



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
March 7, 2023**

A meeting of the Plans Management Board (the “Board”) was held on March 7, 2023, at Buena Vista Conference Center, 661 S. Dupont Highway, New Castle, DE 19701, commencing at 10:00 a.m. 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. Mark Holodick, Secretary of Education
Mr. Rick Geisenberger, Secretary of Finance
Mr. Joel Coppadge, III, Public Member
Mr. Jason Hale, State Employee
Ms. Leighann Hinkle, State Employee
Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (on behalf of Mr. Cerron Cade, Director of OMB)

Others in Attendance:

Mr. Jordan Seemans, Deputy State Treasurer, Office of State Treasurer (“OST”)
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. John Meyer, Director of Contributions and Plans Management, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Ms. Deborah Bradl, Executive Assistant, OST
Mr. Carl Kanefsky, Director of Communications, OST
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST
Mr. James Duffy, Research Associate, CAPTRUST
Mr. Anthony Durkan, Director, Vice President, Head of 529 Relationship Management (“Fidelity”)
Mr. Christopher Engelhardt, Vice President, Strategic Relationship Management, Voya

CALLED TO ORDER

The meeting was called to order at 10:02 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Coppadge and seconded by Commissioner Navarro to approve the minutes from the Board meeting on December 6, 2022.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Metric Report - Deferred Compensation Plans

Mr. Meyer presented the quarterly report on business metrics and plan information. Mr. Meyer stated that the plans attracted 364 new enrollments in the fourth quarter of 2022 compared to 396 new enrollments in the fourth quarter of 2021 (an eight percent decrease). There was a six percent decrease for annual enrollments for 2022 over 2021. Annual contributions increased by approximately \$3 million from \$70.5 million in 2021 to \$73.5 million in 2022. This is attributable, in part, to an increase in the number of employee requests for sick and vacation payouts, which increased the average amount of employee contributions. As of December 31, 2022, plan assets were approximately \$1.04 billion, not including 403(b) legacy vendor assets valued at approximately \$239.54 million. As of that date, Ninety-two percent of participants were invested in Tier I, which held 71 percent of deferred compensation plan assets and received 70 percent of all contributions in 2022. Tier II had 527 participants and received twenty-six percent of plan assets. Two percent of Tier II assets were receiving managed account services. Finally, Tier III (the self-directed brokerage account option) had 494 participants and three percent of plan assets. Mr. Kimmel reviewed current initiatives for the plans, including America Saves Week, Open Enrollment, and the development of financial wellness webinars through partnership with Voya and the Statewide Benefits Office.

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 total plan assets at the end of the fourth quarter were approximately \$612.67 million, a [dollar amount] decrease from the fourth quarter of 2021. This decrease in assets was due to market trends and increased distributions to beneficiaries between the ages of 14 and 22. Mr. Meyer also stated that approximately 70 percent of plan assets (\$428.7 million) was invested in aged-based portfolios. Fifty-one percent of plan assets (approximately \$310 million) was in the active aged-based funds, two percent (approximately \$12.7 million) was in the blend aged-based funds, and 17 percent (approximately \$106 million) was in the index aged-based funds. Approximately 30 percent of total plan assets (\$183 million) was in the static portfolio. New accounts in 2022 were down eight percent versus 2021; however, the second half of 2022 had an eighteen percent growth over the same period in 2021. There were 636 new accounts in the fourth quarter of 2022 versus 435 in the fourth quarter of 2021. This growth may be attributed to the implementation of a recently passed tax deduction, market rebounding and robust plan promotion. Mr. Meyer stated that contributions for 2022 were approximately \$51.6 million versus approximately \$64.7 million in 2021. Further, distributions for 2022 were approximately \$92 million versus approximately \$98 million for 2021. Mr. Meyer reviewed the results of the First State, First Steps pilot program. Mr. Meyer reported a positive account growth trend for Delaware beneficiaries during the pilot. New accounts for Delaware beneficiaries grew by 23 percent during the pilot program, with the main driver being growth in the beneficiaries under five years old.

Mr. Kimmel informed the Board of some recent and upcoming initiatives, such as the baby race at the University of Delaware basketball game, DE529's title sponsorship of Kids Day at the Delaware State Fair in July, and a variety of activities at the Delaware Museum of Nature and Science in May and June.

Quarterly Business Metric Report - ABLE Plan

Mr. Kanefsky presented the quarterly report on ABLE business metrics. The plan continues to experience growth. There were 299 funded accounts with approximately \$2.7 million in assets as of December 31, 2022. [prior period?] Mr. Kanefsky stated that net contributions totaled approximately \$850,136 in the fourth quarter of 2022.

Mr. Kanefsky informed the Board of recent and upcoming initiative, which include the distribution of an updated ABLE brochure at a recent Food Bank of DE event, Treasurer Davis participating in a live webinar introducing ABLE to the deaf and hard of hearing community, and Treasurer Davis authoring a NAST “Thought Leader Thursday” letter in mid-March.

COMMITTEE REPORTS AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding 2023 Committee Goals

Mr. Meyer updated the Board as to the status of the 2023 Committee goals. During the February meetings, the AGC and IC discussed 2023 goals for committee work. The AGC is recommending focusing on SECURE Act 2.0 changes, operational matters as they relate to the plans, contract extension feedback on the external audit firm, the development of vendor management and cyber security policies, and the Memorandum of Understanding with the Auditor’s office. Audit presentations will be scheduled for the August 2023 and November 2023 meetings. The IC outlined goals to include the annual reviews of the investment policy statements for the deferred compensation and college plans, the target date fund provider, the managed account provider, and the self-directed brokerage vendor. The IC also discussed reviewing potential IRA providers for the small balance involuntary distributions. Additional IC agenda topics may include items relating expanding the investment options within Tier II of the deferred compensation program and the investment strategy for the 529 plan administrative fund.

