



## **MINUTES**

### **BOARD OF TRUSTEES**

#### **OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**

The regular quarterly meeting of the Board of Trustees was called to order at 9:30 a.m., July 26, 2018, 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 acknowledged the new members of the Board to be sworn in and indicated there would be a public comment period for organizations and individuals to address the Board later in the agenda.

#### **Members Present**

The board members present were: Treasurer Dale R. Folwell, CPA, Lentz Brewer, John Ebbighausen, Vernon Gammon, Dirk German, Barbara Gibson, Linda Gunter, Oliver Holley, Claire Miller (on behalf of Superintendent Mark Johnson), Margaret Reader and Jeffrey Winstead.

#### **Member Absent**

The board member absent was Greg Patterson.

#### **Guest Present**

The guest attending was Michael Reid with CEM Benchmarking.

#### **Department of State Treasurer Staff Present**

The staff members present were: Steve Toole, Thomas Causey, Joan Fontes, Jaclyn Goldsmith, Sam Hayes, Timeka Holden, Patrick Kinlaw, Fran Lawrence, Tawnya Lowe, Karah Manning, Maja Moseley, Lisa Norris, Vicki Roberts, Laura Rowe, David Starling, Edgar Starnes, Christina Strickland 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.

The Chair presented to the Board the Statement of Economic Interest (SEIs) evaluations of Board members pursuant to the Ethics Act of N.C.G.S. §163A-159(c). He stated that a copy of each member's most recent SEI evaluation issued by the State Board of Elections and Ethics was included in the materials for recording in the meeting minutes consistent with the

requirements of the State Government Ethics Act. He encouraged members to review the evaluations to remind them of the identified actual or potential conflicts of interest.

### **Introduction and Swearing-in of New Members of the Board of Trustees of the Teachers' and State Employees' Retirement System**

The Chair introduced Mr. Cecil Vernon Gammon as a new member on the Board. Mr. Gammon was appointed by Governor Cooper to the Teachers' and State Employees' Retirement System Board of Trustees and the Local Governmental Employees' Retirement System Board of Trustees. Mr. Gammon serves on the Board as a member of the General Public with an appointment date of February 9, 2018, and his term on the Board expires March 31, 2021. Mr. Gammon was sworn in on March 2, 2018.

The Chair introduced Mr. David L. (Dirk) German as a new member on the Board. Mr. German was appointed by Governor Cooper to the Teachers' and State Employees' Retirement System Board of Trustees and serves on the Board as a law enforcement officer employed by the state with an appointment date of February 7, 2018, and a term expiration on March 31, 2021. Mr. German was sworn in February 21, 2018.

### **Approval of State Minutes from the April 26, 2018 Meeting**

It was moved by John Ebbighausen, seconded by Oliver Holley and carried unanimously that the state minutes from the April 26, 2018, meeting be approved.

### **Retirement Systems Division Operations, Member Services and Compliance Update**

The Chair recognized Thomas Causey, Deputy Director of Operations, for an update on the Retirement Systems' operations. Mr. Causey reported that retirements remain flat since February; however, turnaround times for processing retirement applications has risen to 25 days due to loss of long-term staff during the first quarter of calendar year 2018. He reported that the retirements-paid-on-time goal is currently 99.8 percent for retirement applications received 60 days prior to the retirement date, and the overall-paid-on-time goal is currently at 80 percent for all retirement applications regardless of date received. Mr. Causey reported that the Benefit Processing team is meeting their goal for death notification and close out of workflow by averaging closing of death workflow in approximately 16.4 days after notification, exceeding the goal of 27 days. Mr. Causey provided an update on disability applications, stating that processing of disability applications and paying claims in 16.9 days is exceeding the goal of 35 days for disability applications paid. He stated that RSD recently recruited a temporary nurse consultant to assist with review of supporting medical documentation.

Mr. Causey stated that refund requests are currently processed within 10.5 days, and the team paid about 23,000 refunds in the past year compared to about 19,000 refunds in the year prior. He gave an update on payroll processing, stating that the Payroll team is now processing more than 314,000 payees with over \$507 million paid monthly. Lastly, Mr. Causey reported on ORBIT Self-Service activity and stated that the team is on track to implement retirement online self-service capabilities later this year. Additionally, the team is developing the process for online submission of member contribution documents for the Firefighters' and Rescue Squad Workers' Pension Fund.

