



Draft MINUTES
SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

The regular quarterly meeting of the Supplemental Retirement Board of Trustees (Board) was called to order at approximately 9:00 a.m. on December 4, 2025, by the Chair, State Treasurer Brad Briner. The meeting was held in a hybrid format, with people attending virtually or in person in the Dogwood Conference Room of the Longleaf Building. The Chair indicated there would be a public comment period for organizations and individuals later in the agenda.

Members Present

Board members attending in person: Treasurer Brad Briner, James Richardson, and Bob Shea.

Board members attending virtually: Steve Beam, Robert Hillman, Lanier McRee, Charlie Perusse, and Rajinder (Raj) Singh.

Members Absent: Lorraine Johnson.

Guests attending in person: Mike McCann and Jodie Musselwhite from Empower, and Elizabeth Hood and Weston Lewis from Callan.

Guests attending virtually: None

Department of State Treasurer Staff Present

Staff members attending in person: Shanta Bowley, Kris Byrd, Reid Chisholm, Christy Farrelly, Patti Hall, Jeff Hancock, Chris Morris, and Eric Naisbitt.

Staff members attending virtually: Derek Gee, Elizabeth Hawley, Kristin Merrick, Paul Palermo, Brandon Watson, and Sam Watts.

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, unless there is an objection, 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

Pursuant to the ethics rules, the Chair asked about Board members' potential, actual or appearance of a conflict of interest. No conflicts of interest were identified by the Board members.

Adoption of Consent Agenda

The Chair presented a consent agenda with the following items (included in the Board's materials): approval of the minutes for the August 21, 2025, Board of Trustees meeting, plan documents amendments and revisions to the Policies for Participants and Employers.

There was no request from the Board to move any of the consent agenda items to a discussion item and the consent agenda was adopted.

Administrative Matters

The Chair recognized Mr. Jeff Hancock, Supplemental Retirement Plans (SRP) Director, who delivered an update on Administrative Matters. (included in the Board's materials).

Mr. Hancock thanked the Board and staff for its accomplishments in 2025. Notable highlights included the fee holiday, the National Association of Government Defined Contribution Administrators Award, adoption of several plan amendments, reinvesting the administrative fee reserves in a money market fund to earn additional interest, an investment manager change, and successfully migrating most employers to a more secure system to submit payroll and other information.

NC Supplemental Retirement Plans Annual Strategic Communications Plan.

The Chair recognized Ms. Christy Farrelly to present the SRP Annual Strategic Communications Plan (included in the Board's materials).

Ms. Farrelly said that the Retirement Express video featuring the Chair and Mr. Watts is on the NC Plans website. She added that the National Retirement Security Month campaign was very successful with 4,604 attendees for webinars and individual meetings, there was a 39% increase in new enrollments and a 49% increase in contributions. In addition, the NC Plans website usage increased 290% over last year and there were 518,481 emails sent out from July to September for the auto-email digital engagement campaign which focused on designating beneficiaries and account registration.

Ms. Farrelly added that the closing-the-retirement gap campaign will launch in 2026. This campaign will focus on four age groups to help prepare participants for retirement readiness.

Mr. Hancock thanked Ms. Farrelly for the successful campaigns that resulted in more participants being engaged in their retirement.

Ms. McRee said the North Carolina Office of Human Resources is working on a campaign to elevate public service and suggested that leveraging some of the DST campaigns could be beneficial to their efforts in educating state employees.

Legal Matters

The Chair recognized Mr. Reid Chisholm, Assistant General Counsel, who presented the Climax Volunteer Fire Department 401(k) Plan Merger (included in the Board's materials).

Mr. Chisholm said that the Climax Volunteer Fire Department (Climax VFD) merged with the Pleasant Garden Fire Department and the legacy Climax VFD employees became members of Local Governmental Employees' Retirement Systems and are therefore eligible for the NC 401(k) plan. Climax VFD sponsors a 401(k) plan and requested that the assets in its plan be transferred to the NC 401(k) Plan.

The Chair entertained a motion to approve the merger of the Climax VFD 401(k) Plan with the NC 401(k) Plan . Mr. Shea so moved, and Mr. Richardson seconded. The motion passed by roll call vote of 7-0. Ms. McRee abstained from the vote.

