



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
November 12, 2024**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on November 12, 2024, 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. John Macedo
Mr. Timothy J. Snyder
Mr. Jordan Seemans, Deputy Treasurer (on behalf of The Honorable Colleen C. Davis, State Treasurer)

Members Absent:

Mr. Peter Kennedy, Committee Chair

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”)
Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST
Mr. Matthew Rosen, Senior Policy Advisor, OST
Ms. Khairat Makanjuola, Chief Operating Officer, OST
Mr. Earle Allen, CAPTRUST
Ms. Maria Hurd, Director, Belfint, Lyons, and Shuman (“BLS”)
Mr. Christopher Ciminera, Principal, Accounting and Auditing, Retirement Plan Services, BLS
Mr. Tyler Starr, Supervisor, Accounting and Auditing, Retirement Plan Services, BLS
Mr. Scott Sipple, Administrative Auditor, Office of the Auditor of Accounts (“AOA”)
Mr. Anthony Durkan, Vice President, Head of 529 Relationship Management, Fidelity
Ms. Julia Siripurapu, Vice President and Associate Counsel, Fidelity
Ms. Corrine Armann, Rebecca Kidner, P.A.

CALLED TO ORDER

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

APPROVAL OF MINUTES

**A MOTION was made by Mr. Snyder and seconded by Mr. Macedo to approve minutes from the Committee meeting on August 6, 2024, with corrections.
MOTION ADOPTED UNANIMOUSLY**

PRESENTATIONS

Fidelity Cyber Update

Ms. Siripurapu updated the Committee on the recent data breach at Fidelity. Fidelity provides administrative services for the DE 529 plan. Ms. Siripurapu stated that on August 19, 2024, Fidelity had a data breach which affected nine participants in the DE 529 plan. Ms. Siripurapu stated that Fidelity offered twenty-four months of credit monitoring and identity restoration services to the participants and provided a dedicated call center to answer any further questions the participants may have. She stated that Fidelity has added additional controls designed to prevent this in the future.

403(b) Audit Presentation (2023)

Mr. Starr provided the Committee with the audit report for plan year 2023 and the financial highlights for the 403(b) Plan. He stated that in plan year 2023 there was a \$75.3 million increase in assets from approximately \$472.9 million as of December 31, 2022, to approximately \$548.2 million as of December 31, 2023. Mr. Starr attributed the growth in assets to contributions and earnings being more than distributions during 2023. He reported that 1,425 participants took distributions from the Plan as of December 31, 2023. Distributions for the plan were approximately \$34.3 million in 2023, a slight decrease from approximately \$34.6 million in 2022. The average distribution amount per participant increased from approximately \$23,000 in 2022 to approximately \$24,000 in 2023. Mr. Starr stated the average account balance as of December 31, 2023, was approximately \$38,000. Mr. Starr stated that the total number of contributing plan participants increased from 6,200 in 2022 to 6,800 in 2023, which is the largest increase in the plan over the prior eight years. Contribution amounts increased from approximately \$30.7 million in 2022 to approximately \$32.5 million in 2023. Changes in contributions are primarily due to fluctuations in the average contribution per participant and number of active plan participants. Mr. Starr stated that average deferrals per participant decreased from approximately \$4,600 in 2022 to approximately \$4,400 in 2023. He stated that this decrease is attributed to a large increase in new participants contributing who did not have deferrals for the entire year or who may have been contributing on a lower wage base. For the year ended December 31, 2023, net transfers in the Plan represent approximately \$1.3 million from the legacy vendors.

Mr. Starr stated that administrative expenses increased from approximately \$728,261 in 2022 to \$921,127 in 2023. Mr. Starr attributed the increase to different arrangements with the service providers, an increase in the number of participant accounts and the increase in investments in the Plan.

There were no deficiencies considered to be material weaknesses or significant deficiencies.

DISCUSSION AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding 2023 Plan Audits

The Committee suggested some changes relating to dates to be completed in the draft audit for the 403(b) Plan for plan year 2023. The Committee agreed to recommend approval of the audit reports to the Board at 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 Plans for plan year 2023 to the Board for approval, subject to corrections and modifications to the 403(b) Plan audit discussed at the meeting.

MOTION ADOPTED UNANIMOUSLY

2025 Meeting Calendar

The Committee was presented with the proposed 2025 Board and Committee meeting calendar.

UPDATES

Update on SECURE Act 2.0

Mr. Meyer provided an update on the SECURE Act 2.0 provisions to the Committee. OST is working with Payroll Human Resources, Statewide Technology and Voya to implement the catch-up provision for participants aged 60-63, which will start January 1, 2025. This provision allows participants over age 50 who have contributed the maximum amount to their account to put additional funds into the plan during the ages of 60-63. Mr. Meyer stated that casual/seasonal employees will be able to contribute to the 457(b) Plan starting on January 1, 2025.

Legislative Updates

Mr. Seemans introduced Layne Taylor as the new Director of Policy and Communications within OST. He stated there will be some new cabinet secretaries nominated by Governor-elect Matt Meyer as a result of the recent election. OST is preparing onboarding materials for the new cabinet secretaries who will join the Board. He further stated that there will be some legislative member changes due to two Senate seats being vacated, resulting in two special elections in the new year. Mr. Seemans stated that OST plans to work on new draft legislation to reintroduce Senate Bill 94 to bring back the state match. OST has included a supplemental request in the fiscal year 2026 budget to include funding for the match. Mr. Seemans also stated that OST is exploring the feasibility of allowing employees of towns and small cities in Delaware to contribute to the 457(b) Plan as some other states currently do. Finally, he reminded the Committee that the DE EARNs program that launched in July will be overseen by the Board starting at the end of 2025.

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 February 4, 2025.

The next meeting of the Board is scheduled for December 10, 2024.

ADJOURNMENT

Meeting was adjourned at 11:17 a.m.

Respectfully submitted,

E-Signature _____
Pete Kennedy, Chair for the Audit and Governance Committee