There was a discussion about retired teachers returning to work and the importance of effective communication to members regarding return-to-work laws. There was a discussion about the tools available to the department for verification of address.

The Chair recognized Vicki Roberts, Deputy Director of Member Services, for a presentation on the metrics for Member Services. Ms. Roberts gave a report on correspondence, stating that the counselors within the Education Retirement Group (ERG) responded to over 29,000 letters and emails with an average response time of 2.6 days over the past year. She updated that ERG counselors held conferences and webinars that reached out to 13,136 individuals this year to date, and counselors also assisted over 5,600 people with their retirement inquiries during scheduled and unscheduled one-on-one counseling sessions. Ms. Roberts gave a report on the Call Center service metrics, stating that the Call Center handled over 273,000 calls for the year and averaged an 80.4 percent service level, exceeding the goal of 65 percent and achieving the best service level results since the team started reporting and tracking it 10 years ago.

The Chair recognized Patrick Kinlaw, Director of Policy, Planning and Compliance, to give a report on compliance and overpayments. Mr. Kinlaw reported on the Contribution-Based Benefit Cap (CBBC) liabilities, noting that 173 retirements required additional employer contribution based on the CBBC as of July 5, 2018. The total CBBC liability invoices are \$15.4 million and range individually in cost from \$2,606.06 to \$590,694.32. He reported that 138 employers have paid in full, with three employers on an installment payment plan and that the total CBBC liabilities collected exceed \$11.1 million. There was a discussion about the monthly reporting from the department to impacted employers.

Mr. Kinlaw presented on the overpayments being collected by RSD, stating that \$12.3 million have been collected over the past 13 months.

#### **Presentation on Member Statements**

The Chair recognized Steve Toole, Executive Director, to present on the new Total Benefits Statement and the enhanced *myNCRetirement* Statement. Mr. Toole reported that the goal of the new Total Benefits Statement is to ensure members understand the overall value of their employment with their state or local employer by showing the cost of the benefits that are paid by the employee's participating employer along with their annual compensation. This information can be found on each employee's ORBIT Self-Service account. Mr. Toole presented on the enhanced *myNCRetirement* Statement, formally the "Annual Benefit Statement". He stated that the enhanced statement is a customized snapshot that outlines the individual member's progress towards achieving retirement security, as well as showing the overall value of their employment. He stated that to date, there have been over 67,000 member statements accessed.

#### **Presentation on the Defined Benefit Administration Benchmarking Analysis Report, as Prepared by CEM Benchmarking**

The Chair recognized Michael Reid, Vice President of CEM Benchmarking, to give a presentation on the benchmarking results for the Defined Benefit Administration relative to its peers. Mr. Reid presented that the North Carolina Retirement Systems were the fourth largest in the peer group, and the administration cost was \$23 per active member and annuitant, \$70

below the peer group average of \$93 and among the lowest in CEM's global universe. He reported that the primary reasons the costs were lower were: lower costs per full-time employee (FTE); higher transactions (productivity) per FTE; and, lower IT and major project costs as a whole. He reported that North Carolina's costs in 2017 were consistent with similar studies analyzing costs in 2013 and 2015. Mr. Reid reported to the Board on the service score, which is based on member transactions and member communication from the member perspective. He reported that the NC Defined Benefit Administration scored a 70, which was below the peer median of 80. The reasons for the score were focused on the longer wait times in the Call Center and limiting one-on-one counseling sessions offered to members nearing retirement. Similar to the cost score, the service score has remained steady since 2013.

There was Board discussion about the costs to administer the North Carolina Retirement Systems and how the simplicity of the plans has contributed to overall cost effectiveness and success.

### **Update on the 2018 Short Session of the North Carolina General Assembly**

The Chair recognized Edgar Starnes, Senior Policy Advisor, and Sam Watts, Policy Development Analyst, to give a review and update on the 2018 Short Session of the North Carolina General Assembly. Mr. Watts presented that the North Carolina General Assembly acted on 15 bills affecting the Retirement Systems or State Health Plan that were considered this session. Eight of those were enacted into law, granting 89 percent of the department's requests. Mr. Watts reported that the North Carolina General Assembly fully funded all retirement systems per the Boards' recommendations, and created the Solvency Fund to accumulate funds to address unfunded pension and health liabilities. Changes to retirement appropriations consumed 24 percent of the state's net increase in spending this year. He reported on the benefit policy changes, including that retirees in the state pension systems will receive a one percent one-time pension supplement payment by October 2018; law enforcement officers will be provided with a 25-year reduced benefit retirement payment option; and, the public safety line of duty death benefit is doubled to \$100,000 and is expanded to include more workers.

