



NC ALE
National ALE Alliance Member



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

DRAFT MINUTES

NC ALE PROGRAM BOARD OF TRUSTEES

The quarterly meeting of the NC ALE Program Board of Trustees was called to order at 10:30 a.m., August 10, 2022, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in a hybrid format, with people attending virtually or 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

Board members attending in person: Treasurer Dale R. Folwell.

Board members attending virtually: NC Commissioner of Banks Katherine Bosken, Chris Egan, Melinda Plue, Marquita Robertson, and Carlton 'Tim' Smith.

Members Absent

Board members absent: None were absent.

Guests Present

Guests attending virtually: Jose Gamboa and Paul Souppa from Ascensus.

Department of State Treasurer Staff Present

Staff members attending in person: Thomas Causey, Zora Falkowski, Christy Farrelly, Patti Hall, Jeff Hancock, Alan Jaquith, and Kristin Merrick.

Staff members attending virtually: Laura Rowe.

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 making a motion will be assumed to be a vote for the proposal and that all votes will be taken by roll call. He stated that today's meeting is being recorded as part of the Department of State Treasurer's initiative to increase government transparency.

The Chair reminded everyone that August is National ALE to SAVE month, and ALE stands for Achieving a Better Life Experience.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

The Chair asked, pursuant to the ethics rules, about board member conflicts of interest. No conflicts of interest were identified.

Approval of Minutes

The Chair entertained a motion to approve the minutes of the May 11, 2022, NC ABLE Program Board of Trustees meeting. Ms. Melinda Plue so moved, and Commissioner Katie Bosken seconded. The motion passed by a unanimous roll call vote of 6-0.

National ABLE Alliance Program Manager Contract Update

The Chair recognized Mr. Jeff Hancock, Director, Supplemental Savings Programs, to provide an update on the National ABLE Alliance's program manager contract (included the Board's materials). Mr. Hancock said that Illinois, the lead state in the National ABLE Alliance, executed the new master agreement with Ascensus as program manager, effective as of July 1, 2022. The NC ABLE Program has signed the North Carolina implementation agreement with Ascensus, also effective July 1, 2022. The Board previously voted to give staff approval to sign and execute the implementation agreement once Illinois and Ascensus finalized the new contract.

Mr. Hancock shared that the new agreement calls for lower fees. He reviewed the new fees, including the annual account maintenance fee and the fees pertaining to accounts with e-delivery of statements, which are now 24 percent lower. He said the interstate agreement has been executed by all member states (except Colorado) and the trust agreement is being revised to reflect that Colorado is exiting the Alliance. Once the trust agreement has been revised, we will execute it. In response to a question, Mr. Hancock explained that when the Alliance experienced difficulty negotiating a new contract with Ascensus, Colorado decided to exit the Alliance and go solo with their ABLE program, though continuing to use Ascensus as their program manager.

Communication and Marketing Update

The Chair recognized Ms. Zora Falkowski, Communications Officer, Supplemental Retirement Plans, to provide an update on communication and marketing efforts for the NC ABLE Program (included the Board's materials). Ms. Falkowski said the NC ABLE Program continued the positive momentum from the first quarter with a very active second quarter, conducting four NC ABLE webinar events, including our first Spanish-language presentation. Ms. Falkowski thanked the Treasurer for taking time to participate in many of the presentations, and for actively building relationships with partner organizations and raising awareness of the Program. NC ABLE attended the Special Olympics North Carolina Summer Games, maintaining a presence throughout the entire event, and the Treasurer spoke at the opening dinner. NC ABLE will continue to engage with the Special Olympics North Carolina at other regional events throughout the year. This fall, NC ABLE will also be participating in three big Walk/Runs across the state with the Autism Society of North Carolina.

Ms. Falkowski shared that the newly-revamped NCABLE.org website went live in April with a steady stream of visitors. We can see that the increase in website traffic is strongly correlated to our webinars and live events. Looking forward, NC ABLE is coordinating a graphic arts project with the North Carolina School for the Deaf, working to launch a new monthly NC ABLE webinar series, and actively promoting ABLE to SAVE month in August across our social media channels.

The Treasurer said that we continue to organically build this program and he is very pleased with the progress.

Administrative Update

The Chair recognized Mr. Jose Gamboa from Ascensus, Relationship Manager for the Program, to provide an administrative update (included in the Board's materials). Mr. Gamboa said Ascensus is thrilled to continue this partnership, serving as the program manager, and commented that North Carolina is one of the founding members of the National Alliance.

Mr. Gamboa commented that the NC ABLE Program assets were just shy of \$16 million on June 30, 2022, mainly because of the decline in the equity and fixed income markets. He said that contributions remain strong and noted that distributions are higher, which seem to indicate increased spending. He reviewed NC ABLE assets by investment option, contributions by type, contributions by age group, and the number of new accounts opened. Mr. Gamboa also shared that the checking option remains the most popular, but the more aggressive options have a strong percentage of the total assets. He said that North Carolina will move into fifth place among the 18 Alliance members in terms of total assets, as Colorado leaves the Alliance.

Mr. Paul Souppa of Ascensus reported on investments and portfolio performance (included in the Board's materials). He shared that the NC ABLE Program is the most aggressively-allocated plan among the Alliance members, with 56 percent of assets invested in the top four most-aggressive options. He stated that nine states have less than 40 percent invested in those top four most-aggressive options. Mr. Souppa said the equity markets have struggled this year due to the surge in inflation, supply chain issues, and the Russian invasion of the Ukraine, with its impact on energy prices.

At 11:05 a.m., Ms. Marquita Robertson stated that she was leaving the meeting.

Public Comments

No public comments were offered.

Board of Trustees Comments

No comments were offered.

The Chair announced the next Board meeting will be Wednesday, November 9, 2022, at 9:30 a.m.

Adjournment

The Acting Chair commented that with no further business before the Board, he would entertain a motion to adjourn. Mr. Tim Smith so moved, and Commissioner Bosken seconded. The motion passed by a unanimous roll call vote of 5-0 (Ms. Marquita Robertson did not vote). The meeting adjourned at approximately 11:16 a.m.

Chair

Date

Secretary

Date