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 May 21, 2026, 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, Lanier McRee, and Bob Shea.

Board members attending virtually: Robert Hillman, Lorraine Johnson, Charlie Perusse, and Rajinder (Raj) Singh.

Members Absent: Steven Beam and James Richardson

Guests attending in person: Michael McCann from Empower, Greg Ungerman, Elizabeth Hood and Weston Lewis from Callan, Paul Langanki and Mike Norman from Galliard.

Department of State Treasurer and North Carolina Investment Authority (NCIA) Staff Present
Staff members attending in person: Thomas Blackwell, Shanta Bowley, Kris Byrd (NCIA), Patti Hall, Jeff Hancock, Kristin Merrick, Trevor Parrish, Eric Naisbitt, Rebecca Reck, Robby Rodwell, Kevin SigRist (NCIA), Sam Watts, and Dan Way.

Staff members attending virtually: Loretta Boniti, Christy Farrelly, Derek Gee, Paul Palermo, and Brandon Watson.

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: approval of the minutes for the February 26, 2026, Board of Trustees meeting and ratifying Mr. Perusse's appointment to the Audit Subcommittee.

There was no request from the Board to remove 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 provided the SRP 2026-2027 budget proposal and an update on the Goalmaker implementation (included in the Board's materials).

Mr. Hancock introduced Trevor Parrish as the attorney who will be supporting SRP.

Mr. Hancock said the Goalmaker implementation is on schedule, and all the necessary system changes are in place. Starting June 1st, all new contributions will be allocated to the new Goalmaker model and current funds will be allocated to the new model on the rebalancing date of the account.

Mr. Hancock reminded the Board that the fee holiday is still in effect for the rest of 2026 so there are no asset-based administrative fees, the forecasted interest in the fiscal year 2026-2027 is $6.6 million, and the estimated float earnings are $1.1 million. He added that NCIA staff salaries have been moved to a new line item in the budget and there are two staff additions to the budget.

Ms. McRee asked about the increase of fees to NCIA. The Chair said approximately one-third of the increase is related to the recent compensation study and two-third is related to services that NCIA provides to SRP. Mr. Hancock said the increase reflects the new fee model for NCIA. The proposed fee from NCIA is 0.28 of one basis point of the assets in the plan. Mr. SigRist added the rate could increase to half of a basis point and Mr. Hancock said the increase would include the investment consultant fees. Ms. Johnson, Mr. Hancock, and the Chair discussed the transition from DST's former Investment Management Division to the NCIA.

The Chair entertained a motion to approve the SRP 2026-2027 budget proposal. Ms. McRee so moved, Mr. Singh seconded, and the motion passed by a roll call vote of 5-0. Mr. Perusse did not vote.

Administrative Update

NC 401(k) and NC 457 Plans First Quarter 2026 Stable Value Portfolio Report

The Chair recognized Paul Langanki, Senior Director, Relationship Management and Mike Norman, President and Senior Managing Principal from Galliard to present the 1st Quarter 2026 Stable Value Portfolio Review (included in the Board's materials).

Mr. Langanki provided a brief overview of the Stable Value Fund as of March 31, 2026. He said the balance of the Stable Value Fund as of March 31, 2026, was approximately $2.17 billion. The blended yield (net of fees) was 3.34%, yield to maturity was 4.5% and market/book value ratio was 97.26%. He added that Galliard added Massachusetts Mutual Life Insurance Co. as a wrap provider and total annual fund operation expenses were 0.251%.

Mr. Shea joined the meeting at 9:31a.m.

First Quarter Administrative Report (Empower)
The Chair recognized Michael McCann, Client Relations and Business Development Vice President, from Empower to discuss the First Quarter 2026 Administrative Report (included in the Board's materials).

Mr. McCann said contributions were higher than distributions, average participants' balance decreased, active participation rate decreased, active average employee deferral increased, and the number of new loans increased.

He added that letters for the GoalMaker changes effective June 1, were mailed to participants. Mr. Hancock asked whether data will be tracked regarding participants' responses. Mr. McCann said Empower will try to track the responses to GoalMaker.

The Chair and Mr. McCann discussed the addition of the City of Wilmington and the number of new participant loans.

He added that the call center metrics surpassed the contractual goals and there were approximately 20,731 meeting attendees and 916 employer meetings.

