

North Carolina Innovation Council
Wednesday, May 4, 2022
3:00 – 4:00 p.m.
(WebEx Only)

Meeting Agenda

- I. Call to Order – Commissioner Bosken, Chair
 - a. Welcome & Pledge of Allegiance
 - b. Roll Call & Determination of Quorum
 - c. Review of Amended Mission Statement (Exhibit 1)
 - d. Conflict of Interest Statement/Call for Conflicts
- II. Approval of March 31, 2022 Minutes – Commissioner Bosken (Exhibit 2)
 - a. Review Revised February 18, 2022 Minutes (Exhibit 3)
- III. Discussion of External Relations/Communications Policy
- IV. Discussion of a Public Feedback Model
- V. Milestones for the Sandbox
 - a. Legislative Initiative – Tariq Bokhari – (Exhibit 4)
- VI. Open Forum/Public Comment

Exhibit 1 – Amended Mission Statement

(Amendments shown in red)

The purpose of the Innovation Council is to support responsible innovation, investment, and job creation within North Carolina by encouraging participation in the regulatory sandbox.

The Council shall endeavor to do this by, among other things:

- Championing safe consumer access to innovative ~~useful financial~~ services and products in North Carolina;
- Supporting development of the banking, insurance, and related industries in a manner that benefits rural, urban, and suburban areas of the State;
- Grant experimental waivers, where authorized, of current rules and regulations to permit new financial services that benefit consumers and take advantage of emerging technology developments that render traditional business and regulatory arrangements out of date; and
- Conducting the business of the Council fairly, openly, and with integrity.

Exhibit 2 – Minutes of the March 31, 2022 Meeting

**Minutes of the
North Carolina Innovation Council**

Thursday, March 31, 2022

The North Carolina Innovation Council (IC) convened in virtual format for its second meeting via Webex, on March 31, 2022 at 1:30 p.m.

Chairman Katherine Bosken called the meeting to order and asked Vice Chair Lawrence Baxter to lead the participants in the Pledge of Allegiance. Chair Bosken then called the roll, and the following participants were in attendance:

Appointed Members	Attendance
Lawrence Baxter	X
Tariq Bokhari	X
Leobardo Diosdado	X
Stephanie Dunn	X
Douglas Hague	X
Vijay Srinivasan	X
Agnes Gambill West	X
Government Members	
Commissioner Bosken	X
Commissioner Causey	
Secretary Marshall	X (Bill Toole)
Phil Woods (NCDOJ)	X

After determining that a quorum was present, Chair Bosken next called for any conflicts of interest. Hearing none, Chair Bosken recognized James Bernier, Esq., of the North Carolina Department of Justice, who introduced himself to the Council. Mr. Bernier’s bio was included as Exhibit 2 of the meeting materials.

Moving to Agenda Item III, Chair Bosken asked if all attendees had an opportunity to review the minutes of the February 18, 2022 inaugural meeting. Vice Chair Baxter asked for attendees to be added to the minutes. No other changes were requested. Mr. Hague moved to approve the minutes, subject to the addition of attendees, Mr. Toole seconded, and the motion carried unanimously.

Chair Bosken then moved to the Milestones portion of the agenda and recognized Tariq Bokhari to discuss progress on the legislative funding initiative. Mr. Bokhari shared a draft letter with the Council regarding the Council's request for appropriations. An active discussion regarding the legislative appropriations process ensued. Chair Bosken noted that there is substantial interest in the North Carolina sandbox from other regulators and legislators in the country. Mr. Bokhari agreed to work with Chair Bosken on drafting a letter on behalf of the Council to seek funding.

Mr. Bokhari next offered an overview of 3 topics, and agreed to send additional details via e-mail. Specifically, Mr. Bokhari noted that other states have benchmarks for their sandboxes and that insurance regulators may be set to pass model legislation regarding benchmarks. Mr. Bokhari agreed to provide additional detail at a future date.

Second, Mr. Bokhari shared a draft dashboard that the Council could cover at each meeting. Discussion ensued, including a question from Mr. Hague regarding expected impact, job creation, and other metrics, as well as a statement from Vice Chair Baxter that the Financial Conduct Authority in London requests metrics on the amount of venture capital attracted by the sandbox participant and a statement as to why the applicant can not go to market in the traditional manner. Mr. Toole noted that geographical distribution of projects would be helpful, and Mr. Srinivasan stated that the Council should track gains by existing North Carolina companies. Mr. Hague noted that we could further track time-to-market via the dashboard. Additional discussion ensued, particularly regarding NGOs and their relationship to the Council's work. Mr. Bokhari offered the Carolina Fintech Hub's draft application webpage at <http://carolinafintechhub.org/innovation-council-signup/> as a potential go-by.

