



**NC ABL**  
National ABL Alliance Member



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

## 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 12, 2020, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in the Dogwood Conference Room of the Lingle 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 Folwell, Ray Grace (via telephone), Marquita Robertson, and Ben Wright (via telephone).

### **Members Absent**

The Board members absent were: Kody Kinsley and Melinda Plue.

### **Guests Present**

The guests attending were: Chris Catanese, Rich DeSilva, Dawn Roach, and Paul Souppa from Ascensus (via telephone).

### **Department of State Treasurer Staff Present**

The staff members present were: Mary Buonfiglio, Tom Causey, Chris Farr, Christy Farrelly, Alexandria Ferguson, Elizabeth Hawley, Brian Jackson, Rekha Krishnan, Sharon Leach, Frank Lester, and Loren de Mey.

### **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, except as noted below.

Ms. Robertson stated that The Collaborative, a non-profit organization where she is employed as the Executive Director, received funding from the NC Council on Developmental Disabilities to support a training program of which the NC ABL Program is a part. Ms. Robertson noted that she will recuse herself from any current or future discussion regarding the project.

### **Approval of Minutes**

The Chair entertained a motion to approve the minutes of the November 12, 2019, NC ABL Program Board of Trustees meeting, and Marquita Robertson so moved. Ben Wright seconded, and the motion passed unanimously.

### **NC ABL Program Update**

The Chair recognized Mary Buonfiglio to provide an update on the NC ABL program. Ms. Buonfiglio began by providing an update on the creation of an Investment Policy Statement, noting that a statement, as

well as guiding principles for investments, has been drafted and is currently under review by the Alliance. Ms. Buonfiglio noted that the statement and guiding principles define roles, guidelines, and principles for the program as well as outline how investment managers will be evaluated. Once reviewed by the Alliance, the finalized statement and guidelines will be presented to the Board for review and adoption.

Ms. Buonfiglio discussed the completion of fee and benchmarking studies which were conducted to ensure the Alliance is taking advantage of the lowest price available. Ms. Buonfiglio noted that the early recommendations from the benchmarking included moving the Vanguard Short-term Inflation Protected Index Fund from admiral share class to institutional share class to save a few basis points. This share class recommendation has been adopted.

Ms. Buonfiglio also stated that the emerging market fund showed performance in the 50<sup>th</sup> percentile and the fees were 1-3 basis points higher than comparable alternatives within the asset class. Therefore, a search for a new manager for the emerging market asset class was recommended by the National ABLI Alliance.

Following the February 12, 2020 meeting, the National ABLI Alliance reached out to staff asking each state to vote "Yes" or "No" on the following action: "Should the National ABLI Alliance begin a formal search for a fund manager to potentially replace the Schwab Emerging Markets Equity ETF within the Emerging Markets asset class?". As Ms. Buonfiglio updated and informed the board during the meeting on February 12, 2020 that this search was recommended by the National ABLI Alliance and there were no questions or concerns raised by the board, Ms. Buonfiglio supported providing a "Yes" vote to the Alliance.

Ms. Buonfiglio moved on to discuss general program updates, noting that at its November meeting the board approved hiring a part-time person for outreach purposes. Ms. Buonfiglio stated that the job description was created and posted for applications, the posting has received a strong response, and the department will be moving forward with interviews in the next couple of weeks.

Lastly, Ms. Buonfiglio discussed the contract with O'Neill Communications. Ms. Buonfiglio noted that after a month into the marketing and communications contract with O'Neill Communications staff determined O'Neill Communications was not meeting expectations. Ms. Buonfiglio stated the contract with O'Neill Communications was terminated and State Treasurer staff members Christy Farrelly and Alexandria Ferguson have stepped in to complete the communications deliverables.

Ms. Robertson asked if there are any plans to obtain another external agency to assist with marketing and communications or if the plans are to keep everything in-house. Ms. Buonfiglio stated that the efforts made by staff have been sufficient and feel that; therefore, there is no current plan to engage another external agency.

#### **Communication and Outreach Update**

The Chair recognized Alexandria Ferguson to provide an update on communication and outreach efforts. Ms. Ferguson stated that there are currently 873 funded accounts with a total asset of \$6,021,984.73. The program's goal by the end of 2020 is to double both the number of accounts and the total amount of assets. Ms. Ferguson noted that staff hopes to meet this goal by deepening current relationships, partnering with current and new organizations, and utilizing social media outlets.

### **Administrative Update**

The Chair recognized Rich DeSilva and Paul Souppa from Ascensus to provide an administrative update. Mr. DeSilva began by discussing that the number of funded accounts as of December 31, 2019 is at 873 with a total asset amount of \$6,021,984.73. Mr. DeSilva noted that the main contribution method continues to be EBT and check contributions. He also discussed the distribution of assets based on account owner's disability classifications, noting that two-thirds of assets are held by account owners with disabilities classified as developmental or intellectual. Mr. DeSilva stated that the closed account activity remains consistent with past reports. In addition, NC ABLE accounts by fund remains unchanged and almost identical to the third quarter. North Carolina's assets rank fourth in the Alliance.

Mr. Souppa reported on portfolio performance, noting that it was a strong fourth quarter with returns ranging from 5.5% to 25% within the moderate and aggressive options. Mr. Souppa discussed underlying fund performance, noting that again it was a strong quarter and those with more equity did better. Mr. Souppa further noted that there was strong performance for bonds and as interest rates continue to lower.

### **Legal Issues**

The Chair recognized Mary Buonfiglio to discuss legal issues. Ms. Buonfiglio presented the Annual Report to the General Assembly, noting that the report to the General Assembly is required on an annual basis to provide an update on the NC ABLE Program. Ms. Buonfiglio noted that the report is consistent with prior years' reports with the addition of a table on the top of the second page showing the growth of the program as well as 2020 stretch goals in the "Looking Forward" section.

A motion was made to accept the report, and Ben Wright so moved. The Chair seconded, and the motion passed unanimously.

Ms. Buonfiglio gave an update on the Alliance's contract with Ascensus, noting that currently the contract allows for Ascensus to terminate the contract if the Alliance has fewer than 25,000 accounts by the end of 2019. Ms. Buonfiglio stated that Ascensus is unwilling to remove this clause from the contract. Should Ascensus implement this provision, a ninety-day notice would be provided to the Alliance and Ascensus would support the transition to a new recordkeeper. Ms. Buonfiglio further noted that it has been confirmed with Ascensus that at this time they do not see initiating a termination in the near future.

### **Public Comments**

No public comments were offered.


### **Board of Trustees Comments**

Ms. Robertson thanked Ms. Buonfiglio, Ms. Ferguson, and Ms. Farrelly for the impressive work they have done to support, administrate, and manage the program. The Chair thanked everyone for participating and announced the next Board meeting will be Wednesday, May 13, 2020 at 9:30 a.m.

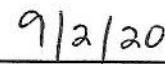
**Adjournment**

There being no further business before the Board, Ms. Robertson moved to adjourn, which was seconded by the Chair, and the meeting was unanimously adjourned at 10:17 a.m.

  
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Chair

  
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Date

  
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Mary Buonfiglio (Sep 7, 2020 12:34 EDT)

  
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Date

Secretary