



North Carolina
Total Retirement Plans



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

MINUTES

BOARD OF TRUSTEES OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

The regularly quarterly meeting of the Board of Trustees was called to order at 9:01 a.m., October 27, 2022, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The Chair thanked the members of the Board for their service. The Chair indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda.

Members Present in Person or via Telephone

Treasurer Dale R. Folwell, Clee Atkinson (via telephone), Melody Braddy (via telephone), Lentz Brewer (via telephone), Tony Brown, Homer Dearmin (via telephone), Vernon Gammon, Kevin Gordon (via telephone), Greg Patterson, and Nancy Vaughan (via telephone).

Members Absent

Brenda Howerton, Jeffrey Morse, and Catherine Truitt.

Guests in Attendance in Person or via Telephone

Cliff Johnson and Jamie Robinson with the State Employees Association of North Carolina; Representative Pat Hurley with the North Carolina General Assembly; Tonya Manning, Michael Ribble, and Elizabeth Wiley of Buck Global, LLC.

Department of State Treasurer Staff Present in Person or Via Telephone

Tonya Bass, Thomas Causey, Christy Farrelly, Joan Fontes (via telephone), Ben Garner (via telephone), Bill Golden (via telephone), Jeff Hancock (via telephone), Elizabeth Hawley, Patrick Kinlaw, Richard Lopez, Taylor Matyi, Timothy Melton, Christopher Morris (via telephone), Lisa Norris, Debra Thomas (via telephone), and Sam Watts.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

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

Approval of the Local Minutes from the July 28, 2022 Board Meeting

Greg Patterson moved the Board to approve the minutes of the July 28, 2022 Board meeting, Clee Atkinson seconded the motion, and the minutes were approved by a unanimous vote of 9-0. Kevin Gordon was not present for the vote.

Operations, Member Services, and Compliance Update

The Chair recognized Rick Lopez, Director of Operations for an update on the Division's operations. Mr. Lopez began by discussing the Division's operations noting the team processed 3,993 retirements in July of 2022 with an average turnaround time of 39.5 days. Mr. Lopez discussed death notifications, noting more than 1,300 death notifications in August 2022. Mr. Lopez stated that this influx was due to the hiring of three retirees who were able to utilize reports to identify deaths. Mr. Lopez discussed disability application processing, noting that the team is working on a new method to better track the metrics for disability applications. Mr. Lopez discussed refund requests, noting that the team processed 1,023 refund requests in September 2022 with an average turnaround time of 8.9 days. Mr. Lopez also discussed monthly payroll processing, stating that in October 2022 the Division paid over 354,000 payees with a total payment amount of nearly \$837 million, noting a 4% (2% for LGERS) one-time supplement was included in October's payments. Mr. Lopez mentioned that ORBIT Self Service usage had almost 1.5 million retirement estimates, nearly 300,000 annual statement reviews, 11,781 address changes, over 60,000 direct deposit changes, and nearly 91,000 tax withholding changes over the last 12 months.

The Chair recognized Tonya Bass for a presentation on the metrics for Member Services. Ms. Bass began by discussing the implementation of a new phone system which went live on September 21st. Ms. Bass provided a brief update on staff vacancies and positions that have been filled. Ms. Bass moved on to discuss the metrics for Member Services referring to the chart showing the number of pieces of correspondence or letters received noting that staff has been able to bring down response times largely due to filling vacant positions. Ms. Bass noted that Member Services received more than 17,000 pieces of mail in the last 90 days. Ms. Bass referenced the Meetings and Webinar slide noting that since July 2022 over 1,200 members and 104 employers attended. Ms. Bass further discussed visitors and counseling sessions noting that the retirement office was reopened to the public in April, but the division is still working on an appointment basis offering 10 appointments per day. Ms. Bass stated that over the last three months there has been 443 appointments and 520 visitors in the office. Ms. Bass touched on emails and calls received noting that email turnaround has improved due to filling vacant positions and that the team is still working to bring phone answer times down. Ms. Bass noted that in the past 90 days staff have responded to over 16,000 emails and that the average speed of answer is the lowest in almost two years.

