



**MINUTES FROM THE MEETING OF THE INVESTMENT  
COMMITTEE OF THE PLANS MANAGEMENT BOARD  
November 19, 2024**

A virtual meeting of the Investment Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on November 19, 2024, commencing at 10:00 a.m. Committee members and members of the public were able to participate using the provided dial-in information.

Committee Members Represented or in Attendance:

Mr. Alan Colberg, Committee Chair

The Honorable Colleen C. Davis, State Treasurer

Ms. Courtney Stewart, Deputy Secretary (on behalf of Mr. Cerron Cade, Director of Office of Management and Budget)

Ms. Melissa Marlin, Deputy Principal Assistant, (on behalf of Secretary Rick Geisenberger, Department of Finance)

Mr. Todd Roselle

Members Absent:

Mr. Cerron Cade, Director of Office of Management and Budget

Mr. Dave Biddle

Others in Attendance:

Mr. Jordan Seemans, Deputy State Treasurer

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Mr. John Meyer, Director of Contributions and Plans Management, Office of the State Treasurer (“OST”)

Ms. Khairat Makanjuola, Chief Operating Officer, OST

Ms. Layne Taylor, Director of Policy and Communications

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Ms. Deborah Bradl, Executive Assistant, OST

Mr. Matt Rosen, Senior Policy Advisor, OST

Mr. Earle Allen, Principal Financial Advisor, CAPTRUST

Mr. Michael Sanders, Principal Financial Advisor, CAPTRUST

Mr. Anthony Durkan, Vice-President, Head of 529 Relationship Management, Fidelity Investments, Inc. (“Fidelity”)

Mr. Dan Terio, Vice President, Investment Product, Fidelity

Ms. Corrine Armann, Rebecca Kidner, P.A.

**CALL TO ORDER**

The meeting was called to order at 10:01 a.m.

## **APPROVAL OF MINUTES**

**A MOTION was made by Mr. Seemans and seconded by Ms. Marlin to approve the minutes from the Committee meeting on August 13, 2024.**

**MOTION ADOPTED UNANIMOUSLY**

Treasurer Davis joined at 10:04 a.m.

## **PRESENTATIONS**

### *Investment Performance on Deferred Compensation Plans – CAPTRUST*

Mr. Sanders reviewed the performance metrics for the three deferred compensation plans. As of September 30, 2024, assets in the plans totaled approximately \$1.40 billion, excluding assets held at legacy 403(b) vendors (valued at approximately \$254.7 million as of September 30, 2024), representing an increase of approximately \$176.1 million or 14.4 percent for the quarter. Quarterly contributions were approximately \$19.8 million. Mr. Sanders indicated that the average weighted expense ratio of the funds remained at 0.30 percent, which is .06 percent less than the average NAGDCA survey result of similar sized plans.

Secretary Geisenberger joined the meeting.

Mr. Sanders reviewed the different investment tiers within the plans. As of September 30, 2024, Tier 1 held approximately 70 percent of total assets (\$982.8 million). Tier 1 also received nearly sixty-nine percent (\$13.7 million) of all new contributions in the third quarter of 2024. Eighty-five percent of participants are invested in Tier 1 target date funds.

As of September 30, 2024, Tier 2 held approximately 27 percent of total assets (\$372.6 million). Mr. Sanders stated that Tier 2 received approximately thirty-one percent (\$6.1 million) of new contributions in the third quarter of 2024. Two percent of plan assets are in the managed accounts (approximately \$34.3 million)

The Tier 3 self-directed brokerage option held approximately three percent of total assets (\$48.0 million) as of September 30, 2024. Mr. Sanders stated that 503 unique participants were investing through the brokerage window at the end of the third quarter of 2024, versus 495 as of December 31, 2023.

Mr. Sanders covered the investment highlights with the Committee. He stated that one fund recommendation is being made for consideration by the Committee at this time. He also stated that the State of Delaware now qualifies for a lower cost share class of one of the current plan investments. The Vanguard Institutional Index I (0.035%) was recently replaced by the Vanguard Institutional Index PI (0.020%).

Mr. Sanders provided market commentary to the Committee. Mr. Sanders stated that the third quarter saw modest gains across most asset classes, including commodities. International markets outperformed U.S. markets and stocks grew during the quarter led by a strong performance, with utilities and bond yields also seeing an increase of 5.2 percent. U.S. large cap stocks underperformed small cap stocks and value outperformed growth. Mr. Sanders stated that the outlook for fixed income remains optimistic for the 1-year and 10-year yields. Fixed income in the third quarter saw the ten-year U.S. Treasury yields

drop slightly from 4.59 percent in 2023 to 3.81 percent. Finally, small cap growth saw an increase in the third quarter (up by 8.4 percent) and small cap value increased by 10.2 percent.

Mr. Sanders reviewed the economic outlook with the Committee. He stated that uncertainty remains regarding inflation, that the outcome of the election will have a large impact on the debt ceiling and tax decisions, and that the market should remain positive due to the decisiveness of the election.

