



NC ABL
National ABL Alliance Member



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

Draft MINUTES
NC ABL PROGRAM BOARD OF TRUSTEES

The regular quarterly meeting of the NC ABL Program Board of Trustees was called to order at 9:30 a.m., February 10, 2021, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in a hybrid format, with most people attending via teleconference and some attending in person 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, Chris Egan (via internet), Commissioner Ray Grace (via internet), Melinda Plue (via internet), Marquita Robertson (via internet), and Ben Wright (via internet).

Members Absent

No members were absent.

Guests Present

The guests attending (all via internet) were: Rich DeSilva, Dawn Roach, and Paul Souppa from Ascensus.

Department of State Treasurer Staff Present

The staff members present were: Mary Buonfiglio, Tom Causey, Reid Chisholm, Christy Farrelly, Patti Hall, Brian Jackson (via phone), Alan Jaquith (via internet), Rekha Krishnan (via internet), Fran Lawrence (via internet), and Loren de Mey (via internet).

The Chair called the meeting to order and reminded members that, since this meeting is being held in a hybrid format, members must announce their names when they arrive, when they depart, and when speaking. He explained that all votes would be taken by roll call.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

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

The Chair informed the members that the Statements of Economic Interest (SEI) have been updated for Treasurer Dale R. Folwell, Commissioner Raymond Grace, Benjamin Wright, Kody Kinsley (Dept. of Health and Human Service Secretary Designee), Thomas Causey (Treasurer Designee), and Katherine Bosken (Commissioner of Banks Designee). He explained that copies of the updated SEI evaluations were available in the appendix.

The Chair led the Board in reciting the Pledge of Allegiance.

Approval of Minutes

The Chair entertained a motion to approve the minutes of the November 12, 2020, NC ABLE Program Board of Trustees meeting, and Commissioner Grace so moved. Ms. Plue seconded. The motion passed unanimously via rollcall vote.

National ABLE Alliance Program Manager Search

The Chair recognized Mary Buonfiglio to provide an update on the National ABLE Alliance's program manager search. Ms. Buonfiglio shared that the current manager is Ascensus and their current contract expires 12/6/2021. Ms. Buonfiglio shared that this was the original contract term and that the National Alliance decided to issue an RFP rather than extend the contract. The National ABLE Alliance issued an RFP on 12/1/2020, received bids by 1/25/2021, and will review all bids received. Illinois is the lead state in the process. She commented that the team reviewing the bids intends to decide by mid-March.

Commissioner Grace asked if the Board will do any additional vetting in the manager search. Ms. Buonfiglio explained that she is part of the team reviewing the bids. She stated that there would be a final round, then a "best and final offer" (BAFO) round. There will be a virtual meeting with the finalists. Following the selected vendor's contract with Illinois (the lead state in the Alliance), the Board will be asked if they wish to continue in the National ABLE Alliance. She said that staff will provide a recommendation at that time and commented that a special board meeting may be required to meet the deadline.

The Chair asked if the list of companies that submitted bids is public record. Ms. Buonfiglio shared that the bidders are not public record at this time. The Chair reminded the Board that all states benefit from competitive fees and costs due to the size of the National Alliance.

Legal Update

The Chair recognized Reid Chisholm to provide a legal update on the NC ABLE program. Mr. Chisholm shared the Annual Report to the General Assembly. The annual report introduces the NC ABLE program, covers the program's structure, accomplishments for the past year, investment performance, and ongoing marketing initiatives.

The Chair entertained a motion to approve the NC ABLE Program Annual Report to the General Assembly, and Mr. Chris Egan so moved. Commissioner Grace seconded. The motion passed unanimously via rollcall vote.

Mr. Chisholm then provided an update on the Federal ABLE regulations, which became effective on 1/1/2021. He commented that staff is working with Ascensus and the National Association of State Treasurers on reviewing and implementing any changes in the regulations from the program's current practice. Mr. Chisholm highlighted four areas of the regulations: (1) who can open and manage an account, including open questions on implementation reconciliation with state law; (2) who can provide a disability certification, which differs from Ascensus's current approach; (3) certifications of additional contributions under the ABLE to Work Act; and (4) the continued emphasis on the broad nature of qualified disability expenses.