Administrative Update: Third Quarter Administrative Report (Empower)

The Chair recognized Mr. Michael McCann, Client Relations and Business Development Vice President, and Ms. Jodie Musselwhite, Director of Participant Engagement to discuss the Third Quarter 2025 Administrative Report (included in the Board’s materials).

Mr. McMann said that the assets in the Plans increased from \$17.9B to \$19.7B over the last 13 months, employee contributions and participation rates also increased, and distributions were higher than contributions. The number of calls received by the call center decreased from third quarter 2024 and 89% of the calls were answered within 20 seconds.

Mr. Hillman asked if there’s a chat box feature available to participants and are participants getting the assistance they need. Mr. McCann said there is a chat box feature on the website.

Ms. Musselwhite provided an update on participant engagement for the third quarter. She said there were approximately 26,060 attendees who participated in meetings with a counselor and 70% of the individual meetings were virtual. In addition, there was a campaign and a wellness review that targeted 14 school systems. This effort led to 570 new enrollments and rate increases. The total number of new enrollments for the third quarter was approximately 7,500.

Investment Update: Third Quarter 2025 Investment Performance Report (Callan)

The Chair recognized Ms. Elizabeth Hood, CFA, Senior Vice President and Manager, and Mr. Weston Lewis, CFA, CAIA, Senior Vice President, to present the Third Quarter 2025 Investment Performance Report, the Glidepath and GoalMaker Framework Project update and the Stable Value Review (included in the Board’s materials).

Ms. Hood provided a recapped of the U.S. and Global equities markets and the U.S. fixed income market. She said growth investments outperformed value investments, small cap outperformed large cap investments, and the U.S. market outperformed the international market.

Mr. Lewis provided an update on the performance of the investment managers. He said Brown Advisory’s current status is cautionary due to performance and Sands Capital’s performance has improved. All other investment managers are within expectations.

Mr. Singh asked about the management fees for the NC Small/Mid Cap Fund’s investment managers relative to the performance of the strategy.

Mr. Lewis said the fees are competitive for the small/mid-cap market.

Mr. Hillman asked about the guidance to participants regarding the active or passive options. Mr. Lewis said participants have the option to change between the active and passive options and GoalMaker offers passive options in large cap and active options in small/mid-cap.

Ms. Hood said that the current three Glidepath options served participants well and the focus now is to explore the best structure for participants in the future. The Board approved going from three options to one to allow for easier decision making for the participants. Callan is currently exploring the best composition of asset classes to enhance the best returns for the new structure.

Mr. Lewis provided a review of the Stable Value Fund. He said the Stable Value Fund performance is in line with expectations and there are no concerns regarding personnel. In addition, Galliard has outperformed their peer group in credit rating and market-to-book ratio.

Mr. Shea asked about the purpose of a wrap provider. Mr. Lewis said that a wrap provider guarantees assets at book value.

NC 401(k) and NC 457 Plans Investment Policy Statement

The Chair recognized Kristopher Byrd, SRP Portfolio Manager and Chris Morris, DST's Chief Risk and Operating Officer to give an update on the NC 401(k) and NC 457 Plans Investment Policy Statement (included in the Board's materials).

Mr. Morris provided a review of the SRP investment policy statement. He said the main change is the replacement of the Investment Management Division with the North Carolina Investment Authority, along with updated language regarding compliance. Other changes include the replacement of Macquarie with Boston Partners, the addition of global listed infrastructure for inflation sensitive funds and improved readability of the document.

The Chair entertained a motion to approve the Investment Policy Statement. Mr. Hillman so moved, Mr. Beam seconded, and the motion passed by a roll call vote of 8-0.

NC 401(k) and NC 457 Plans Investment Updates Third Quarter Investment Compliance Summary Report

The Chair recognized Kristopher Byrd, SRP Portfolio Manager, to present the Third Quarter 2025 Investment Compliance Summary Report (included in the Board's materials).

There were no material issues during the quarter.

Public Comments

None

Board of Trustees Comments

None

Adjournment

The Chair entertained a motion to adjourn the meeting. Mr. Shea so moved, Mr. Richardson seconded, and the motion passed by a roll call vote of 8-0.

The meeting adjourned at approximately 10:27 a.m.

Chair

Secretary