



DRAFT MINUTES
SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

A special meeting of the Supplemental Retirement Board of Trustees (Board) was called to order at approximately 3:00 p.m. on January 11, 2023, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in a hybrid format, with people attending virtually or in person, in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The Chair indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda.

Members Present

Board members attending in person: Treasurer Dale R. Folwell and James Lumsden.

Board members attending virtually: Melinda Baran, Steven Beam, Wyndon Hibler, Lorraine Johnson, Nels Roseland, Robert Shea, and Chevella Thomas.

Members Absent

None were absent.

Guests Present

No guests were attending in person.

Guests attending virtually: No guests were attending virtually.

Department of State Treasurer Staff Present

Staff members attending in person: Thomas Causey, Reid Chisholm, Patti Hall, Jeff Hancock, Zora Falkowski, Alan Jaquith, Fran Lawrence, and Paul Palermo.

Staff members attending virtually: Elizabeth Cass, Joan Fontes, Derek Gee, Kristin Merrick, and Laura Rowe.

The Chair called the meeting to order and reminded members that, since this meeting is being held in a hybrid format, members must announce their names when they arrive, when they depart, and when speaking. In addition, he explained that making a motion will be assumed to be a vote for the proposal and all votes will be taken by roll call. He stated that today's meeting is being recorded as part of the Department of State Treasurer's (DST) initiative to increase government transparency.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

The Chair asked, pursuant to the ethics rules, about Board member conflicts of interest. No conflicts of interest were identified.

Contract for Auditing Services

The Chair recognized Board Members Ms. Chevella Thomas and Mr. Wyndon Hibler to present a recommendation for a new auditor contract for the Supplemental Retirement Plans (SRP) (included in the Board's materials). Ms. Thomas reminded the Board that the request for proposal (RFP) was issued in September and that she and Mr. Hibler served on the auditor evaluation committee along with Mr. Tom Causey, Mr. Jeff Hancock, and two



members of the Department of State Treasurer Financial Operations Division, Ms. Joan Fontes and Mr. Derek Gee. Ms. Elizabeth Cass from the Department's Procurement and Contracting Team facilitated the evaluation process.

Three firms submitted bids: Berry, Dunn, McNeil & Parker, LLC; CliftonLarsonAllen LLP (CLA); and UHY, LLP (UHY). The Committee reviewed, evaluated, and ranked each firm's technical and cost proposals. The Committee then evaluated and ranked the firms across 11 technical criteria under a "Best Value" procurement method, as outlined in the RFP. Ms. Thomas noted that two senior members of UHY previously worked as senior members for the current auditing firm, CLA, and have been deeply involved in SRP's annual audits in previous years. She stated that UHY scored the highest overall and ranked first in 10 of the 11 technical criteria. Based on the combination of UHY's technical information and cost proposal, the committee determined that UHY is offering the best value to the Supplemental Retirement Plans. The committee recommends that UHY be selected as the next auditor for the Supplemental Retirement Plans.

Mr. Hibler said that with the Board's approval, staff will enter into contract negotiations with UHY to provide audit services for the NC 401(k) and NC 457 Plans. The contract will include a three-year initial term (2023-2025) with two, one-year renewal options (2026-2027). However, each year the Board will have the option not to retain the auditor for the following year.

In response to questions from the Board, Mr. Jeff Hancock, Director, Supplemental Savings Programs, responded that all three auditing firms proposed to do essentially the same tasks. No firm proposed providing additional work that would justify a substantially higher cost to SRP. Mr. Hancock shared that the references spoke very highly of UHY's senior partner, who was a prior associate of CLA, as well as his team.

The Chair thanked Ms. Thomas and Mr. Hibler for their efforts reviewing the proposals.

The Chair entertained a motion to accept the recommendation of the evaluation committee to approve the selection of UHY as the auditor for SRP. Mr. James Lumsden so moved, and Mr. Nels Roseland seconded. The motion passed by a unanimous roll call vote of 9-0.

Public Comments

No comments were offered.

Board of Trustees Comments

Ms. Thomas said she was grateful for the opportunity to participate in this process and enjoyed it thoroughly. Mr. Hibler said that he found it to be a good experience.

In response to a question from the Board regarding outside auditors, Ms. Fran Lawrence, Chief Financial Officer for the Department of the State Treasurer, stated that DST gets independent external audits and opinions on its Investment Program and the Supplemental Retirement Plans. The North Carolina Office of the State Auditor (OSA) opines on the Departmental financial report (which includes all of the defined benefit plans), DST's information sent to the Controller's office for the Annual Comprehensive Financial Report (which also includes all the defined benefit plans), and the five Pension & OPEB Employer Allocation financial reports.



North Carolina
Total Retirement Plans



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

The Chair thanked everyone for participating and announced the next Board meeting will be Thursday, February 23, 2023, at 9:00 a.m.

Adjournment

There being no further business before the Board, Capt. Bob Shea made a motion to adjourn and Ms. Thomas seconded the motion. The motion passed by a unanimous roll call vote of 9-0.

The meeting was adjourned at approximately 3:16 p.m.

Chair

Secretary