Communication and Outreach Update

The Chair recognized Christy Farrelly to provide an update on communication and outreach efforts. Ms. Farrelly said that NC ABLE had a virtual page and a virtual booth at the Museum of Natural History STEM (Science, Technology, Engineering, and Math) virtual career fair. She shared that this caused a large

spike in visits to the NC ABLE webpage. She said that the webpage views are consistently rising and that the average time spent on the page has increased by a minute. Referrals are coming from the main NC ABLE nctreasurer.com webpage. Ms. Farrelly is working on a new NC ABLE website and the new site should be able to go live within two weeks. She shared that on 1/11/2021, the NC ABLE program passed \$10 Million in assets for the first time.

The Chair entertained a motion to allow staff to revise the NC ABLE Program Annual Report to the General Assembly to show that assets surpassed \$10 Million for the first time. Ms. Plue so moved, and Mr. Wright seconded. The motion passed unanimously via rollcall vote.

Treasurer Folwell stated that he would be handing the gavel to Mr. Thomas Causey and that Mr. Causey would take over as Acting Chair.

Administrative Update

The Acting Chair recognized Rich DeSilva from Ascensus to provide an administrative update. Mr. DeSilva said that the National ABLE Alliance assets are now over \$150 Million, reaching a contract breakpoint. He shared that this breakpoint reduces annual administrative expenses from 0.32% to 0.30% of assets. Mr. DeSilva said Ascensus is internally reviewing the new Federal ABLE regulations and will deliver an executive summary of the changes. He commented that he anticipates their employees will continue working remotely until at least mid-year due to COVID-19.

Mr. DeSilva said 112 new accounts were opened during the fourth quarter, bringing the total NC ABLE open accounts to 1,146. Total plan assets grew during the quarter. Mr. DeSilva added that, in terms of assets, the NC ABLE program remains fifth within the National ABLE Alliance and represents 7% of the National ABLE Alliance assets.

Mr. DeSilva said that the contribution types remained consistent in the fourth quarter, as did the types of disabilities. The percentage of assets in the checking account option declined due to strong market performance as the more aggressive investment account options rose in value. He mentioned that, as requested, the state asset ranking table now includes the date that each state joined the National Alliance.

Treasurer Folwell returned during Ascensus's presentation and took over as Chair.

The Chair recognized Paul Souppa to report on investments and portfolio performance. Mr. Souppa noted that the equity markets had a roller coaster year with a V-shaped recovery. Overall market performance was positive for the fourth quarter and for the year. He commented that US small- and mid-cap stocks rebounded strongly in the fourth quarter and were the top performers for the year. International markets also had a strong year, with the emerging markets leading the way. All of the investment options in the portfolio had a positive year, with the riskier options outperforming the less-aggressive options. He commented that real estate was the laggard among the market sectors.

He said that the US fixed income market had positive returns across all sectors as rates declined. He shared that fixed income investments with longer durations outperformed those with shorter durations. He commented that the funds are now set with short durations and are positioned to benefit if rates rise.

Public Comments

No public comments were offered.

Board of Trustees Comments

The Chair stated that Ms. Buonfiglio has announced that she intends to retire 7/1/2021. He shared that she joined the Department of State Treasurer Retirement Systems Division in 2012 and has led several initiatives, helped save millions of dollars for plan participants, and also leads the Supplemental Retirement Plans (SRP) division. He commented that under her leadership, the NC 401(k) Plan is now one of the largest in the country in terms of participants. He thanked her for her contributions.

Mr. Causey thanked Ms. Buonfiglio for her work, her support, and for educating him on the Plans and NC ABLE. Ms. Robinson commented that she has worked with Ms. Buonfiglio since 2014 and has grown to respect and admire her. She offered her congratulations and said that she is excited for her. Mr. Egan shared that he was really impressed by her willingness to learn and by her willingness to spend time with families considering opening accounts. Ms. Plue said that she echoed all those sentiments, that she was grateful for her work, and said that her leadership will be missed. Mr. Wright commented that Ms. Buonfiglio is "first class all the way" and the Board has been in very good hands. He offered his best wishes.

Ms. Buonfiglio replied that she truly appreciated all these comments and feels that there has always been a team effort. She said she felt fortunate to work in a close, collaborative way. She added that she will greatly miss everybody and thanked the Treasurer.

The Chair commented that he appreciated Ms. Buonfiglio's service and announced the next Board meeting will be Wednesday, May 12, 2021 at 9:30 a.m.

Adjournment

Chair commented that in honor of Ms. Buonfiglio's service and with no further business before the Board, he would entertain a motion to adjourn. Ms. Plue moved to adjourn; her motion was seconded by Mr. Wright, and the meeting was unanimously adjourned at 10:22 a.m.

Chair

Date

Secretary

Date