

NORTH CAROLINA SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

MINUTES OF MEETING

December 5, 2012

Time and location: The North Carolina Supplemental Retirement Board of Trustees (the "Board") met on Wednesday, December 5, 2012 in the Dawson Conference Room of the Albemarle Building, 325 North Salisbury Street, Raleigh, North Carolina.

Members Present: The following members attended in person: Janet Cowell, Dalip Awasthi, Melinda Baran, Libby George, Mona Keech, Chuck Leedy, Robert Powell, and Clay Thorp. Kathy Crooke attended by telephone.

Members Absent: There were no members absent.

Staff Present: The following Department of State Treasurer staff members were present: Steve Toole, Mary Buonfiglio, Blake Thomas, Tina Simpson, Julia Vail, William Hockett, Lisa Page and Jaclyn Goldsmith.

Guests Present: Rob Luciani, Travis Swartwood, Lisa Belgrove, Ann Cashman and Tim Bryan from Prudential; Jay Love from Mercer; Bruce Corcoran and Jamie Summerlin from TIAA-CREF; Ned Freer and Marie Cox from ING; Amy Simonson from Verity Asset Management; Robert Slade, citizen; and Kimberly Dahm and David Levine from Groom Law Group, Chartered.

AGENDA ITEM – WELCOME AND INTRODUCTIONS

The meeting was called to order at approximately 9:00 a.m. by the Chair, Janet Cowell, State Treasurer of North Carolina.

AGENDA ITEM – ETHICS AWARENESS AND IDENTIFICATION OF CONFLICTS OR POTENTIAL CONFLICTS OF INTEREST

The Chair asked if there were any actual, potential or apparent conflicts of interest concerning any item on the meeting agenda. No conflicts were identified. Ms. Baran stated that she was employed by Wells Fargo Advisors, an affiliate of Galliard. Ms. Baran noted that she would abstain from any vote related to Galliard.

As required by N.C.G.S. § 138A-15(c), we note in the minutes that the State Ethics Commission cited the potential for a conflict of interest concerning Ms. Baran. This potential for a conflict of interest arises because Ms. Baran was the Assistant Vice President of Investments with Wells Fargo Advisors. The Ethics Commission concluded in its August 24, 2012 letter, "The potential conflict identified does not prohibit service on this entity."

AGENDA ITEM – APPROVAL OF MINUTES

The minutes from the September 5, 2012 Supplemental Retirement Board of Trustees meeting were reviewed. It was moved by Mr. Powell and seconded by Ms. Baran to approve the minutes. The motion passed unanimously.

AGENDA ITEM – NOMINATION OF MEMBERS TO THE INVESTMENT SUBCOMMITTEE

Dalip Awasthi was nominated to the Investment Subcommittee. Ms. George (the Investment Subcommittee Chair) and Mr. Awasthi agreed to such nomination. It was moved by Ms. Baran to name Mr. Awasthi to the Investment Subcommittee and seconded by Mona Keech. The motion passed unanimously.

AGENDA ITEM – INVESTMENT SUBCOMMITTEE REPORT

REPORT ON NOVEMBER 15, 2012 INVESTMENT SUBCOMMITTEE MEETING

Ms. George reported on the November 15, 2012 meeting of the Investment Subcommittee. Ms. George noted that she would first recap the Mercer and Galliard presentations, then discuss those consultants' recommendations. At the Investment Subcommittee meeting, Mercer reviewed the third quarter investment performance and Galliard reported on the stable value portfolio. There were no issues raised with any of the Plans' investment managers, with the exception of Neuberger, which had its rating from Mercer downgraded from "A" to "B+." Neuberger would be further discussed later in the Board's meeting during Mercer's presentation. Ms. George commented that generally, some managers had underperformed while others outperformed their benchmarks, but this reflected the philosophy of diversification as to investment managers' styles. Finally, Ms. George noted that the Plans' staff continued to work upon the investment consultant RFP, expected in the first quarter of 2013.

It was moved by Ms. Keech that the minutes of the Investment Subcommittee be approved, seconded by Ms. Baran. The motion passed unanimously.