The Chair, Mr. Hancock, and Mr. Watts discussed with Mr. McCann the difference between March and April 2026 performance data.

Ms. McRee asked about the decline in the number of service center calls. Mr. McCann said there was an increase in calls in the first quarter of 2024 due to the migration from the Prudential platform to the Empower platform, and currently more participants are engaging with Empower online platform and the app. Mr. Shea commented on age demographics and likelihood of calling the service center versus other methods of engagement.

Mr. Singh asked about the decrease in the participation rate. Mr. McCann said the number of participants increased and not all them are contributing to the plan.

Investment Update
First Quarter 2026 Investment Performance Report and the Investment Structure Evaluations – Plan Menu and Individual Options
The Chair recognized Elizabeth Hood, CFA, Senior Vice President and Manager, Weston Lewis, CFA, CAIA, Senior Vice President, and Greg Ungerman, CFA, Senior Vice President at Callan, to present the First Quarter 2026 Investment Performance Report, and the Investment Structure Evaluation – Plan Menu and Individual Options (included in the Board's materials).

Mr. Lewis presented a recap of the US and Global equities markets, the US fixed income market, and the passive and active options. He said that equities decreased, fixed income increased and global equities outperformed US equities.

Mr. Ungerman provided an overview of the investment structure of the SRP Plan. He recommended the removal of the NC Inflation Responsive Fund and replace the underlying strategy. He added the NC Inflation Responsive Fund will not be offered in the new GoalMaker. He said the current investment menu of the Plan shows 54% of the assets allocated to GoalMaker and 46% allocated to Passive Core Options and Active Core Options. Mr. Shea and Mr.

Ungerman discussed participant investment performance distinctions between "do-it-yourselfers" and those following plan recommendations.

The Chair commented on whether the NC Inflation Responsive Fund is the correct one to remove, based on past performance and the choices of the participants. Mr. Ungerman said the challenge with the Fund is how it's being implemented by the Investment Managers, and there is no clear answer. Mr. SigRist said the Fund is extremely sensitive to interest rates fluctuation, while Mr. Lewis stated equities offer more protection against inflation in the long term.

Ms. Johnson discussed the definition of "short term" with Mr. Lewis, commented on performance comparison against other investment options, and added that the NC Inflation Responsive Fund is not highly utilized by participants. The Chair further commented on the utilization rate and timing of the removal.

Ms. Hood said that the Active Core Options offer great diversification, reasonable risk and return, and appropriate fees for an actively managed fund. She added that another strategy for consideration is the quantitative core strategy, which will offer broad diversification in a simple and efficient way.

Mr. SigRist and the Chair discussed with Ms. Hood the manager selection process, pros and cons of replacing an Investment Manager, and whether a lower risk, a quasi-index fund may be a better alternative. Mr. Hancock and Ms. Hood discussed quantitative strategies.

Mr. SigRist discussed plan design in the Large Cap Core Equity Fund segment. The Chair, Ms. Johnson, Mr. Hillman, and Mr. SigRist discussed, at length with Callan and DST staff, fund performance strategies and aims in this segment. Ms. Johnson additionally commented on short-term trading by individual investors.

Ms. Hood and staff discussed the current and alternative structures of the Large Cap Core Equity Fund, the Small/Mid Cap Equity Fund, the International Equity Fund, and the Fixed Income Fund. The Chair asked about the timing of a new manager recommendation in the Small/Mid Cap Equity Fund and discussed with Callan the current structure of manager percentages within the International Equity Fund. Mr. SigRist and the Chair discussed the risks and benefits of private placement in the Fixed Income Fund.

Mr. Perusse left the meeting at 11:30 a.m.

IRF Removal Recommendation
The Chair entertained a motion to remove the Inflation Responsive Fund. Ms. McRee so moved, Mr. Shea seconded, and the motion passed by a roll call vote of 6-0.

Public Comments
None

Board of Trustees Comments
Mr. Shea thanked staff for the early preparation of the Board materials.

Adjournment
The Chair entertained a motion to adjourn the meeting. Mr. Shea so moved, Ms. McRee seconded, and the motion passed by a roll call vote of 6-0.

The meeting adjourned at approximately 11:42 a.m.

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Chair

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Secretary