



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
June 6, 2023**

A meeting of the Plans Management Board (the “Board”) was held on June 6, 2023, at the 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 in person, or by 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

Ms. Tanisha Merced, Deputy Commissioner (on behalf of The Honorable Trinidad Navarro, Insurance Commissioner)

Ms. Kim Klein, Associate Secretary, Operations Support Department of Education, (on behalf of 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

Mr. Cerron Cade, Director of OMB

Others in Attendance:

Mr. Jordan Seemans, Deputy 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. Matt Rosen, Senior Policy Advisor, OST

Mr. Ted Griffith, Executive Director, DE EARNs

Ms. Courtney Stewart, Deputy Director, Office of Management and Budget

Mr. Earle Allen, Principal Financial Advisor, CAPTRUST

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 Secretary Geisenberger and seconded Mr. Colberg to approve the minutes from the Board meeting on March 7, 2023.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Report - Deferred Compensation Plans

Mr. Meyer presented the quarterly report on the deferred compensation plans. Mr. Meyer stated that enrollments for the first quarter of 2023 were down twelve percent compared to the first quarter of 2022. Mr. Meyer reported that the second quarter is experiencing a growth trend through the end of May. He noted that the major driver of this trend were promotional events timed with the open enrollment period for statewide healthcare and other employee benefits. Mr. Meyer reported 384 new enrollments in May 2023 compared to 265 enrollments in May 2022 or forty five percent growth.

Mr. Engelhardt provided Voya's report. Mr. Engelhardt reviewed first quarter data for the deferred compensation plans. He stated that, as of March 31, 2023, plan assets for the 457(b) plan were approximately \$825.62 million. Mr. Engelhardt reported that there were approximately 16,038 total plan participants with an average account balance of \$51,480. This compares to Voya's other government plans with an average balance of \$53,333. Three percent of participants are using the managed account services. For the quarter, approximately fifty-one percent of participants are engaged with the tools and resources that Voya offers. This compares to Voya's other government plans with an average of thirty-four percent. Overall, employee engagement is down eight percent from approximately fifty-nine percent in the first quarter of 2022. The Board inquired about further data on engagement by participant segment. Mr. Engelhardt will provide an update at a future meeting.

Mr. Engelhardt also reviewed the first quarter data for the 403(b) plan. He stated that total plan participants increased to approximately 8,023 in the first quarter of 2023 versus 7,612 in the first quarter of 2022. Total plan assets were approximately \$245.38 million as of March 31, 2023 (not including 403(b) legacy vendor assets valued at approximately \$238.8 million, an increase of approximately \$8.6 million from the first quarter of 2022. The average account balance was approximately \$30,585. This compares to Voya's other government plans with an average of \$53,333. Mr. Engelhardt stated that approximately two percent of 403(b) plan participants are using managed account services. Mr. Engelhardt indicated that overall employee engagement for the 403(b) plan is approximately forty-one percent compared to Voya's other government plans at an average at thirty-four percent.

The Board inquired about the contributing sources that are included in income replacement figures for plan participants. Mr. Engelhardt will provide more detail at an upcoming meeting.

Quarterly Business Report - Education Savings Plan

Mr. Meyer presented first quarter data for the 529 plan. Mr. Meyer stated total plan assets were approximately \$632.9 million, an increase from approximately \$612.6 million from year end 2022. The number of new accounts in the first quarter of 2023 (741) increased fifty-one percent from the first quarter of 2022 (492). The number of new accounts in April of 2023 (224) increased seventy-five percent from April of 2022 (178). Mr. Meyer stated that April 2023 saw growth of approximately fifty-six

percent (224 accounts compared to 128 accounts) over April of 2022. Mr. Meyer stated that the growth may be attributed to the implementation of a recently passed tax deduction and robust incentive programs. Mr. Meyer provided an update on the First State, First Steps incentive program.

