



**MINUTES FROM MEETING OF
THE PLANS MANAGEMENT BOARD
OCTOBER 26, 2016**

A meeting of the Plans Management Board was held on October 26, 2016
At 10:00 AM in the Conference Room of the Office of the State Treasurer (OST)
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Board Members Represented or in Attendance:

Mr. José Echeverri, Chair, Plans Management Board (Telephonically)
Mr. Stephen Saville, Chair, College Investment Committee
The Honorable Ken Simpler, State Treasurer
The Honorable Karen Stewart, Insurance Commissioner
Mr. Robert Scoglietti (on behalf of Director Maxwell, Office of Management & Budget) (Telephonically)
Ms. Valerie Watson (on behalf of Secretary Thomas J. Cook, Department of Finance)
Mr. Ralph Cetrulo, Public Member At-Large (Telephonically)

Board Members Not Represented or in Attendance:

Mr. Don Shandler, Public Member at Large
Ms. Karen Field Rogers (on behalf of Director Godowsky, Department of Education)
Mr. Charles Campbell-King, Chair, Deferred Compensation Committee

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General
Ms. Jennifer Vaughn, Department of Insurance
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer
Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer
Mr. Dan Kimmel, Financial Investment Program Manager, Office of the State Treasurer
Mr. Omar Masood, Policy Advisor, Office of the State Treasurer
Ms. Martha Sturtevant, Office of the State Treasurer
Mr. Greg Holgates, Voya Financial
Ms. Kasi Boyles, Voya Financial
Ms. Megan McGlinchey, Executive Director, Riverfront Development Corporation, DCM
Kent Smith, Board President, DCM
Fran Lucey, Treasurer, DCM

CALLED TO ORDER

Mr. Echeverri called the meeting to order at 10:04 AM and introductions were made around the table.

APPROVAL OF THE MINUTES

A MOTION was made by Ms. Watson and seconded by Mr. Simpler to approve the meeting minutes of the Plans Management Board (Board) from July 18, 2016 and October 11, 2016.

MOTION ADOPTED UNANIMOUSLY

REPORT FROM DEPUTY ATTORNEY GENERAL

Ms. Johnson prepared and distributed resolutions to officially establish the Committees of the Board. She also circulated the resolutions to delegate authority from the Board to the Office of the State Treasurer (OST) to complete the engagement of the outside auditors selected by the State's Auditor of Accounts to audit the Deferred Compensation Plans and the College Investment Plan.

A MOTION was made by Mr. Simpler and seconded by Mr. Saville to establish the Deferred Compensation Committee, the College Investment Committee and the ABLE Task Force (Ad-Hoc) Committee subject to incorporating the suggested correction in the fourth whereas clause of the resolution.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Mr. Simpler and seconded by Mr. Saville to grant OST, as the Plan Administrator and on behalf of the Board, the authority to engage the outside Auditor for the Deferred Compensation Plans.

MOTION ADOPTED UNANIMOUSLY

A MOTION was made by Mr. Simpler and seconded by Mr. Saville to grant OST, as the Plan Administrator and on behalf of the Board, the authority to engage the outside Auditor for the College Investment Plan.

MOTION ADOPTED UNANIMOUSLY

Mr. Simpler and Ms. Johnson agreed to schedule a meeting with Chairs from the Board and each Committee to discuss the structure of the meetings, Board and Plan Governance and upcoming Fiduciary Training.

REPORT FROM DEFERRED COMPENSATION COMMITTEE

Report from Voya

Ms. Boyles presented current participant engagement statistics, plan demographics and the concentration of assets in each tier of the investment structure. The Board discussed what quarterly metrics should be included in the report.

Ms. Boyles stated that as of 9/30 there had been 72 group transition meetings with approximately 1,922 attendees, 15,227 views on DelawareDefer.com, 4,782 accounts setup for online access, 3,563 phone calls received, and 568 requests for in-person appointments. She reported \$602,561,751 in aggregate Plans' assets with 85% concentrated in the Tier I of the investment structure. Total contributions and withdrawals were \$4,160,494 and \$740,611 respectively.

Ms. Boyles stated that Voya continues to receive positive feedback on Voya representatives. Ms. Watson asked about the status of utilizing the online scheduling tool to send out a survey after each meeting to gather feedback from participants. Ms. Boyles said that a survey would be sent after the scheduled appointment time. She added that the Voya team developed the questions for the survey and those are currently being reviewed by the compliance department. She anticipated the launch for the survey would occur on the second week of November 2016.

