



**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**

The regular quarterly meeting of the Supplemental Retirement Board of Trustees was called to order at approximately 9:00 a.m. on March 11, 2021, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in virtual/telephonic format with some attendees in the Kitty Hawk 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**

The following board members were present: Treasurer Dale Folwell, Melinda Baran, Steve Beam (by phone), Michael Lewis (by phone), Nigel Long (by phone), Nels Roseland (by phone), and Chevela Thomas (by phone).

### **Members Absent**

Lorraine Johnson and James Lumsden

### **Guests Present**

The following guests attended virtually/by telephone: Phaedra Garibaldi, William Claxton, Greg Wilcox, and Patrick Vatel from BNY Mellon; Elizabeth Hood and Weston Lewis from Callan; Paul Langanki from Galliard; Mary Conti, Matt Herrmann, Aaron Koval, Michael McCann, Jessica Quimby, Margaret Hendershot, Todd Monahan, and Greg Williamson from Prudential.

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

The following staff members were present (virtually/by telephone, unless otherwise noted): Mary Buonfiglio (in person), Tom Causey (in person), Reid Chisholm (in person), Loren de Mey, Christy Farrelly (in person), Joan Fontes, Patti Hall (in person), Alan Jaquith, Rekha Krishnan, Fran Lawrence, Frank Lester, April Morris, Christopher Morris, Paul Palermo, and Laura Rowe.

The Chair called the meeting to order and reminded members that, since this meeting is being held in a hybrid format in person and virtually/by teleconference, members must announce their names when they arrive, when they depart, and when speaking. He explained that all votes will be taken by roll call and that making a motion will be assumed to be a vote for the proposal. He also shared that today's meeting is being recorded under the Department of State Treasurer's policy to record official public meetings as part of an initiative to increase government transparency.

The Chair led the Board in reciting the Pledge of Allegiance. The Chair then shared with the Board that Nigel Long will be leaving the Board as he transitions to serve on the North Carolina Education Lottery Commission Board. The Chair thanked Mr. Long for his service on the Board. Mr. Long commented that it has been an honor and a privilege to serve on the Board and that he had been particularly impressed by the Supplemental Retirement Plans (SRP) staff.

### **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. Mr. Steve Beam stated that he has a potential conflict of interest, or could appear to have a conflict of interest, with Wedge Capital. He stated that it would not impact his vote.

The Chair informed the members that the Statements of Economic Interest (SEI) have been updated for Treasurer Dale Folwell, Thomas Causey (Treasurer Designee), Melinda Baran, Steve Beam, and Lorraine Johnson. He said that copies of the updated SEI evaluations were available in the appendix.

### **Approval of Board Minutes**

The Chair entertained a motion to approve the minutes of the December 3, 2020 Board meeting. Mr. Steve Beam so moved, and Ms. Melinda Baran seconded. The motion passed unanimously by roll call vote.

The Chair entertained a motion to approve the minutes of the February 15, 2021 Audit Subcommittee meeting. Ms. Baran so moved, and Ms. Chevella Thomas seconded. The motion passed unanimously by roll call vote.

### **IRS Audit of the NC 457 Plan**

The Chair recognized Mr. Reid Chisholm to present several legal updates. Mr. Chisholm said that the SRP received a letter from the IRS to audit the NC Deferred Compensation Plan (NC 457 Plan) in October 2020. He said that the IRS letter included Beacon, the state payroll administrator. He shared that SRP staff and Beacon staff met with the IRS agent via conference call and then provided all information that the IRS requested. He said that the IRS agent complimented staff on the thoroughness of their response. He shared that staff received the closing letter from the IRS dated February 8, 2021 stating that the examination showed that no changes are necessary and formally closing the audit.

### **NC Stable Value Fund Custodian Transition**

The Chair recognized Mr. Chisholm to present an update on the NC Stable Value Fund's custodian transition. Mr. Chisholm reminded the Board that the Board voted to transfer the NC Stable Value Fund's assets to a new custodian. Staff has worked with Wells Fargo, BNY Mellon, and Galliard on the transition, which will occur on April 1, 2021. Staff provided direction letters and met weekly with the team. BNY Mellon created a project plan for the transition of assets from Wells Fargo to BNY Mellon. CLA will perform a reconciliation after the transition.

### **Administrative Fee Flexibility**

Mr. Chisholm gave an update on proposed legislation to provide more flexibility to the Board and the department in establishing and adjusting SRP's administrative fees. The proposed legislation was drafted by staff based on the resolution passed by the Board in December. A bill was introduced in the North Carolina House of Representatives and is in committee. The Chair commented that this will give the Board greater flexibility.

