadge to authorize OST to pursue Option 3 of Voya’s best and final offer.  
MOTION ADOPTED UNANIMOUSLY**

*Discussion and Vote on Brief Extension of Voya Contract*

Mr. Seemans provided legislative updates to the Board and indicated that the application process is underway for the Aspire 529 program.

**PUBLIC COMMENT**

None

**NEXT MEETING**

The next meeting of the AGC is scheduled for August 9, 2022.

The next meeting of the IC is scheduled for August 16, 2022.

The next meeting of the Board is scheduled for September 13, 2022.

**ADJOURNMENT**

**Ms. Vieira adjourned the meeting of the Board at 11:30 a.m.**

Respectfully submitted,

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Donna Vieira  
Chair for the Plans Management Board