

**MINUTES FROM MEETING OF DEFERRED COMPENSATION COUNCIL  
DELAWARE STATE TREASURY CONFERENCE ROOM  
AUGUST 6, 2014, 11:30 AM**

A meeting of the Deferred Compensation Council (the “Council”) was held on Wednesday, August 6 at 11:30 am in the Conference Room of the Delaware State Treasury located at 820 Silver Lake Blvd., Suite 100, Dover, Delaware.

**Board Members in Attendance:**

The Honorable Chip Flowers, Jr., State Treasurer  
The Honorable Tom Cook, Secretary of Finance  
The Honorable Karen Weldin Stewart, Insurance Commissioner  
Mr. Robert Scoglietti (on behalf of Director Visalli)  
Mr. Charles Campbell-King, State Employee Member-at-Large

**Others in Attendance:**

The Honorable Paul Baumbach, State House of Representatives  
Deputy Attorney General Peter Jamison  
Ms. Jennifer Vaughn (on behalf of Commissioner Stewart for beginning of meeting)  
Mr. Steve McVay, Director of Finance & Investment Services  
Mr. Michael Green, Financial Investment Program Manager  
Mr. Dan Kimmel, Financial Investment Program Specialist  
Mr. Omar Masood, Executive Assistant  
Ms. Colleen Denham, Administrative Specialist II  
Ms. Kelly Callahan, Special Assistant to the State Treasurer

**OPENING COMMENTS**

Treasurer Flowers called the meeting to order at approximately 11:35 AM.

**MINUTES**

There was a motion to approve the public minutes of the May 28, 2014 meeting.

MOTION made by Ms. Vaughn and  
seconded by Mr. Campbell-King to approve  
the minutes.

MOTION ADOPTED UNANIMOUSLY

## **UPDATE ON 403(b) PLAN**

Mr. Kimmel provided an update on the numbers for the 403(b) Plan including hardships. Mr. Kimmel also discussed the audit of the 403(b) Plan. The Office of the Auditor of Accounts recently published this audit and without objection, the Council agreed to place a link to the audit on the deferred compensation web site.

## **457(b) PLAN FEES**

The deferred compensation team provided an update on recent negotiations with Fidelity concerning fees of the 457(b) Plan (the “Plan”). Details on the proposed new fee structure negotiated by the Treasury were reviewed. This revenue sharing plan, resulting in the potential return, would be a one year agreement. In addition, the team negotiated a savings on fees for recordkeeping services. The Plan is expected to be self-funding and such monies will be used to cover all plan expenses for the coming year. If there is money remaining after all expenses and other obligations are met and the reserve account is funded, some money could potentially be returned to participants. Further discussion ensued on the expenses for the Plan and the 403(b) Plan, future expense and return projections, account logistics and other matters. Mr. Green also explained to the Council the items that would need to be reviewed to ensure future sustainability and compliance of the Plan. The deferred compensation team will continue to review all aspects of the Plan and provide the Council with updates routinely.

There was a motion by the Council to authorize Treasurer Flowers and Secretary Cook to enter into agreement to approve the revenue sharing plan.

MOTION made by Commissioner Stewart and seconded by Mr. Campbell-King to authorize approval of the revenue sharing plan.

MOTION ADOPTED UNANIMOUSLY

There was a motion by the Council to authorize Treasurer Flowers and Secretary Cook to enter into agreement to approve the recordkeeping savings credit.

MOTION made by Mr. Campbell-King and seconded by Mr. Scoglietti to authorize approval of the recordkeeping savings credit.

MOTION ADOPTED UNANIMOUSLY

## **CONSULTANT REQUESTS FOR PROPOSALS (“RFP”) UPDATE**

Mr. McVay provided the Council with an update on the consultant RFP. The RFP was published on July 14. Questions were received from vendors and the answers were posted on Friday, August 1 as outlined in the RFP. The RFP will close on August 15. Four people have agreed to serve on the evaluation committee. A fourth representative will be provided by Secretary Cook's office. Finalists will be interviewed by the Council sometime after mid-September. Discussion ensued on the cost of the consultant. More information on how such cost will align with projected expenses will be available after all bids are received and reviewed.

### **VOLUNTARY COMPLIANCE PLAN ("VCP") UPDATE**

Deputy Attorney General Jamison provided an update on the status of the VCP filing. This process is being completed with the assistance of Ice Miller. The Council will be updated as the process continues.

### **UPDATE ON DELAWARE STATE HOUSE BILL 148 ("HB 148")**

Since the last Council meeting, HB 148 was passed by the Legislature and signed by the Governor. Mr. Green informed the Council that PHRST is working on the procedures necessitated by the addition of a Roth component to the Plan. The work is scheduled to be completed in the first quarter of calendar year 2015 with operation for the first pay cycle in May. Mr. Green also informed the Council that the part of the bill referencing the addition of a Roth component in the 403(b) Plan was irrelevant as a Roth component has been part of the 403(b) Plan since 2009. Further discussion ensued on the logistics of this new law with regards to plan documents, etc. and the items will be reviewed by Ice Miller.

### **OLD BUSINESS**

Mr. Campbell-King inquired about the possibility of having pension statements arrive at the home of participants about the same time as the Fidelity 457(b) statements to provide participants with a holistic view of their retirement savings with the State. Treasurer Flowers informed the Council that such review is ongoing. Ideally, the Treasurer would like to see a coordinated retirement portal where employees could view all retirement accounts in one system. This is something which may be explored more in depth in the future. In the interim, the Treasury will attempt to work with Fidelity and the Office of Pensions to coordinate the timing of statements.

### **NEW BUSINESS**

Mr. McVay invited all Council members who wish to attend a meeting on Monday, August 11 with Fidelity's target date portfolio manager at the Treasury.

Mr. Campbell-King inquired as to whether issues associated with Fidelity's consultations have been resolved. The Treasurer informed him that Fidelity had made the requested changes and no complaints have been received since that transition.

### **EXECUTIVE SESSION MINUTES**

The Council saw no need to enter into executive session to make changes or corrections to the proposed minutes from the May 28, 2014 executive session. As such, a motion was taken in public session for approval.

There was a motion to approve the executive minutes of the May 28, 2014 meeting.

MOTION made by Mr. Scoglietti and seconded by Mr. Campbell-King to approve the minutes.

MOTION ADOPTED UNANIMOUSLY

### **ADJOURNMENT**

No new business or public comments were brought before the DCC. Plans were discussed to convene the Council for a meeting this fall.

At approximately 12:30 PM, there being no further business, MOTION was made by Secretary Cook and seconded by Mr. Scoglietti to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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The Honorable Chip Flowers, Jr., State Treasurer  
Co-Chair for the Deferred Compensation Council

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The Honorable Tom Cook, Secretary of Finance  
Co-Chair for the Deferred Compensation Council