



MEMORANDUM

To: Plans Management Board Members
From: John Meyer, Director of Contributions and Plan Management
Sent: December 6, 2022
Subject: **December Meeting- Committee Reports and Action Items**

The Plans Management Board (“Board”) will meet on December 6, 2022. The Board will receive reports from the Audit and Governance Committee (“AGC”), the Investment Committee (“IC”) and updates from the Office of State Treasurer (“OST”). The AGC assembled virtually on November 1, 2022. The AGC received updates on plan audit reports, the MOU with the Office of the Auditor of Accounts (“AOA”), and a cyber security presentation by Voya Financial. The IC convened virtually on November 15, 2022. In addition to the quarterly investment reports presented by CAPTRUST, the IC discussed adding the T. Rowe Price Blue Chip Growth I fund to the watch list, reviewed the investment policy statement for the deferred compensation plans, considered small balance IRA providers, and received a proposal on the expansion of Fidelity Series Funds within the 529 plan. The committees and OST present the following items to Board:

Plan Audits

Barbacane Thornton presented the final audit reports and financial statements for the 2021 457(b) plan, 401(a) plan, 403(b) plan, and the 529 college investment plan. The AGC accepted the reports and financial statements for the plans. Materials will be circulated electronically to Board members and physical copies will be available upon request.

Action Item: Motion to accept the audit reports for the 2021 457(b) plan, 401(a) plan, 403(b) plan, and the 529 college investment plan.

Memorandum of Understanding (“MOU”) with AOA

The AGC discussed the MOU with AOA. The [updated MOU](#) outlined a rate of 10% to be assessed by AOA for work relating to the 2021 plan year audits. The MOU was negotiated between OST and AOA (Auditor McGuiness) in September 2022. The MOU was also discussed with AOA (Auditor Greenhouse) in November 2022. OST discussed with AOA (Auditor Greenhouse) the Board’s interest in future legislation concerning the Board’s role in the selection of external audit firms. OST will begin discussions with Auditor-Elect York in 2023 pertaining to an MOU FOR the 2022 plan year audits.

Action Item: Motion to approve the MOU with AOA for work relating to the 2021 plan year audits.

Watch List: T. Rowe Price Blue Chip Growth I Fund

CAPTRUST recommended the T. Rowe Price Blue Chip Growth I Fund be added to the watch list. The fund is available to deferred compensation plan participants. The IC discussed the fund and voted to recommend that the fund be placed on watch. The IC will continue to monitor the fund's performance, speak with the fund's management at an upcoming meeting, and consider possible replacement funds. More information on the recommendation can found in the attached CAPTRUST [summary](#).

Action Item: Motion to place T. Rowe Price Blue Chip Growth I fund on watch.

Fidelity Series Fund Expansion

Fidelity proposed adding two new Series Funds as building block investment options within the 529 plan. Fidelity's portfolio management team identified two strategies (Small Cap Core and Select International Small Cap) designed to provide additional diversification by applying distinct investment approaches that are complementary to the Series Funds that are currently held in the 529 portfolios. CAPTRUST and the IC reviewed the proposal and recommend the expansion to the Board.

Action Item: Motion to approve the Fidelity Series Fund Expansion.

2022 Plans Administrative Budget

In March 2022, the Board approved the administrative budget for the deferred compensation and college investment plans. For the year, administrative fee revenue has been impacted due to market performance. Through November 2022, the plans have operated within overall budget expense parameters.

Action Item: No Board action required.

2023 Meeting Schedule

The 2023 meeting schedule for the Plans Management Board and Committees can be found [here](#). OST will circulate calendar invites to members.

Action Item: No Board action required.