The Chair recognized Director of Policy, Planning & Compliance, Patrick Kinlaw. Mr. Kinlaw remarked that Buck Global, LLC would be presenting their actuarial valuation results for the Retirement Systems later in the meeting, having completed the process of transitioning the actuarial valuations from the prior actuary. He noted that the valuations

to be presented later in the meeting would reflect conditions as of December 31, 2021, and therefore would not reflect the challenging capital market conditions of 2022, which through September 30, 2022 included an estimated investment return of negative 13.7%. Mr. Kinlaw then discussed Contribution-Based Benefit Cap liabilities, noting that 568 retirements since 2015 have resulted in required employer contributions totaling more than \$56.9 million, and of that amount, more than \$45.1 million has been collected. Mr. Kinlaw briefly mentioned the 2022 Legislative Memo and the revised Board Meeting Minutes for the April board meeting attached as an appendix item to the meeting agenda.

The Chair recognized Sam Watts, Legislative Liaison for the Department, who presented the Boards of Trustees with the Public Pensions Coordinating Council (PPCC) Standards Awards for Funding and Administration for the Teachers' and State Employees' Retirement System, the Registers of Deeds' Pension Fund, the Local Governmental Employees' Retirement System, the Firefighters' and Rescue Squad Workers' Pension Fund, the Legislative Retirement System, the Consolidated Judicial Retirement System, and the North Carolina National Guard Pension Fund.

Update on the Investment Advisory Committee (IAC) Meetings

The Chair recognized Greg Patterson to provide an update on the IAC meetings. Mr. Patterson began by reminding everyone that the materials presented to the IAC can be found on nctreasurer.com under the Investment Management Division page. Mr. Patterson stated the last IAC meeting occurred on August 24, 2022, where the meeting began with an update on the economic environment. Mr. Patterson stated the portfolio for the Retirement System as of June 30, 2022 was at \$111 billion but that the portfolio at the close of business on October 26, 2022 was at \$106 billion, with roughly \$60 billion managed internally by Investment Management Division staff. Mr. Patterson noted the 12 month return through June 30th was -6.73%, the 3-year return was 4.86%, the 5-year return was 5.69%, and the 10-year return was at 6.69%. Mr. Patterson noted that the IAC had discussed the Private Equity asset class, reviewed 19 fund managers, and then discussed the Public Equity portfolio.

Presentation of Decennial Rules Readoption Summary and Final Text of Rules for Readoption

The Chair recognized Timothy Melton, Assistant General Counsel for the Retirement Systems Division, for a presentation on the Decennial Rules Readoption Summary and the Final Text of the Rules for Readoption. Mr. Melton began by providing a brief background of the Decennial Rules Review project pursuant to N.C. Gen. Stat. § 150B-21.3A. Mr. Melton noted that the Rules and Impact Analysis were presented to the Board at the April 2022 board meeting where the Boards voted to approve the proposed rule text and the impact analysis. Mr. Melton stated that since that meeting the proposal was published in the North Carolina Register on June 1, 2022 which began a 15-day public hearing request and a 60-day public comment period, noting that no hearing request or comments were received. Mr. Melton stated the next step in the process is for the Board to approve and

officially adopt the final rules text and impact analysis then staff will submit the final rule text to the Rules Review Commission for review at an upcoming meeting.

Tony Brown made a motion to approve and adopt the final rule text and Regulatory and Fiscal Impact Analysis, and authorize staff to take all necessary steps required to complete the Decennial Rules Review process in accordance with N.C. Gen. Stat. § 150B-21.3A. Homer Dearnin seconded the motion and the motion passed with a unanimous vote of 9-0. Kevin Gordon was not present for the vote.

Actuarial Overview

The Chair recognized Tonya Manning, Michael Ribble, and Elizabeth Wiley with Buck Global for an actuarial overview.

Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation, as of December 31, 2021, for the Local Governmental Employees' Retirement System

The Chair recognized Tonya Manning, Michael Ribble, and Elizabeth Wiley of Buck Global to provide the principal results of the actuarial valuation for the Local Governmental Employees' Retirement System as of December 31, 2021.

Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation, as of December for the Registers of Deeds' Supplemental Pension Fund

The Chair recognized Tonya Manning, Michael Ribble, and Elizabeth Wiley of Buck Global to provide the principal results of the actuarial valuation for the Registers of Deeds' Supplemental Pension Fund as of December 31, 2021.

Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Firefighters' and Rescue Squad Workers' Pension Fund

The Chair recognized Tonya Manning, Michael Ribble, and Elizabeth Wiley of Buck Global to provide the principal results of the actuarial valuation for the Firefighters' and Rescue Squad Workers' Pension Fund as of December 31, 2021.

Presentation by the Consulting Actuary on the Principal Results of the Actuarial Valuation for the Death Benefit Plans

The Chair recognized Tonya Manning, Michael Ribble, and Elizabeth Wiley of Buck Global to provide the principal results of the actuarial valuation for the Death Benefit Plans as of December 31, 2021.

Vote to Accept the Actuarial Valuation Principal Result Reports

Greg Patterson moved the Board to accept the actuarial valuation reports presented by Buck Global. Clee Atkinson seconded the motion, and the reports were accepted by a unanimous vote of 9-0. Nancy Vaughan was not present for the vote.

Contribution-Based Benefit Cap Average Final Compensation Threshold Defermination

The Chair recognized Patrick Kinlaw for a presentation on the Contribution-Based Benefit Cap (CBBC). Mr. Kinlaw provided a brief background on the CBBC noting it can apply to retiring members only if their four-year average final compensation is greater than or equal to a certain amount, the "threshold." Mr. Kinlaw stated if someone's average final compensation is below the threshold, the CBBC does not apply to them. Mr. Kinlaw discussed that the threshold was set by law at \$100,000 in 2015 and has increased each January for inflation noting that originally the increase was based on December-to-December increases in the Consumer Price Index (CPI) but in accordance with a 2018 law, the calculation changed in 2019 to be based on the June-to-June increase in the Consumer Price Index. Mr. Kinlaw stated for retirements effective in 2022, the threshold is \$116,366.68. Further, Mr. Kinlaw discussed the CPI increase from June 2021 to June 2022 was 9.1% and therefore the threshold should increase by 9.1% to \$126,956.05 to be applicable for retirements effective in 2023.

Public Comments

The Chair recognized Cliff Johnson from the State Employees Association of North Carolina (SEANC) for a public comment. Mr. Johnson thanked the Treasurer, staff, and Board for the strides they have made in securing and making the Retirement Systems as stable as they are today. Mr. Johnson stated that retirees have not had a true COLA from the Retirement System since 2007 and asked that the Board consider any steps that could be taken to recommend a true cost of living increase. Mr. Johnson stated that a one-time bonus is nice but can be spent with just one medical bill.

The Chair recognized Jamie Robinson from SEANC for a public comment. Mr. Robinson noted that Mr. Johnson alluded to everything he was wanting to speak on, but he would like to thank the Treasurer's office and the Board for everything they do. Mr. Robinson noted that after hearing all the reports during the meeting, there are a lot of moving parts and pieces but that he must ask because retirees do need a true COLA.

Board of Trustees Comments

Tony Brown extended thanks to the Treasurer and staff noting that it is always very informative and helps him talk and share the information with other employees.

Greg Patterson stated that it being his last board meeting he wanted to say it has been a true honor serving on the Board. Mr. Patterson noted that his biggest takeaway over the last 7 years is that remarkable things happen in this building.

Vernon Gammon asked for prayers for the family of Officer Gabriel Torres, who was killed in Raleigh last week. Mr. Gammon also stated that the Governor spoke very highly of the Board in a recent interaction with him.

The Chair called for the meeting to be adjourned in memory of Officer Gabriel Torres of the Raleigh Police Department and Stan Elrod of the Winston-Salem/Forsyth County Schools. The Chair thanked the staff for all they do and encouraged everyone to donate blood.

Adjournment

There being no further business before the Board, Tony Brown moved to adjourn the meeting. Homer Dearmin seconded the motion and the motion passed by unanimous vote of 7-0. Melody Braddy, Kevin Gordon, and Nancy Vaughan were not present for the vote. The meeting was adjourned at 12:40 p.m. in memory of Officer Gabriel Torres and Stan Elrod.



