



North Carolina
Total Retirement Plans
401k | 457 | 403b



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

MINUTES SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

The regular quarterly meeting of the Supplemental Retirement Board of Trustees was called to order at 9:03 a.m., September 20, 2018, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The Chair indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda.

Members Present

The board members present were: Treasurer Dale R. Folwell, Chair, Melinda Baran, Steve Beam, Lorraine Johnson, Michael Lewis, Nigel Long, Jim Lumsden, and Kelly Russell.

Members Absent

The board member absent was: Hal McKinney.

Guests Present

The guests attending were: T.J. Russell from Frontline. Will Dillard and Kelly Henson from Mercer. Ann Cashman, Mary Conti, Kelly Keen (via phone), Aaron Koval, Michael McCann, Kathleen Neville, Jessica Quimby (via phone) from Prudential. Amanda Wise from SEANC.

Department of State Treasurer Staff Present

The staff members present were: Mary Buonfiglio, Reid Chisholm, Chris Farr, Patti Hall, Cathy Jarboe, Rekha Krishnan, Karah Manning, Loren de Mey, April Morris, Maja Moseley, Laura Rowe, and Steve Toole.

Swearing-in of members

The Chair welcomed two new members of the Supplemental Retirement Board of Trustees: Kelly Russell and Jim Lumsden. The members took the oath of office. The Chair expressed gratitude to the members for their willingness to serve.

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.

The Chair noted that a copy of each Board member's most recent Statement of Economic Interest (SEI) evaluation issued by the State Board of Elections and Ethics Enforcement can be found in the meeting materials appendix. He stated that the evaluations are provided for board members' review and for recording in the meeting minutes pursuant to the requirements of the State Government Ethics Act. The Chair encouraged all members to review the evaluations to inform and remind them of the identified actual or potential conflicts of interest.

Resolutions

The Chair and the board members recognized the outstanding service of Ms. Karen Cochran and Dr. Ron Copley as members of the Supplemental Retirement Board of Trustees. Mr. Beam

made a motion to approve their resolutions and the motion was seconded by Ms. Baran. The motion passed unanimously.

Ratification of Appointment

The Chair recognized Mr. Chisholm who explained the section of the Board Charter as it relates to the Audit Subcommittee membership and noted that the Treasurer elected to serve on and as the Chair of the Subcommittee, and that this nomination requires the Board's ratification. The Chair entertained a motion to ratify his appointment to serve as Chair and member of the Audit Subcommittee. Ms. Baran so moved and Mr. Long seconded. The motion passed unanimously.

Approval of Minutes

The Chair entertained a motion to approve the minutes of June 21, 2018, board meeting. Mr. Beam so moved and Ms. Baran seconded. The motion passed unanimously.

Legal Updates

Mr. Chisholm presented staff's proposal to codify the Plans' administrative fee of 2.5 basis points and the NC 403(b) Program's administrative fee of 5 basis points. He summarized the Administrative Procedures Act (APA) process and timeline, and noted the Board's fee setting authority per N.C.G.S. § 135-91(c), clarified during the most recent legislative session. He added that the project is expected to conclude in August of 2019. In response to Mr. Long's inquiry regarding the timing of the project, Mr. Chisholm noted that administrative fees have been charged for some time and the adoption of the administrative rule demonstrates a prudent fiduciary process.

Next, Mr. Chisholm provided an update regarding an Invitation to Bid (ITB) for the Plans' investment consultant. The Plans' current investment consultant contract expires on March 31, 2019, and the ITB is being run concurrently with the Investment Management Division to take advantage of relationship pricing. Mr. Chisholm noted that six bids were received by the response deadline of September 7, and that semi-finalists will be selected in the first week of October. The recommendation regarding the finalist will be presented to the Board in December. The Chair encouraged the members to volunteer for the ITB Selection Committee, adding that all information will be fully available to those members who choose to serve.