Mr. Starnes provided further explanation of House Bill 651 (Session Law 2018-30), which establishes the "Unfunded Liability Solvency Reserve" as a reserve within the General Fund that will be used to accumulate funds during the fiscal year to be used to reduce the state's unfunded pension and retiree medical benefit liabilities during the next fiscal year.

### **Legislative Enactment Implementation Arrangement (LEIA)**

The Chair recognized Patrick Kinlaw, Director of Policy, Planning and Compliance, to provide an update on the LEIA implementation and statement of activity. Mr. Kinlaw stated that the LEIA is to provide timely administrative implementation of any legislative provision regarding the retirement of, or payment of retirement benefits to, public officers or public employees that has a cost savings as measured by actuarial note, and that the Board of Trustees may direct up to one-hundredth of a percent (0.01%) out of the required employer contribution rate to fund the LEIA. He noted that per Session Law 2017-129, the Department of State Treasurer shall report to the Board 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 projects under the criteria set forth in N.C.G.S. §135-7(h).

Mr. Kinlaw reported that as 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 N.C.G.S. §135-7(h).

It was moved by Lentz Brewer, seconded by Linda Gunter and carried unanimously that the LEIA report for TSERS be approved.

#### **Update on the Investment Advisory Committee Meetings**

The Chair recognized Board member Lentz Brewer to provide an update on the Investment Advisory Committee (IAC) Meetings. Mr. Brewer presented on the outcomes of the May 17, 2018, IAC meeting. He reported that Assets under Management for the North Carolina Retirement Systems was \$97.9 billion as of March 31, 2018, down approximately \$400 million from year end. He reported on the asset allocations, stating that Growth equity is underweight by 3.76 percent and Rate and Equity is overweight by 3.35 percent. Mr. Brewer stated that the NC Retirement Systems had a positive return over the first quarter, exceeding its benchmark. He remarked that the plan continues to perform well versus its implementation benchmark over multiple time periods, including both shorter term and longer term timeframes. Lastly, Mr. Brewer stated that the department's Investment Management Division continues to deliver on its mission of maximizing returns with less risk than its peers and to be exceptional stewards of the retirees' funds.

#### **Update on the Transition of Actuarial Services to Cavanaugh Macdonald Consulting**


The Chair recognized Patrick Kinlaw, Director of Policy, Planning and Compliance, for a presentation on the transition of the actuarial services to Cavanaugh Macdonald Consulting (CMC). Mr. Kinlaw reported that good progress continues to be made in transitioning actuarial services to CMC. He stated that the actuary is replicating the valuation results of all retirement, disability and death benefit programs. He discussed the variance inherent in transition where differences in process, programming or interpretation may arise in the replication to some degree of variance and will always occur when transitioning systems of TSERS' or LGERS' size and complexity. CMC expects variance to be well within the acceptable tolerance levels and continues to work to minimize the variances. Mr. Kinlaw reported that when determining the employer contribution rates, generally any transition variance would be viewed as an "experience gain or loss" whose effect is amortized. He stated that even a seemingly small variance can translate to a meaningful change in the contribution rate as a percentage of pay. He reviewed a hypothetical experience of the variance inherent in transition showing the impact to the Actuarially Determined Employer Contribution (ADEC) to the Employer Contribution Rate Stabilization Policy (ECRSP). Lastly, Mr. Kinlaw reported that CMC continues to finalize the transition, supported by RSD and the prior actuary, and CMC will report to the Boards at the October meeting regarding final variances from the transition as part of the year-end 2017 valuation results that will be presented at that meeting.

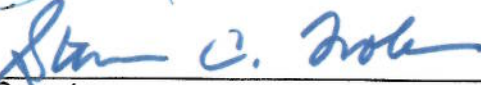
### Public Comment Period

The Chair asked if there were any public comments prior to adjournment of the meeting. It was stated that there were no public comments.

