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RESOLUTION OF THE SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

SUPPLEMENTAL RETIREMENT PLANS

WHEREAS, the North Carolina General Assembly established the Supplemental Retirement Income Plan of North Carolina (the "NC 401(k) Plan") and the North Carolina Public Employee Deferred Compensation Plan (the "NC 457 Plan") as defined contribution plans sponsored by the State of North Carolina in which state and local governmental employers in North Carolina participate;

WHEREAS, the North Carolina General Assembly enacted legislation to enable the creation of the North Carolina Public School Teachers' and Professional Educators' Investment Plan (the "NC 403(b) Program") in 2014, which offers investment options and recordkeeping services, and an optional plan document, to North Carolina school districts and community colleges that sponsor defined contribution plans under Internal Revenue Code section 403(b);

WHEREAS, the mission of the NC 401(k) Plan, the NC 457 Plan, and the NC 403(b) Program (together, the "Supplemental Retirement Plans") is to promote the retirement goals and retirement readiness of current and former North Carolina public servants, and their beneficiaries;

WHEREAS, more than 290,000 current and former North Carolina public servants, and their beneficiaries, voluntarily participate in the Supplemental Retirement Plans;

FIDUCIARY RESPONSIBILITY

WHEREAS, the North Carolina General Assembly created the North Carolina Supplemental Retirement Board of Trustees (the "Board") to administer the Supplemental Retirement Plans in conjunction with the North Carolina Department of State Treasurer (the "Department");

WHEREAS, the North Carolina General Assembly charged the Board and the Department as fiduciaries of the Supplemental Retirement Plans, requiring the Board and the Department to administer the Supplemental Retirement Plans for the exclusive benefit of the plans' participants and their beneficiaries;

WHEREAS, the Board is a public entity that holds quarterly regular meetings and, as needed, special meetings, all of which are subject to North Carolina's open meetings law (N.C.G.S. Chap. 143, Art. 33C, the "Open Meetings Law");

WHEREAS, the State Treasurer serves, *ex officio*, as chair of the Board;

WHEREAS, by statute, two-thirds of Board members must have experience in finance and investments, one Board member must be a current state employee, and one Board member must be a retired state or local governmental employee;

WHEREAS, pursuant to their legal duties, State Treasurer Dale R. Folwell, CPA and the Board prudently manage the investments, features, expenses, budget, and all other aspects of the

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Supplemental Retirement Plans in the sole interests of the plans' participants and their beneficiaries;

WHEREAS, the Board and the Department have been recognized for the efficient and effective manner in which they administer the Supplemental Retirement Plans, most recently in a benchmarking study conducted by one of the plans' vendors, CEM Benchmarking;

2021 STATE BUDGET

WHEREAS, unfortunately, there exist efforts in the North Carolina General Assembly to include provisions in the state budget that would severely limit the Board and the Department from establishing a budget for, and paying expenses to administer, the Supplemental Retirement Plans;

WHEREAS, these legislative efforts, if successful, would require the administrative fees paid by participants to be deposited in the state's General Fund as nontax revenue, thereby removing the sole source of operational funding from the control of Board and the Department;

WHEREAS, regarding such proposed revenue restriction, the Board finds the following:

1. It is inconsistent with the fiduciary responsibility of the Board and the Department to establish the operational budget for the Supplemental Retirement Plans and to retain and pay staff and vendors, including the investment consultant, auditor, legal counsel, and tax service provider;

2. It would transfer critical functions of the Board and the Department to non-fiduciaries, including the North Carolina General Assembly and the Office of State Budget and Management; and

3. It would harm the oversight and operation of the Supplemental Retirement Plans and ultimately the ability of North Carolina's public servants to save and plan for retirement.

NOW, THEREFORE, be it

RESOLVED, that:

1. The Board expresses its appreciation for the North Carolina General Assembly's support for the Supplemental Retirement Plans and the state and local governmental employees who benefit from participating in the plans;

2. The Board supports the critical role the Supplemental Retirement Plans play in the promoting the retirement goals and retirement readiness of current and former North Carolina public servants, and their beneficiaries;

3. The Board strongly opposes any efforts to include provisions in the state budget, or any other bill amending the budget execution, that would limit the Board and the Department

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from establishing a budget for, or paying expenses to administer, the Supplemental Retirement Plans, including the requirement that the administrative fees paid by participants be deposited in the state's General Fund as nontax revenue.

4. This Resolution shall be included in the minutes of the Board for the meeting held on August 26, 2021.

Approved by the Board, this 26th day of August 2021.

Dale R. Folwell, CPA, State Treasurer and Chair

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