North Carolina Retirement Systems
NC 401(k) & NC 457 Plans

MEMORANDUM

TO: NC Supplemental Retirement Board of Trustees

FROM: Jeff Hancock, Director

DATE: August 21, 2025

SUBJECT: Recommendation for Investment Consulting Services

The Supplemental Retirement Plans ("SRP") investment consultant contract with Callan Investments expires on March 31, 2026. The Vendor Selection Policy requires the Investment Consultant to be selected through a request for proposals ("RFP") or similar process. Alternatively, the Supplemental Retirement Board of Trustees ("Board") could extend the contract.

Callan's current contract

SRP's contract with Callan had an initial five-year term beginning April 1, 2019 through March 31, 2024. In 2023, the Board extended the contract for a two-year period with an expiration on March 31, 2026.

Contract Extension:

The annual cost of the contract extension is estimated at $260,000 annually for the contract. The cost is based on SRP contracting with Callan on a stand-alone basis (i.e. without the benefit of combined pricing with NCRS). NCRS is re-evaluating all services due to the passing of the Investment Modernization Act of 2025 which creates a new North Carolina Investment Authority within the Department of State Treasurer.

SRP's options

- RFP: If the Board desires to put the Investment Consultant contract out to bid, the process should start immediately in order to allow sufficient time to draft the RFP, conduct the RFP evaluation, bring a recommendation to the Board for approval, and, if necessary, negotiate a new contract prior to the expiration of the contract.

- Contract extension: If the Board desires to extend Callan's contract, staff recommends a two-year extension through March 31, 2028. Even with an extension, the Board would retain the right to terminate the contract early and conduct an RFP.

Market Comparables:
In advance of the August 21, 2025 Board meeting, staff requested quotes from a number of qualified Investment Consultant Firms who have the capability of providing the same scope of services to the NC401(k) and NC457 Plans.
Staff received responses from 5 firms. On average the quotes are in line with Callan's stand-alone proposed fee.

Recommendation
Given where SRP is with the GoalMaker/Glidepath project coupled with the fact that the responses from other consulting firms are in line with the proposed fee from Callan, SRP staff recommends extending Callan's contract for two years from April 1, 2026 through March 31, 2028.