



## MINUTES

### BOARD OF TRUSTEES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

The regularly quarterly meeting of the Board of Trustees was called to order 9:00 a.m., October 30, 2025, by the Chair, State Treasurer Bradford B. Briner. The meeting was held in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The Chair thanked the members of the Board for their service. The Chair indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda.

#### Members Present in Person or via Telephone

Treasurer Bradford Briner, Janet DeVane-Blount (designee for Mo Green) (via telephone), John Ebbighausen, Lentz Brewer (via telephone), Margaret Reader (via telephone), Oliver Holley (via telephone), Staci Meyer, Joshua Smith, Pat Thornburg, and Jeffrey Winstead.

#### Members Absent

Vernon Gammon

#### Department of State Treasurer Staff Present in Person or Via Telephone

Tonya Bass, Ron Chisholm, Ben Garner, Deborah Forry (via telephone), Jeff Hancock (via telephone), Sam Watts, Patrick Kinlaw, Kevin SigRist, Charles Sceiford, Timothy Melton, Eric Naibitt, Anne Roof, Lisa Norris, and Elizabeth Hawley

#### Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

The Chair asked, pursuant to the ethics rules, about conflicts of interest of board members. No conflicts of interest were identified by the board members.

#### Consent Agenda (State Board)

1. Adoption of the July 31, 2025, TSERS Board Meeting Minutes
2. Acceptance of Gallagher Reports: 2024 Actuarial Valuation – TSERS, 2024 Actuarial Valuation – Consolidated Judicial Retirement System, 2024 Actuarial Valuation – Legislation Retirement System, 2024 Actuarial Valuation – Disability Income Plan of NC, 2024 Actuarial Valuation – NC National Guard Pension Fund, 2024 Actuarial Valuation – State System Death Benefit Plans
3. Acceptance of Experience Study – State System
4. Adoption of CBBC Cap Factor – State System
5. Delegation of Authority to Reverse Felony Forfeiture

With no objections from the Board, the consent agenda was adopted.

### **Legislative Update**

The Chair recognized Patrick Kinlaw, Director of Policy, Planning and Compliance to deliver the legislative updates described in the legislative memorandum contained in the appendix to the meeting materials.

Mr. Kinlaw further noted that Senate Bill 449, enacted by the General Assembly on October 22, is not included in the current memorandum but will be incorporated in an addendum at the January meeting. This legislation provides funding for the Orbit system's migration from on-premises servers to a cloud-based platform, including \$1 million in recurring funds and \$1 million in non-recurring setup costs.

### **Investment Updates**

The Chair recognized Kevin SigRist, Chief Investment Officer, to provide an update on recent investment activities and performance. Mr. SigRist reported that the team has focused on redeploying excess cash and successfully deployed approximately \$6 billion across the portfolio from excess cash and redemptions. These funds have primarily been allocated to stocks, global equities, high-quality fixed income, higher-yielding real estate loans, and other credit instruments.

Mr. SigRist highlighted the recent passage of the Investment Modernization Act, which established the North Carolina Investment Authority Board, now fully constituted with five members. In December, the Board will begin its initial analysis of retirement systems, focusing on the impact of various asset allocations on funded ratios, contribution rates over time, and the likelihood of future cost-of-living adjustments for retirees. Mr. SigRist stated that a comprehensive study, including recommendations, is expected in early 2026.

### **Executive Director Update**

The Chair recognized Sam Watts, Executive Director of the Retirement Systems Division, for an update. Mr. Watts reported on the success of the retirement systems and outlined progress in IT modernization, including the adoption of ID.me for secure online access, which is expected to enhance member experience and reduce call center demand.

Mr. Watts reiterated the importance of General Assembly funding for cloud migration, noting that while several steps remain before implementation, integration will be significantly easier once completed. Mr. Watts expressed gratitude to the Chair, the State Budget office, and the General Assembly for their support.

Mr. Watts next commented on the Board's action during the consent agenda to delegate authority to the Executive Director for determining that a reversal of a felony forfeiture is appropriate. He commented that such matters involve no discretion and align with other benefit-related delegations.

### **Policy, Planning and Compliance Update**

The Chair recognized Patrick Kinlaw, Director of Policy, Planning & Compliance, for an update. Mr. Kinlaw began by presenting a report on alternative repayment of overpayments. He explained that alternative repayment is available when an overpayment is entirely due to an administrative error by

RSD. Typically, there is nothing to report in this area; however, two instances were identified where overpayments occurred due to administrative error, as detailed in the meeting materials.

Mr. Kinlaw next addressed several items included in the meeting appendix. The first was the Creditable Service Memo, describing staff's response to inquiries regarding provisions of Session Law 2025-8. The second was the Delegation of Determinations Related to Felony Forfeiture Reversal, which Mr. Kinlaw noted that Mr. Watts had already described. The third was the Threshold for Average Final Compensation, documenting that the threshold will be \$138,324.24 for retirements effective in 2026.

Mr. Kinlaw also described the timeline of ongoing actuarial projects. He expressed appreciation to Gallagher for their extensive work. He stated that adopting assumptions and methods from the experience study may be the Board's most critical function, as it establishes the foundation for actuarial funding practices.

