



NC ABE
National ABE Alliance Member



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

MINUTES NC ABE PROGRAM BOARD OF TRUSTEES

The regular quarterly meeting of the NC ABE Program Board of Trustees was called to order at 9:30 a.m., May 13, 2020, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held with everyone attending via teleconference. 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, Chris Egan (designee of Secretary Mandy Cohen), Commissioner Ray Grace, Melinda Plue, Marquita Robertson, and Ben Wright.

Members Absent

No members were absent.

Guests Present

The guests attending were: Rich DeSilva, Dawn Roach, and Paul Souppa from Ascensus. Cheryl Walfall-Flagg, member of the public.

Department of State Treasurer Staff Present

The staff members present were: Mary Buonfiglio, Tom Causey, Reid Chisholm, Chris Farr, Christy Farrelly, Patti Hall, Brian Jackson, Alan Jaquith, Rekha Krishnan, April Morris, Fran Lawrence, Sam Watts, and Loren de Mey.

The Chair called the meeting to order and notified the board of several items based on a recently enacted state law regarding remote meetings, including roll call votes and members' announcements of their names when they arrive, when they depart, and when they speak.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

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

The Chair shared that the NC State Ethics Commission had provided an Evaluation of Statement of Economic Interest for Mr. Christopher Egan. The Ethics Commission stated in the letter that they did not find any actual conflict of interest or the likelihood for any conflict of interest regarding Mr. Egan's service on the NC ABE Board of Trustees. The Chair thanked Mr. Egan for his willingness to serve as a board member.

Approval of Minutes

The Chair entertained a motion to approve the minutes of the February 12, 2020, NC ABLE Program Board of Trustees meeting, and Melinda Plue so moved. Ben Wright seconded. The motion passed unanimously via roll call.

The Chair suggested that the Board combine approval of minutes for the two special meetings, the March 9, 2020 NC ABLE Special Meeting regarding a promotional contract for The Arc of North Carolina and the April 2, 2020 Special Meeting regarding the Investment Policy Statement (IPS), into one motion and there were no objections. The Chair entertained a motion to approve both sets of minutes of the NC ABLE Program Board of Trustees Special Meetings, and Commissioner Ray Grace so moved. Chris Egan seconded. The motion passed unanimously via roll call.

Communication and Outreach Update

The Chair recognized Christy Farrelly to provide an update on communication and outreach efforts. Ms. Farrelly shared that several webinars were offered to various community organizations during the first quarter. She shared that NC ABLE is featured on the nctreasurer.com website and that Treasurer Folwell appeared on a TV show to raise awareness for NC ABLE. Ms. Farrelly stated that training presentations and an online curriculum are now available. Enrollment guides and toolkits for employers are coming soon, along with digital support for potential account holders. Ms. Farrelly shared Federal highlights related to NC ABLE accounts and plans for continuing social media outreach.

Ms. Robertson complimented staff on the program's newsletter.

In response to a request from the Chair, Ms. Mary Buonfiglio discussed generally partnerships with other organizations and mentioned four organizations that staff had contacted. Ms. Buonfiglio shared that due to the current situation with the Coronavirus, many events planned with outreach partners to cross promote NC ABLE have been postponed or cancelled. She stated that the program remains active on websites, blogs, and webinars to raise awareness and that staff is hopeful for a more normal environment in 2021.

Administrative Update

The Chair recognized Ms. Mary Buonfiglio to present an investment update. She shared that as part of ongoing due diligence, the National ABLE Alliance (NAA) initiated a study in November 2019 to review fund offerings. The study recommended that the NAA pursue share classes with lower expense ratios when available. The NAA has moved from Vanguard Admiral Shares to the Vanguard Institutional Share class with a lower expense ratio. Ms. Buonfiglio also shared that a search was initiated for an Emerging Markets ETF but the NAA remained in the current Schwab ETF with a reduction in price.

