



**MINUTES FROM MEETING OF
THE DEFERRED COMPENSATION COMMITTEE
JANUARY 3, 2017**

A meeting of the Deferred Compensation Committee was held on January 3, 2017
At 9:00 AM in the Conference Room of the Office of the State Treasurer (OST)
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Committee Members Represented or in Attendance:

Mr. Charles Campbell-King, Chair
The Honorable Ken Simpler, State Treasurer
Ms. Valerie M. Watson (on behalf of Secretary Thomas J. Cook, Department of Finance)
Mr. Robert Scoglietti (on behalf of Director Maxwell, Office of Management & Budget) (Telephonically)

Committee Members Not Represented or in Attendance:

The Honorable Karen Stewart, Insurance Commissioner
Mr. Ralph Cetrulo, Public Member At-Large

Others in Attendance:

Mr. Edward Seibert, State Employee Member At-Large
Ms. Ann Marie Johnson, Deputy Attorney General
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. Mike Green, Financial Investment Program Manager, Office of the State Treasurer
Mr. Dan Kimmel, Financial Investment Program Manager, Office of the State Treasurer
Ms. Martha Sturtevant, Executive Assistant, Office of the State Treasurer
Ms. Tiffany Bellmyer, Program Coordinator, Office of the State Treasurer
Ms. Natalie Daniels, Voya Financial
Ms. Sarala Katta, Voya Financial
Ms. Kasi Boyles, Voya Financial

CALLED TO ORDER

Mr. Campbell-King called the meeting to order at 9:06 AM and introductions were made around the table.

WELCOME TO NEW BOARD/COMMITTEE MEMBERS

Mr. Campbell-King stated that Governor Jack Markell appointed Mr. Edward Seibert as a member of the Plans Management Board (Board) to serve a term to expire October 26, 2019. Appointment documents dated October 26, 2016 were provided to OST. He clarified that Mr. Seibert would be formally appointed to the Deferred Compensation Committee (Committee) at the next Board meeting. Members welcomed Mr. Seibert and thanked him for his willingness to serve. Mr. Simpler said the Committee look forward to working with a member from the education community to advance the mission of the Board.

APPROVAL OF THE MINUTES

A MOTION was made by Mr. Simpler and seconded by Ms. Watson to approve the minutes of August 2, 2016 and October 4, 2016.

MOTION ADOPTED UNANIMOUSLY

REPORT FROM DEPUTY ATTORNEY GENERAL

Ms. Johnson presented for consideration and approval the recommended updates to the Deferred Compensation Plans' documents. She indicated that the review process started when OST directed Voya's in-house counsel to examine the documents as part of the conversion project. Ms. Johnson described how she and the Plans' outside tax counsel, Ice Miller (IM), collaborated with staff at OST to incorporate many of Voya's proposals into the plan documents. She further noted that periodical reviews to ensure the Plans are in compliance with regulatory updates is considered best practices. The Committee inquired about specific changes and entered into a discussion regarding the approval process. Mr. Campbell-King instructed Ms. Johnson to prepare and circulate an executive summary outlining the changes.

REPORT FROM VOYA FINANCIAL

Quarterly Reporting

Ms. Boyles presented the quarterly review of the business metrics for the Plans as of November 30, 2016. Assets under management, contributions and distributions were reported as \$590,700,114, \$12,130,148, and \$9,215,073 respectively. She noted the increases in assets contributed and reviewed the concentration across Plans and Investment Tiers. She indicated that 89 requests to consolidate assets totaling about \$4.1 million dollars were processed and 35 were still pending. Additionally, she presented the participants' engagement related metrics. The Committee emphasized the importance of establishing a baseline and questioned the outcome of certain performance metrics being reported. Ms. Boyles acknowledged that reporting capabilities and data aggregation remains a challenge. Both Ms. Daniels and Ms. Boyles reiterated Voya's commitment to the State and the willingness to produce adequate reporting.