### **Member Services, Payroll & Operations Update**

The Chair recognized Tonya Bass, Director of Member Services, for an update. Ms. Bass began by providing a brief background of the assistance that the member services' office provides. Ms. Bass also commented on the implementation of the "ID.me" program and that it will assist to streamline processes and reduce the team's workload going forward. Ms. Bass noted that significant effort was invested in launching this initiative, and that the member services' team expressed enthusiasm about the implementation. Additionally, Ms. Bass noted that it is expected to improve resource allocation and address current manpower challenges.

Ms. Bass reported that from July to September, staff conducted over 129 counseling sessions, responded to over 963 chats and assisted 818 visitors at the front desk. Ms. Bass also noted that staff conducted at least 12 webinars in that period. Ms. Bass also noted that the call volume has largely remained the same as in previous months, with a slight decrease of about 2.5%.

Ms. Bass reported that member services will continue to review business practices to provide superior service and adjust workflow to meet the needs of members.

The Chair recognized Courtney Carter, Director of Payroll Services, for an update. Ms. Carter began her update by providing a brief background of payroll services. Ms. Carter stated that the payroll services group includes outgoing payrolls for the retirees as well as employer reporting. Ms. Carter also noted an increasing number of agencies transitioning to new payroll vendors and mentioned how this process requires compliance with Orbit system parameters. Ms. Carter also stated that employers should provide prompt notification to the team so they can be set up in the test system and avoid delays in reporting during the changeover. Ms. Carter reported that there were about 370,000 payees for the month of September, of which the majority is direct deposit while paper checks were issued to 1.7% of the group.

The Chair recognized Ron Chisholm, Director of Benefits, for an update. Mr. Chisholm began by discussing the new document management system called "On-Base", which is an imaging and document management system. Mr. Chisholm noted that Phase II, which involves migrating documents from the legacy system and testing, will start November 6 and take approximately six (6) weeks. The project remains on track for completion by January 2026, and the team is eager to implement the new system.

Mr. Chisholm also discussed retirement application processing, death notifications refunds, and disability benefits. During the last quarter, the turnaround time for processing applications improved from 40 days to 26 days. Mr. Chisholm stated that the number of refund requests increased significantly during the last quarter and processing of refund requests decreased from 26 days to 23 days. The disability processing turnaround time saw a slight decrease due to the processing of some requests that had been pending for an extended time period.

### **Actuarial Overview**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher for an actuarial overview.

Rep. Pat Thornburg moved that the Board recommend that the legislature enact a permanent 3.5% cost-of-living increase for retirees. Through discussion, several Board members noted that the ordinary annual timing of such a recommendation would be at the Board's January 2026 meeting. Ms. Thornburg withdrew the motion.

### **Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Teachers' and State Employees' Retirement System**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial valuation for the Teachers' and State Employees' Retirement System as of December 31, 2024.

### **Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Consolidated Judicial Retirement System**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial valuation for the Consolidated Judicial Retirement System as of December 31, 2024.

### **Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Legislative Retirement System**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial valuation for the Legislative Retirement System as of December 31, 2024.

### **Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Disability Income Plan of North Carolina**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial valuation for the Disability Income Plan of North Carolina as of December 31, 2024.

### **Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the North Carolina National Guard Pension Fund**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial valuation for the National Guard Pension Fund as of December 31, 2024.

### **Presentation on the Retiree Health Benefit Fund Actuarial Valuation Report**

The Chair recognized Charles Sceiford, Health & Benefits Actuary with the State Health Plan, and Patrick Kinlaw, Director of Policy, Planning and Compliance, to describe the principal results of the actuarial valuation for the Retiree Health Benefit Fund.

### **National Retirement Security Campaign**

The Chair recognized Christy Farrelly, RSD Communications Manager, to present an update on the National Retirement Security Campaign. Ms. Farrelly began with a brief background about the National Retirement Security Month, which is recognized each October. Ms. Farrelly stated that during this time there are opportunities to remind members to learn more about retirement benefits through NCRS along with gaining more knowledge about contributing to their 401(k) and 457 supplemental retirement accounts. Ms. Farrelly next showed a series of videos from the campaign.

### **Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Death Benefit Plans**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial valuation for the Death Benefit Plans as of December 31, 2024.

### **Presentation by the Consulting Actuary of Experience Study**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the actuarial experience study as of December 31, 2024.

### **Presentation by the Consulting Actuary of CBBC Cap**

The Chair recognized Michael Ribble and Elizabeth Wiley of Gallagher to provide the principal results of the consulting actuary of contribution-based benefits cap.

### **Public Comments**

The Chair recognized Suzanne Beasley with the State Employees Association of North Carolina. Ms. Beasley thanked Rep. Pat Thornburg for her suggestion of a 3.5% cost-of-living increase for retirees.

The Chair recognized Tim O'Connell with the North Carolina Retirement Governmental Employees Association. Mr. O'Connell thanked the Board for all their work put into the retirement system.

### **Board of Trustees Comments**

Margaret Reader expressed her thanks to staff and encouraged the Boards to continue considering benefit improvements when possible. During Ms. Reader's remarks, the connection for in-person attendees to hear remote attendees was temporarily lost.

In the meeting room, Jeffrey Winstead requested an update on the formation of the North Carolina Investment Authority. The Chair provided a brief update. The audio connection for remote participants was restored during this time.

### **Adjournment**

There being no further business before the Board, Jeffrey Winstead moved to adjourn the meeting. Staci Meyer seconded the motion and the meeting was adjourned at 1:41 p.m.

Byrdine RBR  
CHAIR

Samuel W. Venable  
SECRETARY

1/30/2026  
DATE