CHAIR



SECRETARY

1-26-2023

DATE

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES**

October 27, 2022 Meeting

AGENDA ITEM

2a. Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

2b. Statement of Economic Interest evaluations of members pursuant to the Ethics Act § 138A-15(c)

The following packet contains new and updated Statement of Economic Interest (SEI) evaluations issued by the State Ethics Commission. These are being provided for Board members' review and for recording in the meeting minutes pursuant to the requirements of the State Government Ethics Act. Members are encouraged to review the evaluations where any potential conflicts of interest are identified.

The new and updated SEI Evaluations provided are for:

- State Treasurer Dale R. Folwell
- Superintendent of Public Instruction Catherine Truitt
- Cecil Vernon Gammon
- Melody Braddy
- Kevin Gordon
- Tony Brown
- Homer Dearmin
- Michael Gregory Patterson
- Jeffery Morse
- Brenda Howerton
- Thomas Causey (Treasurer's Designee)



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Dale R. Folwell
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

**Re: Evaluation of Statement of Economic Interest
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Treasurer Folwell:

Our office has received your 2022 Statement of Economic Interest as a member of the **Local Governmental Employees' Retirement System 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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).

As the Treasurer for the State of North Carolina, you hold an ex officio role on the Board. Because you own financial interests in publicly owned companies, including Colony Capital and Republic First BankCorp., you have the potential for a conflict of interest. Therefore, you should exercise appropriate caution in the performance of your public duties should issues involving these entities come before the Board for official action.

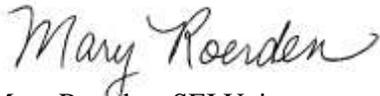
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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: Laura Rowe, Ethics Liaison
Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Catherine Truitt
Superintendent of Public Instruction
6301 Mail Service Center
Raleigh, North Carolina 27699-6301

Re: Evaluation of Statement of Economic Interest

Dear Superintendent Truitt:

Our office has received your 2022 Statement of Economic Interest as a member of the **Local Governmental Employees' Retirement System 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 Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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).

As the Superintendent of Public Instruction, you hold an ex officio role (by statute) on the Board.

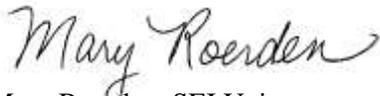
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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: Laura Rowe, Ethics Liaison
Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Cecil Vernon Gammon
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Cecil Vernon Gammon's** 2022 Statement of Economic Interest as a member of the **Local Governmental Employees' Retirement System 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Gammon fills the role of a public member (not a State employee; also serves on TSERS). He is a recipient of the NC Firefighters' & Rescue Squad Workers' Pension Fund, which is administered by the Local Governmental Employees' Retirement System Board of Trustees. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving his retirement benefits come before the Board for official action.

In addition to the conflict 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Cecil Vernon Gammon
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Ms. Melody Braddy
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Ms. Melody Braddy's** 2021 Statement of Economic Interest and 2022 No-Change form as a member of the **Local Governmental Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed the 2021 Statement of Economic Interest 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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).

Ms. Braddy fills the role of a member who is an active local government employee; Fair Labor Standards Act nonexempt. She is the Assistant City Manager for the City of Gastonia. Therefore, she has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties should issues involving her benefits, the City of Gastonia or its employees come before the Board for official action.

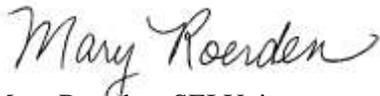
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Melody Braddy
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Kevin S. Gordon
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Kevin S. Gordon's** 2022 Statement of Economic Interest as a member of the **Local Governmental Employees' Retirement System 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Gordon fills the role of an active, or retired, member of the Firemen's and Rescue Squad Pension. He is the Director of the Gaston County Office of Emergency Management and Fire Services, a member of the North Carolina Association of Fire Chiefs and serves on the Fire and Rescue Commission. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving these entities, his benefits or employees of Gaston County come before the Board for official action.

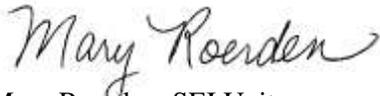
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Kevin S. Gordon
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Tony N. Brown
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Tony N. Brown's** 2021 Statement of Economic Interest and 2022 No-Change form as a member of the **Local Governmental Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed the 2021 Statement of Economic Interest 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Brown fills the role of a county manager of a town that participates in the retirement system. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving his benefits or the benefits of employees of Halifax County come before the Board for official action.

