MEMORANDUM

Date: July 26, 2018

To: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board)
Local Government Employees' Retirement System Board of Trustees (LGERS Board)

Cc: Joint Legislative Commission on Government Operations
Fiscal Research Division of the North Carolina General Assembly

From: Patrick Kinlaw, Deputy Director of Policy, Planning, and Compliance

Re: Session Law 2017-129: Legislative Enactment Implementation Arrangement (LEIA) – Annual Report

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Purpose of the LEIA

Two LEIA accounts were established effective October 1, 2017, one within TSERS and the other within LGERS. Each system's LEIA account is placed under the management of the system's Board of Trustees.

As enacted under Session Law 2017-129, the purpose of the LEIA is to provide for timely administrative implementation of legislative provisions regarding the retirement of, or payment of retirement benefits to, public officers or public employees. In the event the General Assembly creates or modifies any provision for the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note, the Boards of Trustees may direct up to one one-hundredth of a percent (0.01%) out of the required employer contribution rate to fund the LEIA. These contributions, once approved, will be deposited in a fund separate from the fund into which regular employer contributions are deposited. Under N.C. Session Law 2017-129, the Boards of Trustees must not direct any employer contributions into the LEIA after November 1, 2021.

Any assets of the LEIA not used to pay allowed administrative expenses must be transferred to the Retirement System as an additional employer contribution.

Boards' Authority

Per Session Law 2017-129, the LEIA will be administered by the Boards of Trustees, which must compile and maintain records necessary or appropriate for administration. The Boards of Trustees have full discretionary authority to interpret, construe and implement the LEIA and to adopt any rules and regulations necessary or desirable to implement the provisions of LEIA.

The individual projects identified by the Boards of Trustees must be necessitated by a specific statute or session law that was enacted within five years of the allocation of funds. The Boards must also identify the number of years for which each individual implementation will be paid for with LEIA funds.

Reporting

The Department of State Treasurer must report to the Boards of Trustees, the Joint Legislative Commission on Government Operations and the Fiscal Research Division on the amounts and sources of funds collected by year and the amounts expended, the projects for which those funds were expended, and the current status of the projects. This report must be submitted on or before August 1 of each year. The Boards of Trustees must also post this report on its public website.

The projects for which funds were expended and current status of these projects is shown below. As of June 30, 2018, the Department of State Treasurer has not identified any legislation (including legislation enacted during the 2018 "short session") that has resulted in implementation projects eligible for LEIA expenditures under the criteria set forth in § 128-29(g), with respect to the LGERS LEIA, and § 135-7(h), with respect to the TSERS LEIA.

Statement of Activities - TSERS

Date	Identified Project	Amounts and Sources of Funds Collected per Year					Total Spent	Project Status
		2017	2018	2019	2020	2021		
1/25/2018	None identified	$0	$0				$0	
7/26/2018	None identified		$0				$0	

Statement of Activities - LGERS

Date	Identified Project	Amounts and Sources of Funds Collected per Year					Total Spent	Project Status
		2017	2018	2019	2020	2021		
1/25/2018	None identified	$0	$0				$0	
7/26/2018	None identified		$0				$0	