



MINUTES

BOARD OF TRUSTEES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

The regularly quarterly meeting of the Board of Trustees was called to order at 9:31 a.m., April 29, 2021, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The Chair thanked the members of the Board for their service. The Chair indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda. The Chair further opened the meeting with a moment of silence for Watauga County and the city of Boone on behalf of Deputy Logan Fox and Sergeant Chris Ward who lost their lives in the line of duty in the previous 72 hours.

Members Present in Person or via Telephone

Treasurer Dale R. Folwell, Lentz Brewer (via telephone), John Ebbighausen, Barbara Gibson (via telephone), Dirk German (via telephone), Linda Gunter (via telephone), Oliver Holley (via telephone), Greg Patterson (via telephone), Margaret Reader (via telephone), Joshua Smith (via telephone), and Jeffrey Winstead.

Members Absent

Vernon Gammon and Catherine Truitt.

Guests in Attendance via Telephone

Katherine Murphy with the North Carolina Department of Justice, Sarah Collins with the North Carolina League of Municipalities, and Rick Houser with the Youngsville ABC Board.

Department of State Treasurer Staff Present in Person or Via Telephone

The staff members present were: Thomas Causey, Ben Garner, Elizabeth Hawley, Brian Jackson, Patrick Kinlaw, Richard Lopez, Lisa Norris, Vicki Roberts (via telephone), Laura Rowe (via telephone), and Sam Watts (via telephone).

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

The Acting Chair asked, pursuant to the ethics rules, about conflicts of interest of board members. No conflicts of interest were identified by the board members.

Approval of the State Minutes from the January 28, 2021 Board Meeting

It was moved by Linda Gunter, seconded by John Ebbighausen that the minutes from the Board meeting held on January 28, 2021 be approved. Dale Folwell, Barbara Gibson, Dirk German, Greg

Patterson, Jeffrey Winstead, Joshua Smith, Lentz Brewer, Margaret Reader, and Oliver Holley voted in support of the motion.

Retirement System Division Operations Update

The Chair recognized Rick Lopez, Director of Operations, for an update on the Division's operations. Mr. Lopez began by noting the Retirement Processing team processed 4,500 retirement requests for the quarter stating that turnaround goal times were exceeded with 9 out of the past 12 months having a 100% paid on time rate. Mr. Lopez moved on to discuss death notifications stating Benefits Processing staff processed over 3,300 death notifications in the first quarter of 2021 noting an increase of about 1,000 notifications compared to the first quarter of 2020. Mr. Lopez noted the turnaround time for processing death notifications was 29 days in January, 29.6 days in February, and 31 days in March. Mr. Lopez moved on to discuss new disability applications noting that 282 applications were received in March which is similar to last year's numbers. Mr. Lopez noted that a physician had finished serving on the Medical Board in the past week and that the Division will be looking for a replacement, which will require approval from the Board of Trustees when the time comes. Mr. Lopez discussed refund requests, noting 1,140 requests were received in March with a 20.7-day turnaround time. Mr. Lopez closed by discussing monthly payroll and Orbit Self Service usage noting over 1.3 million retirement estimates, over 300,000 beneficiary updates for active employees, over 8,500 changes of address for retirees, and nearly 79,000 service purchase estimates.

Legislative Update

The Chair recognized Sam Watts, Legislative Liaison for the Department, to provide an update on the legislative session. Mr. Watts began by discussing that the top legislative priority for the Retirement Systems is the funding of the actuarial requirement. Mr. Watts stated that a bill had been filed to address issues identified by both the Division and school boards regarding contribution-based benefit cap (CBBC) provisions. Mr. Watts further noted that a bill had been introduced at the Department's request to standardize some of the many service purchase provisions available to members, the continuation of an effort that began with a law enacted in 2020.

