



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
May 10, 2022**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on May 10, 2022, at 10:00 a.m. at the Office of the State Treasurer – Carvel State Building, 820 N. French Street, Wilmington, DE. Committee members and 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. Tim Snyder

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. Dan Madrid, Chief Operating Officer, (“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. Jordan Seemans, Director of Policy and Communications, OST
Mr. Earle Allen, CAPTRUST

CALLED TO ORDER

The meeting was called to order at 10:00 a.m.

APPROVAL OF MINUTES

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to approve minutes from the Committee meeting on February 8, 2022.
MOTION ADOPTED UNANIMOUSLY**

ACTION ITEMS

Discussion and Vote on Recommendation Regarding Plan Amendments

Mr. Meyer discussed plan amendments related to provisions contained in the CARES Act. In 2020, the Board approved provisions relating to coronavirus-related distributions (“CRDs”) and the waiver of required minimum distributions (“RMDs”). OST worked with Ice Miller to memorialize these items through plan amendments for both the 457(b) and 403(b) plans. The 401(a) Plan amendment only relates to the waiver of RMDs. Mr. Meyer indicated that the plans may be restated in 2023 to include these amendments.

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to recommend the Plan amendments to the Board for approval.
MOTION ADOPTED UNANIMOUSLY**

Mr. Meyer then discussed optional provisions related to the SECURE ACT. The first provision relates to plan withdrawals for birth or adoptions (for all three plans). This would allow for a withdrawal from a retirement plan up to \$5,000 to cover birth or adoption costs. According to Ice Miller, approximately ten percent of their clients have adopted this provision. The second provision relates to distributions for victims of natural disasters that occurred between January 1, 2018, and December 2019. Ice Miller reported that approximately five percent of their clients have adopted this provision. In regard to the first provision, the Committee discussed health care premiums, the State's parental leave benefits, and the impact of fertility treatment costs on participants. In regard to the second provision, the Committee discussed the limited number of participants that would have been impacted by natural disasters between January 1, 2018, and December 2019. There were no declared natural disasters in Delaware during that time period.

**A MOTION was made by Mr. Snyder and seconded by Mr. Macedo to recommend that the Board reject the SECURE Act provision providing for distributions related to natural disasters as to all three plans.
MOTION ADOPTED UNANIMOUSLY**

A MOTION was made by Mr. Snyder and seconded by Treasurer Davis to direct OST and the Deputy Attorney General ("DAG") to work with Ice Miller on a plan amendment for the 457(b), 403(b), and 401(a) plans to permit withdrawals for birth or adoptions for review at the August 9, 2022, Committee meeting.

MOTION ADOPTED. Mr. Macedo opposed and expressed his thoughts on why the optional provisions should not be supported stating that with a small minority of ICE Miller's clients have adopted the amendments and that the amendments are not consistent with the plans' objectives of providing retirement savings.

Update Regarding Memorandum of Understanding ("MOU") with the Office of Auditor of Accounts
Mr. Meyer provided an update regarding the MOU with the Office of Auditor of Accounts ("AOA"). The MOU is for the contract with the new audit firm for years 2022 and 2023, with two optional years for 2024 and 2025. The MOU will allow for Board representation for an RFP selection of a future audit firm and allows for OST to provide comment on any contract extensions.

Mr. Meyer stated that the reasonable rate topic is still under review between AOA and OST. Currently AOA has proposed a rate of fifteen percent, to which OST countered with a ten-year average rate of ten percent. OST is awaiting further feedback from AOA.

Discussion and Vote on Recommendation Regarding Retention of Outside Firm to Complete Plan Financial Statements

Mr. Meyer informed the Committee that this issue has been resolved with AOA accepting Barbacane Thorton's offer to compile the financial statements as a non-attest service. Mr. Meyer stated that the prior audit firm also compiled the financial statements.

NO ACTION NEEDED

Discussion and Vote on Recommendation Regarding Legislation Concerning Auditor Selection

The Committee discussed the topic of legislation concerning auditor selection. OST provided an update on industry research showing that most oversight bodies of deferred compensation plans have the responsibility for securing an external auditor for their plans. The Committee asked OST and the DAG to explore legislation that would allow for the Board to secure an external audit firm for the plans and take over the management of the existing contract.

A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to recommend that the Board pursue legislation to permit the Board to select outside auditors and directing OST to provide the Board with written justification for the recommended legislation.

MOTION ADOPTED UNANIMOUSLY

Mr. Macedo initiated a discussion regarding the scope and responsibility of the Committee's role in cyber security. Mr. Allen stated that he has seen more involvement from government clients regarding this topic. Mr. Meyer indicated that OST has been working with Voya's cyber security executive to produce educational content for participants. The Committee discussed vendor management and cyber security practices. Mr. Macedo indicated that the Board's vendor management policy should address risk assessment and cyber reviews. OST and Mr. Macedo will work together to bring information back to the Committee at a future meeting.

PUBLIC COMMENT

No members of the public were present for comment.

Executive Session

No Executive Session was held.

NEXT MEETING

The next meeting of the Committee is scheduled for August 9, 2022.

The next meeting of the Board is scheduled for June 7, 2022.

ADJOURNMENT

A MOTION to adjourn the meeting was made by Mr. Macedo and seconded by Mr. Snyder.

MOTION ADOPTED UNANIMOUSLY

Meeting adjourned at 11:09 a.m.

Respectfully submitted,

Pete Kennedy, Chair for the Audit and Governance Committee