

MEMORANDUM

TO: Local Governmental Employees’ Retirement System Board of Trustees (LGERS Board)

FROM: Patrick Kinlaw, Director of Policy, Planning, and Compliance
Taylor Matyi, Policy Development Analyst

DATE: April 14, 2026

RE: New Local Unit Applying for Participation in LGERS and Its Election to Pick Up Employee Contribution

Pursuant to N.C.G.S. § 128-23(c), this memorandum details the request from a local unit that desires to join the Local Governmental Employees' Retirement System (LGERS). The following unit has elected participation for general employees in LGERS with an effective date of July 1, 2026. Employer participation requires approval by the Board of Trustees.

Unit	Net Employer Contribution Rate upon Entrance	Number of Eligible Employees	Pick-Up Date
Metropolitan Public Transportation Authority (MPTA)	15.10%	622	July 1, 2026

There are no units to be added to LGERS only with respect to law enforcement officers pursuant to N.C.G.S. § 128-23(g). (Had there been any, this action would not require approval by the Board of Trustees.)

Note regarding surety requirement: Under G.S. 128-23(i), any employer wishing to join LGERS as an employer on or after September 1, 2023, other than a taxing authority, must obtain a surety to cover an estimate of the withdrawal liability should the employer later cease participation. The Board of Trustees has adopted administrative rules under 20 NCAC 02C .0210-.0211 defining this requirement. Based on application information, MPTA is not a taxing authority.

Retirement Systems Division (RSD) staff has confirmed that MPTA meets the basic legal and financial requirements and is therefore eligible to be approved by the Board of Trustees for participation in LGERS.

Metropolitan Public Transportation Authority (MPTA)

The Metropolitan Public Transportation Authority was created pursuant to Article 34 of Chapter 160A by S.L. 2025-39. The MPTA has 622 eligible general employees that are currently participating in LGERS under the Charlotte Area Transportation System. The total annual salaries for these 622 positions are estimated to be \$50,350,000. The MPTA is not a taxing authority, and is therefore required to obtain a surety under G.S. 128-23(i) as a condition of participating in LGERS. The consulting actuary for LGERS has calculated the required surety amount (i.e., the estimated withdrawal liability after ten years) to be \$9,588,720. As of April 10, 2026,



MPTA is working with its Insurance Broker, Alliant, and the City of Charlotte to secure a surety bond in the amount of \$9,588,720. The MPTA filed the “Resolution To Maintain North Carolina Local Governmental Employees’ Retirement System Surety” and documented by the MPTA Board of Trustees through an action item (dated February 20, 2026) outlining their Boards acceptance of the withdrawal liability and agreement of the MPTA’s requirement to maintain an amount in a secure instrument (including the bond) at least equal to the estimated withdrawal liability throughout their participation in LGERS, all in compliance with G.S. 128-23(i) and the administrative rules thereunder.

Financial Note:

The Metropolitan Public Transit Authority is being formed from the City of Charlotte Public Transit Enterprise Fund. A review of the City’s financial statements and a focus on the Public Transit Enterprise Fund indicates that the Fund has been operating with revenue support from (i) users - charges for services (5% of total revenues) and primarily non-operating revenues (ii) sales tax revenues and (iii) grant contributions. Sales tax revenues are expected to increase with the implementation of Article 34 which is projected to provide an additional \$198.9M in sales tax in FY27 with a portion being distributed to the MPTA.

If MPTA operating expenses and capital projects continue to be fiscally managed in the manner of the existing City of Charlotte Public Transit Fund and the Grant Contributions continue to be available and maintained at their historical level, then the Authority should be fiscally viable. The Fund financials include the funding line items such as pension liabilities and pension deferrals which should appropriately continue to be maintained for the MPTA to adequately fund LGERS participation. This analysis has been performed exclusively on the City of Charlotte Public Transit Enterprise Fund financials as no budget or financials have been finalized for the MPTA.

Staff Recommendation:

As of April 14, 2026, the MPTA has not yet obtained the surety required for their participation in LGERS. Any approval by the LGERS Board would need to be contingent on the MPTA providing documentation of such surety to RSD prior to July 1, 2026. If the MPTA were to obtain the required surety prior to participating, then based on the submitted financial data, the Department of State Treasurer staff has concluded that the MPTA’s financial reports indicate they would be able to make the required contributions for LGERS participation.

Possible Motion: Move that the Metropolitan Public Transit Authority be approved as a participating employer in LGERS effective July 1, 2026, on the condition that the surety required under G.S. 128-23(i) is obtained and documentation of the surety is provided to LGERS before participation commences.