



September 29, 2017

To: Joint Legislative Commission on Governmental Operations
Joint Legislative Oversight Committee on General Government

From: Dale R. Folwell, CPA *Dale Folwell*
State Treasurer of North Carolina

Subject: Report under G.S. 147-69.3(i1) and 147-69.3(i2) – Incentive Bonus for Chief
Investment Officer and Salaries and Bonuses Paid under G.S. 147-69.3(i2)

G.S. 147-69.3 grants the State Treasurer the authority to award each of the Chief Investment Officer and Investment Directors a performance-based incentive bonus based upon compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation and the Pension Plan performance.

In accordance with the requirement of G.S. 147-69.3(i1), this letter serves to inform you that the State Treasurer elected **not to pay** the Chief Investment Officer or Investment Directors a bonus for the fiscal year ending June 30, 2017. The compensation plan that the Treasurer has adopted under G.S. 147-69.3(i2) provides for compensation only in the form of salary, not bonuses.

In accordance with the reporting requirement of G.S. 147-69.3(i2), this letter provides the salaries and bonuses paid under that provision. **No bonuses** have been paid since the inception of the market-oriented compensation plan, so as a result the report lists only salaries. Subsection (i2) requires reporting “annually,” but does not specify a date. We provided the first report under subsection (i2) on February 27, 2015 pursuant to the separate deadline in § 33.2(d) of the Appropriations Act of 2014, and we provided supplemental information to Fiscal Research in December 2015. Going forward, we will make the (i2) report on the same October 1 date as the (i1) report, unless the Committee would prefer another date.

The legislative increase and any other adjustments following the end of the 2016-2017 fiscal year will be reported in the next annual report under G.S. 147-69.3(i2).

Enclosure: Position Number, Position Title in Beacon System, and Salary for Affected Employees as of June 30, 2017

Position Number	Position Title	Annual Salary as of June 30, 2017
60009069	DST Chief Investment Officer/Deputy Treasurer	386,081.00
60009059	DST Investment Deputy General Counsel	136,962.00
65011778	DST Investment Deputy General Counsel	120,850.00
60009021	DST Investment General Counsel	140,000.00
60009068	DST Investment Director	238,525.00
60009065	DST Investment Director	220,313.00
60009066	DST Investment Director	273,708.00
60009054	DST Investment Director	209,648.00
60009061	DST Investment Director	238,525.00
65012552	DST Investment Director	223,618.00
60009067	DST Investment Director	223,618.00
65012554	DST Investment Director	223,618.00
60090004	DST Investment Analyst	66,609.00
60090005	DST Investment Analyst	80,185.00
65006073	DST Investment Analyst	66,609.00
65006074	DST Investment Analyst	80,185.00
65022134	DST Investment Analyst	75,174.00
65022135	DST Investment Analyst	75,174.00
65022136	DST Investment Analyst	80,185.00
65022138	DST Investment Analyst	90,335.00
60009056	DST Investment Portfolio Manager	176,488.00
60009057	DST Investment Portfolio Manager	146,960.00
60009058	DST Investment Portfolio Manager	153,202.00
60009062	DST Investment Portfolio Manager	176,488.00
60009064	DST Investment Portfolio Manager	153,202.00
60009070	DST Investment Portfolio Manager	187,519.00
60009071	DST Investment Portfolio Manager	163,415.00
65006636	DST Investment Portfolio Manager	153,202.00
65022137	DST Investment Portfolio Manager	134,063.00
65022139	DST Investment Portfolio Manager	161,000.00
65022140	DST Investment Portfolio Manager	163,415.00
65022141	DST Investment Portfolio Manager	136,074.00
65022142	DST Investment Portfolio Manager	136,074.00
65022143	DST Investment Portfolio Manager	163,415.00
60009285	DST Investment Accountant	62,930.00
60009300	DST Investment Accountant	58,997.00
60009308	DST Investment Accountant	62,930.00
60088630	DST Investment Accounting Manager	100,000.00
60009294	DST Investment Accounting Supervisor	75,174.00
60009305	DST Investment Chief Financial Officer	220,001.00
60009291	DST Investment Deputy Director - Financial Operations	151,938.00