A MOTION was made by Secretary Geisenberger and seconded by Mr. Coppadge approve the 2023 Committee goals.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding the 2023 MOU with the Office of the Auditor of Accounts

Mr. Meyer presented an update on the Memorandum of Understanding (“MOU”) between the Board and the Auditor of Accounts (“AOA”). The 2023 MOU is consistent with the 2022 MOU that the Board approved in December 2022. The MOU outlines a rate of 10% to be assessed by AOA for work relating to the 2022 plan year audits

A MOTION was made by Mr. Kennedy and seconded by Ms. Vieira to approve the MOU with AOA for work relating to the 2022 plan year audits.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding the Replacement of T. Rowe Price Blue Chip Growth I

Mr. Meyer led the discussion regarding the replacement of T. Rowe Price Blue Chip Growth I. He stated that the Board approved adding the T. Rowe Price Blue Chip Growth I Fund to the watch list at the December 2022 meeting. The fund is available to deferred compensation plan participants. The IC received updates on the fund from CAPTRUST and the portfolio manager from T. Rowe Price at the

February meeting. The IC reviewed possible replacement options and voted to recommend that the T. Rowe Price Blue Chip Growth I Fund be replaced with the JPMorgan Large Cap Growth R6 fund. Mr. Colberg added commentary on the fund's concentration in technology stocks, which negatively impacted the fund's performance. Mr. Coppadge questioned the weighting and structure of the proposed replacement fund, JP Morgan Large Cap Growth R6. Mr. Colberg responded by indicating that the JP Morgan fund is more in line with the benchmark and the industry.

**A MOTION was made by Mr. Colberg and seconded by Treasurer Davis to replace T. Rowe Price Blue Chip Growth I fund with JP Morgan Large Cap Growth R6 fund.
MOTION ADOPTED UNANIMOUSLY**

Discussion and Vote on Recommendation Regarding CAPTRUST Contract Extension

Mr. Meyer stated that, in March 2020, the Board approved a three-year contract with two one-year extensions to CAPTRUST for the purpose of providing investment advisory and consulting services to the Board for the 457(b), 403(b), 401(a) and 529 plans. The IC discussed exercising the first one-year extension and is recommending this to the Board.

A MOTION was made by Ms. Vieira and seconded by Mr. Coppadge to approve the first of the two one-year extensions to the investment advisory and consulting services agreement with CAPTRUST.

MOTION ADOPTED UNANIMOUSLY

SECRETARY GEISENBERGER BRIEFLY LEFT MEETING [11:21]

joined by phone

Vote to Delegate Administrative Responsibilities on College Trust Administration Account to the Office of the State Treasurer

In February 2022, a new account was set up for the Delaware Qualified Savings Trust at Fidelity. The purpose of this new account was to aid in the administration of the First State, First Steps incentive program. Fidelity is requesting the Board's approval for Fidelity to take direction from the staff of the Contributions and Plan Management Division at OST. This approval would allow staff to execute transactions from the account like the existing administrative accounts for the 529 plan and the deferred compensation plans.

A MOTION was made by Mr. Coppadge and seconded by Mr. Kennedy to direct Fidelity to take direction from the OST staff.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on 2023 Plans Administrative Budget

Mr. Meyer provided information to the Board on the 2023 plans administrative budget. Per the budget policy, OST is responsible for developing an annual budget for the administration of the deferred compensation and college investment plans. Mr. Meyer presented a draft budget for all plans, including the 529 plan and the deferred compensation plans.

A MOTION was made by Commissioner Navarro and seconded by Ms. Vieira to approve the 2023 administrative budget for the plans.

MOTION ADOPTED UNANIMOUSLY

Updates- OST

Mr. Meyer provided the Board with an update on SECURE Act 2.0. He highlighted key mandatory and optional provisions. CAPTRUST provided overview information to Board. Mandatory provisions include items such as the increase in the required mandatory distribution age from age 72 to age 73, a new catch-up contribution option for participants that are 60 to 63 years of age, a new retirement savings lost and found that will collect information on missing, lost or non-responsive participants. Optional provisions will allow matching contributions to be made as Roth contributions, student loan repayments to be treated as elective deferrals for the purpose of matching contributions (beginning after December 31, 2023), emergency savings distributions of \$1,000 per year, and small financial incentives to encourage employees to participate in a retirement plan. Mr. Meyer referenced the CAPTRUST overview slides for additional information.

Deputy Treasurer Seemans noted updates regarding the Delaware EARNNS program. The EARNNS Board has had three meetings, has created three standing committees, and is endeavoring to secure a program director. The EARNNS Board has also approved a program consultant. The Delaware EARNNS program continues to be promoted throughout the state. Mr. Seemans also updated the Board on OST's legislative initiatives, including bringing back the state match for contributions to a deferred compensation plan, creating auto-enrollment for state employees and permitting casual/seasonal employees to participate in the state's deferred compensation plan.

Mr. Meyer thanked the Board for participating in the Board assessment survey meant to improve the focus and effectiveness of Board meetings. Ms. Vieira re-iterated Mr. Meyer's comments in thanking Board members for participating in the survey and providing robust feedback. She looks forward to developing metrics to measure success and having robust conversations in accomplishing the Board's goals.

PUBLIC COMMENT

None

NEXT MEETING

The next meeting of the AGC is scheduled for May 9, 2023.

The next meeting of the IC is scheduled for May 16, 2023.

The next meeting of the Board is scheduled for June 6, 2023.

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 11:42 a.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board

DRAFT