



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
November 7, 2023**

A virtual meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on November 7, 2023, at 10:00 a.m. 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

Mr. Timothy J. Snyder

Mr. Jordan Seemans, Deputy State Treasurer, on behalf of, The Honorable Colleen C. Davis, State Treasurer

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer (“OST”)

Mr. Brian Maxwell, Director of Policy and Communications, OST

Mr. Daniel Kimmel, Promotion and Outreach Program Manager, OST

Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST

Mr. Earle Allen, CAPTRUST

Mr. Jeffrey Kowalczyk, Partner, Barbacane, Thornton & Company, LLP

CALLED TO ORDER

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

APPROVAL OF MINUTES

A MOTION was made by Mr. Kennedy and seconded by Mr. Macedo to approve minutes from the Committee meeting on August 8, 2023, with revisions.

MOTION ADOPTED UNANIMOUSLY

AUDIT PRESENTATIONS

403(b) Audit Presentation (2022)

Mr. Kowalczyk presented the 403(b) Plan audit report for plan year 2022, which did not express an audit opinion on the Plan’s financial statements. As of December 31, 2022, the 403(b) Plan had a fiduciary net position of approximately \$472.9 million, a decrease of approximately \$91.3 million from approximately \$564.3 million as of December 31, 2021. He stated that much of the decrease was due to contributions and gains on investments during 2021 being greater than distributions. During the year ended December 31, 2022, distributions paid to participants were approximately \$34.6 million. Administrative expenses were approximately \$728,261 for the year ended December 31, 2022, versus

approximately \$760,193 for year ended December 31, 2021. Finally, Mr. Kowalczyk identified no material weaknesses or significant deficiencies.

DISCUSSION AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding 2022 Plan Audits

The Committee suggested some changes relating to the management discussion and analysis section in the draft audit for the 403(b) Plan for plan year 2022. The Committee agreed to recommend approval of the audit reports to the Board for the December meeting with modifications.

A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to recommend the final audit reports for the 457(b), 401(a), 403(b) and 529 Plan for plan year 2022 to the Board for approval subject to corrections and modifications to the 403(b) Plan audit discussed at the meeting and approved by two members of the Committee.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Cybersecurity Policy

Mr. Meyer reviewed the revised draft of the cybersecurity policy with suggested changes from the previous meeting with the Committee. The Committee discussed the revised draft of the cybersecurity policy and suggested additional revisions to the Scope, OST duties and the procurement section requiring new vendors to adhere to applicable DTI standards. The Committee will recommend the Board approve the cybersecurity policy with revisions.

A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to recommend the Board approve the cybersecurity policy with revisions. MOTION ADOPTED UNANIMOUSLY.

2024 Meeting Calendar

The Committee was presented with the proposed 2024 Plans Management Board meeting calendar.

UPDATES

Update on SECURE Act 2.0

Mr. Meyer stated OST continues to monitor the guidance from the IRS regarding the implementation date for the Roth IRA catch-up contributions. The date has been delayed approximately two years. Also, clarification is needed regarding the fifteen-year rule on 529 account funds that will roll over to the Roth IRA.

Legislative Updates

Regarding legislative updates, Mr. Meyer stated OST plans to revisit legislation regarding unfreezing of the match plan which occurred in 2009 and seek sponsorship for legislation to procure an external audit firm for the plan audits. Mr. Seemans added the current match request under SB94 will cover the first six months of the 2025 budget and if approved would take effect January 1, 2025. He added that while the new AOA staff becomes acclimated, they will continue to move the external audit issue forward. Finally, Mr. Maxwell stated OST will have a meeting with the AOA regarding the external audit firm procurement process and re-iterated the same sentiments of Mr. Seemans regarding the match plan legislation.

EXECUTIVE SESSION

No executive session was held.

PUBLIC COMMENT

No member of the public was available for comment.

NEXT MEETING

The next meeting of the Committee is scheduled for February 6, 2024.

The next meeting of the Board is scheduled for December 5, 2023.

ADJOURNMENT

Meeting was adjourned by the Chair at 11:30 a.m.

Respectfully submitted,

Pete Kennedy, Chair for the Audit and Governance Committee

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