AGENDA ITEM- WELCOME AND INTRODUCTIONS

The meeting was called to order at approximately 1:30. Treasurer Janet Cowell, Chair of the Board, welcomed Board members and guests.

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

The Chair asked Board members to review the agenda for the meeting and identify any actual, implied, or potential conflicts of interest. There were no conflicts identified.

AGENDA ITEM- APPOINTMENT OF AUDITOR

The Chair asked Mr. Gray, member of the Audit Subcommittee of the Board, if he would present the recommendation of the Auditor Evaluation Committee.

Mr. Gray said that on November 12, 2013, a request for proposal to perform audit services for the Supplemental Retirement Plans (the “Plans”) was issued by the Department. On November
22, written responses to bidder’s questions were posted on the Plans’ website. Eight bids were received on December 12, 2013. Mr. Gray listed the firms that submitted bids. They were:

1. CliftonLarsonAllen, LLP
2. Elliott Davis, PLLC
3. BDO USA, LLP
4. Grant Thornton, LLP
5. Greer Walker, LLP
6. McGladrey, LLP
7. Cherry Bekaert, LLP
8. PricewaterhouseCoopers, LLP

Mr. Gray then explained that all respondents were evaluated according to their technical and cost response to the RFP. The preliminary auditor evaluation committee (the “Committee”) was comprised of Steve Toole, Director, NC Retirement Systems; Mary Buonfiglio, Deputy Director, Supplemental Retirement Plans; and Joan Fontes, Deputy Director, Financial Operations Division. Mr. Gray noted that the NC Retirement Systems’ legal and procurement teams advised and supported the Committee throughout the process.

The evaluations were based on a qualitative and quantitative evaluation matrix and three firms were chosen as finalists through this preliminary evaluation process.

The finalists were:

1. Grant Thornton LLP
2. CliftonLarsonAllen LLP
3. PricewaterhouseCoopers LLP

On January 17, 2014, the three finalists gave oral presentations. Mr. Gray noted that he attended the oral presentations and participated in the secondary evaluation process as a voting member of the Committee. The Committee evaluated each presentation and assigned scores.

Mr. Gray said that after a comprehensive evaluation of each technical and cost proposal, clarifications on certain issues from bidders and the oral presentations, the Committee recommends CliftonLarsonAllen be awarded the contract to perform audit services for the Plans for the year ending December 31, 2013. This recommendation is based on the firm’s qualifications, audit methodology, significant number of similar governmental clients, defined contribution retirement plan experience and competitive cost proposal. Mr. Gray noted that while each bidder had significant professional strengths and capabilities, the evaluation Committee felt CliftonLarsonAllen was the best fit for the Plans and its participants. He pointed out that the scoring grid for the three finalists is included in the Board materials.

Ms. Keech asked for some background on CliftonLarsonAllen. Ms. Buonfiglio explained that they had been separate accounting firms and they merged two years ago. She said the firm had developed a niche market in the governmental plans arena and they audit many other similar
plans. The committee felt like they would be a good fit and that the plans are right in their sweet spot of business. Ms. Cochran noted that CLA does have an office in North Carolina and she asked whether this factored into the Committee’s decision. Ms. Buonfiglio introduced Joan Fontes who was a member of the Evaluation Committee and said that the Committee determined whether or not each bidder had a North Carolina presence. While CLA does have a Charlotte office, the team assigned to this audit is out of the Baltimore area. This issue was discussed amongst the evaluation committee members and it was determined not to be a concern.

Ms. Cochran asked if the committee saw any other weaknesses in the firm. Mr. Gray stated that what he was struck by was how experienced the firm is in the particular field of DC governmental plans. Ms. Cochran asked whether there is value in having broader experience. Mr. Toole pointed out that the committee thought about this, but it weighted more heavily in their favor that they had experience with so many similar type plans. Ms. Buonfiglio added that, while we would be working with a specialized practice within CLA, CliftonLarsonAllen is a very large firm.

Ms. Baran made a motion that the Board approves CliftonLarsonAllen as the auditor for the Plans. Ms. Keech seconded and the motion passed unanimously.

Mr. Toole noted that Mr. Gray was very helpful on the Auditor Evaluation Committee and thanked him for his service.

**AGENDA ITEM – BOARD QUESTIONS/COMMENTS**

There were no additional comments or questions from the Board.

**AGENDA ITEM – PUBLIC COMMENT**

There were no public comments.

A motion to adjourn was made by Ms. Keech and seconded by Ms. Baran. The motion passed unanimously, and the meeting adjourned at approximately 1:45 p.m.

CHAIR