### Adjournment

There being no further business before the Board, Vernon Gammon moved to adjourn, which was seconded by Dirk German and the meeting adjourned at 11:36 a.m.

  
Chair

  
Secretary

**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES**

**July 26, 2018 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 § 163A-159(c)

In the following packet is a copy of each Board members' most recent Statement of Economic Interest (SEI) evaluation issued by the State Board of Elections and Ethics Enforcement. 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 to inform and remind them of the identified actual or potential conflicts of interest.





## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

April 25, 2017

The Honorable Dale R. Folwell  
Department of State Treasurer  
325 N. Salisbury Street  
Raleigh, NC 27603

*Via Email*

**Re: Evaluation of Your Statement of Economic Interest**  
North Carolina State Treasurer

Dear Treasurer Folwell:

Our office is in receipt of your 2017 Statement of Economic Interest as North Carolina State Treasurer. 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.

**We did not find an actual conflict of interest, but did find the potential for a conflict of interest. The potential conflict identified does not prohibit your service.**

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

You disclosed that you and your spouse own threshold amounts of stock in publicly traded stocks including Apple, Inc., and Valeant. Therefore, you have the potential for a conflict of interest and should exercise appropriate caution in the performance of your public duties, should these entities, or any entity in which you and/or your spouse have a financial interest come before you for official action.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).



The Honorable Dale R. Folwell

April 25, 2017

Page 2 of 2

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in blue ink that reads "Gretchen D. Aycock". The signature is fluid and cursive, with the first name "Gretchen" being more prominent and the last name "Aycock" following in a similar style. The initials "D." are written between the first and last names.

Gretchen D. Aycock  
SEI Attorney

cc: Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer



# NORTH CAROLINA

## State Board of Elections & Ethics Enforcement

Mailing Address:  
P.O. Box 27255  
Raleigh, NC 27611-7255

Phone: (919) 814-0700  
Fax: (919) 715-0135

July 17, 2018

The Honorable Mark Johnson  
Superintendent of Public Instruction  
6301 Mail Service Center  
Raleigh, NC 27699-6301

*Via Email*

**Re: Evaluation of Statement of Economic Interest filed by Claire Miller  
Board of Trustees of the Teachers' and State Employees' Retirement System**

Dear Superintendent Johnson:

Our office has received **Claire Miller's** 2018 Statement of Economic Interest as a Public Instruction Designee member to the **Board of Trustees of the Teachers' and State Employees' Retirement System (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement 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. § 163A-193(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. § 163A-157.

**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 Board of Trustees of the Teachers' and State Employees' Retirement System ("TSERS") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

The Honorable Mark Johnson

July 17, 2018

Page 2 of 2

Ms. Miller fills the role of a Department of Instruction Designee member on the Board. As such, she is a potential beneficiary of the Retirement System and has the potential for a conflict of interest. She should exercise caution in the performance of her public duties should issues involving her retirement come before the Board for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. 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,



Lisa Johnson, SEI Unit  
NC Board of Elections & Ethics Enforcement

Cc: Claire Miller  
Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer



# NORTH CAROLINA

## State Board of Elections & Ethics Enforcement

Mailing Address:  
P.O. Box 27255  
Raleigh, NC 27611-7255

Phone: (919) 814-0700  
Fax: (919) 715-0135

July 17, 2018

Mrs. Barbara J. Gibson  
Office of State Human Resources  
116 West Jones Street  
Raleigh, North Carolina 27603

*Via Email*

**Re: Evaluation of Statement of Economic Interest  
Ex-Officio Member – Board of Trustees of the Teachers' and State Employees'  
Retirement System**

Dear Mrs. Gibson:

Our office has received your 2018 Statement of Economic Interest as an Ex-Officio member to the **Board of Trustees of the Teachers' and State Employees' Retirement System (the "Board")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 163A of the North Carolina General Statutes ("N.C.G.S."), also known as the Elections and Ethics Enforcement 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. § 163A-193(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. § 163A-157.

**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 Board of Trustees of the Teachers' and State Employees' Retirement System ("TSERS") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. § 163A-211 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. § 163A-216 prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mrs. Barbara J. Gibson

July 17, 2018

Page 2 of 2

Mrs. Gibson fill the role of an Ex-Officio member on the Board. Mrs. Gibson and her husband are both state employees. As such, they are potential beneficiaries of the Retirement System and she has the potential for a conflict of interest. She should exercise caution in the performance of her public duties should issues involving their retirement come before the Board for official action.