The Chair recognized Rich DeSilva and Paul Souppa from Ascensus to provide an administrative update. Mr. DeSilva began by noting that due to the pandemic, everyone in Operations is working remotely except for the Mailroom. He shared that recurring contributions remained consistent while non-recurring contributions declined 20% during the first quarter. Mr. DeSilva noted that only nine accounts were closed with full disbursement during the first quarter. Mr. DeSilva added that in terms of assets, the NC ABLE program remains fourth within the National ABLE Alliance, and the checking account option is still the most popular investment option, with approximately 30% of all funded positions (investments).

Mr. Souppa reported on portfolio performance, noting that during the first quarter, the equity markets declined more than 20% and have since rebounded significantly. Mr. Souppa also reported the providers

of the Schwab Emerging Market Equity ETF agreed to change the fund share class which resulted in a lower expense ratio. He mentioned that there was a little more drift from benchmarks than usual this quarter, likely due to extreme market fluctuations.

In response to a question from the Chair, Ms. Buonfiglio shared that the annual goal for 2020 is to double the number of existing accounts and to double the assets. Currently, the NC ABLE Program has approximately 1,000 open accounts approximately \$6 million, with goals of 1,700 accounts and \$12 million by year end.

Ms. Buonfiglio shared that the State of Connecticut has expressed interest in joining the ABLE Consortium. With Connecticut, there will be a total of 18 entities, 17 states plus the District of Columbia.

Public Comments

No public comments were offered.

Board of Trustees Comments

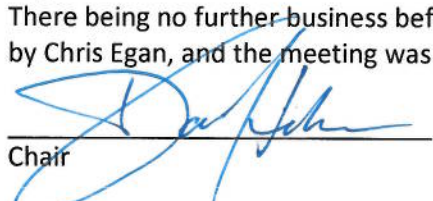
Ms. Melinda Plue expressed appreciation for the hard work of the SRP staff. Mr. Chris Egan said that he appreciated the opportunity to be more closely involved with the work of the NC ABLE Board.

The Chair said that NC ABLE is advocating for "the invisible" and that in a crisis, often the low-income people get hurt the most. He shared that many communities had money in reserve, but that no one can prepare for an event of this type. He commented that we are all working together throughout this pandemic, but that all are impacted differently. The Chair thanked everyone for participating and announced the next Board meeting will be Wednesday, August 12, 2020 at 9:30 a.m.

Adjournment

There being no further business before the Board, Melinda Plue moved to adjourn, which was seconded by Chris Egan, and the meeting was unanimously adjourned at 10:17 a.m.

Chair



Mary Buonfiglio

Secretary

Date

9/20/20

Date

9/17/20

Signature: Mary Buonfiglio
Mary Buonfiglio (Sep 17, 2020 16:37 EDT)

Email: mary.buonfiglio@nctreasurer.com



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

March 5, 2020

The Honorable Mandy K. Cohen
North Carolina Department of Health and Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

**Re: Evaluation of Statement of Economic Interest by Mr. Christopher Egan
Appointee to the Achieving a Better Life Experience (ABLE) Board of Trustees**

Dear Secretary Cohen:

Our office has received **Mr. Christopher Egan's** 2020 Statement of Economic Interest as your designee to serve on the **Achieving a Better Life Experience (ABLE) 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 (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. § 138A-28(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. § 138A-13.

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

The Achieving a Better Life Experience (ABLE) Board of Trustees was established to implement a private savings account program (ABLE accounts) for the purpose of supporting individuals with disabilities. The Board is authorized to contract for investment advice, retain professionals, develop a marketing plan, establish methods for dispersing funds, and set administrative costs for the program, as well as develop and implement investment strategies.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated

The Honorable Mandy K. Cohen
March 5, 2020
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persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Mr. Egan will fill the role of your designee on the Board.

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

When this letter cites an actual or potential conflict of interest under N.C.G.S. § 138A-24(e), the conflict must be recorded in the minutes of the applicable board and brought to the membership's attention by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act. N.C.G.S. § 138A-15(c).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. 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,

A handwritten signature in cursive script that reads "Mary Roerden".

Mary Roerden, SEI Unit
State Ethics Commission

cc: Christopher Egan
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide