



## MEMORANDUM

To: Plans Management Board Members  
From: John Meyer, Director of Contributions and Plan Management  
Sent: June 6, 2023  
Subject: **June Meeting- Committee Reports and Action Items**

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The Plans Management Board (“Board”) will meet on June 7, 2023. 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 May 9, 2023. The IC convened virtually on May 16, 2023.

The committees and OST present the following updates to Board:

### **Auditor York and External Audit Firm Update**

During the May AGC meeting, State Auditor York provided an update on her inaugural months in office and shared her goals for the office moving forward. Ms. York discussed her goals of bringing stability to the office and ensuring compliance with codified mandates. Auditor York reviewed the current audit firm contract with Barbacane Thornton. She stated that the current audit firm is under contract until September 2023 for the 2021 and 2022 plan year audits. Ms. York stated that it is the intent of AOA to issue a new RFP rather than exercise the contract extension option. The AGC voiced support for an upcoming RFP and the desire of having Board representation in the RFP process.

**Action Item:** No action needed.

### **Cyber Security Policy**

The AGC reviewed an initial draft of a cyber security policy. The AGC requested that OST meet with the Delaware Department of Technology and Information (“DTI”) to discuss procedures and capabilities for ongoing monitoring of vendor practices and to work with AGC Member John Macedo and OST’s DAG to refine the policy. The AGC will review an updated policy at the August 2023 committee meeting.

**Action Item:** No action needed.

### **Managed Account and Self-Directed Brokerage Service Provider**

As required by the Investment Policy Statement for the plans, the IC and OST conducted a due diligence review of Voya's third-party managed account service (Morningstar) and self-directed brokerage (TD Ameritrade) providers. At the May 2023 meeting, the IC reviewed a report by CAPTRUST, which concluded that the providers offer quality services and are leading providers in the markets for their respective services. The CAPTRUST memo can be found [here](#).

The IC also discussed a consent request involving the managed account service. The consent request reflected an upcoming change where Voya Retirement Advisers ("VRA") will provide investment advisory services and act as fiduciary in lieu of Morningstar Investment Management LLC. Morningstar will act as an independent financial expert to VRA with respect to the services which means that the underlying methodology for the investment advice provided to participants will remain unchanged. More information can be found [here](#). The core financial terms of the services remain the same.

OST is requesting direction to work with the deputy attorney general ("DAG") to conduct a review of the consent request and execute any agreement if needed upon review and approval by DAG.

**Action Item:** Motion to direct OST to work with DAG to review, execute consent agreement if suitable, and report back to the IC.

### **Watch List**

At the March 2023, the Board approved the removal and replacement of T. Rowe Price Blue Chip Growth I Fund. On May 22, 2023, the T. Rowe Price Blue Chip Growth I Fund was replaced with the JPMorgan Large Cap Growth R6 fund. CAPTRUST and the IC also discussed the performance of the PIMCO Total Return fund. CAPTRUST continues to monitor this fund due to a change in leadership and an uncertain economic and interest rate environment. The IC will revisit a discussion on whether to recommend this fund for the Board's watch list at the August IC meeting.

**Action Item:** No action needed.

### **Small Balance IRA Provider**

In September 2022, the Board approved involuntary force-out provisions for terminated participants with balances between \$1,000 and \$5,000. If a terminated participant with a balance between \$1,000 and \$5,000 fails to act upon notice of pending distributions, the balance would be transferred to an IRA. CAPTRUST provided the IC with [options](#) related to potential providers. The IC will revisit the discussion at the August meeting.

**Action Item:** No action needed.