Mr. Kimmel informed the Board of some upcoming initiatives including Kids Day at the Delaware State Fair, a variety of activities at Delaware Museum of Nature and Science throughout the summer, DE529 Day at a Wilmington Blue Rocks game on August 6, 2023, and Gift of Lights at Dover Motor Speedway that will run Thanksgiving through New Year's Day.

Quarterly Business Report - ABLE Plan

Mr. Kanefsky presented the quarterly report on the ABLE plan. The plan saw a seventeen percent decrease in enrollment growth in the first quarter of 2023. There were 317 funded accounts with approximately \$3.0 million in assets as of March 31, 2023. Mr. Kanefsky stated that net contributions totaled approximately \$321,667.19 in the first quarter of 2023.

Mr. Kanefsky informed the Board of upcoming initiatives, which include the State Treasurer participating in a podcast to promote the ABLE plan and participation in the Blue Gold game at the University of Delaware on June 16, 2023.

COMMITTEE REPORTS AND ACTION ITEMS

Status Report on External Audit Firm

Mr. Meyer updated the Board regarding Auditor York's attendance at the AGC meeting. Mr. Meyer reported that State Auditor York provided an update on her inaugural months in office and shared her goals for the office moving forward. Mr. Meyer also stated that Auditor York and her team provided an update on the current audit firm contract.

Status Report on Cyber Security Policy

Mr. Meyer presented an update on the cyber security policy to the Board. 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 Deputy Attorney General (the "DAG") to refine the policy. The AGC will review an updated policy at the August 2023 committee meeting.

Discussion and Potential Vote Regarding Managed Account and Self-Directed Brokerage Service Providers

Mr. Meyer led the discussion regarding the managed account and self-directed brokerage service providers. Mr. Meyer noted that the Investment Policy Statement for the plans instructs the IC and OST to conduct 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 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. Mr. Meyer stated that the core financial terms of the services

remain the same. OST is requesting direction to work with the DAG to conduct a review of the consent request and execute any agreement if needed upon review and approval by the DAG.

A MOTION was made by Mr. Colberg and seconded by Ms. Vieira to direct OST to work with the DAG to review, execute the consent agreement if suitable and report back to the IC. MOTION ADOPTED UNANIMOUSLY

Discussion and Potential Vote Regarding Watch List

Mr. Meyer indicated that, on May 22, 2023, the T. Rowe Price Blue Chip Growth I Fund was replaced with the JPMorgan Large Cap Growth R6 fund. Mr. Meyer reported that, at the May IC, 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.

Status Report Regarding Small Balance IRA Provider

Mr. Meyer reported that the IC discussed potential small balance IRA providers as presented by CAPTRUST. The IC discussed investment options within the IRA accounts and requested more information and options from CAPTRUST at the August meeting.

OST Updates

Mr. Meyer updated the Board on SECURE Act 2.0. He stated that OST has been advised by Ice Miller to wait for guidance regarding the changes. Additional information will be shared with the Board in the third quarter. One change that has been implemented is the delivery frequency for the 457(b) plan contribution file. The SECURE Act 2.0 allowed for the removal of the month prior rule for the 457(b) plan, which aligns the 457(b) and 403(b) plans’ file delivery frequencies.

Mr. Griffith introduced himself to the Board as the EARNS Program Director and updated the Board on implementation efforts.

Mr. Seemans updated the Board on HB130, which will allow casual seasonal state employees to contribute to the 457(b) plan. He stated that over 2,000 state employees will benefit and be able to save for retirement. Mr. Seemans also noted that SB 94, which will bring back the match program, is currently under review in the Senate. Mr. Seemans also stated that work is ongoing with respect to OST’s legislative initiative regarding auto enrollment.

PUBLIC COMMENT

None

NEXT MEETING

The next meeting of the AGC is scheduled for August 8, 2023.

The next meeting of the IC is scheduled for August 15, 2023.

The next meeting of the Board is scheduled for September 12, 2023.

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 11:36 a.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board