RECOMMENDATION OF JENNISON ASSOCIATES

As detailed in the minutes of the Investment Subcommittee, Galliard recommended that a new manager (Jennison Associates) be brought into the Stable Value portfolio to increase manager diversification. Jennison will provide diversity in both management and investment style, as it is characterized by a more bottom-up style of management and focused on value-oriented security investments. The Investment Subcommittee held a detailed discussion concerning Galliard's recommendation of Jennison, as detailed in the November 15 Investment Subcommittee minutes. After that discussion, the Investment Subcommittee had moved to adopt Galliard's recommendation to present to the full Board of Trustees. After Ms. George's recap of the Investment Subcommittee's Jennison discussion and recommendation, Mr. Love commented that Mercer had a positive opinion of Jennison. It was moved by Ms. George that Jennison be approved, seconded by Chuck Leedy. The motion passed unanimously. Ms. Baran did not vote.

RECOMMENDATION OF PIMCO INFLATION RESPONSE MULTI-ASSET FUND

Ms. George and Mr. Love discussed the addition of an inflation sensitive investment option. Mr. Love commented that the current Supplemental Retirement Plans investment lineup offers diversified options, but no dedicated option to protect participants against increases in inflation. Under the supervision of the Investment Subcommittee, Mercer had reviewed seven candidates for an inflation sensitive fund. At the August 15, 2012 Investment Subcommittee meeting, Mercer provided a report analyzing five finalist candidates. From those candidates, the Investment Subcommittee recommended the PIMCO Inflation Response Multi-Asset Fund to the full Board for consideration.

The fundamental idea behind an inflation sensitive option is to provide a structure that will do well in a high-inflation environment. The Investment Subcommittee's discussion had focused particularly upon the finalist funds' volatility and ability to hedge against high inflation. The PIMCO Inflation Response fund was recommended because of its inflation hedging ability and relatively low sensitivity to volatility. Mr. Love commented that the fees for the PIMCO fund or any other inflation sensitive option would be a little higher (80bps) than other types of funds, but were competitive. Mr. Love discussed Mercer's intent to seek a fee concession should the Board approve the PIMCO Inflation Response fund.

The Chair asked whether this fund could be added to GoalMaker. Mr. Love noted that Mercer would present recommendations on this topic at the next Board of Trustees meeting as part of the Board of Trustees' periodic GoalMaker review. Mr. Awasthi urged that optimization and scenario testing be used to determine the proper allocation. It was clarified that the Board was not deciding on asset allocation at this meeting, just the selection of a new manager. The Board discussed the merits of the investment, including its role in the plan, impact on different ages, and diversification benefits.

Clay Thorp made a motion to approve the PIMCO inflation protection fund as a voluntary standalone investment option, seconded by Mr. Leedy. The motion passed unanimously.

COMPLIANCE OVERSIGHT

The Board also discussed a technical violation of the Supplemental Plans' Investment Policy Statement by the Plans' Global Equity Fund, as the maximum allocation to one country was exceeded. As discussed at the November 15, 2012 Investment Subcommittee meeting, the Plans' Investment Policy Statement calls for a maximum allocation to any country of twice its weight in the MSCI AC World Index, up to 50 percent. Mr. Love had noted at the Investment Subcommittee meeting that he did not believe this provision should be a hard-and-fast rule for an international fund. The Board of Trustees discussed a temporary exception that would permit a higher maximum allocation for a limited time.

A motion to recognize the technical violation and to grant a six-month temporary exception to the Investment Policy Statement rule was made by Ms. George, seconded by Mr. Thorp. The motion passed unanimously.

AGENDA ITEM – 403(b) TPA SUBCOMMITTEE RECOMMENDATION

Mr. Leedy, Mr. Powell, and Ms. George, as members of the 403(b) Subcommittee, presented the methodology and findings of the Subcommittee in the Plans' search for a 403(b) recordkeeper. Mr. Leedy stated that an RFP was developed by staff with the oversight of the Subcommittee members, then sent to vendors. Meetings were held by a selection committee made up of staff and Board of Trustees members. SST Consulting aggregated the information and provided perspective. The scoring system included such factors as participant services, recordkeeper capabilities, and cost. Three vendors were selected as finalists. A preliminary score was given to each finalist vendor, which then gave a presentation before the selection committee. The preliminary scores were adjusted up or down based upon the finalists' presentations. The Subcommittee's recommendation was that TIAA-CREF be selected, based on its deep organizational experience, flexibility in funds (i.e. open architecture), and participant services. In response to a question by Mr. Thorp, Mr. Leedy stated that the decision to select TIAA-CREF was not a close choice.

