



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
May 6, 2025**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on May 6, 2025, 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. Brennon Fountain, Deputy State Treasurer (on behalf of The Honorable Colleen C. Davis, State Treasurer)

Others in Attendance:

Ms. Khairat Makanjuola, Chief Operating Officer, (“OST”)

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

Mr. John Meyer, Director of Contributions and Plan Management, OST

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

Mr. Andrew Fiorentino, Director of Communications, OST

Mr. Earle Allen, CAPTRUST

Ms. Maria Hurd, Director, Belfint, Lyons, and Shuman (“BLS”)

Mr. Tyler Starr, Supervisor, Accounting and Auditing, Retirement Plan Services, BLS

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 4, 2025.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

401(a) Audit Presentation

Mr. Starr provided the Committee with the audit report for plan year 2024 and the financial highlights for the 401(a) Plan. He stated that in plan year 2024 there was a \$1.2 million increase in assets from approximately \$22.2 million as of December 31, 2023, to approximately \$23.4 million as of December 31, 2024. Mr. Starr attributed the growth in assets to investment earnings being more than distributions during 2024. There was a decrease in the total number of accounts with balances from 6,800 as of December 31, 2023, to 6,400 as of December 31, 2024. Distributions from the plan were approximately \$1.4 million in 2024, a decrease from \$2.2 million in 2023. Fluctuations in distributions paid from year to year are primarily due to changes in the number of participants and beneficiaries receiving eligible

distributions, as well as the size of their account balances. Mr. Starr stated that there were approximately 670 individuals who received a distribution from the plan during 2024. The average distribution amount decreased from approximately \$3,400 in plan year 2023 to approximately \$2,000 in plan year 2024. Net investment income was approximately \$2.7 million in plan year 2024 compared to approximately \$3.1 million in plan year 2023. Fluctuations in investment income are due to changes in interest rates for fixed earning investments, as well as fluctuations in the financial market. Mr. Starr stated that the returns are consistent with fluctuations in the financial market year-to- year. Rollovers into the plan were approximately \$26,000 in 2024 compared to approximately \$80,000 in 2023.

Mr. Starr stated that plan administrative expenses increased from approximately \$53,000 in 2023 to approximately \$63,000 in 2024. Fluctuations in expenses are the result of different arrangements with the service provider, as well as assets held by the Plan influencing asset-based fees, and changes in the number of transactions charged directly to participant accounts.

A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to approve the 401 (a) audit report for plan year 2024 and defer recommending to the Board until the December 2025 Board meeting, at which time all 2024 reports will have been finalized.

MOTION ADOPTED UNANIMOUSLY

Discussion Regarding Escheatment and the Plans

Mr. Meyer provided a synopsis of the unclaimed property laws memo to the Committee and discussed the laws' impact on the 457 (b), 403 (b), 401 (a), 529, ABLE and DE EARNs programs. The Committee agreed that account balances in the 457 (b), 403 (b), 401 (a) should not be subject to escheatment and that further research was needed on distributions. Mr. Meyer stated he would schedule a follow up discussion with Ice Miller and advise at a future meeting if any plan document revisions are needed. The Committee discussed Fidelity's current process with 529 accounts and requested a legal opinion regarding 529 account balances and distributions for 529 plans. The Committee suggested OST research survey data for 529 and ABLE plans regarding escheatment. The Committee discussed the EARNs program and the effective carve-out of EARNs Roth IRA accounts from escheatment. The Committee asked how inherited Roth IRAs would be treated. Mr. Meyer discussed Voya's practices related to account balances and distributions. OST will continue to work with Ice Miller and the Deputy Attorney General and will provide an update at a future Committee meeting.

Update Regarding State Code of Conduct Training

Mr. Meyer informed the Committee that the State Code of Conduct training will be held during the June 3, 2025, Board meeting.

Update Regarding Tax Counsel Agreement

Mr. Meyer provided an update on the tax counsel agreement with Ice Miller. He stated that the Board approved the second one-year extension that was recommended by the Committee.

Update Regarding Memoranda of Understanding ("MOU") with the Office of Auditor of Accounts ("AOA")

Mr. Meyer provided an update on the MOU with AOA. He stated that the AOA is in its second year of a two-year contract that covers the 2023 and 2024 plan year audits. The contract includes two one-year extensions. Mr. Meyer stated that the intention is to obtain feedback from the Committee after the audit presentations are completed by the audit firm in August. OST would then provide the feedback to AOA

in advance of the initial contract term expiring at the end of 2025. The Committee also discussed AOA's distribution of the 529 portfolio audit, which was not done in prior years. In past years, the 529 Trust audit was reviewed by the Committee and accepted by the Board. Upon Board approval, AOA would then publish the results of the 529 Trust audit.

Update Regarding SECURE Act 2.0 Provisions

Mr. Meyer provided an update on the mandatory SECURE Act 2.0 provisions to the Committee. OST continues to work with Payroll, Human Resources, Statewide Technology and Voya to implement the catch-up provision for participants aged 60-63, which started 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. The second provision that OST is focused on requires those individuals whose income is over \$145,000 and who want to make a catch-up contribution to their account to do so as a Roth contribution. The provision is effective as of January 2026. .

Legislative Updates

Mr. Meyer provided legislative updates to the Committee. He stated SB20 was introduced to the Delaware General Assembly to bring back the state match. This bill has bipartisan support and is currently with the Senate Finance Committee.

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 5, 2025.

The next meeting of the Board is scheduled for June 3, 2025.

ADJOURNMENT

Meeting was adjourned at 11:25 a.m.

Respectfully submitted,

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