Strategic Plan

Ms. Daniels summarized the topics discussed at the summit held on November 3, 2016. She indicated that Voya prepared a preliminary list of strengths, weaknesses, opportunities, and threats for the Plans. Mr. Simpler offered insight regarding a framework utilizing a mission statement, defined goals, identified strategies and realistic tactics. Ms. Watson and Mr. Simpler elaborated on the work performed at the State Employees Benefits Committee (SEBC) and how the framework has helped SEBC's planning and prioritization. The Committee entered into a discussion regarding the proposed framework. Ms. Daniels circulated a document utilizing the framework and facilitated the discussion of proposed goals, strategies and tactics for the next three years. She also offered alternate mission statements for consideration. The Committee requested to schedule a working session to have further discussions on the framework.

OLD BUSINESS

Integration of Defined Benefits Information

Mr. Meyer stated that OST scheduled a meeting with the Office of Pensions (OPen) to review opportunities to collaborate and discuss the integration of pension data in Voya's recordkeeping systems. He indicated that the initiative would present a more holistic retirement picture for participants. He said that the goal was to produce consolidated statements for retirement benefits by the first quarter of the calendar year. He added that OST has contacted other states to gather information regarding their annual benefits statements.

Engagement of the Consultant

Mr. Meyer provided an update on the engagement of Cammack Retirement Group (Cammack) for Phase II work previously bid upon and awarded to them. He indicated that OST had reached agreement with Cammack on the scope of services as authorized by the Board. He added that Cammack provided a marked-up version of the agreement and Ms. Johnson was conducting the legal review. He said the agreement would be presented for final approval at the upcoming Board meeting.

Compilation Services RFP

Ms. Gonzalez updated the Committee on the status of the compilation services RFP.

Review of Budget for the Plans

Ms. Gonzalez briefly discussed the request included in the FY2018 OST Budget. She explained that the request would fund a dedicated space for state employees and retirees to meet one-on-one with Voya representatives. Approval would be key to support the Plans and advance retirement readiness and promotional strategies. She stated that the Governor's Recommended Budget would be released on January 12, 2017 and OST would find then if the proposal was supported by the Office of Management and Budget (OMB) to be submitted to members of the General Assembly for their consideration.

Ms. Gonzalez indicated that OST created the Contributions and Plans Management Division (CPM) to have dedicated staff supporting the Board, its Committees, and the Plans. She noted that administrative support for CPM is inadequate as the administration of the 529 Plan was returned to OST together with the mandate to develop an ABLE Plan, but the accompanying request by OST for additional full-time support for the two programs was denied (as part of the FY2017 Budget process.) Mr. Simpler clarified that only casual-seasonal/part-time administrative support was currently available. Ms. Gonzalez recommended adding a position through the budget process to support the Plans and ABLE related initiatives effectively. Mr. Simpler suggested revisiting the recommendation after the College Investment Plan white paper and the recommendation from the ABLE Task Force were available for consideration. The Committee concurred.

The Committee entered into a discussion regarding the financial condition of the State and members expressed concerns about the State's ability to fund the requests. Ms. Gonzalez asked the Committee to consider the revenue credit program as an alternative funding source to carry out the envisioned strategies and correct the administrative deficiency. She recommended the alternatives be examined by tax counsel. The Committee directed Ms. Johnson to discuss the alternatives with IM and present the findings.

Ms. Johnson excused herself from the meeting as she had another commitment.

Rules of Engagement for Voya Representatives:

Ms. Watson asked about the status of the Memorandum of Understanding (MOU) to ensure accountability from the Voya representatives. Mr. Meyer indicated that legal review of the document was still pending. Mr. Simpler noted that OST has placed a greater demand for legal services on the Department of Justice (DOJ) and some requests, due to capacity constraints, have not been addressed yet. He also referenced his discussions with DOJ to explore potential solutions and stated that he would provide an update at the Board meeting. Ms. Katta indicated that Voya representatives are aware of the terms of the MOU and are comporting themselves as if the MOU were in force and effect.

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

Mr. Meyer said that the next Committee meeting would be scheduled for the week of January 16, 2017 to address any questions regarding proposed changes to the Plans' documents and discuss thoroughly the strategic document prepared by Voya.

A MOTION was made by Ms. Watson and seconded by Mr. Simpler to adjourn the meeting at 11:08 AM.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Charles Campbell-King
Chair, Deferred Compensation Committee