### **Contract for Benchmarking Services**

Mr. Chisholm presented staff's recommendation to contract for benchmarking services. He explained that while IMD contracts for benchmarking services every year, SRP has contracted for benchmarking services every other year dating back to 2013. CEM Benchmarking has provided these services for SRP and for IMD. The last contract in 2019 covered the period 2014-2018, and CEM Benchmarking presented the report in the third quarter of 2019. Staff

recommends that the Board again contract with CEM Benchmarking for benchmarking services covering the period 2016-2020. Since the cost is \$30,000, it requires Board approval.

Mr. Long asked if any other vendors had been considered. Mr. Chisholm said that staff is recommending CEM Benchmarking due to their familiarity with the plans. Ms. Buonfiglio explained that CEM does benchmarking for the entire department and is offering SRP relationship pricing. She said that CEM already has SRP data and appears to be the industry leader. Ms. Baran commented that CEM has always identified some area where SRP could improve. Mr. Causey stated that the department has a 20-year relationship with CEM Benchmarking for the NC pension plans. Mr. Chisholm stated that staff recommends that the Board approve contracting with CEM Benchmarking.

The Chair entertained a motion to approve a contract with CEM Benchmarking for benchmarking services. Mr. Long so moved, and Ms. Thomas seconded. The motion passed unanimously by roll call vote.

### **Amendments to Plan Documents**

Mr. Chisholm presented proposed amendments to plan documents for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. The amendments included provisions to incorporate the RMD waivers for 2020, as provided in the CARES Act, into all three plans. The amendments also covered changes to the hardship distribution provisions for the NC 401(k) Plan and the NC 403(b) Program, including (1) the addition of a safe harbor provision for expenses and losses related to FEMA-declared disasters; and (2) expanding three of the safe harbor provisions to cover expenses related to a participant's primary beneficiary. In addition, the hardship provisions in the NC 401(k) Plan were clarified by deleting a sentence that was intended to be deleted by previous Board action.

The Chair entertained a motion to approve the amendments to the plan documents. Mr. Roseland so moved, and Mr. Beam seconded. The motion passed unanimously by roll call vote.

### **Administrative Rulemaking for SRP**

Mr. Chisholm introduced a proposal for the Board and the Department to adopt additional rules pursuant to the Administrative Procedures Act. The Board and staff discussed the potential benefits and concerns of additional rules, including issues of process, transparency, and flexibility. Staff will provide additional information and the text of proposed rules for the Board's consideration in May.

### **NC Supplemental Retirement Plans 4th Quarter 2020 Administrative Report**

The Chair recognized Mr. Michael McCann and Mr. Matt Hermann from Prudential to provide the 4th Quarter 2020 Administrative Report on the NC Supplemental Retirement Plans.

Mr. McCann shared that Prudential lowered the annual recordkeeping fee effective as of January 1, 2021.

Mr. McCann then introduced Mr. Greg Williamson of Prudential to provide a brief update on the Prudential's cybersecurity and antifraud initiatives. Mr. Williamson said that Prudential has invested substantially and continuously in technology and employees to protect against fraud and cyber-attacks. He reviewed some of Prudential's security measures and stated that Prudential meets regularly with SRP staff to review security issues. He also said that Prudential has a fraud loss protection policy that reimburses participants for certain losses due to fraud.

The Chair shared that a fraudster attempted to gain access to his account last year. Mr. Williamson commented that Prudential's security measures stopped the fraudster.

On the topic of asset retention, the Chair requested that staff report on organizations that might have access to data regarding participants who are retirees and upcoming retirees.

Mr. McCann discussed the executive summary page providing a rolling 13-month overview of plan data. Average participant balances and average deferrals are up over the past year. The active participant rate fell slightly but remained above 33%. The GoalMaker participation rate remained steady at 67.8% while the rate among new members declined slightly to 93.7%. The number of outstanding active loans declined. He said that total distributions were up, reflecting the effect of coronavirus-related distributions. Participant contributions were up, employer contributions were up, and 33 new employers adopted a plan during 2020. No employers stopped or lowered their contributions.

The Chair asked if GoalMaker is unique to Prudential or to North Carolina. Mr. McCann stated that it is unique to Prudential and is widely used by defined contribution plans. He mentioned that the NC Supplemental Retirement Plans were the first to adopt the enhanced GoalMaker program. He commented that both Target Date Funds (TDFs) and GoalMaker have their places; each has pros and cons. He said that some plans have stopped using their Target Date Funds in favor of GoalMaker and that GoalMaker enables them to use their existing investments. The Chair asked Ms. de Mey about TDFs. She responded that GoalMaker requires more operational work due to the rebalancing requirements but that TDFs may have increased fees on active funds. Ms. Buonfiglio noted the advantage of customization with GoalMaker versus TDFs.