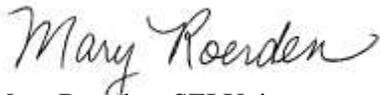
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Tony N. Brown
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Homer T. Dearmin
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Homer T. Dearmin's** 2021 Statement of Economic Interest and 2022 No-Change form as a member of the **Local Governmental Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed the 2021 Statement of Economic Interest 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Dearmin fills the role of a city or town manager of a town participating in the Local Governmental Employees' Retirement System. He is the City Manager for the City of King. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving his retirement allowances or other benefits, the City of King or its employees come before the Board for official action.

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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Homer T. Dearmin
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Tim Moore
Speaker of the House of Representatives
16 West Jones Street, Room 2304
Raleigh, North Carolina 27601-1096

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Michael Gregory Patterson
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Speaker Moore:

Our office has received **Mr. Michael Gregory Patterson's** 2022 Statement of Economic Interest as a member of the **Local Governmental Employees' Retirement System 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Patterson fills the role of a member of the general public serving on the Board. He is a partner of Simplicity Group, a financial products firm that specializes in insurance, investment, and business development solutions. Therefore, he has the potential for a conflict of interest and should exercise appropriate caution in the performance of his public duties should issues involving Simplicity Group come before the Board for official action.

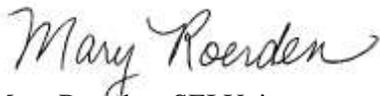
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Michael Gregory Patterson
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Jeffrey V. Morse
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Mr. Jeffrey V. Morse's** 2021 Statement of Economic Interest and 2022 No-Change form as a member of the **Local Governmental Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed the 2021 Statement of Economic Interest 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Morse fills the role of a member who is a retired, Fair Labor Standards Act nonexempt, local governmental employee of an employer. Because he provides consulting services for a municipality and is also a beneficiary of the retirement system, he has the potential for a conflict of interest. Therefore, Mr. Morse should exercise appropriate caution in the performance of his public duties should issues involving his consulting company, JVM & Associates, his clients, or issues involving his retirement or other benefits come before the Board for official action.

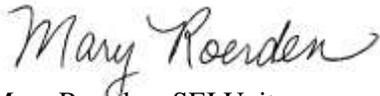
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Jeffrey V. Morse
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Roy A. Cooper III
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

**Re: Evaluation of Statement of Economic Interest Filed by Ms. Brenda Howerton
The Local Governmental Employees' Retirement System Board of Trustees**

Dear Governor Cooper:

Our office has received **Ms. Brenda Howerton's** 2021 Statement of Economic Interest and 2022 No-Change form as a member of the **Local Governmental Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed the 2021 Statement of Economic Interest 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 but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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).

Ms. Howerton fills the role of a county commissioner participating in the Local Governmental Employees' Retirement System. She is the Chairman of the Durham County Board of Commissioners. Therefore, she has the potential for a conflict of interest and should exercise appropriate caution in the performance of her public duties should issues involving her benefits, Durham County or its employees come before the Board for official action.

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,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Brenda Howerton
Laura Rowe, Ethics Liaison
Gregory S. McLeod, Deputy General Counsel, Office of the Governor
Scarlett Hargis, Office of the Governor

Attachment: Ethics Education Guide



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 23, 2022

The Honorable Dale R. Folwell
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

**Re: Evaluation of Statement of Economic Interest Filed by Mr. Thomas Causey
Local Governmental Employees' Retirement System Board of Trustees**

Dear Treasurer Folwell:

Our office has received **Mr. Thomas Causey's** 2022 Statement of Economic Interest as your secondary designee to serve on the **Local Governmental Employees' Retirement System Board of Trustees (the "Board")**. We have reviewed them 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 Local Governmental Employees' Retirement System Board of Trustees ("LGERS") is responsible for the administration of retirement allowances and other benefits for employees of counties, cities and towns or other eligible employers participating in the System. The Board serves as trustee for LGERS funds, while the State Treasurer serves as custodian and makes investments of such funds.

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 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. Causey serves as your secondary designee on the Board.

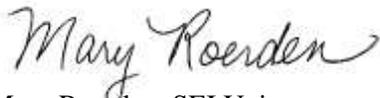
In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests 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: Thomas Causey
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Guide