Ms. Baran asked about the potential level of funds and participant numbers in the 403(b) program. The expectation is approximately 100,000 to 150,000 participants. Treasurer Cowell noted that the Supplemental Retirement Plans' 403(b) will be an optional program. The 403(b) program will work alongside and as part of the 403(b) plans offered by individual schools, but will have the benefit of Board oversight of the investments, certain key vendors, and certain compliance matters.

A motion to accept the Subcommittee's recommendation and select the TIAA-CREF bid to become the 403(b) recordkeeper was made by Mr. Leedy, seconded by Mr. Powell. The motion passed unanimously.

Mr. Thomas noted that the next step was to get a contract in place.

AGENDA ITEM – THIRD QUARTER INVESTMENT PERFORMANCE REPORT FROM INVESTMENT CONSULTANT

Mr. Love presented the investment performance report for the third quarter. Mr. Love noted that the modest GDP growth and potential for ECBs to buy riskier assets were positive signs. The Plans saw good results for equities, both in US and non-US markets.

Mr. Love discussed changes in staffing at Neuberger Berman, with more senior people leading the investment. Mercer is concerned in the short term, but believes it could be a positive development over the long term.

Mr. Love walked through the Plans' fund returns, noting that large cap numbers were affected by recent changes to the manager lineup. Mr. Love also reviewed the managers underlying the funds. Ms. Baran asked how the potential change to the 28% cap on municipal bonds affects other bond markets and portfolios. Mr. Love stated that it seems unlikely to have an effect on broad markets, but he would look into the issue.

Mr. Awasthi asked if Mercer ranked managers subjectively or based on quantitative criteria. Mr. Love stated that it is subjective, but based on information from manager researchers and standardized processes. Managers are reviewed by committees who look at their confidence in the manager's ability to outperform in the future, and the analysis is based on forward-looking abilities, not past returns. Mr. Thorp asked if it would be possible to have a session showing an example of the evaluation of a manager. In response to a question from Mr. Leedy, Mr. Love clarified Mercer's approach to fee benchmarks.

AGENDA ITEM – THIRD QUARTER ADMINISTRATIVE REPORT

Tim Bryan of Prudential provided the third quarter administrative report.

Mr. Bryan noted the following:

- The total assets of the 401(k) and 457(b) plans have seen large percentage growth over the last year.
- Both plans have also seen an increase in new members.
- Deferrals in the 401(k) plan have been relatively flat, likely due to retirements in June and the fact that newer members normally make smaller contributions.
- The 457(b) plan has seen good growth on deferrals. The addition of the Roth component in April 2011 was a likely cause of the increase in deferrals.

Mr. Powell asked how the new 403(b) plan might affect participation in the 401(k) and 457(b) plans. Mr. Bryan stated that the impact would likely not be large. There are already 403(b) plans in some schools which are competing with the current plans, and no public school system currently makes employer contributions.

Mr. Bryan discussed GoalMaker participation, noting that almost 88% of new members and almost 50% of all members in the 401(k) participate in the program, reflecting 31% of all 401(k) assets. In the 457(b) program, almost 90% of new members and 42% of all members participate in the program, reflecting over 14% of all 457(b) assets.

If a member chooses to participate in GoalMaker, all of the member's assets are invested through the program. Ms. Baran asked about the reasoning behind such policy. In response, it was noted that GoalMaker simplifies investing, while still allowing members to choose their allocations within GoalMaker. Members may always withdraw from GoalMaker and make their own elections. David Levine followed up, noting that from a policy standpoint, if you allow members to make elections with respect to a part of the vehicle (e.g., target date funds), it could be seen to undermine the overriding policy of the vehicle. It needs to be a comprehensive approach. Mr. Toole suggested continuing this discussion in the first quarter. Ms. Baran asked whether members would want more freedom, and requested that staff provide to the Board at a future meeting a memorandum explaining how the Plans' administrative decisions with respect to GoalMaker are in the long-term interest of members.

Mr. Bryan turned to the GoalMaker age adjustment feature. In the 401(k) plan, just under 60% of all members take advantage of the feature, while over 91% of members in the 457(b) plan take

advantage. A question was asked about the performance of GoalMaker, and reference was made to page 18 of the Mercer report.

Mr. Bryan next discussed loans, stating there has been a decrease in the number of new loans under the 401(k) plan but a slight increase under the 457(b) plan (due to new members). The outstanding loan amount under the 457(b) plan remains much lower than the 401(k) plan. Mr. Bryan explained that this is likely due to the fact that there are a lot of employer contributions to the 401(k) plan, and a member that did not make employee contributions can still take a loan. Mr. Powell asked if there was information on defaults. Mr. Bryan stated that he did not have it with him, but he would get such data. It was noted that a few members continue to repay their loans after termination, while most do not.

