



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
May 11, 2021**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on May 11, 2021, at 10:00 a.m. Pursuant to Governor Carney’s COVID-19 emergency orders, the meeting was held telephonically, without a physical location. Members of the public were able to participate using the provided dial-in information.

Committee Members Represented or in Attendance:

Mr. Peter Kennedy, Committee Chair
Mr. John Macedo
The Honorable Colleen C. Davis, State Treasurer
Mr. Gerard Gallagher

Committee Members Not Represented or in Attendance:

Mr. Timothy J. Snyder

Others in Attendance:

Ms. Liza Davis, Deputy Treasurer, Office of the State Treasurer (“OST”)
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
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. Daniel Madrid, Chief Operating Officer, OST
Mr. Earle Allen, CAPTRUST Retirement Group
Ms. Maria Hurd, Director, Belfint, Lyons, and Shuman (“BLS”)

CALLED TO ORDER

The meeting was called to order at 10:00 a.m. The Committee recognized Mr. Gallagher for his service to the Committee and congratulated him on his upcoming retirement.

APPROVAL OF MINUTES

A MOTION was made by Mr. Macedo and seconded by Treasurer Davis to approve minutes from the Committee meeting on February 9, 2021.

MOTION ADOPTED UNANIMOUSLY

DISCUSSION AND ACTION ITEMS

Update on Involuntary Force Outs

Mr. Meyer provided an update on involuntary force-outs for accounts with less than \$1,000. The Board had approved the plan amendments for the 457(b) and 401(a) Plans in 2019 to permit forced distributions; the 403(b) already permitted such distributions. Mr. Meyer stated that there are approximately 2,000 terminated participant accounts that are eligible for force-out. The Committee discussed the Voya \$25 close-out fee, including whether a close-out fee is industry standard when the force out is not a participant's choice. Mr. Allen stated it is not unusual, but also not industry standard. Mr. Kennedy questioned whether the Plan could pay the fee. Ms. Hurd stated that the forfeiture accounts do not have funds sufficient to cover the fees. Mr. Meyer indicated that OST is working with Voya to possibly waive the close-out fee and will update the Committee upon receiving a response from Voya.

Update on Audit Report Item - Uncashed Checks

Mr. Meyer provided an update on the audit finding for the deferred compensation plan regarding uncashed checks. Mr. Meyer stated that OST staff is working closely with Voya on how the process is monitored. Voya reviews uncashed checks by generating monthly reports and sending participant letters at 180 days and 365 days after check issuance. After five years, if the check remains uncashed, the funds are escheated and transferred to Unclaimed Property. OST is working with the Office of Pensions to locate missing participants. OST will continue to provide updates to the Committee as the process evolves.

Discussion and Vote on Governance Manual and Resolution 2021-01

Mr. Meyer explained that the draft Governance Manual and related resolution included feedback from several Committee members. Mr. Staib explained to the Committee that the resolution includes those governance provisions in the draft manual that warrant express approval by the Board.

A MOTION was made by Mr. Macedo and seconded by Treasurer Davis to recommend that the Board approve the Governance Manual and Resolution 2021-01.

MOTION PASSED UNANIMOUSLY

Mr. Meyer reminded the Committee that there will be Code of Conduct training and Freedom of Information Act training at the June 2, 2021, Board meeting. Committee members are invited to attend. If unable to attend, the information will be posted on the newly developed Board resource page.

The Committee discussed new member recruitment and the filling of Mr. Gallagher's vacant position.

PUBLIC COMMENT

No member of the public was present for comment.

Executive Session

No Executive Session was held.

NEXT MEETING

The next meeting of the Committee is scheduled for August 10, 2021.

The next meeting of the Board is scheduled for June 2, 2021.

ADJOURNMENT

A MOTION was made by Treasurer Davis and seconded by Mr. Macedo to adjourn the meeting at 10:31 a.m.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Pete Kennedy, Chair for the Audit and Governance Committee