

North Carolina ABLE Program Board of Trustees Charter

I. Purpose and Authority

Pursuant to N.C.G.S. §147-86.~~7252~~ the General Assembly established the ABLE Program Board of Trustees (the "Board") to administer the North Carolina Achieving a Better Life Experience Program Trust in North Carolina (the "ABLE Program") established under N.C.G.S. §147-86.~~7151~~.

The Board has fiduciary responsibility for the ABLE Program's administration, investments, and disposition. Pursuant to N.C.G.S. § 147-86.~~7253~~, the Board may delegate to the North Carolina Department of State Treasurer ("DST") ~~the authority to develop and perform all functions necessary and desirable to administer the ABLE Program Trust. certain duties such as administration of the ABLE Program Trust and implementation of the investment strategy established by the Board.~~ The Board and DST shall act for the exclusive purpose of serving the ABLE Program's beneficiaries.—In fulfilling this responsibility, the Board and DST ~~may retain the services of auditors, attorneys, investment counseling firms and custodians, or other persons or firms possessing specialized skill or knowledge necessary for the proper administration of its investment programs. have full power and authority to adopt rules and regulations of the administration of the ABLE Program, including the appointment and dismissal of agents, contractors, employees and committees deemed advisable to carry out the terms and conditions of the ABLE Program.~~ N.C.G.S. §147-86.~~752~~(c).

II. Composition and Duties

A. The Board is composed of six members, which include the following:

1. The State Treasurer, ex officio or designee, as chair
2. The Commissioner of Banks, ex officio or designee
3. The Secretary of the North Carolina Department of Health and Human Services, ex officio, or designee
4. A person appointed by the Governor with experience in investment and finance
5. A person appointed by the President Pro Tempore of the Senate with experience in advocacy for the disabled
6. A person appointed by the Speaker of the House of Representatives that is an immediate family member or guardian of an individual eligible for an ABLE Account

B. Terms

1. The members of the Board, except those members serving in an ex officio capacity, shall be appointed for terms of three years and shall serve until their successors are appointed and qualified.
2. Vacancies are filled in the same manner as the original appointment.
3. No appointed member for the Board may serve longer than any of the following:
 - a. Two consecutive three year terms,
 - b. Three consecutive terms of any length, in the event that one or more

of the terms is for less than three years in duration or the member serves a partial term as a result of filing a vacancy,

- c. Eight consecutive years, regardless of term length.

C. Standard of Care

The Board and its individual members shall exercise a duty of care and prudence in the A B L E P r o g r a m ' s administration, discharging its duties with care, skill, prudence, and due diligence.

To that end, Board members shall be responsible for the following:

1. Orientation -- All Board members shall complete an orientation program within 90 days of the date of their appointment. DST staff shall be responsible for conducting the orientation program.
2. Ethics -- Upon acceptance of his or her appointment, each Board member shall be required to sign an affirmation pledging to uphold both the letter and spirit of the Code of Ethics. All Board members shall also complete the Statement of Economic Interest and the training sessions required by the North Carolina Ethics Commission.
3. Annual Fiduciary Training - Board members shall participate in the annual fiduciary training provided by DST.

D. Officers

1. Chair -- Pursuant to N.C.G.S. § 147-86.752(a)(1) the State Treasurer shall be the chairman of the Board. These duties include, but are not limited to:
 - a. Calling special or emergency meetings;
 - b. Enforcing the governing policies of the Board;
 - c. Recommending the appointment or removal of members of the Board;
 - d. Recommending the appointment or removal of DST staff;
 - e. Recommending the appointment of all subcommittee members and chair leadership; and
 - f. Conducting all meetings in an efficient and effective manner.
2. Secretary -- The Secretary shall be the Deputy Director for the Supplemental Retirement Plans unless otherwise appointed by the State Treasurer. The Secretary's duties include, but are not limited to:
 - a. Maintaining a current list of Board members;
 - b. Notifying all members and the public of meetings;
 - c. Coordinating and disseminating information to the Board;
 - d. Maintaining official minutes and records of all proceedings from Board meetings;
 - e. Responding to requests under North Carolina public records laws;
 - f. Accepting service of process on behalf of the Board;
 - g. Ensuring compliance with the Code of Ethics and Conduct;

- h. Preparing, as directed, by the Chair an order of business ("agenda") prior to each Board meeting, for use by the Chair, showing the exact order of all matters known in advance; and
- i. Otherwise facilitating the scheduling of each meeting and notifying members thereof.