Mr. Bryan briefly discussed the increase in money flowing out of the plans, noting that 401(k) and 457(b) amounts can be transferred to the North Carolina Retirement Systems pension fund.

Mr. Bryan next gave a report on the expansion of the 457(b) plan. Mr. Thorp asked if there was synergy between this effort and that for the new 403(b) plan. Mr. Toole noted that the intent is to create an environment so that TIAA-CREF and Prudential can work together to provide one presentation to employees. Ms. Baran asked about the ramifications of the long-term changes in the plans which were discussed by the members of the Board. Ms. Baran also asked whether a federal decision to reduce tax sheltering would trickle down to affect states. Mr. Levine noted that while everything is on the table, no specific legislative changes have momentum at this time.

Mr. Bryan referenced some changes to employer contributions under the 401(k) plan.

A motion was made by Ms. Keech to approve the report, seconded by Ms. Baran. The motion was approved unanimously.

AGENDA ITEM – VCP: LOAN CORRECTION

Ms. Buonfiglio reviewed the summary of the correction process under the IRS Voluntary Compliance Program ("VCP") for loan default errors that occurred in the 401(k) and 457(b) plans. There were 329 loans that should have been, but were not, defaulted in a previous tax year. These administrative errors by the Plans' recordkeeper will be corrected through a VCP filing, which will allow the Plans to avoid having the errors be an issue in a potential future audit. So as not to penalize the members, Prudential will pay the penalties and the legal fees charged by Groom Law Group in connection with the filing. Affected members will get a communication describing the oversight and correction. So long as permitted by the IRS, affected members will be given the option to reamortize their loan or pay the loan in full. Affected members may face default if the five year limit under the Code has passed. Ms. Baran asked how long a member has to pay off a loan if they leave employment. It was explained that a member has no more than five years. Members have the option for a coupon book to pay their loan after leaving employment, but payment still must occur within that five-year period.

AGENDA ITEM – ORGANIZATIONAL STRUCTURE RECOMMENDATION

The Chair stated that although the staff devoted to the Supplemental Retirement Plans has increased, it could benefit from additional staffing. The Chair recognized Mr. Toole, who discussed the organizational structure of the Department and recommended changes to staffing.

Mr. Leedy asked what duty the Board has to supervise the activities of staff. Mr. Levine stated that the Board is monitoring the staff through Board meetings. To protect the Board in the case where a staff member leaves, there should be long-term and transition planning (e.g., continuity plans, having multiple people with knowledge of the plans, and institutionalization of knowledge).

Mr. Thorp noted that the Supplemental Retirement Plans' staff are not employees of the Board of Trustees, but instead the Department of State Treasurer. He asked how the Board should handle monitoring and planning. Mr. Levine stated that there is oversight because the staff and the Department report regularly to the Board; staff members attend Board meetings; and through statutory authority, the Department has a role in the plans.

Mr. Powell noted that this is a volunteer Board, with members accepting appointment based on a number of factors, including confidence in the Treasurer. If Board members do not like decisions that are made by the Board, they can resign. Mr. Powell stated that he is comfortable with the checks and balances of the process, and that a staffing review is the right thing to do.

Ms. Baran asked to whom the Board is accountable. The Chair responded that each Board member is accountable to the official that appointed that member and, moreover, is accountable to general fiduciary standards. Ms. Baran then asked if the Board members' appointments could be revoked. That was confirmed.

Mr. Leedy and the Chair discussed whether there was a need for audits of the Supplemental Retirement Plans' practices or risk analyses. As part of that discussion, Ms. Buonfiglio noted some of the Plans' oversight efforts. An audit is performed each year. A best practices and benchmarking study against the industry will be performed. The plan and related documents are regularly reviewed. Mr. Toole stated that there are ongoing needs to monitor compliance with the Investment Policy Statement, to review progress and performance against contracts, to engage in vendor management and review, to increase training and reporting to the Board, and to refine internal controls.

