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# MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE OF THE PLANS MANAGEMENT BOARD

**August 4, 2026**

A virtual meeting of the Audit and Governance Committee (the "Committee") of the Plans Management Board (the "Board") was held on August 4, 2026, commencing 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
The Honorable Colleen C. Davis, State Treasurer
Mr. John Macedo
Mr. Timothy J. Snyder
Mr. Matthew Rosen

## Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. John Meyer, Director of Contributions and Plans Management ("OST")
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Ms. Deborah Bradl, Executive Assistant, OST
Mr. Andrew Fiorentino, Director of Communications, OST
Mr. Ted Griffith, Program Director, DE EARNS
Ms. Jasmine Blackwell, Intern, OST
Ms. Sassy Boja, Intern, OST
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST
Ms. Ming Marrin, Administrative Auditor, Office of the Auditor of Accounts ("AOA")
Mr. Tyler Starr, Supervisor, Accounting and Auditing, Retirement Plan Services, BLS
Mr. Jared Newman, 529 Managing Director, Fidelity
Mr. Stephen Knight, Director of Client and Regulatory Engagement for Enterprise Cybersecurity, Fidelity
Mr. William Duserick, Cyber Regulatory and Audit Lead, Fidelity
Mr. Dave Tancredi, Member of the Public
Ms. Lisa Rice, Member of the Public
Ms. Shannon Tiberi, Member of the Public

## CALL TO ORDER

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

DRAFT

## APPROVAL OF MINUTES

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to approve minutes from the Committee meeting on May 5, 2026.**

**MOTION ADOPTED UNANIMOUSLY**

## PRESENTATIONS

*2025 Deferred Compensation Plan Audits-457(b)*

Mr. Starr provided the Committee with the audit report for plan year 2025 and the financial highlights for the 457(b) Plan. He stated that in plan year 2025 there was a $130 million increase in assets from approximately $1.02 billion as of December 31, 2024, to approximately $1.15 billion as of December 31, 2025. Mr. Starr attributed the growth in assets to contributions and investment earnings being more than distributions during plan year 2025. There was an increase in the total number of accounts with balances from 16,509 as of December 31, 2024 to 16,905 as of December 31, 2025. Mr. Starr noted that employee contributions increased from approximately $49.3 million in 2024 to approximately $54.1 in 2025. He stated that the total number of participants with contributions increased from approximately 10,900 in 2024 to 11,300 in 2025. Mr. Starr also stated that rollovers into the plan decreased from approximately $4.6 million in 2024 to approximately $3.1 million in 2025 and that the number of rollovers also decreased from 130 in 2024 to 113 in 2025. The average deferrals per active participant increased from approximately $4,500 in 2024 to approximately $4,800 in 2025. Distributions from the plan increased approximately $15.4 million from $69.6 million in 2024 to approximately $85.0 million in 2025. 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 2,400 individuals who received a distribution from the plan during 2025. The average distribution amount increased from approximately $32,000 in plan year 2024 to approximately $36,000 in plan year 2025. Net investment income was approximately $161.1 million in plan year 2025 compared to approximately $123.5 million in plan year 2024. Mr. Starr stated that the investment results are consistent with fluctuations in the financial market year to year, changes in the funds offered by the plan, and changes in interest rates for fixed earnings investments.

Mr. Starr stated that plan administrative expenses increased from approximately $1.8 million in 2024 to approximately $1.9 million in 2025. Fluctuations in expenses are the result of different arrangements with the service providers, number of vendor payments charged directly to participant accounts, and the changes in average assets held by the plan. Mr. Starr stated that most of the administrative fees are asset-based fees, so as average balances increase so do administrative expenses.

*2025 Deferred Compensation Plan Audits-401(a)*

Mr. Starr provided the Committee with the audit report for plan year 2025 and the financial highlights for the 401(a) Plan. He stated that in plan year 2025 there was an increase of $1.7 million

