



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
September 13, 2022**

A meeting of the Plans Management Board (the “Board”) was held on September 13, 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
Ms. Kimberly Klein, Associate Secretary, Operations Support 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

Absent:

Mr. Rick Geisenberger, Secretary of Finance

Others in Attendance:

Ms. Liza Davis, Deputy State Treasurer, Office of the State Treasurer (“OST”)
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. Carl Kanefsky, Director of Communications, 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. Audra Ferguson-Allen, Partner, Ice Miller LLC
Mr. Robert Gauss, Partner, Ice Miller LLC
Mr. John Macedo, Public Member

Mr. Robert Scoglietti, Legislative Hall

CALLED TO ORDER

The meeting was called to order at 10:03 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Colberg and seconded by Mr. Coppadge to approve the minutes from the Board meeting on June 7, 2022.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Fiduciary Training-Ice Miller

Ice Miller presented the annual Fiduciary training to Board and committee members, as well as OST staff and others in attendance.

Delaware EARNs Overview- OST

Mr. Seemans presented an overview of HB 205 the Delaware EARNs Act to the Board. He reminded the Board this is a state sponsored savings plan funded by employees and facilitated by the employers and overseen by the State provided for employees who are not offered a retirement plan from their employer. The Act was signed by Governor Carney on August 18, 2022. The launch date will occur on January 1, 2025. Mr. Seemans stated a Delaware EARNs Program Board will be created and operate through December 31, 2024, at which point the responsibilities will be transferred to and assumed by the Plans Management Board.

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 eight new enrollments which represented low growth over the second quarter of 2021. The plan saw some growth with second quarter contributions increasing by approximately \$.5 million from \$17.2 to \$17.7 million. As of June 30, 2022, plan assets were approximately \$1 billion, not including 403(b) legacy vendor assets valued at approximately \$250.4 million. Mr. Meyer stated that overall consolidations were down from 63 in the second quarter of 2021 (totaling approximately \$2.4 million) to 61 in the second quarter of 2022 (totaling approximately \$1.6 million). Employee engagements increased slightly in the second quarter of 2022, up to 2,174 from 1,954 in the second quarter of 2021. Hardship withdrawals decreased slightly in the second quarter of 2022, totaling 39 verses 41 in the second quarter of 2021. Mr. Meyer reviewed upcoming initiatives for the plans which include an enrollment mailing, a promotion in October for Retirement Security Month, and exploration of ESG investment offerings.

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 second quarter of 2022 was unfavorable for the plan and for the whole industry. The plan received 351 new accounts in the second quarter of 2022 versus 487 in the second quarter of 2021. Of the new accounts, approximately 67 percent were opened by existing Fidelity customers. Approximately 46 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 \$6 million, from \$17 million to \$11 million. Assets under management decreased to \$650 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 of some upcoming initiatives include an event at Winterthur Museum's Enchanted Garden, the Apple Scrapple Festival and the Sea Witch Parade in the fall. He also mentioned the sponsorship for the Delaware v. Delaware State Route 1 Rivalry football game which garnered exposure for the plan. Treasurer Davis presented the trophy to the winning team at the end of the game.

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 242 funded accounts with approximately \$2.2 million in assets as of June 30, 2021. In the second quarter of 2022, new accounts grew by nine percent over the same quarter of 2021. Mr. Meyer stated that net contributions totaled approximately \$395 thousand in the second quarter of 2022.

Mr. Meyer informed the Board that Mr. Carl Kanefsky will be replacing Mr. Dan Madrid in promotion and management of the ABLE plan.

COMMITTEE REPORTS AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding 457(b), 403(b), and 401(a) Plan Amendments Relating to the Involuntary Distribution for Terminated Participants with Balances Between \$1,000-\$5,000

Mr. Meyer indicated to the Board that, the AGC discussed involuntary cash outs of small account balances at the August meeting. Mr. Meyer stated in June 2022, the Board discussed Voya's pricing proposal to lower the recordkeeping fee from the new rate of .065% to .06% if the Plans enacted the involuntary distributions for balance between \$1,000 and \$5,000. OST worked with Ice Miller and the Deputy Attorney general to prepare the plan amendments for the 457(b), 401(a), and 403(b) plans. CAPTRUST stated the amendments were consistent with "best practices" from other plan sponsor clients. The AGC reviewed the plan amendments and recommends approval by the Board.

A MOTION was made by Mr. Kennedy and seconded by Ms. Vieira to approve the 457(b), 403(b) and the 401(a) plan amendments relating to the Involuntary Distribution for Terminated Participants with Balances Between \$1,000-\$5,000.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Updates to the Policy Governing the Use of Administrative Fees

Mr. Meyer informed the Board that the AGC discussed the topic of the Board's policy governing the use of administrative fees. The original policy was approved by the Board in September 2018. In 2019, the Board enabling statute was updated to allow for use of administrative fees from the college and ABLE plans to fund scholarship, match program, and promotional programs. OST worked with AGC member Mr. Macedo, Ice Miller and the Deputy Attorney General to draft the revisions to the policy. Revisions include that following a recommendation from a committee, the Board would review and authorize any new scholarship, match, or promotional programs. The Board would vote to approve funding for any new programs through the existing budget process during the first quarter of each year.

A MOTION was made by Ms. Vieira and seconded by Mr. Kennedy to approve the updates to the policy governing the use of administrative fees.

MOTION ADOPTED UNANIMOUSLY

Discussion on Voya Contract Extension

Mr. Meyer stated that, in June 2022, the Board approved OST's request to extend the existing Voya contract from June 30 to August 31, 2022, to complete the review, negotiation and execution of a new contract with Voya. The existing contract was then extended until September 30, 2022, as work continued on the negotiations and review of the new agreements. Execution is expected to be finalized by the end of September.

NO ACTION NEEDED

Policy and Legislative Updates

Mr. Meyer informed the Board of two recent legislative updates. First, HB 145 was a tax deduction bill relating to contributions to either the Education Savings program or the ABLE program. Second, was SB 210 which brought the ABLE statute to code.

PUBLIC COMMENT

None

NEXT MEETING

The next meeting of the AGC is scheduled for November 1, 2022.
The next meeting of the IC is scheduled for November 15, 2022.
The next meeting of the Board is scheduled for December 6, 2022.

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 11:56 a.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board