Retirement System Member Services and Policy, Planning, & Compliance Update

The Chair recognized the Director of Member Services, Vicki Roberts, for a presentation on the metrics for Member Services. Ms. Roberts began by discussing efforts made by the Educational Retirement Group noting they received over 18,000 letters for the quarter with a 5.7-day average turnaround time. Ms. Roberts discussed educational meetings noting year to date the team has held 130 total meetings with increasing attendance. Ms. Roberts stated the team is currently offering six presentations a week as well as an employer presentation once a week and access to a pre-recorded presentation available online at any time. Ms. Roberts described scheduled one-on-one counseling sessions noting there were more than 250 held in January. Ms. Roberts further discussed e-mails answered and received noting over 16,000 e-mails were received this quarter with a response average of two business days. Ms. Roberts discussed the call center speed of answer and the calls offered and abandoned, noting that it was nearly impossible to meet the goal for average speed of answer due to the amount and length of calls. Ms. Roberts stated that all Member Services staff members have now been trained to answer calls, noting that at certain times all staff will be answering calls on top of the normal call center staff. Ms. Roberts concluded by

discussing call volume, noting there was an 17% abandonment rate for the quarter with over 69,000 calls received.

The Chair recognized the Director of Policy, Planning & Compliance, Patrick Kinlaw. Mr. Kinlaw discussed overpayments collected, noting that just over \$9.6 million has been collected in the past 12 months and that the outstanding balance of identified overpayments is approximately \$36.9 million. Mr. Kinlaw discussed CBBC liabilities, noting that invoices have been sent for 385 separate retirements since 2015 totaling \$37.3 million, and of that amount, more than \$29.9 million has been collected. Further, Mr. Kinlaw briefly discussed staff assistance in the collection of plan information for Cavanaugh Macdonald's report that will be presented to the Board in October.

Update on the Investment Advisory Committee (IAC) Meetings

The Chair recognized Greg Patterson to provide an update on the IAC meetings. Mr. Patterson began by stating the Investment Advisory Committee held its last meeting on February 24. Mr. Patterson stated the meeting started with an update on the Treasurer's initiative on cost savings noting that the initiative has exceeded \$350 million in cost savings over the past four years with total Assets Under Management (including the Retirement Systems, Cash Management, and Supplemental Retirement Plans) nearing \$156 billion and the Retirement Systems having a \$7.5 billion increase in asset value in the last quarter of 2020. Mr. Patterson noted a presentation was given by strategists on economic review discussing the recession, pandemic, social unrest, the election, and how those items may affect the portfolio and the economy. Lastly, Mr. Patterson discussed a report was provided by Aon regarding the Investment Management Division's (IMD's) governance, operations, and investment practices, from which IMD received high marks with only minor suggestions regarding the shifting of roles and responsibilities.

Annual Report on Supplemental Retiree Insurance

The Chair recognized Thomas Causey, Executive Director, to review the Annual Report on Supplemental Insurance. Mr. Causey stated that RSD has made benefit coverage available on a participating basis to retirees and benefit recipients noting that the premiums are paid by participating retirees and benefit recipients cover all costs associated with administering the benefits. Mr. Causey discussed that the current benefits offered are dental and vision through UnitedHealthcare and identity theft through LifeLock noting that RSD partners with Pierce Insurance Agency who serves as the exclusive broker and administrator for the program. Mr. Causey stated the contract with both UnitedHealthcare and LifeLock expires on December 31, 2021.

Jeffrey Winstead made a motion to accept the report and Linda Gunter seconded the motion. Dale Folwell, Barbara Gibson, Dirk German, Greg Patterson, John Ebbighausen, Joshua Smith, Lentz Brewer, Margaret Reader, and Oliver Holley voted in support of the motion.

Annual Report on Inactive Employers Pursuant to G.S. 135-5.5 and G.S. 128-23.1

The Chair recognized Patrick Kinlaw to review the Annual Report on Inactive TSERS Employers Pursuant to G.S. 135-5.5(b). Mr. Kinlaw stated that no employers under TSERS were determined to be inactive during calendar year 2020 nor is RSD aware of any TSERS employers who would have potentially met the criteria for applying to become inactive employers.

Jeffrey Winstead made a motion to accept the report and Lentz Brewer seconded the motion. Dale Folwell, Barbara Gibson, Dirk German, Greg Patterson, John Ebbighausen, Joshua Smith, Linda Gunter, Margaret Reader, and Oliver Holley voted in support of the motion.