In addition to the conflicts standards noted above, N.C.G.S. § 163A-212 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. § 163A-212(e).

Pursuant to N.C.G.S. § 163A-159(c), when an actual or potential conflict of interest is cited by the Board under N.C.G.S. § 163A-189(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the Act.

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 163A-158. 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,



Lisa Johnson, SEI Unit  
NC Board of Elections & Ethics Enforcement

Cc: Laura Rowe, Ethics Liaison

Attachment: Ethics Education Flyer



## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

April 28, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By Mr. Oliver A. Holley  
**Prospective Appointee – Teachers’ and State Employees’ Retirement System**

Dear Governor Cooper:

Our office is in receipt of **Mr. Oliver A. Holley’s** 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers’ and State Employees’ Retirement System (“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.

**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 Board of Trustees of the Teachers’ and State Employees’ Retirement System (“TSERS”) is responsible for administration of the Teachers’ and State Employees’ Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Holley will fill the role of an active member of the teaching profession in North Carolina on the Board. He is the Director of Human Resources for Perquimans County Schools. As such, he is a potential beneficiary of the Retirement System and he has the potential for a conflict of interest. In light of this interest, Mr. Holley should exercise appropriate caution in the performance of her public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Roy A. Cooper, III  
April 28, 2017  
Page 2 of 2

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Mr. Oliver A. Holley

Attachment: Ethics Education Flyer





# NORTH CAROLINA

## State Board of Elections & Ethics Enforcement

Mailing Address:  
P.O. Box 27255  
Raleigh, NC 27611-7255

Phone: (919) 733-7173  
Fax: (919) 715-0135

KIM WESTBROOK STRACH  
Executive Director

June 24, 2017

The Honorable Roy A. Cooper, III

*Via Email*

Governor of North Carolina

20301 Mail Service Center

Raleigh, NC 27699-0301

Re: Evaluation of Statements of Economic Interest Filed By Ms. Linda H. Gunter  
Prospective Appointee – Teachers' and State Employees' Retirement System

Dear Governor Cooper:

Our office is in receipt of Ms. Linda H. Gunter's 2017 Statement of Economic Interest Form as a prospective appointee to the **Board of Trustees of the Teachers' and State Employees' Retirement System ("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.

**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 Board of Trustees of the Teachers' and State Employees' Retirement System ("TSERS") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Ms. Gunter will fill the role of a retired teacher on the Board. She is a retired teacher from the Wake County School System. As such, she is a beneficiary of the Retirement System and she has the potential for a conflict of interest. Ms. Gunter should exercise appropriate caution in the performance of her public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act. My telephone number is 919-814-3600.

Sincerely,



Gretchen D. Aycock

SEI Attorney

cc: Ms. Linda H. Gunter, Filer

Attachment: Ethics Education Flyer



# NORTH CAROLINA

## State Board of Elections & Ethics Enforcement

mailing address:  
P.O. Box 27255  
Raleigh, NC 27611-7255

Phone: (919) 733-7173  
Fax: (919) 715-0135

KIM WESTBROOK STRACH  
Executive Director

June 27, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By Mr. Jeffrey S. Winstead  
Prospective Appointee – Teachers' and State Employees' Retirement System

Dear Governor Cooper:

Our office is in receipt of Mr. Jeffrey S. Winstead's 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers' and State Employees' Retirement System** ("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.

**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 Board of Trustees of the Teachers' and State Employees' Retirement System ("TSERS") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Winstead will fill the role of a retired State employee on the Board. As such, he is a potential beneficiary of the Retirement System and has the potential for a conflict of interest. In light of this interest, Mr. Winstead should exercise appropriate caution in the performance of his public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Roy A. Cooper, III  
June 27, 2017  
Page 2 of 2

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Mr. Jeffrey S. Winstead

Attachment: Ethics Education Flyer



## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

April 13, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By Ms. Margaret C. Reader  
**Prospective Appointee – Teachers’ and State Employees’ Retirement System**

Dear Governor Cooper:

Our office is in receipt of **Ms. Margaret C. Reader’s** 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers’ and State Employees’ Retirement System (“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.