The Board requested consolidated information for the 403b Plan. Ms. Boyles reviewed the status of planwithease.com® (PWE) an aggregation platform to facilitate the administration of the 403(b) Plan. She explained that the system allows the aggregation of assets that remain at the legacy vendors. She indicated that

Voya is committed to provide adequate information to the Board and said that the team continues to work with the legacy providers to upload all existing accounts.

Ms. Boyles provided an update on Voya IT initiatives. She said Voya IT is in the process of responding to OST's request to build an auto-sweep option to improve the experience of participants with self-directed accounts. She also provided an update on the customization intended to improve the presentation of the investment structure in the participants' website and the implementation of a single sign-on option for 403b participants. She stated that the work on these initiatives would be completed by March of 2017.

Mr. Simpler asked the members of the Board what information would be relevant for them to assess the status of the Plans. Mr. Echeverri said he would like to receive and review information on fund selection and performance. Furthermore, he highlighted the importance of developing an understanding as to when and how fund selections should be reviewed. Mr. Meyer indicated the topic would be discussed with Voya at the strategic session scheduled on November 3, 2016.

REPORT FROM COLLEGE INVESTMENT COMMITTEE

Morningstar Upgrade

Mr. Meyer and Mr. Saville announced that Morningstar had upgraded the 529 Plan to Bronze from Neutral. Members had questions regarding the rating used by Morningstar. Mr. Saville clarified that the rating was based on five key pillars including Process, People, Parent, Price and Performance. He stated that the new category would be helpful for future marketing initiatives.

Delaware Children's Museum Matter

Mr. Saville updated the Board on the discussions that he had with the Delaware Children's Museum (DCM). He indicated that leadership members from DCM and the Riverfront Development Corporation (RDC) reached out to OST and requested time to discuss the 2010 agreement with the Board. Ms. Johnson requested the Board enter into executive session to have the discussion with members of DCM and RDC.

A MOTION was made by Mr. Saville and seconded by Mr. Scoglietti to move into executive session to discuss the 2010 agreement with DCM.

MOTION ADOPTED UNANIMOUSLY

CALLED TO ORDER

Mr. Echeverri called the public meeting back to order at 12:13 PM.

A MOTION was made by Mr. Scoglietti and seconded by Ms. Stewart to allow the College Investment Committee to continue discussions with DCM to resolve the matter on behalf of the Board.

MOTION ADOPTED UNANIMOUSLY

OLD BUSINESS

Budget Presentation

Ms. Gonzalez provided the members with the Budget vs. Actual report as of 8/30/2016. Additionally, she circulated the preliminary draft for the 2017 Budget. She reiterated that the Committees and the Board should review and approve the budget annually and explained that the information from the Deferred Compensation Plans and the College Investment Plan was consolidated into one report to facilitate the presentation to the Board going forward.

Ms. Gonzalez led a discussion regarding the sources of revenue and the oversight expenses of the Plans and explained how fees can be charged as a percentage of assets, a flat amount or a combination of both. She added that OST is currently working with Voya to evaluate the alternatives and is required to provide a final determination by early December. The Board directed OST to complete the analysis to instruct Voya and provide an update at the next meeting.

Engagement of the Consultant

Ms. Gonzalez referenced the work that Cammack Retirement Group (Cammack) performed during the first year of their engagement (supporting the Deferred Compensation Council). She also summarized the scope of work included in the proposal submitted for Phase II of their engagement and recommended it for approval. The Board entered into a discussion regarding the role of a consultant, approved the recommendation and directed Ms. Johnson to complete the legal review of the agreement for presentation at the Deferred Compensation Committee on January 3, 2017.

A MOTION was made by Mr. Saville and seconded by Mr. Cetrulo to authorize OST to enter into an agreement with Cammack subject to legal review and approval from the Deferred Compensation Committee.

MOTION ADOPTED UNANIMOUSLY

Mr. Saville inquired if Cammack could provide advice for the 529 Plan. Ms. Gonzalez stated that it would not be possible under the existing arrangement. Mr. Simpler suggested that the engagement of a consultant for the College Investment Committee could be evaluated following the analysis of the white paper findings. The Board concurred.

NEW BUSINESS

Mr. Meyer and Mr. Simpler reviewed OST's strategic initiatives for the next two years.

Mr. Meyer announced that the next Board meeting is scheduled for January 24, 2017.

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

A MOTION was made by Mr. Echeverri and seconded by Mr. Simpler to adjourn the meeting of the Plans Management Board at 12:27 PM.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Jose Echeverri,
Chair, Plans Management Board