Ms. Baran suggested promoting asset retention by adding to the website a podcast or video from the Treasurer. She feels that people trust the Treasurer.

The Chair asked Mr. McCann if Prudential could calculate the participants and assets leaving the plans as a percentage of the participants and assets that could have left. Mr. McCann said Prudential would consider the calculation, and the Board and staff discussed the challenges and opportunities related to obtaining participants' current termination or retirement status.

Mr. Herrmann spoke regarding the Prudential Retirement Education Team. He shared that Prudential had a steady increase in virtual meetings throughout 2020. Prudential conducted employer meetings, individual participant meetings, and large events, with a virtual retirement seminar across 139 employers that was widely attended. He said that Prudential is continuing the outreach calls to recent retirees and that these calls continue to be well received. He commented that there has been an increase in employer adoptions and in employer use of the contribution accelerator option.

#### **NC 401(k) and NC 457 Plans' Custodian Update**

The Chair recognized Mr. Patrick Vatel from The Bank of New York Mellon (BNY Mellon), the custodian for the NC 401(k) and NC 457 Plans. Mr. Vatel reviewed the role of a custodian, explaining that BNY Mellon is charged with safekeeping the plans' assets and providing daily accounting and analytics for the plans. He commented that a custodian bank must be well capitalized and shared that BNY Mellon is among the largest in the world in this area. He said that BNY Mellon transitioned 91% of its workforce to working remotely last year without a disruption of service. He said that BNY Mellon had recently executed a contract extension with SRP.

Ms. Phaedra Garibaldi from BNY Mellon then shared that BNY Mellon has implemented a new fee schedule for SRP that offers relationship pricing. She said that BNY Mellon is working to ensure a smooth transition of custodial services for the NC Stable Value Fund to BNY Mellon. She also said that BNY Mellon is planning to have an on-site representative at the Department of State Treasurer. Ms. Garibaldi also thanked Ms. Buonfiglio for her assistance and offered her best wishes for Ms. Buonfiglio's upcoming retirement.

#### **NC 401(k) and NC 457 Plans 4th Quarter 2020 Stable Value Portfolio Review**

The Chair recognized Mr. Langanki of Galliard to present the NC 401(k) and NC 457 Plans 4th Quarter 2020 Stable Value Portfolio Review. Mr. Langanki shared news announced in February 2021 that Wells Fargo entered an agreement to sell Wells Fargo Asset Management to two private equity firms, which is scheduled to be completed in the second half of 2021.

Mr. Langanki does not anticipate any changes to Galliard's structure or branding. He said that 85 percent of Galliard's clients have worked with Galliard for at least five years and again thanked North Carolina for being a Galliard client for the past 10 years.

Mr. Langanki said the quality of the Stable Value Fund assets remained strong while prevailing interest rates declined during the fourth quarter. He said that the fund's assets grew 10.1 percent, with 7.6 percent growth from participant activity and the remaining growth from interest earned.

He commented on the consistent long-term performance and said that the fund has outperformed the 3-year constant maturity Treasury bond. The portfolio duration is holding steady at 2.95 years. He said that all the underlying insurance companies remain financially strong. Three companies have agreed to lower wrap fees, and this will be reflected in the first quarter 2021 results. The overall fees for the fund have dropped due to the tiered fee schedule and the lower wrap fees. He explained that Galliard reduced the cash buffer through additional investments and that all underlying strategies have outperformed the benchmarks for the quarter and for the year. He also offered his congratulations and best wishes to Ms. Buonfiglio on her upcoming retirement.

#### **NC 401(k) and NC 457 Plans 4th Quarter 2020 Investment Performance Report**

The Chair recognized Ms. Elizabeth Hood of Callan to present the NC 401(k) and NC 457 Plans 4th Quarter 2020 Investment Performance Report. Ms. Hood began by offering her congratulations to Ms. Buonfiglio and to Mr. Long. Ms. Hood shared that participants had benefited from positive markets and investment gains during the fourth quarter and during 2020 overall. The equity markets had a strong year, both domestically and internationally. The international markets outperformed the US during the fourth quarter. She said that the fixed income markets also had strong positive returns for both periods.

