



**MINUTES FROM THE AUDIT AND GOVERNANCE COMMITTEE  
OF THE PLANS MANAGEMENT BOARD  
February 11, 2020**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held February 11, 2020, 10:00 a.m., in the Dupont Room at the Buena Vista Conference Center, 661 S. Dupont Highway, New Castle, DE 19720.

Committee Members Represented or in Attendance:

Mr. Peter Kennedy, Committee Member  
Mr. John Macedo, Committee Member  
Mr. Gerard Gallagher, Board Member At-Large  
The Honorable Colleen C. Davis, State Treasurer

Committee Members Not Represented or in Attendance:

Mr. Timothy J. Snyder, Committee Member

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice  
Ms. Liza Davis, Deputy Treasurer, Office of the State Treasurer (“OST”)  
Mr. John Meyer, Director of Contributions and Plan Management, OST  
Mr. Daniel Kimmel, Promotion and Outreach Program Manager, OST  
Mr. Michael Green, Investment and Program Manager, OST  
Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST  
Mr. Earle Allen, Cammack Retirement Group

**CALLED TO ORDER**

The meeting was called to order at 10:03 a.m.

Mr. Meyer informed the Committee of Mr. Ralph Cetrulo’s recent resignation from the Plans Management Board. Mr. Cetrulo will also no longer serve as the Chair for the Audit and Governance Committee. Mr. Meyer stated the Board will need to vote for a new Committee Chair at an upcoming meeting. The Committee may want to consider voting in a Vice-Chair in the future.

**APPROVAL OF MINUTES**

**A MOTION was made by Treasurer Davis and seconded by Mr. Kennedy to approve minutes from the Committee meeting on November 12, 2019.**

**MOTION ADOPTED UNANIMOUSLY**

**PRESENTATIONS**

*2019 Committee Accomplishments and 2020 Goals*

Mr. Meyer reviewed with the Committee the list of accomplishments from the past year. Mr. Meyer thanked the Committee for their work on Governance Manual policies that were approved by the Board over the past year. Mr. Meyer also stated that the plan audits are now fully up to date.

The Committee discussed goals for 2020. Mr. Meyer stated the Committee will focus on the Plan audits, the scheduling of Fiduciary Training and Freedom of Information Act training for the Board in 2020. The Committee will also focus on further completion of policies for the Governance Manual.

Mr. Meyer reminded the Committee that the Voya contract had an initial three-year term with two additional one-year extensions. Based on the recommendation of the Committee, the Board approved exercising the first-year extension in 2019. The first extension will expire in May 2020 and the Committee can recommend to the Board to exercise the second extension. Mr. Macedo commented whether extending the contract is the right approach and questioned if benchmarking was done on the reasonableness of the fees. Mr. Meyer stated that Cammack Retirement Group (“Cammack”) reviews Voya’s fees versus the NAGDCA benchmark and that the plan is competitive on fees. Mr. Macedo suggested documenting the fee comparison.

#### *Update on Audit Findings*

Mr. Meyer presented an update on the remediation of the 2018 457(b) and 401(a) audit findings. Two findings have been resolved. A third finding was for the 401(a) Plan, Procedures for Missing Participants of Uncashed Checks and is an ongoing project between OST and the Pensions office. Mr. Meyer stated the 403(b) audit findings mainly involve legacy vendors and will continue to be monitored.

#### *Review of Staff Expenses*

The Committee reviewed staff expense allocations. Mr. Meyer outlined results from an initial time tracking assessment conducted by OST staff in January 2019. Mr. Meyer proposed conducting similar assessments throughout the year to determine if seasonality impacts time allocation to plans. Mr. Meyer also proposed isolating time spent on 403(b) legacy vendor work. Mr. Meyer stated that he reviewed the initial assessment with ICE Miller and will be presenting the 2020 plan budget to the Board with staff expenses assigned pro-rata based on plan assets as of 12/31/19.

#### *SECURE Act Update*

Mr. Meyer presented the SECURE Act and Legislative updates to the Committee. Mr. Meyer informed the Committee of the changes to the deferred compensation plans and the 529 Plan under the SECURE Act. Two of the 457 Plan changes are permissive and can be changed in the plan documents upon agreement by the Committee and the Board. ICE Miller recommends waiting on other plan changes until further guidance from the IRS. Mr. Meyer stated the 529 plan changes are currently being updated by Fidelity and will take effect on February 21, 2020.

## **DISCUSSION AND ACTION ITEMS**

### *Recommendation Regarding 2020 Goals*

The Committee discussed the 2020 Goals and agreed to recommend to the Board.

**A MOTION was made by Mr. Macedo and seconded by Mr. Kennedy to recommend that the Board accept the 2020 Audit and Governance Committee Goals and any other audit and governance matters as directed by the Board.**

**MOTION ADOPTED UNANIMOUSLY**

*Recommendation Regarding 403(b) Plan Amendment-Loans*

Mr. Meyer discussed with the Committee the 403(b) Plan Amendment to grandfather in loans from the 2016 403(B) Plan Audits.

**A MOTION was made by Mr. Kennedy and seconded by Mr. Macedo to recommend that the Board approve the 403(b) Plan Amendment regarding loans.**

**MOTION ADOPTED UNANIMOUSLY**

*Recommendation Regarding 457 Plan Amendment (SECURE ACT)*

Mr. Meyer discussed the two 457(B) Plan amendments that will need to be drafted. The changes include the increase in age for Required Minimum Distribution from 70 ½ years of age to 72 years of age and the In-Service Age Modification from 70 ½ years of age to 59 ½ years of age. The Committee discussed recommending to the Board to grant OST the authority to work with ICE Miller and the Deputy Attorney General to draft the 457 Plan Amendments.

**A MOTION was made by Mr. Kennedy and seconded by Deputy Treasurer Davis to recommend that the Board grant the Office of the State Treasurer the authority to work with ICE Miller and the Deputy Attorney General to draft the 457 Plan Amendments.**

**MOTION ADOPTED UNANIMOUSLY**

*Recommendation Regarding Voya Contract Extension*

Mr. Meyer presented a review of the structure of the Voya contract. The Committee will recommend the second one-year contract extension for Voya Financial for record-keeping services and to direct OST and the Investment Committee to review the managed account service and self-directed brokerage providers.

**A MOTION was made by Mr. Macedo and seconded by Deputy Treasurer Davis to recommend that the Board approve the second one-year contract extension for Voya Financial for record-keeping services and to direct OST and the Investment Committee to review the managed account and self-directed brokerage service providers.**

**MOTION ADOPTED UNANIMOUSLY**

**PUBLIC COMMENT**

No member of the public was present for comment.

**NEXT MEETING**

The next meeting of the Committee is scheduled for May 12, 2020.

The next meeting of the Board is scheduled for March 3, 2020.

**ADJOURNMENT**

**A MOTION was made by Mr. Macedo and seconded by Deputy Treasurer Davis to adjourn the meeting at 10:57 a.m.**

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

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Chair for the Audit and Governance Committee