



MINUTES OF THE PLANS MANAGEMENT BOARD September 10, 2024

A virtual meeting of the Plans Management Board (“Board”) was held on September 10, 2024, at 10:00 AM. 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
Ms. Tanisha Merced, Deputy Commissioner (on behalf of The Honorable Trinidad Navarro, Insurance Commissioner)
Mr. Rick Geisenberger, Secretary of Finance
Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (“OMB”) (on behalf of Mr. Cerron Cade, Director of OMB)
Ms. Kim Klein, Director of Finance of Department of Education (on behalf of Secretary Mark Holodick)
Mr. Joel Coppadge, III, Public Member
Mr. Jason Hale, State Employee

Members Absent:

Leighann Hinkle, State Employee

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
Ms. Khairat Makanjuola, Chief Operating Officer, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Ms. Deborah Bradl, Executive Assistant, OST
Mr. Ted Griffith, Program Director, DE EARNNS
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST
Mr. Christopher Engelhardt, Vice President, Strategic Relationship Management, Voya
Mr. Anthony Durkan, Vice President, Head of 529 Relationship Management, Fidelity
Ms. Audra Ferguson-Allen, Partner, Ice Miller LLC
Ms. Tara Sciscoe, Partner, Ice Miller LLC
Ms. Corrine Arman, Rebecca Kinder, PA

CALLED TO ORDER

The meeting was called to order at 10:00 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Colberg and seconded by Mr. Coppadge to approve the minutes from the Committee meeting on June 4, 2024.

MOTION PASSED UNANIMOUSLY.

PRESENTATION

Fiduciary Training-Ice Miller

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

Quarterly Business Report - Deferred Compensation Plans

Mr. Engelhardt presented the quarterly report on the deferred compensation plans. Mr. Engelhardt stated that total assets across all plans for the second quarter were approximately \$1.328 billion excluding assets held at legacy 403(b) vendors (valued at approximately \$251.4 million as of June 30, 2024). He stated that the growth in assets is primarily due to strong market performance. Mr. Engelhardt stated that contributions outpaced distributions. He also stated that distributions for the second quarter totaled approximately \$18.5 million. Mr. Engelhardt stated that hardship withdrawals increased from 59 in the first quarter to 88 in the second quarter. This increase may be due to the change in permitting the self-certification of hardships cases allowed by SECURE Act 2.0. The Board requested that Voya continue to monitor this trend. He further stated that 54 participants performed a rollover which totaled approximately \$1.8 million. Mr. Engelhardt stated that there were 547 new accounts in the second quarter and enrollments increased year over year.

Mr. Engelhardt reviewed the second quarter communications data for the deferred compensation plans.

Quarterly Business Report - Education Savings Plan

Mr. Meyer presented second quarter data for the 529 plan. Mr. Meyer stated that total plan assets at the end of the quarter were approximately \$685.5 million, as compared to \$651.1 million from year end 2023. Mr. Meyer stated that approximately sixty-five percent of plan assets (\$443.6 million) was invested in the age-based portfolios. Within the age-based portfolios, forty-three percent (approximately \$293.9 million) was in the active age-based funds, four percent (approximately \$24.5 million) was in the blend age-based funds, and eighteen percent (approximately \$125.2 million) was in the index age-based funds. Thirty-five percent of plan assets (approximately \$241.8 million) are invested in static portfolios or individual funds. New accounts for the second quarter of 2024 grew by nine percent over the same period in 2023. Mr. Meyer provided an update on the First State, First Steps incentive program. The program continues to attract Delaware residents with children under age five.

Mr. Kimmel presented promotion and outreach information for the 529 plan, including events at the State Fair, events during the University of Delaware sports season, promotions at Wilmington

Blue Rocks baseball games, the Sea Witch parade at Halloween and the holiday events at Winterthur from Thanksgiving through the new year.