Ms. Hood said that all passive options closely tracked their indices. She commented that the NC Stable Value fund outperformed its benchmarks over the fourth quarter and year. She added that the fund is on the watch list due to ownership changes and recommends keeping it on the watch list. Ms. Hood also said that most of the Plans' active funds outperformed over the quarter and over the last three years. She said that the NC International Fund also outperformed over the fourth quarter and the last three years.

#### **NC Small/Mid Cap Fund's Investment Manager Recommendation (NC 401(k) and NC 457 Plans)**

Mr. Weston Lewis of Callan spoke regarding the Board's request for additional due diligence on Wedge Capital. After taking a new look at Wedge Capital, Mr. Lewis said that Callan would

recommend the same strategy today and recommends keeping Wedge Capital as a manager in the NC Small/Mid Cap Fund. He also stated that Callan recommends keeping Wedge Capital on the watch list until its performance improves. He discussed personnel changes at Wedge Capital but said that Callan has no serious concerns. Wedge Capital has remained consistent with its approach and has not deviated from its strategy even though its approach has recently been out of favor in the market. However, Wedge Capital is positioned to do well when this market environment reverses. Mr. Lewis stated that Wedge is doing what it was hired to do.

Ms. de Mey stated that SRP staff also recommends retaining Wedge Capital as a manager, but keeping them on the watch list.

The Chair entertained a motion to approve staff's recommendation regarding Wedge Capital. Mr. Beam so moved, and Ms. Baran seconded. The motion passed unanimously by roll call vote.

The Chair, Treasurer Folwell, stated that he would be handing the gavel to Ms. Malinda Baran and that Ms. Baran would take over as Acting Chair.

#### **NC 401(k) and NC 457 Plans Investment Policy Statement Changes**

The Acting Chair recognized Ms. de Mey to present proposed changes to the Investment Policy Statement for the NC 401(k) and NC 457 Plans. Ms. de Mey explained that the IPS needs to be revised to reflect the new investment objective and new target allocations for the NC Small/Mid Cap Fund due to the recent restructuring.

The Acting Chair entertained a motion to approve the proposed revisions to the NC 401(k) and NC 457 Plans Investment Policy Statement. Mr. Beam so moved, and Mr. Long seconded. The motion passed unanimously by roll call vote.

#### **NC Small/Mid Cap Fund Transition Update (NC 401(k) and NC 457 Plans)**

The Acting Chair recognized Ms. de Mey to present an update on the NC Small/Mid Cap Fund transition. Ms. de Mey shared that notification was mailed to all participants invested in the NC Small/Mid Cap Fund during the week of January 18, 2021. Staff requested bids from transition managers and hired BlackRock to act as transition manager. The transition manager provided an estimate of the costs beforehand and will provide a final post-transition report. All trading to transition to the new allocations was scheduled for, and completed during, the period from February 19-26. The preliminary results showed costs coming in lower than estimated as the market moved favorably during the transition period. Ms. de Mey commented that overall, it was a very successful transition.

#### **NC 401(k) and NC 457 Plans Investment Compliance Summary Report**

The Acting Chair recognized Ms. de Mey, who said that staff continues to monitor investment managers daily for compliance with their respective investment guidelines. She commented that no managers held prohibited holdings during the quarter. She said that during the fourth quarter of 2020, an Executive Order was signed prohibiting U.S. investors from investing in certain Communist China Military Companies (CCMCs). BNY Mellon has added the list of CCMCs to the prohibited holdings list. She shared that initially one international manager held two of the prohibited companies but divested those companies shortly after the Executive Order was signed.

**NC 403(b) Program 4th Quarter Investment Performance Report**

The Acting Chair recognized Ms. de Mey to present the NC 403(b) Program Investment Performance Report. Ms. de Mey shared that total assets in the NC 403(b) Program were over \$27 million at the end of 2020. She said that the equity markets had strong performance in the fourth quarter and for the year. She said among the active managers, Metropolitan West, Principal, and the Vanguard Windsor II Fund had strong performance. She shared that T. Rowe Price Blue Chip Growth trailed its benchmark and peers and that a change in the fund's portfolio manager was expected at the end of the year. However, staff did not recommend any changes at this point. Ms. de Mey also said that DFA US Small Cap trailed its benchmark for the quarter and year. She explained that DFA continued to follow its process of avoiding lower-quality companies and can be expected to underperform when lower-quality companies do well, as they did in 2020. She said that Baillie Gifford International outperformed for the full year.

Ms. Baran asked Ms. de Mey about the underperformance of three funds, and Ms. de Mey responded that she understood the reasons for the underperformance, which were based on the funds' investment strategies or processes.