Mr. Toole and Ms. Buonfiglio presented an informal risk assessment, identifying areas where improvement was needed and areas where there is need for assistance. To help meet the Plans' potential challenges, Mr. Toole and Ms. Buonfiglio proposed four staff positions – attorney, marketing officer, compliance officer, and communication officer. Mr. Thomas stated that the attorney position was envisioned to be in the Attorney General's office, but supervised by the Department. Mr. Powell asked whether the non-attorney positions would need to go through Human Resources to be hired. Ms. Buonfiglio clarified that the Department could write the job description, and they could be hired with Treasurer approval. In response to a question from Mr.

Thorp, Ms. Buonfiglio clarified that the staff additions will not cause an increase in fees to members.

Ms. Keech made a motion to approve the staffing recommendation, seconded simultaneously by Mr. Leedy and Mr. Powell. The motion was approved unanimously.

Mr. Leedy commented that the NAGDCA conference reinforced how much this staff is doing for the Plans.

Ms. Baran noted that six Board members are up for re-nomination in June 2013. She requested that terms be extended so as to avoid an interruption in the current processes and plans, as it is difficult to bring someone up to speed. Following that, Mr. Powell asked if there was a need to expand the Board in light of the new 403(b) plan. Ms. Keech noted that she was thankful for the efforts to get Board members their materials prior to the Board meeting.

AGENDA ITEM – ADMINISTRATIVE REIMBURSEMENT ACCOUNT UPDATE

Ms. Buonfiglio discussed the surplus in the Supplemental Retirement Plans' administrative account. Currently, there is almost \$10.5 million in the account, and the goal is to maintain a lower reserve. The desired reserve is a balance representing one year's worth of fees plus an extra \$400,000 reserve. (This reserve would be held to address potential new expenses such as fiduciary liability insurance, third party recordkeeper surveys, or electronic distribution of Board materials.) Ms. Buonfiglio recommended rebating the excess reserve to members. Staff, working with Groom Law Group, developed a proposed reserve distribution formula based on members' average monthly balance for the entire time period in which Prudential has served as recordkeeper. Ms. Buonfiglio noted that staff had picked a cutoff date of November 30, 2012, the Friday before the board meeting, to avoid gaming the system.

The 401(k) and 457 plans' administrative accounts are separate and must be rebated separately. Because the 457 plan has had funds sent to the administrative accounts for a substantially longer period of time, its excess balance is larger and its rebate will be greater. For members in the 401(k) plan, the average return will be \$16-18, while the average return for 457(b) members will be \$129.

Rebates will be made in the new calendar year so as to avoid issues with the contribution limits. Rebates will go directly into a member's open account, with a notice of the rebate included on the member's account statement. If a member does not have an open account, he or she will receive a letter providing information about how to obtain the rebate. A brief discussion of the rebate will also be included in the Plans' newsletter.

A member of the public asked whether the Board wanted to provide a comment period for members and interest groups. The Chair stated that she would like the Board to vote, but would take comments regarding transparency. Mr. Powell asked whether there was a specific concern, and the gallery member stated that he wanted more clarity on the calculations. Mr. Awasthi commented positively on the proposed distribution plan, noting that it makes sense to allocate based on the percentage of assets involved. Mr. Levine noted that it would be wise to rebate the

excess reserve promptly, as the IRS does not like carry-over balances in administrative accounts. Mr. Levine commented that the Department had developed a good plan.

A motion was made by Mr. Thorp to approve the plan for rebating excessive balances to plan members, seconded by Mr. Powell. The motion was approved unanimously.

AGENDA ITEM – THIRD PARTY ADMINISTRATOR CONTRACT EXTENSION UPDATE

Mr. Thomas presented an update on the Department's renewal of its recordkeeping contract with Prudential. Two one-year options for contract extension are available to the Board, and at the June 6, 2012 meeting, the Board moved to begin the process to award both one-year contract extensions to Prudential in exchange for a reduction in fees, the allocation of additional communication resources to the Plans, and other contract amendments. Mr. Thomas presented and discussed a proposed final draft of Amendment 10 to the contract, which modifies these terms, provides clarity concerning access to information about the Plans in the possession of Prudential and its subcontractors, and exercises the renewal options. The Board voted unanimously to approve the proposed draft of Amendment 10, subject to comment and formal approval by the Attorney General.

AGENDA ITEM – FIDUCIARY LIABILITY INSURANCE

Mr. Thomas led a discussion of fiduciary liability insurance. Mr. Thomas noted that the intent is to form a working group or committee to obtain insurance that would cover the entire Department of State Treasurer. Groom Law Group provided a memo dated August 22, 2012 discussing the factors to consider in deciding whether to purchase fiduciary liability insurance and deciding the appropriate level and type of such insurance.