Proposal for Administrative Fee Reduction in the NC 401(k) and the NC 457(b) Plans

The Chair recognized Ms. Buonfiglio who directed the members' attention to the memorandum included in the meeting materials noting that, per earlier direction from the Board, the staff has reviewed the balance held in the administrative reserve account, which at present amounts to approximately seven million dollars. She noted the average annual Plans' expenses of approximately 2.7 million dollars and the preference to hold a one-year expense buffer in the reserve account. Ms. Buonfiglio added that after in-depth consultations with the staff, legal advisor and vendors, the staff recommends an administrative fee holiday for the 2019 calendar year, which will translate to annual savings of approximately ten dollars in the NC 401(k) and six dollars in the NC 457(b) for each participant.

Following the presentation, the members and staff discussed the merits of a fee holiday, as well as operational details, associated with its implementation. The Chair applauded the staff for not "grossing up" expenses in the course of the Plans' expansion.

The Chair entertained a motion to approve the fee holiday recommendation and Mr. Lewis so moved. Mr. Beam seconded and the motion passed unanimously.

Approval of Minutes

The Chair entertained a motion to approve the minutes of July 27, 2018, Audit Subcommittee meeting. Mr. Beam so moved and Mr. Lewis seconded. The motion passed unanimously.

Approval of Minutes

The Chair entertained a motion to approve the minutes of August 23, 2018, Investment Subcommittee meeting. Ms. Baran so moved and Ms. Johnson seconded. The motion passed unanimously.

GoalMaker Enhancements Transition Update

The Chair recognized Ms. de Mey who provided a summary of the GoalMaker transition background and benefits provided to the participants in both Plans and in the 403b Program. Ms. de Mey highlighted the smoothing of the glidepath, the addition of age-related cohorts, the introduction of the NC TIPS Fund, the extension of the glidepath "through retirement", as well as the fee reduction. Ms. de Mey reviewed the post-transition state of GoalMaker 2.0 product and the changes in investment balances associated with the new models.

Following the presentation, the members discussed the asset balances in index funds, as well as their flat-fee relationship pricing. Ms. de Mey noted that actively managed funds within International and SMID Cap are used in the GoalMaker portfolios and that index funds provide additional investment options to the participants.

Replacement Recommendation

Ms. de Mey directed the members' attention to the memorandum included in the meeting materials which summarizes the Investment Subcommittee's recommendation to terminate the PIMCO Inflation Response Multi-Asset Fund within the NC 401(k)/NC 457(b) Plans and the NC 403(b) Program, as well as the investment manager replacement for the Plans and the Program. Ms. de Mey noted the reasons for the recommendation, including PIMCO's mutual fund structure complexity and the lack of transparency regarding the interest expense component. Ms. de Mey added that while PIMCO has recently agreed to remove the interest expense, the decision does not change the staff's recommendation.

Staff and Mercer recommend hiring the BlackRock Strategic Completion Fund (SCF) to replace PIMCO in the Plans.

A robust discussion regarding the recommendation followed Ms. de Mey's presentation. She provided the background of the fund, as well as its investment objective, risk profile and expense overview, noting approximate savings to participants of \$4.2 million annually (based on current asset balance of \$374.2million). Ms. Johnson noted a lesser number of sectors in BlackRock's fund (three), compared to PIMCO's five and inquired about sufficient diversification; Ms. de Mey confirmed that the fund is sufficiently diversified but in the event that BlackRock were to add another sector to the fund, the staff would complete a re-assessment. The members further discussed and compared the net performance and risk of each fund, and the liquidity of the PIMCO Fund.

The Chair noted that the increase in the interest expense of the PIMCO's Fund was not disclosed during the most recent meeting and that the Plans operate on the principal of "disclosure rather than discovery." Mr. Toole added that due to PIMCO's mutual fund structure, there is no control around expenses as investors have with an investment management agreement.

Ms. Baran made a motion to terminate PIMCO Inflation Response Multi-Asset Fund in the NC 401(k)/NC 457(b) Plans and Mr. Lumsden seconded. The motion passed unanimously.

Ms. Johnson moved to replace PIMCO Inflation Response Multi-Asset Fund in the NC 401(k)/NC 457(b) with the BlackRock Strategic Completion Fund and Ms. Russell seconded. The motion passed unanimously.

Ms. Baran made a motion to terminate PIMCO Inflation Response Multi-Asset Fund in the NC 403(b) Program and Mr. Beam seconded. The motion passed unanimously.