Finally, Mr. Bokhari also noted that he is writing up several ethical scenarios to pass on to the Ethics Commission regarding participation by Council members with NGOs.

Thanking Mr. Bokhari for his presentation, Chair Bosken apologized for missing agenda item I.d., regarding the Mission Statement for the Council, and asked for everyone's patience in returning to that portion of the agenda. Robust discussion of the mission statement ensued, particularly around the use of the words "useful" and "financial." Vice Chair Baxter suggested using "innovative" instead of "useful," and consensus was achieved. Vice Chair Baxter moved to approve the mission statement as amended, Mr. Hague seconded, and the motion carried unanimously.

Returning to agenda Item IV.b., Chair Bosken noted that the Gaming Benefits Commission requested that quarterly meetings be held in various regions of the estate. Mr. Hague noted that this seemed reasonable, and Chair Bosken suggested that action on this item be tabled until funding is identified. Mr. Bokhari moved to table the motion, Chair Bosken seconded, and the motion carried.

Chair Bosken moved to the Open Forum section of the Agenda, and called for any public comments. There being none, Chair Bosken asked for all Council members to send agenda items to her and Vice Chair Baxter. Chair Bosken reminded all members to be conscientious of the open meetings laws, particularly with respect to e-mail, and Mr. Bernier reminded all members that the open meetings act can be triggered by two-way discussion via e-mail among the group.

Mr. Baxter moved to adjourn the meeting, and Mr. Bokhari seconded. The motion passed unanimously, and the meeting adjourned at 2:35 p.m.

Exhibit 3 – Revised February 18, 2022 Minutes

(Amendments shown in red)

**Minutes of the Inaugural Meeting of the
North Carolina Innovation Council**

Friday, February 18, 2022

The North Carolina Innovation Council (IC) convened in regular session for the first time in Room 240 of the Albermarle Building, at the NC Department of Insurance, 325 N. Salisbury Street, Raleigh, North Carolina at 1:00 p.m.

Secretary of State, Elaine Marshall, as Interim Chair of the IC, called the meeting to order and led the participants in the Pledge of Allegiance. Secretary Marshall then called the roll and determined that a quorum was present.

Appointed Members	Attendance
Lawrence Baxter	X
Tariq Bokhari	X
Leobardo Diosdado	X
Stephanie Dunn	X
Douglas Hague	X
Vijay Srinivasan	X
Agnes Gambill West	X
Government Members	
Commissioner Bosken	X
Commissioner Causey	X
Secretary Marshall	X
Phil Woods (NCDOJ)	X

Secretary Marshall administered the oath of office to all recently appointed members, and noted that the *ex officio* members of the IC had already taken their oaths in connection with their official duties. After administering the oaths to all council members, Secretary Marshall's staff asked to take a photograph, which is reproduced below these minutes.

Secretary Marshall next read the conflict of interest statement, and issued a call for conflicts. None were identified.

Secretary Marshall called for the adoption of rules of order, and specifically identified Robert's Rules of Order as a suitable set of rules. A motion was made and seconded, and the motion carried unanimously.

Secretary Marshall called for a motion to adopt the previously distributed agenda. A motion was made and seconded, and the motion carried unanimously.

Secretary Marshall noted that the authorizing legislation for the IC requires the election of a Chairman, to serve for a period of two years. Secretary Marshall nominated Commissioner of Banks, Katherine Bosken to serve as Chairman of the IC. Commissioner of Insurance, Mike Causey, seconded the motion. The motion carried unanimously. Secretary Marshall congratulated Commissioner Bosken, and passed the agenda.

Commissioner Bosken noted that the authorizing legislation for the IC requires the election of a Vice Chairman, to serve for a period of two years, and called for nominations. Council member Vijay Srinivasan nominated Council member Lawrence Baxter, and noted Mr. Baxter's qualifications to serve as Vice Chair. No other nominations or objections were made, and Mr. Baxter became Vice Chair by acclamation. Commissioner Bosken congratulated Mr. Baxter on becoming Vice Chair of the IC.

Commissioner Bosken invited Professor Bob Joyce, with the UNC School of Government, to commence a presentation on the Open Meetings and Public Records Act. Professor Joyce reviewed the open meetings and public records acts thoroughly via a video conferencing solution, including an overview of proper notice, public access, closed sessions, application to electronic communication formats, and confidentiality restrictions specific to the IC. There was no additional discussion.