The Board has been advised that any such insurance must be obtained through the North Carolina Department of Insurance. The Department of Insurance sought bids and constructed a proposal. That proposal contained a \$500,000 deductible and would cover the entire Department of State Treasurer, including not only the boards and employees assigned to the Supplemental Retirement Plans, but also the pension plans that comprise the North Carolina Retirement Systems. If there were \$30 million in coverage, the cost to the Department would be \$448,000 per year; for \$80 million in coverage, the cost would be \$765,000 per year; and for \$100 million in coverage, the cost would be \$865,000 per year. The Department's other boards of trustees had not yet taken up the subject, but presumably the covered plans and departments would contribute to the premium on a pro rata basis. The Supplemental Retirement Plans have approximately one-tenth the amount under management found in the North Carolina Retirement Systems.

Mr. Awasthi asked why you would not have a \$0 deductible since this is a volunteer Board. Mr. Thomas responded that the Department of Insurance came up with the \$500,000 deductible. The Board could go back to the Department of Insurance and let them know that would not work. Discussion followed concerning whether existing statutes or statutory changes could limit the liability of Board members and staff. Mr. Leedy made a motion to form a committee, seconded by Ms. George. The motion was approved unanimously.

AGENDA ITEM – 401(k) & 457 PLAN DOCUMENT AMENDMENTS

Tina Simpson provided an update on plan amendments. Both the 401(k) and 457(b) plans must comply with the Heroes Earnings Assistance and Relief Tax Act of 2008 ("HEART Act"). The 401(k) proposed amendment covers required language regarding death benefits and differential wages, and optional language regarding special contributions during a period of military leave. The 457(b) plan is in compliance with the mandatory provisions of the HEART Act, so no amendment is necessary.

Mr. Powell moved to approve the HEART Act amendment, seconded by Mr. Leedy. The motion was approved unanimously.

Ms. Simpson further explained that the staff and outside counsel recommend that the 401(k) plan's vesting provision be amended in light of new state felony forfeiture acts that require the seizure of employer contributions to accounts of certain state employees convicted of felonies committed during the course of their employment. These acts are not applicable to the 457(b) plan.

Mr. Powell moved to approve the forfeiture act amendment, seconded by Mr. Leedy. The motion was approved unanimously.

Ms. Buonfiglio discussed the IRS relief for Hurricane Sandy victims. Ms. Buonfiglio clarified that both the 401(k) and 457(b) plans permit hardships. The IRS relief allows retirement plans to expand the circumstances in which persons affected by Hurricane Sandy may take hardship withdrawals. The staff recommended that the Board offer the benefits to affected members. Mr. Powell asked whether it was necessary to coordinate with the Department of Revenue to get information into their communications, to make it clear the plans are complying with the IRS on this opportunity. Ms. Buonfiglio stated that this benefit would be communicated, including the tax issues. It was stated that formal language for an amendment would be drafted and presented for approval at the March 6th board meeting. Per IRS guidelines the board would have until the end of the 2013 plan year to adopt the amendment.

Mr. Powell moved to approve the Hurricane Sandy benefits, seconded by Mr. Thorp. The motion was approved unanimously.

AGENDA ITEM – DIRECTOR'S REPORT

Mr. Toole provided the director's report. Mr. Toole noted that staff had held meetings with Mercer, Aon, and Callan to better understand industry best practices for the functions assigned to investment consultants. These discussions had often been framed in terms of the differences between consultants' duties under ERISA sections 3(21) and 3(38). Mr. Toole stated that the staff would provide a report at the next Board meeting on the results of this examination of best practices.

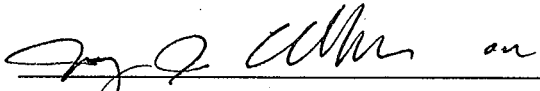
Mr. Toole discussed the transfer of benefits from the 401(k) and 457(b) plans into the retirement system. Mr. Toole also referenced the Code section 415 lifetime income guidance. Finally, Mr.

Toole provided an update on the NAGDCA conference, highlighting the Plans' receipt of an award for their Roth option campaign. Ms. Baran recommended that Board members attend this meeting in the future.

AGENDA ITEM – QUESTIONS/COMMENTS

There were no questions or comments.

A motion for formal adjournment was made by Mr. Thorp. The meeting was adjourned at approximately 12:45 p.m.



CHAIR *behalf of Treasurer Janet Cordell*