**Public Comments**

No comments were offered.


**Board of Trustees Comments**

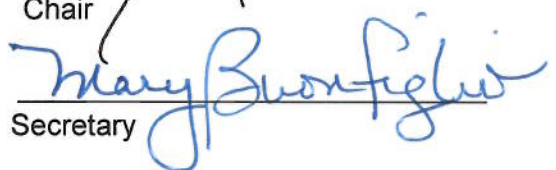
Mr. Beam said that he wished Ms. Buonfiglio well and congratulated Mr. Long for his nomination to the NC Education Lottery Board.

The Acting Chair thanked everyone for participating and announced the next board meeting will be Thursday, May 27, 2021 at 9:00 a.m.

**Adjournment**

There being no further business before the board, Mr. Beam made a motion to adjourn, and Ms. Thomas seconded the motion. The motion was approved unanimously via roll call, and the meeting adjourned at approximately 11:56 a.m.

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Secretary





## Supplemental Retirement Plans Board of Trustees

March 11, 2021

### 3. Reading of SEI Statements into Minutes pursuant to the State Government Ethics Act § 138A-15(c)

The following packet contains new and updated Statement of Economic Interest (SEI) evaluation letters issued by the State Ethics Commission. These are being provided for Board members' review and for recording in the meeting minutes pursuant to the requirements of the 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 are being provided for review:

- State Treasurer Dale R. Folwell, CPA
- Melinda Baran
- Steve Beam
- Lorraine Johnson
- Thomas Causey (State Treasurer designee)



## STATE ETHICS COMMISSION

POST OFFICE BOX 27685  
RALEIGH, NC 27611  
PHONE: 919-814-3600

### Via Email

January 27, 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  
Member of the Supplemental Retirement Board of Trustees**

Dear Treasurer Folwell:

Our office has received your 2020 Statement of Economic Interest as a member of the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed them 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 Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

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 own a financial interest in Republic First BankCorp, which could seek a professional relationship with the Board, 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 any entity in which you own a financial interest 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: Laura Rowe, Ethics Liaison  
Attachment: Ethics Education Guide



## STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

### Via Email

January 26, 2021

The Honorable Phil Berger  
President Pro Tempore of the Senate  
16 West Jones Street, Room 2008  
Raleigh, North Carolina 27601

**Re: Evaluation of Statement of Economic Interest by Ms. Melinda L. Baran  
Member of the Supplemental Retirement Board of Trustees**

Dear Senator Berger:

Our office has received **Ms. Melinda L. Baran's** 2020 Statement of Economic Interest as a member of the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed them 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 Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

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).

Ms. Baran fills the role of a public member on the Board. She owns a financial interest in Bank OZK, which could seek a professional relationship with the Board. Therefore, Ms. Baran has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties, should issues involving any entity in which she owns a financial interest 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(e).

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: Melinda L. Baran  
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide



## STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

### Via Email

January 26, 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 by Mr. Steve Beam  
Member of the Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Steve Beam's** 2020 Statement of Economic Interest as a member of the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed them 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 Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

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. Beam fills the role of a member with experience in finance and investments on the Board. He is a partner with the Beam Strategic Consulting Group. He owns a financial interest in Bank of America, which could seek a professional relationship with the Board. Therefore, Mr. Beam has the potential for a conflict of interest and should exercise appropriate caution in the exercise of his public duties, should issues involving any entity in which he owns a financial interest 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: Steve Beam  
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

January 26, 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 by Ms. Lorraine D. Johnson  
Member of the Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Ms. Lorraine D. Johnson's** 2020 Statement of Economic Interest as a member of the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed them 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 Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

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).



Ms. Johnson fills the role of a member with experience in finance and investments on the Board. She is a wealth management consultant with Life Time Asset Management, LLC, and the sole owner of Triangle Financial Advisors, LLC. Because she is in the investment advisory business, she has the potential for a conflict of interest. Therefore, Ms. Johnson should exercise appropriate caution in the exercise of her public duties, should any entities with which she does business or recommends as investment opportunities to her clients 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: Lorraine D. Johnson  
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

January 26, 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  
Member of the Supplemental Retirement Board of Trustees**

Dear Treasurer Folwell:

Our office has received Mr. Thomas Causey's 2020 Statement of Economic Interest to serve as your secondary designee on the Supplemental Retirement Board of Trustees (the "Board"). We have reviewed them 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 or the likelihood for a conflict of interest.**

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

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 is your secondary designee to serve on the Board.

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: Thomas Causey  
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide

