

MINUTES
BOARD OF TRUSTEES
OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
April 28, 2015

The special meeting of the Board of Trustees was called to order at 3:30 p.m., April 28, 2015, by the Acting Chair, Jay Chaudhuri, General Counsel for the Department of State Treasurer. The meeting was held by telephone at 325 North Salisbury Street in Raleigh.

Members Present

The Board members present were: John Aneralla, Lentz Brewer, Jack Brooks, Van Dowdy, Greg Grantham, Alberta Hall, Michael Mebane, and LouAnn Phillips on behalf of Superintendent June Atkinson.

Members Absent

Board members absent were: Janet Cowell, William Grey and Michael Jacobs.

Guests Present

The guest attending was: Robert Curran, with the Attorney General's Office.

Department of State Treasurer Staff Present

The staff members present were: Jay Chaudhuri, Jaclyn Goldsmith, Christina Strickland, and Sam Watts.

Conflicts of Interest

The Acting Chair asked, pursuant to the ethics rules, about conflicts of interest of Board members. There were no ethics conflicts identified by the Board members.

Review of Drafted Resolution Letter from Board of Trustees to the Legislature regarding House Bill 42/Senate Bill 18

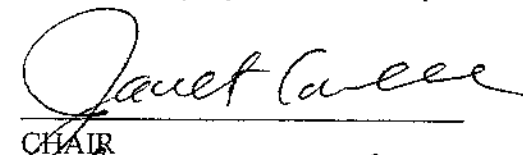
The Acting Chair recognized Sam Watts to review the drafted letter from the Boards to the legislature regarding House Bill 42 and Senate Bill 18, both titled "Rollovers into Qualifying Bailey Plans." The Board directed staff at the April 16, 2015 Board meeting to draft a letter expressing the Boards' concerns and respond to the proposed legislation regarding the tax treatment of certain distributions from Bailey tax-exempt retirement accounts. Mr. Watts reviewed the letter by paragraph and detailed the impact of the proposed legislation by stating in the letter

that the legislation would require a \$4.54 million appropriation from the pension fund and the changes would take three years for RSD to implement in order for the state to collect the fraction of the \$313,000 per year that the tax policy may yield, that would be derived from service purchases and transfer benefits. Mr. Aneralla requested three edits: that the letter be signed by Steve Toole, as Secretary to the Board; staff reverse the order of the sentences in the last paragraph; and that the letter state the Boards' approval vote in the letter. Mr. Mebane inquired if staff was certain of the appropriation amount and the yield. Mr. Watts replied that the Fiscal Research Division of the North Carolina General Assembly agrees with the numbers. Mr. Watts also stated that staff anticipates a challenge on the \$4.5 million estimation and that in-house staff connected to ORBIT project conducted an assessment that it would cost \$4.5 million and three years to implement.

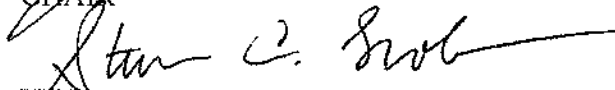
It was moved by Jack Brooks, seconded by Van Dowdy, and unanimously approved by the Board to approve the letter to be sent to the legislature with the following edits: the letter be signed by Steve, as Secretary to the Board; the notation of Board vote detail to be included in the letter; staff to reverse the order of sentences in last paragraph in the letter; and to accept the two recommended changes entered by staff previously.

State System Adjournment

There being no further business, John Aneralla moved to adjourn the meeting, which was seconded by Randy Byrd, and carried. The meeting adjourned at 4:00 p.m.



CHAIR



SECRETARY