**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 Board of Trustees of the Teachers’ and State Employees’ Retirement System (“TSERS”) is responsible for administration of the Teachers’ and State Employees’ Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Ms. Reader will fill the role of a State employee on the Board. She is a Personnel Officer with the Office of Administrative Hearings. As such, she is a potential beneficiary of the Retirement System and she has the potential for a conflict of interest. In light of this interest, Ms. Reader should exercise appropriate caution in the performance of her public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Roy A. Cooper, III  
April 13, 2017  
Page 2 of 2

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Ms. Margaret C. Reader

Attachment: Ethics Education Flyer



## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

April 13, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By Mr. Cecil Vernon Gammon  
**Prospective Appointee – Teachers' and State Employees' Retirement System**

Dear Governor Cooper:

Our office is in receipt of **Mr. Cecil Vernon Gammon's** 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers' and State Employees' Retirement System ("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.

**We did not find an actual conflict of interest or the potential for a conflict of interest.**

The Board of Trustees of the Teachers' and State Employees' Retirement System ("TSERS") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Gammon will fill the role of an individual who is not a member of the teaching profession or a State employee. He is the Secretary/Treasurer of Teamsters Local Union 391.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).



Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Mr. Cecil Vernon Gammon

Attachment: Ethics Education Flyer



## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

April 13, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By **Mr. Joshua J. Smith**  
**Prospective Appointee – Teachers’ and State Employees’ Retirement System**

Dear Governor Cooper:

Our office is in receipt of **Mr. Joshua J. Smith’s** 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers’ and State Employees’ Retirement System (“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.

**We did not find an actual conflict of interest or the potential for a conflict of interest.**

The Board of Trustees of the Teachers’ and State Employees’ Retirement System (“TSERS”) is responsible for administration of the Teachers’ and State Employees’ Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Smith will fill the role of an individual who is not a member of the teaching profession or a State employee. He is Fire Captain of the City of Statesville.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Roy A. Cooper, III  
April 13, 2017  
Page 2 of 2

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Mr. Joshua J. Smith

Attachment: Ethics Education Flyer



## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

April 27, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By **Mr. David L. German, Jr.**  
**Prospective Appointee – Teachers’ and State Employees’ Retirement System**

Dear Governor Cooper:

Our office is in receipt of **Mr. David L. German, Jr.’s** 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers’ and State Employees’ Retirement System (“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.

**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 Board of Trustees of the Teachers’ and State Employees’ Retirement System (“TSERS”) is responsible for administration of the Teachers’ and State Employees’ Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. German will fill the role of a State law enforcement officer on the Board. He is a Special Agent in Charge with the State Bureau of Investigation. As such, he is a potential beneficiary of the Retirement System and has the potential for a conflict of interest. In light of this interest, Mr. German should exercise appropriate caution in the performance of his public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant’s agency, is regulated or controlled by the public servant’s agency, or has particular financial interests that may be affected by the public servant’s official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Roy A. Cooper, III  
April 27, 2017  
Page 2 of 2

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Mr. David L. German, Jr.

Attachment: Ethics Education Flyer



# NORTH CAROLINA

## State Board of Elections & Ethics Enforcement

P.O. Box 27255  
Raleigh, NC 27611-7255

Phone: (919) 733-7173  
Fax: (919) 715-0135

KIM WESTBROOK STRACH  
*Executive Director*

June 27, 2017

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

*Via Email*

Re: Evaluation of Statements of Economic Interest Filed By Lt. Colonel John H. Ebbighausen  
**Prospective Appointee – Teachers' and State Employees' Retirement System**

Dear Governor Cooper:

Our office is in receipt of **Lt. Colonel John H. Ebbighausen's** 2017 Statement of Economic Interest as a prospective appointee to the **Board of Trustees of the Teachers' and State Employees' Retirement System ("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.

**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 Board of Trustees of the Teachers' and State Employees' Retirement System ("TSERS") is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Lt. Colonel Ebbighausen will fill the role of a National Guard member on the Board. As such, he is a potential beneficiary of the Retirement System and has the potential for a conflict of interest. In light of this interest, he should exercise appropriate caution in the performance of his public duties.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

The Honorable Roy A. Cooper, III  
June 27, 2017  
Page 2 of 2

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in cursive script that reads "Beth Carpenter".