The members further discussed the structure of the Program and how it differs from the Plans' structure in terms of permissible investment vehicles, as well as the amount and collection method of the administrative fee for the Program. Ms. de Mey noted that the staff selected the Principal Diversified Real Asset Fund to replace PIMCO in the Program.

Ms. Russell made a motion to replace PIMCO Inflation Response Multi-Asset Fund with Principal Diversified Real Asset Fund in the NC 403(b) Program and Mr. Beam seconded. The motion passed unanimously.

A recess took place from 10:40 a.m. until 10:45 a.m.

NC 401(k)/457(b) Plans 2nd Quarter Investment Performance Report

The Chair recognized Ms. Henson and Mr. Dillard. Ms. Henson noted that Mercer completed the annual review of the NC Stable Value Fund and its manager, Galliard Capital Management. Mercer rates Galliard's Stable Value strategy "A" and recommends no changes at this time. Ms. Henson further reviewed the executive summary included in the meeting materials. Mr. Dillard provided a detailed overview of all funds' performances and updates regarding market sector changes, as well as fees.

Mercer also noted that it was comfortable with the recommendation to replace PIMCO.

NC 403(b) Program 2nd Quarter Investment Performance Report

Ms. de Mey discussed the total asset balances in the Program and strong performance of the funds, positively impacted by strong consumption and low unemployment. She discussed the performance of the funds against their respective benchmarks in detail.

NC 401(k)/457(b) Plans and NC 403(b) Program 2nd Quarter Administrative Report

The Chair recognized Mr. McCann who provided the overview of contractual recordkeeping goals, noting that Prudential exceeded all requirements. He summarized the Plans' and the Program's new adoptions, GoalMaker asset balances, contributions level, field appointments, as well as year-to-date enrollments. At Mr. Long's request, Mr. McCann detailed the GoalMaker participation by age group and the drivers impacting the participation. The members discussed the GoalMaker product as the default investment for the Plans' and the Program, and the importance of following a due course fiduciary process in selecting such investment with the participant's best interest in mind.

Board of Trustees Comments

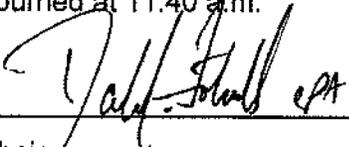
The Chair asked the Board if there were any comments prior to adjournment of the meeting. Members expressed their appreciation of the staff's guidance and support. The Chair mentioned the upcoming NAGDCA conference and encouraged the attending members to consider their roles in the conference's breakout sessions. The Chair also spoke briefly regarding the felony forfeiture law and its application to the Supplemental Retirement Plans.

Public Comments

No comments were offered.

Adjournment

There being no further business before the Board, Ms. Russell moved to adjourn, which was seconded by Mr. Long, and the meeting was unanimously adjourned at 11:40 a.m.



Chair



Secretary



STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER
RALEIGH, NC 27699-1324
WWW.ETHICSCOMMISSION.NC.GOV

April 25, 2017

The Honorable Dale R. Folwell
Department of State Treasurer
325 N. Salisbury Street
Raleigh, NC 27603

Via Email

Re: Evaluation of Your Statement of Economic Interest
North Carolina State Treasurer

Dear Treasurer Folwell:

Our office is in receipt of your 2017 Statement of Economic Interest as North Carolina State Treasurer. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but did find the potential for a conflict of interest. The potential conflict identified does not prohibit your service.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

You disclosed that you and your spouse own threshold amounts of stock in publicly traded stocks including Apple, Inc., and Valeant. Therefore, you have the potential for a conflict of interest and should exercise appropriate caution in the performance of your public duties, should these entities, or any entity in which you and/or your spouse have a financial interest come before you for official action.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Dale R. Folwell
April 25, 2017
Page 2 of 2

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

A handwritten signature in blue ink that reads "Gretchen D. Aycok". The signature is written in a cursive style with a large initial 'G' and a stylized 'A'.

