



**North Carolina**  
Total Retirement Plans  
401k | 457 | 403b



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

## **MINUTES SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES**

A special meeting of the Supplemental Retirement Board of Trustees was called to order at 2:00 p.m., April 20, 2020, by the Acting Chair, Executive Director Tom Causey, on behalf of State Treasurer Dale R. Folwell, CPA. The meeting was held via teleconference. The Chair indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda.

### **Members Present**

The board members present via telephone were: Executive Director Tom Causey, Acting Chair, Treasurer Dale R. Folwell, Melinda Baran, Steve Beam, Lorraine Johnson, Michael Lewis, Nigel Long, Jim Lumsden, Nels Roseland, and Chevella Thomas.

### **Members Absent**

All members were present.

### **Guests Present**

The guests attending were: Greg Wilcox from BNYMellon, Elizabeth Hood from Callan, Ann Cashman, Mary Conti, Matt Herrmann, Aaron Koval, and Michael McCann from Prudential. Pete Langanki from Galliard.

### **Department of State Treasurer Staff Present**

The staff members present were: Mary Buonfiglio, Reid Chisholm, Chris Farr, Christy Farrelly, Joan Fontes, Patti Hall, Alan Jaquith, Rekha Krishnan, Fran Lawrence, Loren de Mey, April Morris, and Sam Watts.

### **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.

### **Adoption of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provisions**

The Acting Chair recognized Ms. Mary Buonfiglio to present the agenda for this special board meeting. Ms. Buonfiglio presented the agenda as reviewing and discussing the adoption of modifications to the plan documents for the Supplemental Retirement Plans to allow for adoption of provisions provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 3/27/2020. She shared that some provisions of the CARES Act are optional and some are automatic. Ms. Mary Buonfiglio said the meeting materials had been provided in advance to the Board via Directorpoint. No members had any difficulty accessing the materials.

Ms. Buonfiglio presented and explained the coronavirus-related distributions (CRDs) & Loans Decision Tree and the various topics to be discussed, including distributions, loans, maximum dollar amounts of distributions and loans, self-certification, and loan payment deferrals.

Ms. Buonfiglio presented the SRP staff recommendation that the Board not increase the maximum loan amount from the current maximum of the lesser of \$50,000 or 50% of the participant's account balance. Staff supported CRDs but recommended that withdrawal amounts be capped at \$50,000. Ms. Buonfiglio reminded the board that the primary purpose of the Supplemental Retirement Plans is to help members prepare for retirement readiness. She shared that typically less loan availability has led to greater retirement readiness among our members.

A robust discussion ensued among board members. Board members presented a consensus that they preferred to offer the greatest amount of flexibility to participants unless there is a very compelling reason for not doing so. Mr. McCann from Prudential shared that Prudential is seeing a range of responses from their clients, depending on industry and geographic location. At this point, only a few employers have inquired about the process of reducing employer contributions.

The Treasurer shared that he believes it is not too early to say that the depth and breadth of the impact on the state budget from Covid-19 is unlike anything we have seen before and that revenue has fallen off a cliff. Mr. Roseland shared that local government entities are experiencing significant strains on income, especially with the drop in sales tax revenue.

The Executive Director commented on the impact of loans and withdrawals on retirement readiness and stated that the impact on people's lives will be felt for years to come.

Ms. Buonfiglio clarified the discussion on loans, explaining that members are borrowing their own money and the plans are not negatively impacted by a member's failure to repay the loan. She also explained that any participants whose retirement accounts are "Bailey vested" could be impacted if they withdraw their entire account balance. The account would then be considered closed. The participants would no longer have the benefit of Bailey vesting in the future with any new retirement plan contributions.

Ms. Buonfiglio explained that any corona-related distributions (CRDs) or loans must be completed by participants calling and speaking to a representative at Prudential and certifying over the telephone that they are eligible for a CRD. At this point, online options would not be offered. She also clarified that Prudential representatives are empowered to educate members, but may not provide financial advice.

At the request of the Acting Chair, Reid Chisholm presented the Draft Resolution for Discussion of CARES Act Adoption and suggested a motion, based on the preceding discussion, that the Resolution be modified to increase the maximum CRD withdrawal and loan amounts to \$100,000 and to permit CRD-eligible participants to take a second loan only during the 180-day period beginning on 3/27/2020.

On behalf of the Acting Chair, Mr. Chisholm presented a motion to change Section A of the Draft Resolution to permit coronavirus-related distributions up to \$100,000. Mr. Nels Roseland so moved, and Mr. Steve Beam seconded. The motion passed unanimously. All of the votes at the meeting were roll call votes.

The Chair entertained a motion to approve Section A of the Draft Resolution, permitting coronavirus-related distributions. Ms. Melinda Baran so moved, and Ms. Chevella Thomas seconded. The motion passed unanimously.

The Chair entertained a motion to approve Section B of the Draft Resolution, permitting repayment of coronavirus-related distributions. Mr. Beam so moved, and Mr. Jim Lumsden seconded. The motion passed unanimously.

The Chair entertained a motion to approve Section C of the Draft Resolution, permitting loans under the provisions of the CARES ACT and to permit a second loan to CRD-eligible participants. Mr. Beam so moved, and Ms. Lorraine Johnson seconded. All were in favor, except for Ms. Chevella Thomas, who voted against this provision. The motion passed with one dissent.

The Chair entertained a motion to approve all remaining sections of the Draft Resolution, covering deferral of loan payments, participant self-certification, authorizing SRP staff to draft the amendment, and authorizing SRP staff to take administrative steps to implement the Resolution. Ms. Baran so moved, and Ms. Thomas seconded. The motion passed unanimously.

Mr. Chisholm stated that the Draft Resolution had been approved as amended and that he would send out the final version.

The Treasurer thanked the Board for their work and their expertise.

The Acting Chair stated that the next board meeting will be held on Thursday, May 28, 2020, at 9:00 a.m. ET and shared that he will advise regarding format for the next meeting.

**Board of Trustees Comments**

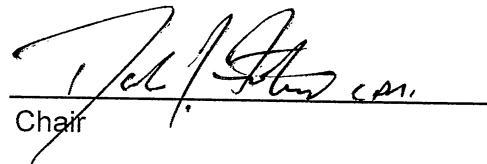
No comments were offered.

**Public Comments**

No comments were offered.

**Adjournment**

There being no further business before the Board, the meeting was adjourned by acclamation at 3:42 p.m.

  
Chair

/s/ Mary Buonfiglio \_\_\_\_\_  
Secretary