

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 1237

Short Title: Retirement Investment Transparency. (Public)

Sponsors: Representatives Setzer, T. Moore, Johnson, and Moffitt (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: State Personnel.

May 28, 2014

1 A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE THE STATE TREASURER TO COLLECT AND MAINTAIN AS  
3 PUBLIC RECORDS ALL INFORMATION AND DOCUMENTATION RELATED TO  
4 FEES PAID TO INVESTMENT MANAGERS ENTRUSTED WITH THE FUNDS OF  
5 THE STATE RETIREMENT SYSTEMS AND RELATED TO THE PERFORMANCE OF  
6 THOSE INVESTMENT MANAGERS.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 147-69.7(b) reads as rewritten:

9 "(b) In investing and managing assets of the Retirement Systems pursuant to subsection  
10 (a) of this section, the Treasurer:

11 (1) Shall consider the following circumstances:

- 12 a. General economic conditions.  
13 b. The possible effect of inflation or deflation.  
14 c. The role that each investment or course of action plays within the  
15 overall portfolio of the Retirement Systems.  
16 d. The expected total return from income and the appreciation of  
17 capital.  
18 e. Needs for liquidity, regularity of income, and preservation or  
19 appreciation of capital.  
20 f. The adequacy of funding for the Retirement Systems based on  
21 reasonable actuarial factors.

22 (2) Shall diversify the investments of the Retirement Systems unless the  
23 Treasurer reasonably determines that, because of special circumstances, it is  
24 clearly prudent not to do so.

25 (3) Shall make a reasonable effort to verify facts relevant to the investment and  
26 management of assets of the Retirement Systems.

27 (4) May invest in any kind of property or type of investment consistent with the  
28 provisions of Article 6 of Chapter 146 of the General Statutes.

29 (5) May consider benefits created by an investment in addition to investment  
30 return only if the Treasurer determines that the investment providing these  
31 collateral benefits would be prudent even without collateral benefits.

32 (6) Shall collect and maintain as public records the amounts in fees paid to each  
33 investment manager, the performance of each investment manager, and all  
34 other documents related to these investments. The fee information that shall  
35 be collected and maintained as public records pursuant to this subdivision



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1 includes investment management fees, asset-based fees, performance fees,  
2 incentive fees, fund of fund fees, operating fees, transaction fees, property  
3 management fees, payments to placement agents, and any other expenses,  
4 regardless of whether those fees are paid directly by the State or the  
5 Retirement Systems or by other parties for a purpose that is in any way  
6 related to an investment of Retirement System assets. The information  
7 collected and maintained by the Treasurer pursuant to this subdivision is a  
8 public record as defined in G.S. 132-1 and not confidential or a trade secret  
9 under G.S. 132-1.2(1)."

10 **SECTION 2.** This act becomes effective July 1, 2014, and applies to information  
11 and documentation related to fees paid on or after that date.