in assets from approximately $23.4 million as of December 31, 2024, to approximately $25.1 million as of December 31, 2025. This increase was due primarily to net appreciation of investments being greater than distributions from the Plan. He stated that in plan year 2025 there was a decrease in the number of accounts with balances each year from approximately 6,800 in 2023 to 6,400 in 2024 to 6,100 at the end of 2025. Mr. Starr stated that the average distribution from the plan was approximately $2,800 in 2025, $2,100 in 2024, and $3,400 in 2023. He stated that the total number of participants who received distributions from the plan was approximately 680, 670 and 650 during the years ending as of December 31, 2025, 2024 and 2023 respectively. Total distributions paid to participants in plan year 2025 were approximately $1.9 million, an increase from approximately $1.4 million in plan year 2024. Mr. Starr stated that the average distribution was approximately $2,800 in plan year 2025 versus approximately $2,100 in plan year 2024. The increase is due to changes in the number of participants and beneficiaries receiving eligible distributions each year as well as the size of their account balances. Mr. Starr also stated that as of December 31, 2025, there were 1,244 terminated accounts below $5,000 that could be involuntarily cashed out and that the aggregate balance of these terminated accounts was approximately $3.0 million. Mr. Starr stated that administrative expenses increased $4,000 from approximately $63,000 as of December 31, 2024, to approximately $67,000 as of December 31, 2025. Mr. Snyder asked Mr. Starr for a breakdown comparison of the rate of return in the mutual funds compared to the rate of return in the self-directed brokerage accounts. Mr. Starr stated that he will provide that information to the Committee at the next meeting.

*2025 Delaware Qualified Tuition Savings Plan Trust Audit-529*

Mr. Starr provided the Committee with the audit report for plan year 2025 and the financial highlights for the 529 Education Savings Plan. Mr. Starr stated that 529 fiduciary net position increased by $69 million from approximately $680 million as of December 31, 2024 to approximately $749 million as of December 31, 2025. The increase was due primarily to an increase in investment earnings with a net investment income of $91 million. Mr. Starr also noted that contributions to the plan were approximately $225 million in plan year 2025, while withdrawals were approximately $248 million in the same year. He stated that there were approximately 15,600 accounts with contributions in plan year 2025 versus approximately 14,700 with contributions in plan year 2024. Mr. Starr noted that there were 5,500 participants who made withdrawals from their accounts in plan year 2025. He further stated that investment expenses decreased from approximately $2.92 million in 2024 to approximately $2.86 million in 2025. Mr. Starr stated that fluctuations in the average investment balance is due to fees being based on average plan assets. Mr. Starr also stated that the decrease in expenses is due to changes in plan assets during plan year 2025. Mr. Starr stated there were approximately 3,600 new accounts in plan year 2025 versus approximately 3,400 new accounts in plan year 2024.

**A MOTION was made by Treasurer Davis and seconded by Mr. Snyder to approve the 457(b), 401(a) and the Delaware Qualified Tuition Savings Plan Trust audit reports for plan**

**year 2025 and defer recommending same to the Board until the December 2026 Board meeting, at which time all 2025 reports will be recommended to the Board for approval. MOTION ADOPTED UNANIMOUSLY**

## *Updates, Discussion and Action Items*

Mr. Meyer discussed the Board's approval of the memo of understanding ("MOU") with the Office of Auditor of Accounts ("AOA") with the Committee. He stated that the Board approved the MOU at the June meeting for calendar year 2025 audits. He stated that an additional MOU will be required for plan year 2026 audits, which will be presented to the Committee in the first quarter of 2027, and that the Committee can provide feedback to AOA regarding the one-year extension left on the contract with the audit firm.

**A MOTION was made by Mr. Macedo and seconded by Treasurer Davis to recommend that AOA exercise the second year extension with the external audit firm for plan year 2026.**

**MOTION PASSED UNANIMOUSLY**

Mr. Meyer also stated that the in-plan Roth conversion amendment for the 403(b) plan was signed by the Board in June and went live with Voya. He stated that this amendment allows for the opportunity for participants in the 403(b) plan to have in-plan Roth conversions. The ability to perform in-plan Roth conversions already existed in the 457(b) plan. Finally, Mr. Meyer stated that House Bill 423 passed in the General Assembly and was signed by Governor Meyer in July. He reminded the Committee that HB423 allows for newly hired state employees who are not part of a bargaining unit to participate in auto-enrollment for the 457(b) plan. The Board will need to update the 457 (b) plan document, define the term "covered employee" and approved other items as mentioned in the legislation.

## PUBLIC COMMENT

No members of the public made a comment.

**EXECUTIVE SESSION**

**A MOTION was made by Mr. Kennedy and seconded by Mr. Macedo to move into Executive Session for a confidential cybersecurity presentation by Fidelity. MOTION ADOPTED UNANIMOUSLY**

The Committee rejoined public session.

**A MOTION was made by Mr. Kennedy to move back into public session.**

**MOTION ADOPTED UNANIMOUSLY**

## NEXT MEETING

The next meeting of the Committee is scheduled for November 10, 2026.
The next meeting of the Board is scheduled for September 1, 2026.

## ADJOURNMENT

The meeting was adjourned at 11:28 a.m.

Respectfully submitted,

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Peter Kennedy
Chair, Audit & Governance Committee