E. Standing Subcommittees-

The Board shall have two standing subcommittees: the Investment Advisory Subcommittee and the Audit Subcommittee. Membership and leadership of these subcommittees is restricted to Board members who serve at the nomination of the Board Chair and ratification of the Board.

When serving on any subcommittee, Board members shall conduct themselves in accordance with their fiduciary duty of loyalty and care owed the ABLE Program beneficiaries.

1. Investment Subcommittee:

- a. The subcommittee shall be composed of at least three but no more than four Board members, including the Board member appointed by the Governor and the Commissioner of Banks or his or her designee. The Board Chair shall nominate the additional member or members of the subcommittee.
- b. The subcommittee shall meet at least quarterly to review the performance of the ABLE Program's investment options.
- c. The subcommittee shall, in consultation with an independent investment consultant and DST staff, make regular reports to the Board on those investment options, tendering recommendations for Board action on any and all investments.
- d. The subcommittee will meet at least two weeks prior to any full Board meeting, allowing adequate time to submit its report and recommendations to all Board members for action at the next regularly constituted meeting.
- e. The subcommittee may also review any background data, historical information, staff reports, consultants' reports, and any other documents it deems reasonably necessary to form an opinion of the capabilities of the staff, investment managers, custodian banks, investment consultant and other service providers. The subcommittee is authorized to ask any questions of such individuals and entities that are relevant to the services they perform on behalf of the Program and its beneficiaries.

2. Audit Subcommittee:

- a. The subcommittee (i) shall be composed of at least three and no more than four members who are empowered to accept the ABLE Program's financial statements; and (ii) is charged with oversight of all financial reports and other financial information provided as well as compliance with state and federal regulations and all internal controls regarding finance,

accounting, legal compliance, and other operating procedures.

- b. The subcommittee shall meet at least twice a year and shall make reports to the Board after such meetings on the ABLE Program's oversight mechanisms and compliance.
- c. The subcommittee shall be responsible for overseeing an annual audit of the ABLE Program's records and performance. The subcommittee may review any background data, historical information, staff reports, consultants' reports, and any other documents it deems reasonably necessary to form an opinion of the capabilities of the staff, investment managers, custodian banks, investment consultant, and other service providers. The subcommittee is authorized to ask any questions of such individuals and entities that are relevant to the services they perform on behalf of the ABLE Program.

III. Meetings

- A. Open Meetings Laws: The Board shall comply with all requirements of the North Carolina Open Meetings Laws.
- B. Schedule of Meetings: Each year, the Board shall set, publish and post on the State Treasurer's website an annual schedule showing the time and location of regular meetings. The Board shall meet at least quarterly and may convene more often if called by the State Treasurer or a majority of Board members.
- C. Attendance Policy: Board members are to attend meetings in person. Where a member is unable to attend in person, a member may attend by teleconference or by videoconference upon the prior approval of the Board Chair.
- D. Quorum: Quorum is satisfied where a majority of currently serving members is in attendance.
- E. Proxy Voting: A Board member may delegate his authority to another Board member to vote in deliberations before the Board in his absence. Such a delegation of authority must be in writing or electronic writing and announced at the opening of each meeting.
- F. Public Comment: At the end of each meeting, time will be reserved for public comment. Time for public comment may be reasonably limited by the Chair.
- G. The Board may meet in executive session to discuss, with preservation of attorney-client privilege, any complaints from members which could result in potential lawsuits.

Adopted by motion on January 17, 2017, by the North Carolina ABLE Program Board of Trustees, and effective on that date.

Board Chair_____

Name_____

Title_____