Funding Policy Updates

The Chair recognized Patrick Kinlaw to discuss funding policy updates for TSERS and the North Carolina National Guard Pension Fund (NCNGPF). Mr. Kinlaw began by stating that the proposals presented today were developed by staff with input from the consulting actuary, and that the consulting actuary was participating in the meeting by phone and available to answer questions. Mr. Kinlaw discussed background information regarding the proposals, stating that four of the Retirement Systems have stabilization policies in addition to the regular actuarial assumptions and methods, two of which, TSERS and NCNGPF, fall under the oversight of the State Board. Mr. Kinlaw stated the stabilization policy for the NCNGPF is referred to by the acronym SCRSP (State Contribution Rate Stabilization Policy) and the policy for TSERS is referred to by the acronym ECRSP (Employer Contribution Rate Stabilization Policy). Mr. Kinlaw stated that the stabilization policies serve an important purpose, noting that without them the actuaries would calculate a recommended contribution amount every year but that the contribution amount would fluctuate yearly. Mr. Kinlaw stated that the stabilization policies are meant to be there for a limited time to provide more stability, helping to avoid a “v” or “w” shape for the required contribution rate which is a difficult pattern for budgeters and funders. Mr. Kinlaw stated that having the stabilization policies in place can ensure the decisions and incentives that are made and created around the funding and budgeting of the systems are in the best interest of the Retirement Systems in the long term. Mr. Kinlaw stated that in the policies presented the Board will set a strategy for recommended contributions over the next five years, noting that the current versions of all policies presented today are expected to expire June 2022, and staff is presenting proposed versions to cover the five fiscal years from 2023 to 2027.

Mr. Kinlaw presented the proposed ECRSP for TSERS covering the five fiscal years ending 2023 through 2027, under which the employer contribution recommended by the Board to the legislature for an upcoming fiscal year would continue to be equal to the greater of (1) the underlying actuarially determined employer contribution rate (ADEC) for the upcoming fiscal year or (2) 0.35% of eligible compensation greater than the appropriation recommended by the Board for the fiscal year during which the Board is making the recommendation, but no greater than (3) the underlying ADEC if it were determined using a discount rate equal to the annual yield on 30-year U.S. Treasury securities. Mr. Kinlaw stated that the proposed policy contains several clarifications and updates for applying its terms to various situations.

Mr. Kinlaw presented the proposed SCRSP for the NCNGPF covering the five fiscal years ending 2023 through 2027, under which the employer contribution recommended by the Board to the legislature for an upcoming fiscal year would continue to be equal to the greater of (1) the appropriation recommended by the Board for the current fiscal year or (2) the underlying ADEC for the upcoming fiscal year plus \$2 million. Should the funded percentage measured by the actuaries reach 100% or greater, the recommended contribution would be equal to the underlying ADEC. Mr. Kinlaw also described terms of the proposed SCRSP related to the conditions under which the Board might recommend benefit improvements or cost-of-living increases (COLAs) to

the legislature, and the policy's measurement of the appropriate amount of additional funding associated with such a recommendation.

John Ebbighausen made a motion to approve the proposed funding policies and Jeffrey Winstead seconded the motion. Dale Folwell, Dirk German, Greg Patterson, Joshua Smith, Lentz Brewer, Linda Gunter, Margaret Reader, and Oliver Holley voted in support of the motion. Barbara Gibson abstained from the vote.

Withdrawal of KIPP Gaston Charter School from TSERS

The Chair recognized Patrick Kinlaw to discuss the withdrawal of Gaston College Preparatory Charter School (KIPP Gaston). Mr. Kinlaw stated that KIPP Gaston had informed TSERS of its intention to withdraw from participation in TSERS. Mr. Kinlaw noted that the school was aware of the withdrawal liability of \$5,276,641.00 and wished to make the payments under an installment plan. Mr. Kinlaw stated if the Board approves the installment payment plan at today's meeting then the school's complete withdrawal date would be considered April 29, 2021, the date of today's meeting. Further, Mr. Kinlaw stated the school has agreed to pay 50% of the withdrawal liability within 90 days of their withdrawal and to continue paying each calendar month for 36 months to cover the remaining amount, noting a lien would be placed against the school in favor of the Retirement System until the full amount of the withdrawal liability is paid. Mr. Kinlaw stated it is staff's recommendation to approve the withdrawal of KIPP Gaston including approving the installment payment plan and creating a lien in favor of TSERS against the real property of KIPP Gaston.

Oliver Holley made a motion to approve the withdrawal of KIPP Gaston Charter School including approving the installment payment plan and the lien in favor of TSERS against the real property of KIPP Gaston. Greg Patterson seconded the motion. Dale Folwell, Barbara Gibson, Dirk German, Jeffrey Winstead, John Ebbighausen, Joshua Smith, Lentz Brewer, Linda Gunter, and Margaret Reader voted in support of the motion.

Determination Regarding Supplemental Insurance Rebates under N.C.G.S. §143C-4-10(c)(3)c

The Chair recognized Thomas Causey to discuss the supplemental voluntary insurance rebates. Mr. Causey stated that pursuant to G.S. 143C-4-10(c) if the Board determines that rebates received by the Department of State Treasurer from the supplemental voluntary insurance benefits are not needed to pay for future administrative costs of those benefits, then the Board may direct the funds to be transferred into the Unfunded Liability Solvency Reserve. Mr. Causey noted that the Retirement Systems received a preliminary estimate from UnitedHealthcare, through Pierce Insurance, that an estimated \$3 million may be rebated to the Division prior to the end of the current fiscal year for the dental and vision plans. Mr. Causey stated that staff recommends the Board makes the determination that funds expected to be received are not needed to pay future administrative costs.

John Ebbighausen made a motion to determine the expected funds are not needed to pay future administrative costs. Jeffrey Winstead seconded the motion. Dale Folwell, Barbara Gibson, Dirk German, Greg Patterson, Joshua Smith, Lentz Brewer, Linda Gunter, Margaret Reader, and Oliver Holley voted in support of the motion.

Public Comments

The Chair recognized Sarah Collins of the North Carolina League of Municipalities and Rick Houser of the Youngsville ABC Board to provide public comments.

Board of Trustees Comments

Oliver Holley thanked the entire staff and asked that everyone keep Elizabeth City and Boone in their prayers in light of recent events in both places.

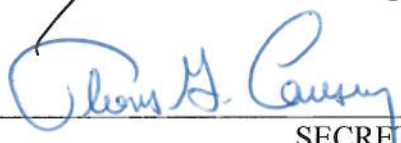
The Chair stated the meeting would be adjourning in honor of the grief our state is going through both in Elizabeth City and Watauga County.

Adjournment

There being no further business before the Board, Greg Patterson moved to adjourn, which was seconded by Margaret Reader. Dale Folwell, Dirk German, Jeffrey Winstead, John Ebbighausen, Joshua Smith, Lentz Brewer, Linda Gunter, and Oliver Holley voted in support of the motion and the meeting was adjourned at 12:07 p.m.



CHAIR



SECRETARY



DATE

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES

April 29, 2021 Meeting

AGENDA ITEM

2a. Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

2b. Statement of Economic Interest evaluations of members pursuant to the Ethics Act § 138A-15(c)

The following packet contains new and updated Statement of Economic Interest (SEI) evaluations issued by the State Ethics Commission. These are being provided for Board members' review and recording in the meeting minutes pursuant to the requirements of the State Government Ethics Act. Members are encouraged to review the evaluations to inform and remind them of the identified actual or potential conflicts of interest.

The SEI Evaluations for the following members are being provided for review:

- State Treasurer Dale Folwell
- Superintendent of Public Instruction Catherine Truitt
- Director of Office of State Human Resources Barbara Gibson
- Dirk German
- Oliver Holley
- Thomas Causey (State Treasurer designee)
- Lars Nance (Director of OSHR designee)



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

February 10, 2021

The Honorable Dale R. Folwell
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

**Re: Evaluation of Statement of Economic Interest
Teachers' and State Employees' Retirement System Board of Trustees**

Dear Treasurer Folwell:

Our office has received your 2020 Statement of Economic Interest as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Board of Trustees of the Teachers' and State Employees' Retirement System ("Board") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