Gretchen D. Aycok
SEI Attorney

cc: Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer



STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER
RALEIGH, NC 27699-1324
WWW.ETHICSCOMMISSION.NC.GOV

GEORGE L. WAINWRIGHT, JR.
CHAIRMAN

PERRY Y. NEWSON
EXECUTIVE DIRECTOR

February 25, 2016

The Honorable Patrick L. McCrory
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via email

Re: Evaluation of Statement of Economic Interest Filed By **Mr. Heyward McKinney**
Prospective Appointee - Supplemental Retirement Board of Trustees

Dear Governor McCrory:

Our office is in receipt of **Mr. Heyward McKinney's** 2016 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees ("the Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest or the potential for a conflict of interest.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. McKinney will fill the role of a member with finance and investment experience on the Board. He is retired from State government.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Patrick L. McCrory
February 25, 2016
Page Two

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter
SEI Unit

cc: Mr. Heyward McKinney

Attachment: Ethics Education Flyer



STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER
RALEIGH, NC 27699-1324
WWW.ETHICSCOMMISSION.NC.GOV

GEORGE L. WAINWRIGHT, JR.
CHAIRMAN

PERRY Y. NEWSON
EXECUTIVE DIRECTOR

November 9, 2016

The Honorable Phil Berger
President Pro Tempore of the Senate
16 W. Jones Street, Room 2008
Raleigh, NC 27601-2808

via email

Re: Evaluation of Statements of Economic Interest Filed by Melinda L. Baran
Supplemental Retirement Board of Trustees

Dear Senator Berger:

Our office is in receipt of **Melinda L. Baran's** 2015 and 2016 Statements of Economic Interest as an appointee to the **Supplemental Retirement Board of Trustees ("the Board")**. We have reviewed them for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest or the potential for a conflict of interest.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Ms. Baran fills the role of a public member on the board, and is retired.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

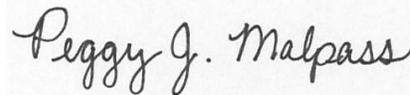
The Honorable Phil Berger
November 9, 2016
Page Two

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Peggy J. Malpass". The signature is written in black ink on a light-colored, slightly textured background.

Peggy J. Malpass
NC State Ethics Commission
SEI Unit

cc: Melinda L. Baran, Filer
Laura Rowe, Ethics Liaison
The Honorable Janet Cowell, Board Chair

Attachment: Ethics Education Flyer



STATE ETHICS COMMISSION
1324 MAIL SERVICE CENTER
RALEIGH, NC 27699-1324

John M. Tyson, Chair
Jane F. Finch, Vice Chair

Commissioners:
Barbara K. Allen
Francis X. DeLuca
William P. Farthing, Jr.
Clarence G. Newsome
J. LeRoy Roberts
George L. Wainwright, Jr.

Perry Y. Newson, Executive Director

Phone: 919-715-2071
Fax: 919-715-1644
Email: ethics.commission@doa.nc.gov
www.ethicscommission.nc.gov

June 6, 2014

The Honorable Patrick L. McCrory
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via email

Re: Evaluation of Statement of Economic Interest Filed By Mr. Michael H. Lewis
Prospective Appointee - Supplemental Retirement Board of Trustees

Dear Governor McCrory:

Our office is in receipt of **Mr. Michael H. Lewis'** 2014 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees** ("the Board"). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest or the potential for a conflict of interest.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Lewis will fill the role of a member with finance and investment experience on the Board. He is a Partner with Chartwell Property Group, a real estate company.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Patrick L. McCrory
June 6, 2014
Page Two

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter
SEI Unit

cc: Mr. Michael H. Lewis

Attachment: Ethics Education Flyer



NORTH CAROLINA

State Board of Elections & Ethics Enforcement

Mailing Address:
P.O. Box 27255
Raleigh, NC 27611-7255

Phone: (919) 814-0700
Fax: (919) 715-0135

May 25, 2018

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via Email

**Re: Evaluation of Statement of Economic Interest Filed by Dayne Steven Beam
Prospective Appointee – Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Dayne S. Beam's** 2018 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