Mr. Meyer reminded the Board regarding the annual Morningstar review of the 529 plan in September. Mr. Meyer stated the ratings should be released by November.

Quarterly Business Report - ABLE Plan

Mr. Meyer presented the quarterly report on the ABLE plan. The ABLE plan grew to 496 funded accounts and had approximately \$5.2 million in assets as of the end of the second quarter. New accounts increased approximately fifty-one percent through the second quarter of 2024 versus the same period in 2023.

Mr. Meyer mentioned that an event in August that the Treasurer attended at the Food Bank of Delaware which highlighted recent ABLE milestones and the news that Delaware's Senators Carper and Coons joined the sponsorship of S 4539 of the ENABLE Act. He also mentioned an upcoming initiative for the Treasurer in October which will be the Down Syndrome Association of Delaware Walk.

Delaware EARNs

Mr. Griffith presented an update on Delaware EARNs. Mr. Griffith stated that the focus for the program has been on outreach initiatives in collaboration with Aloysius Butler & Clark and program administrator Vestwell. Mr. Griffith stated that data is currently being collected and analyzed and he will provide an update to the Board at a future meeting.

COMMITTEE REPORTS, ADMINISTRATIVE UPDATES AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding the Vendor Management Policy

Mr. Meyer mentioned that the Audit and Governance Committee ("AGC") reviewed the draft of the vendor management policy. The policy governs OST's duties and responsibilities concerning vendor management practices for the deferred compensation plans, the Education Savings Plan, and the ABLE Plan. The AGC recommended the Board approve the vendor management policy.

A MOTION was made by Ms. Vieira and seconded by Mr. Kennedy to approve the Vendor Management Policy.

MOTION ADOPTED UNANIMOUSLY.

Discussion and Vote on Recommendation Regarding Cost Share Class Change to Vanguard Institutional Index PI Fund

Mr. Meyer mentioned that the Investment Committee ("IC") discussed a cost share class change. The deferred compensation plans now qualify for a lower cost share class of one of the current plan investments. The Vanguard Institutional Index I (0.035%) can be replaced by the Vanguard Institutional Index PI (0.020%). The fund within the plans had \$123,938,792 as of June 30, 2024, and represents 9.33% of the assets of the plans. The IC recommended the Board approve this change.

**A MOTION was made by Treasurer Davis and seconded by Mr. Colberg to approve the cost share class change to Vanguard Institutional Index PI.
MOTION ADOPTED UNANIMOUSLY**

OST, Policy, and Legislative Updates

Mr. Meyer discussed that at the March meeting, the Board had approved a contract extension for the investment consultant CAPTRUST through April 2025 which was the final contract extension on the existing contract. OST was directed to proceed with a Request for Proposals (“RFP”). The RFP was published in August 2024 and OST and the IC will provide an update at a future meeting.

Mr. Meyer discussed that OST has been working on the SECURE Act 2.0 provision that allows for participants to take advantage of the age 60-63 catch-up where they can make additional contributions to their account. This provision will take effect January 2025.

Mr. Meyer also discussed that the provision to allow casual/seasonal state employees to contribute to a deferred compensation account passed the legislature in June 2023 and will take effect January 2025 as well.

Mr. Seemans updated the Board on future legislative items for OST. Mr. Seemans stated that there will be a new General Assembly in January with the start of the new legislative year. OST will be working with a new Governor as well as several new members in the General Assembly.

Mr. Seemans gave an update on the Aspire 529 program. He stated that this was the final year of a three-year pilot program with fifteen applicants. Five applicants representing all three counties in Delaware received an award of \$529 to assist with college-related expenses.

PUBLIC COMMENT

None

NEXT MEETING

The next meeting of the Board is scheduled for December 10, 2024, in-person at Buena Vista.

The next meeting of the Investment Committee is scheduled for November 19, 2024

The next meeting of the AGC Committee is scheduled for November 12, 2024

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 11:49 a.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board