As the Treasurer for the State of North Carolina, you hold an ex officio role on the Board. Because you could be a beneficiary of the Retirement System and you own a financial interest in Republic First BankCorp, you have the potential for a conflict of interest. Therefore, you should exercise appropriate caution in the performance of your public duties, should issues involving Republic First BankCorp or your retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Laura Rowe, Ethics Liaison
Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

March 26, 2021

The Honorable Catherine Truitt
Superintendent of Public Instruction
6301 Mail Service Center
Raleigh, North Carolina 27699-6301

Re: Evaluation of Statement of Economic Interest

Dear Superintendent Truitt:

Our office has received your 2021 Statement of Economic Interest as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Teachers' and State Employees' Retirement System Board of Trustees (the "Retirement System") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

As the Superintendent of Public Instruction, you hold an ex officio role (by statute) on the Board. Because you would benefit from the Retirement System, you have the potential for a conflict of interest. Therefore, you should exercise appropriate caution in the performance of your public duties, should issues involving your retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Laura Rowe, Ethics Liaison
Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

February 10, 2021

Barbara J. Gibson, Director
North Carolina Office of State Human Resources
116 West Jones Street
Raleigh, North Carolina 27603

**Re: Evaluation of Statement of Economic Interest
Teachers' and State Employees' Retirement System Board of Trustees**

Dear Director Gibson:

Our office has received your 2020 Statement of Economic Interest as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Board of Trustees of the Teachers' and State Employees' Retirement System (the "Retirement System") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

As the Director of the Office of State Human Resources you fill the role of an ex officio member on the Board. Because you and your spouse are state employees who would benefit from the Retirement System, you have the potential for a conflict of interest. Therefore, you should exercise appropriate caution in the performance of your public duties should issues involving you or your spouse's retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Laura Rowe, Ethics Liaison
Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

February 10, 2021

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. David L. German Jr.
Teachers' and State Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. David L. German Jr.**'s 2020 Statement of Economic Interest as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Board of Trustees of the Teachers' and State Employees' Retirement System is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. German fills the role of a State law enforcement officer on the Board. He is employed by the North Carolina Board of Dental Examiners as an investigator. He is a potential beneficiary of the Retirement System and his spouse owns financial interests in RBC Bank and Lincoln Financial. Therefore, Mr. German has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties, should issues involving RBC Bank, Lincoln Financial or his retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: David L. German Jr.
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

February 10, 2021

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Oliver A. Holley
Teachers' and State Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Oliver A. Holley's** 2020 Statement of Economic Interest as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Board of Trustees of the Teachers' and State Employees' Retirement System is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Holley fills the role of a member of the teaching profession. He is the Superintendent of the Tyrrell County Schools. Because he could be a beneficiary of the Retirement System, he has the potential for a conflict of interest. Therefore, Mr. Holley should exercise appropriate caution in the performance of his public duties, should issues involving his retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Oliver A. Holley
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

February 10, 2021

The Honorable Dale R. Folwell
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Thomas Causey
Teachers' and State Employees' Retirement System Board of Trustees**

Dear Treasurer Folwell:

Our office has received **Mr. Thomas Causey's** 2020 Statement of Economic Interest as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Board of Trustees of the Teachers' and State Employees' Retirement System ("Board") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Causey serves as your secondary designee on the Board. Because he is a state employee who would benefit from the State's retirement system, he has the potential for a conflict of interest. Therefore, Mr. Causey should exercise appropriate caution in the performance of his public duties, should issues involving his retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Thomas Causey
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

February 10, 2021

Ms. Barbara Gibson, Director
North Carolina Office of State Human Resources
116 West Jones Street
Raleigh, North Carolina 27603

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Lars Nance
Teachers' and State Employees' Retirement System Board of Trustees**

Dear Director Gibson:

Our office has received **Mr. Lars Nance's** 2019 Statement of Economic Interest and 2020 No-Change form as a member of the **Teachers' and State Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed the 2019 Statement of Economic Interest for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Board of Trustees of the Teachers' and State Employees' Retirement System is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Nance serves as your designee on the Board. Mr. Nance and two of his immediate family members could benefit from the State's retirement system. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties, should issues involving his retirement benefits or his family's retirement benefits come before the Board for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Lars F. Nance
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide