

North Carolina Supplemental Retirement Plan Board of Trustees  
Charter

**I. Purpose and Authority**

The General Assembly established the Supplemental Retirement Plan Board of Trustees (the “Board”) to administer (1) the Supplemental Retirement Income Plan of North Carolina (popularly known as the “401(k)” plan), (2) the North Carolina Public Employee Deferred Compensation Plan (the “457” plan), and (3) the North Carolina Public School Teachers’ and Professional Educators’ Investment Plan (the “403(b)” program) (hereinafter referred to collectively as ‘the Plans’). N.C. Gen. Stat. §§ 135-96(a); 143B-426.24(a); 115C-341.2(b)(2).

The Board shares fiduciary responsibility for the Plans’ administration, investment, and disposition with the State Treasurer. *See, e.g.*, N.C. Gen. Stat. § 135-91(d). The Board shall act for the exclusive purpose of serving the Plans’ members. In fulfilling this responsibility, the Board and the Department of the State Treasurer have full power and authority to adopt rules and regulations of the administration of the Plans, including the appointment and dismissal of agents, contractors, employees and committees deemed advisable to carry out the terms and conditions of the Plan. N.C. Gen. Stat. § 135-91(c).

**II. Composition**

The Board is composed of nine members, including the State Treasurer who serves *ex officio* and as the Board Chair. The appointment of the eight appointed members is divided between the Governor and the General Assembly.

a. Terms

All appointments shall be for a period of two years. N.C. Gen. Stat. § 135-96(c). All members appointed by the Governor serve at will and their membership can end at any time upon written notice of removal, with or without cause, at the discretion of the Governor. *See* N.C. Gen. Stat. § 135-96(d).

A member’s term continues until removed or replaced. N.C. Gen. Stat. § 135-96(c). Consequently, a Board member whose term expires continues to hold office until his or her replacement is named.

No appointed member shall serve more than three consecutive two-year terms. N.C. Gen. Stat. § 135-96(c).

The State Treasurer serves by virtue of his or her office and, as such shall serve for so long as he or she holds that office. In accordance with N.C. Gen. Stat. §135-96(d), the State Treasurer may designate, in

writing and filed with the Board, any employee of his or her office to act on his or her behalf before the Board.

b. Standard of Care

The Department of the State Treasurer and the Board of Trustees shall serve as fiduciaries to the Plans and its Participants and are responsible for the receipt, maintenance, investment and disposition of all Plan assets. N.C. Gen. Stat. §§ 135-91(d); 143B-426.24(g),(h),(m); 115C-341.2(b)(2),(3).

As fiduciaries, the Board and its members shall act solely in the interests of the participants and beneficiaries, and for the exclusive purpose of providing benefits and the payment of reasonable administrative expenses.

The Board and its individual members shall exercise a duty of care and prudence in the Plans administration, discharging its duties with care, skill, prudence and due diligence analogous to N.C. Gen. Stat. § 147-69.7.

c. Orientation

All Board members shall complete an orientation program within 90 days of the date of their appointment. Board staff shall be responsible for conducting the orientation program.

d. Ethics

Upon acceptance of his or her appointment, each Board member shall be required to sign an affirmation pledging to uphold both the letter and spirit of the Code of Ethics. All Board members shall also complete the Statement of Economic Interest and the training sessions required by the North Carolina Ethics Commission.

e. Chair

Pursuant to N.C. Gen. Stat. § 135-96, the State Treasurer shall be the chairman ex officio. These duties include, but are not limited to: (1) calling special or emergency meetings; (2) enforcing the governing policies of the Board; (3) recommending the appointment or removal of members; (4) recommending the appointment or removal of Board staff; (5) recommending the appointment of all subcommittee members and chair leadership; and (6) conducting all meetings in an efficient and effective manner.

f. Secretary

The State Treasurer shall appoint a Secretary to the Board who need not be a member of the Board. The Secretary shall be the Deputy Director for the Supplemental Retirement Plan unless otherwise

appointed by the State Treasurer. The Secretary's duties include, but are not limited to: (1) maintaining a current list of Board members; (2) notifying all members and the public of meetings; (3) coordinating and disseminating information to the Board; (4) maintaining official minutes and records of all proceedings from Board meetings; (5) responding to requests under North Carolina public records laws; (6) accepting service of process on behalf of the Board; (7) ensuring compliance with the Code of Ethics and Conduct; (8) preparing as directed by the Chair an order of business ("agenda") prior to each Board meeting, for use by the Chair, showing the exact order of all matters known in advance that are due to come up; and (9) otherwise facilitating the scheduling of each meeting and notifying members thereof.

### **III. Standing Subcommittees**

The Board shall have two standing subcommittees: the Investment Advisory Subcommittee and the Audit Subcommittee. Membership and leadership of these subcommittees is restricted to Board members who serve at the nomination of the Board Chair and ratification of the Board.

Members shall conduct themselves in accordance with their fiduciary duty of loyalty and care owed the Plans and its participants when serving on any subcommittee.

#### **a. Investment Subcommittee:**

The subcommittee shall be composed of at least three but no more than four Board members and shall meet at least quarterly to review the performance of the Plans' investment options.

The subcommittee shall, in consultation with an independent investment consultant and Department staff, make regular reports to the Board on those investment options, tendering recommendations for Board action on any and all investments.

The Board Chair shall nominate a member or members to Chair the Investment Subcommittee.

The subcommittee will meet at least two weeks prior to any full Board meeting, allowing adequate time to submit its report and recommendations to all Board members for action at the next regularly constituted meeting.

The subcommittee shall have all authority to examine Plan documents, investment options and any materials necessary to performance of their advisory responsibilities.

In the performance of these duties the subcommittee shall have access to and work in coordination with an independent investment consultant and Department staff.

The Board Chair shall nominate a member or members to Chair the Investment Subcommittee.

The subcommittee may also review any background data, historical information, staff reports, consultants reports, and any other documents it deems reasonably necessary to form an opinion of the capabilities of the staff, investment managers, custodian banks, investment consultant and other service providers. The subcommittee is authorized to ask any questions of such individuals and entities that are relevant to the services they perform on behalf of the Plans.

b. Audit Subcommittee:

The Audit Subcommittee shall be composed of at least four members who are empowered to accept the Financial Statements and is charged with oversight of all financial reports and other financial information provided as well as compliance with state and federal regulations and all internal controls regarding finance, accounting, legal compliance and other operating procedures.

The subcommittee shall meet at least twice a year and shall make regular reports to the Board on the Plans' oversight mechanisms and compliance.

The subcommittee shall be responsible for overseeing an annual audit of the Plans' records and performance. The subcommittee may review any background data, historical information, staff reports, consultants' reports, and any other documents it deems reasonably necessary to form an opinion of the capabilities of the staff, investment managers, custodian banks, investment consultant and other service providers. The subcommittee is authorized to ask any questions of such individuals and entities that are relevant to the services they perform on behalf of the Plans.

#### **IV. Meetings**

- a. Open Meeting Laws: The Board shall comply with all requirements of the North Carolina Open Meetings Law.
- b. Schedule of Meetings: Each year, the Board shall set, publish and post on the State Treasurer's website an annual schedule showing the time and location of regular meetings. The Board shall meet at least

quarterly and may convene more often if called by the State Treasurer or a majority of Board members.

- c. Attendance Policy: Board members are to attend meetings in person. Where a member is unable to attend in person, a member may attend by teleconference or by videoconference upon the prior approval of the Board Chair.
- d. Quorum: Quorum is satisfied where a majority of currently serving members are in attendance.
- e. Proxy Voting: A Board member may delegate his authority to another Board member to vote in deliberations before the Board in his absence. Such a delegation of authority must be in writing or electronic writing and announced at the opening of each meeting.
- f. Public Comment: At the end of each meeting, time will be reserved for public comment. Time for public comment may be reasonably limited by the Chair.
- g. The board may meet in executive session to discuss, with preservation of attorney-client privilege, any complaints from members which could result in potential lawsuits.

Adopted by motion on \_\_\_\_\_, 20\_\_\_\_ by the  
Supplemental Retirement Board of Trustees, and effective on that date.

\_\_\_\_\_  
Board Chair

Name: \_\_\_\_\_

Title: \_\_\_\_\_