The Honorable Roy A. Cooper, III

May 25, 2018

Page 2 of 2

Mr. Beam will fill the role of a member with experience in finance and investments on the Board. Mr. Beam disclosed that he owns stock in several publicly traded companies and stock options with Bank of America. As such, he has the potential for a conflict of interest, and should exercise appropriate caution in the exercise of his public duties should any entity in which he holds a financial interest, come before the Board for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Lisa Johnson, Paralegal
NC Board of Elections & Ethics Enforcement

cc: Mr. Dayne S. Beam

Attachment: Ethics Education Flyer



NORTH CAROLINA

State Board of Elections & Ethics Enforcement

Mailing Address:
P.O. Box 27255
Raleigh, NC 27611-7255

Phone: (919) 814-0700
Fax: (919) 715-0135

May 25, 2018

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via Email

**Re: Evaluation of Statement of Economic Interest Filed by Nigel Llwellyn Long
Prospective Appointee – Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Nigel L. Long's** 2018 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Long will fill the role of a member with experience in finance and investments on the Board. He disclosed that his spouse owns stock and stock options with Well Fargo and that he has a financial interest in several non-public companies. As such, he has the potential for a conflict of interest, and should exercise appropriate caution in the exercise of his public duties should any entity in which he or his spouse holds a financial interest, come before the Board for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Lisa Johnson, Paralegal
NC Board of Elections & Ethics Enforcement

cc: Mr. Nigel L. Long

Attachment: Ethics Education Flyer



NORTH CAROLINA

State Board of Elections & Ethics Enforcement

Mailing Address:
P.O. Box 27255
Raleigh, NC 27611-7255

Phone: (919) 814-0700
Fax: (919) 715-0135

May 25, 2018

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via Email

**Re: Evaluation of Statement of Economic Interest Filed by Lorraine Diane Johnson
Prospective Appointee – Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Ms. Lorraine D. Johnson's** 2018 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Ms. Johnson will fill the role of a member with experience in finance and investments on the Board. She is a wealth consultant with Life Time Asset Management, LLC, and the sole owner of Triangle Financial Advisors, LLC. As such, she is in the investment advisory business and should exercise appropriate caution in the exercise of her public duties should any entities with which she does business or recommends as investment opportunities to her clients come before the Board for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Lisa Johnson, Paralegal
NC Board of Elections & Ethics Enforcement

cc: Ms. Lorraine D. Johnson

Attachment: Ethics Education Flyer



NORTH CAROLINA

State Board of Elections & Ethics Enforcement

Mailing Address:
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Raleigh, NC 27611-7255

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Fax: (919) 715-0135

May 29, 2018

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via Email

**Re: Evaluation of Statement of Economic Interest Filed by Kelly Ann Russell
Prospective Appointee – Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Mrs. Kelly A. Russell's** 2018 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

We did not find an actual conflict of interest or the likelihood of a conflict of interest.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

The Honorable Roy A. Cooper, III
May 29, 2018
Page 2 of 2

Mrs. Russell will fill the role of a member who is a state employee with experience in finance and investments on the Board. She is an Assistant Clerk for Wake County Clerk of Court.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Lisa Johnson, Paralegal
NC Board of Elections & Ethics Enforcement

cc: Mrs. Kelly A. Russell

Attachment: Ethics Education Flyer



NORTH CAROLINA

State Board of Elections & Ethics Enforcement

Mailing Address:
P.O. Box 27255
Raleigh, NC 27611-7255

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Fax: (919) 715-0135

August 10, 2018

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via Email

**Re: Evaluation of Statement of Economic Interest Filed by James D. Lumsden
Prospective Appointee – Supplemental Retirement Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. James D. Lumsden's** 2018 Statement of Economic Interest as a prospective appointee to the **Supplemental Retirement Board of Trustees (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 163A-193(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 163A-157.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Supplemental Retirement Board of Trustees was established through the Department of State Treasurer to coordinate and administer various supplemental retirement programs, including 457 plans, 401(k) plans and other similar investment vehicles. The Board has the authority to review contracts, agreements or arrangements pertaining to the administrative services and investment of deferred funds under the plans with service providers. Further, the Board may recommend continuation of or changes to such contracts.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Lumsden will fill the role of a member with experience in finance and investments on the Board. He is the President of Fairview Advisors, a private investment company. As such, he is in the investment advisory business and should exercise appropriate caution in the exercise of his public duties should any entities with which he does business or makes investment recommendations come before the Board for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Lisa Johnson, Paralegal
NC Board of Elections & Ethics Enforcement

cc: James D. Lumsden

Attachment: Ethics Education Flyer