Beth Carpenter  
SEI Unit

cc: Lt. Colonel John H. Ebbighausen

Attachment: Ethics Education Flyer





## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

GEORGE L. WAINWRIGHT, JR.  
CHAIRMAN

PERRY Y. NEWSON  
EXECUTIVE DIRECTOR

November 21, 2016

The Honorable Tim Moore  
Speaker of the House of Representatives  
16 W. Jones St., Rm. 2304  
Raleigh, NC 27601-1096

*Via email*

**Re: Evaluation of Statement of Economic Interest Filed by Michael G. Patterson**  
Non State or Local Government Employee

Dear Speaker Moore:

Our office is in receipt of Michael G. Patterson's **2016 Statement of Economic Interest** as a member of the Board of Trustees of the Teachers' and State Employees' Retirement System ("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.

**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 Board of Trustees of the Teachers' and State Employees' Retirement System is responsible for administration of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Patterson fills the role of a non-state/local government employee on the Board. He has disclosed that he is the managing principal of Advisors Financial Group, Inc., and that he conducts business as an investment advisor and financial planner. Mr. Patterson has disclosed that he has business relationships with insurance companies and contracts with the state to provide insurance products to state employees. In addition, he has disclosed interests in several privately held companies, including AFG Companies, Inc., Insurance Designers of America, LLC, and U.S. Annuity Partners, LLC. He also holds stock options from the Lincoln Financial Group, and serves as a broker/dealer for ProEquities, Inc. Because of these financial associations, Mr. Patterson has a potential conflict of interest and should exercise appropriate caution in the performance of his public duties should any of the companies in which he has a financial interest, or his clients, come before the Board for official action. or otherwise seek to conduct business with the Board.

The Honorable Tim Moore

November 21, 2016

Page 2 of 2

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in blue ink that reads "Gretchen D. Aycok". The signature is fluid and cursive, with the first name being the most prominent.

Gretchen D. Aycok  
SEI Attorney

cc: Michael G. Patterson, Filer  
Laura Rowe, Ethics Liaison  
Janet R. Cowell, Board Chair

Attachment: Ethics Education Flyer



## STATE ETHICS COMMISSION

1324 MAIL SERVICE CENTER  
RALEIGH, NC 27699-1324  
WWW.ETHICSCOMMISSION.NC.GOV

ROBERT L. FARMER  
CHAIRMAN

PERRY Y. NEWSON  
EXECUTIVE DIRECTOR

October 7, 2013

The Honorable Phil Berger  
President Pro Tempore of the Senate  
16 West Jones Street, Room 2008  
Raleigh, NC 27601

*Via email*

**Re: Evaluation of Statement of Economic Interest Filed By W. Lentz Brewer**  
Appointee – Board of Trustees of the Teachers’ and State Employees’ Retirement System

Dear President Pro Tem Berger:

Our office is in receipt of W. Lentz Brewer’s **2013 Statement of Economic Interest** as an appointee to the **Board of Trustees of the Teachers’ and State Employees’ Retirement System (“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.

**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 Board of Trustees of the Teachers’ and State Employees’ Retirement System (“Board”) is responsible for administration of the Teachers’ and State Employees’ Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. The Board serves as trustee and the State Treasurer is custodian of and makes decisions concerning investment of System funds.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant’s extended family, or a business or non-profit with which the public servant or a member of the public servant’s immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Brewer will fill the role of a public member, who is not a teacher or state employee, appointed by the Senate on the Board. He is a commercial banker for ParkSterling Bank (“Bank”), which is a financial service, including investments, banking company. As the Bank could seek to do business with the Board, he has the potential for a conflict of interest. Mr. Brewer should exercise appropriate caution in the performance of his public duties should issues involving the Bank come before the Board for official action or otherwise seek to conduct business with the Board. This would include recusing himself to the extent that this interest would influence or could reasonably appear to influence his actions.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. 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 State Government Ethics Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Anitra Hill", with a long horizontal flourish extending to the right.

Anitra Hill  
State Ethics Commission, SEI Unit

cc: W. Lentz Brewer  
Janet Cowell, Board Chair  
Sandra Johnson, Ethics Liaison

Attachment: Ethics Education Flyer