#### *Investment Performance on College Investment Plan*

Mr. Sanders reviewed third quarter performance metrics for the 529 plan. Mr. Sanders stated that, overall, the plan saw a \$9.6 million increase in assets quarter over quarter due to a continued increase in both the blend and index-based options. He also stated that total plan assets as of September 30, 2024, were approximately \$695.1 million. Approximately sixty-four percent of assets (\$443.6 million) are in the age-based options, with approximately thirty-six percent of assets (\$251.3 million) residing in static portfolios or individual funds. He noted that the Delaware plan has retained its silver rating from Morningstar.

Mr. Sanders updated the Committee on the level of growth for the blend age-based option. This option holds four percent of assets at approximately \$26.5 million as of September 30, 2024. The majority of plan assets are in the active age-based category (42 percent at approximately \$289.1 million). Mr. Sanders stated that the three age-based options outperformed the benchmark for the quarter.

Overall, Mr. Sanders stated that performance of the funds relative to the benchmark was strong in the third quarter while relative performance versus peers outperformed the benchmark.

#### *Discussion and Possible Vote on 529 Education Savings Plan and ABLE Plan Limits*

Mr. Meyer led the discussion with the Committee regarding a possible increase to the plan limit participants can contribute. Mr. Meyer referenced information from the previous meeting where he stated that currently the DE529 and ABLE plan overall contribution limit is \$350,000 and is set by the plan sponsor. The overall contribution limit for the plans is below that of their peers. The average across the industry is approximately \$500,000 for education savings plans. The Committee discussed tax revenue implications due to the recent tax incentive for DE529 and ABLE plans contributions if overall plan limits were raised. The Committee agreed that any implication would be minimal at the state level. To keep pace with market movement, inflation and rising college costs, the Committee agreed to recommend to the Board to increase the plan limits DE529. Upon further discussion the Committee agreed to revisit the discussion on the ABLE plan limit at a future meeting and requested more research on peer limits in regard to ABLE plans.

**A MOTION was made by Mr. Roselle and seconded by Mr. Geisenberger to recommend to the Board to approve raising the annual contribution amount to the DE529 to \$500,000 and to review the limit every three years.**

**MOTION ADOPTED UNANIMOUSLY**

#### *Discussion and Possible Vote on Recommendation Regarding the Investment Policy Statements*

Mr. Meyer discussed the investment policy statements regarding the deferred compensation plans and the 529 plan and the watchlist recommendation from CAPTRUST. The Committee agreed with CAPTRUST that Champlain Mid Cap Institutional should be placed on watch due to underperformance and will revisit the issue at the next Committee meeting.

**A MOTION was made by Mr. Colberg and seconded by Mr. Roselle to recommend to the Board to place Champlain Mid Cap Institutional on watch.  
MOTION ADOPTED UNANIMOUSLY**

The Committee discussed the investment policy statements for the deferred compensation plans and the DE529 plan. The Committee agreed the investment policy statements for the deferred compensation plans and the DE529 plan do not require any changes.

**A MOTION was made by Mr. Roselle and seconded by Treasurer Davis to recommend to the Board to accept the investment policy statement for the deferred compensation plans as written.  
MOTION ADOPTED UNANIMOUSLY**

**A MOTION was made by Treasurer Davis and seconded by Mr. Colberg to recommend to the Board to accept the investment policy statement for the DE529 plan as written.  
MOTION ADOPTED UNANIMOUSLY**

*Update Regarding Investment Consulting and Advising Services RFP*

Mr. Meyer updated the Committee regarding the RFP. The evaluation committee reviewed vendor submissions and participated in two vendor presentations. A recommendation will be made to the Board at the December meeting.

*2025 Meeting Calendar*

OST will circulate the 2025 Board and Committee meeting schedule to the Committee.

**UPDATES**

*SECURE Act 2.0*

Mr. Meyer reviewed the updates on SECURE Act 2.0 with the Committee. He stated that the special catch-up option for participants ages 60-63 will go into effect in January 2025 to comply with the SECURE Act.

*Legislative Updates*

Mr. Meyer stated that casual seasonal State employees will be able to contribute to the 457(b) plan effective January 1, 2025. Mr. Seemans stated that there are changes to the current membership of the legislature because of the recent election. Mr. Seemans also stated that OST plans to reintroduce SB 94 to bring back the state match in the next legislative cycle. He stated that OST is developing a transition document that outlines the duties of OST for the incoming Governor and new ex-officio members Mr. Seemans further stated potential legislation may come before the Board regarding inviting towns and municipalities to join Delaware's deferred compensation plans. Finally, Mr. Seemans stated that at the end of 2025 the EARNs Board will be absorbed into the Plans Management Board.

**PUBLIC COMMENT**

No members of the public made a comment.

**NEXT MEETING**

The next meeting of the Committee is scheduled for February 11, 2025.

The next meeting of the Board is scheduled for December 10, 2024.

## **ADJOURNMENT**

The meeting was adjourned at 11:50 a.m.

Respectfully submitted,

\_E-signature\_\_\_\_\_

Alan Colberg

Chair for the Investment Committee

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