Commissioner Bosken next invited David Smyth of the North Carolina Ethics Commission to provide an overview of the North Carolina Ethics Act and Lobbying laws. Mr. Smyth presented in person, and covered the three affirmative duties of covered boards, including the duty to file an Statement of Economic Interest, the duty to manage external affairs so as to avoid conflicts of interest, and the duty to attend regular ethics training. Mr. Smyth reminded members to be aware of the gift ban, and admonished members to consult the NC Ethics Commission when in doubt as to conflicts of interests. A great deal of discussion ensued, and Mr. Smyth recommended that members submit specific questions to ethics.commission@ethics.nc.gov.

Commissioner Bosken next led the meeting through a discussion of preliminary issues with the IC, and noted that there are gaps in the authorizing legislation such as lack of funding, staffing, and filing mechanisms. Council member Tariq Bokhari clarified that the IC was designed as an anti-bureaucracy body intended to be a start-up in government, but committed to seeking legislative corrections to enable the IC to do its work. A great deal of discussion ensued, and Commissioner Bosken committed to meeting with Mr. Bokhari to identify specific near-term needs for the IC to function effectively.

Commissioner Bosken turned to the next item on the agenda, regarding meeting cadence and format, and suggested the IC consider monthly virtual meetings until such time as funding is arranged. A motion was made to adopt monthly virtual meetings, a second was made, and the motion carried.

Additional discussion ensued about using official and encrypted e-mail addresses for the IC, as well as public records compliance. No decisions were made at this time.

Commissioner Bosken postponed the discussion of rules and procedures, in anticipation of successful legislative change, and the meeting proceeded to open forum.

Council member Stephanie Dunn asked that the IC propose defined metrics of success, and some discussion ensued. Mr. Bokhari noted that he would commence research on other state's sandboxes, and bring these materials forward for future meetings of the IC. Additional items raised during open forum included member's promotion of the sandbox, assistance from non-profits, and educational items that would benefit the IC, including Regulation 101, agency innovation roadmaps, and interaction with federal requirements.

Council members thanked Secretary of State Marshall and especially Mr. Tim Crowley with the Secretary of State's office, for their efforts in arranging the inaugural meeting of the IC and onboarding members. Council members also thanked Commissioner of Insurance Mike Causey and especially Mr. Bill Toole, for their efforts in arranging a technology-enabled meeting space for the IC.

A motion was made and seconded to adjourn the meeting, and the motion carried unanimously. The meeting was adjourned at 3:45p.



Figure 1: Inaugural Members of the NC Innovation Sandbox

Exhibit 4 – Letter Seeking Funding on Behalf of the Council



State of North Carolina
OFFICE OF THE COMMISSIONER OF BANKS

ROY COOPER
GOVERNOR

KATHERINE M.R. BOSKEN
COMMISSIONER OF BANKS

April 18, 2022

Representative Jason Saine
16 West Jones Street, Rm. 1326
Raleigh, NC 27601-1096

Senator Todd Johnson
300 N. Salisbury Street, Rm. 310
Raleigh, NC 27603

By email

Representative Saine and Senator Johnson,

On behalf of the entire NC Innovation Council, we want to extend a hearty thanks for your tireless work over the last several years. Because of those efforts, the Regulatory Sandbox and NC Innovation Council are serving as a benchmark and aspiration for states across the nation.

As we press forward into launching the Regulatory Sandbox into a fully operational machine, we must ask for your assistance.

We share the same thoughts that you have both articulated many times over the years – that the NC Innovation Council must learn to operate with the best interests of North Carolina consumers at heart, but **with all the efficiencies of a nimble and responsible startup**. While we are committed to remaining lean, we need some level of **administrative and logistical support**.

The NC Innovation Council is humbly requesting a recurring funding item in the amount of \$150,000, renewable at each biennial budget going forward. This will provide necessary administrative support for the NC Innovation Council, inclusive of operating expenses and an Executive Director contracted position.

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(919) 733-3016 FAX (919) 733-6918 INTERNET: WWW.NCCOB.GOV
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Representative Saine and Senator Johnson
April 18, 2022
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We seek your guidance on the appropriate state agency to administer this funding, particularly given the rotation of the Chairman and the need for consistency across application periods.

Best regards,

Katherine M.R. Bosken

Katherine M.R. Bosken
Chairman, NC Innovation Council

Tariq Bokhari

Tariq Bokhari
Member, NC Innovation Council

CC:

Lawrence Baxter, Vice Chairman, NC Innovation Council
Members of NC Innovation Council