

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 215

Short Title: Protect Charlotte Firefighters' Ret. System. (Local)

Sponsors: Representative Clampitt.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Pensions and Retirement, if favorable, State and Local Government, if favorable,
Rules, Calendar, and Operations of the House

February 27, 2025

A BILL TO BE ENTITLED

AN ACT TO PROTECT PARTICIPANTS AND BENEFICIARIES OF THE CHARLOTTE
FIREFIGHTERS' RETIREMENT SYSTEM FROM HARM RELATED TO BREACHES
OF DATA.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Section 36 of Title VI of Chapter 506 of the 1987 Session Laws, as amended by Chapter 830 of the 1991 Session Laws, S.L. 1990-100, and S.L. 2001-22, reads as rewritten:

"Sec. 36. **Employment of Professional Services.**

(a) The Board of Trustees shall have the authority to employ and/or utilize professional and secretarial services and to purchase and maintain such property, equipment and supplies as are deemed necessary for the proper operation of the System. All expenses, fees and/or retainers for the employment of services shall be borne by the System with the singular exception of the employment of the Actuary. All fees and expenses in connection with the employment of a qualified actuary to perform the annual evaluation of the Retirement System's financial condition shall be paid by the City of Charlotte.

(a1) **Actuary.** The Board of Trustees shall annually request the City to employ a qualified Actuary to perform such studies and evaluations of the Charlotte Firefighters' Retirement System as may be necessary and/or desirable by the Board or City in connection with the administration of the System. Within the meaning of this subsection, a qualified Actuary shall be an associate or fellow of the Society of Actuaries and either a member of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries.

(b) **Medical Board.** The Board of Trustees shall appoint a Medical Board to be composed of one or more physicians to serve at the pleasure of the Board. The Medical Board shall arrange for and evaluate all medical examinations required under provisions of this act. The Medical Board shall also investigate and evaluate all medical evidence, statements, and certificates submitted by and on behalf of a Member in connection with an application for disability retirement. The Medical Board shall render its conclusions and recommendations in 2017 Act- approved by NC Legislature Page 20 writing to the Board of Trustees in accordance with the provisions of this act.

(c) **Legal Counsel.** The City attorney and staff shall be the legal advisor to the Board of Trustees. The Board may employ separate legal counsel as it deems necessary and beneficial for the operation of the System.



1 (d) **Auditor.** The Board of Trustees shall appoint an Auditor who shall be a certified
2 public accountant.

3 (e) **Administrator.** The Board of Trustees shall have the authority to appoint an
4 Administrator who shall be responsible for the administration and coordination of all System
5 operations and activities that are not otherwise specified in this act. Such administration shall be
6 in accordance with rules and regulations of this act and the policy and direction of the Board. In
7 the absence of an Administrator, the Secretary of the Board as specified in Section 34(b)(2) shall
8 be responsible for the coordination of Board meetings and providing proper notice of such
9 meetings. The Administrator shall be domiciled in this State or otherwise subject to the relevant
10 banking and insurance laws of this State.

11 (f) **Insurance.** The Board of Trustees ~~may shall~~ purchase and maintain ~~that~~ insurance
12 coverage that is necessary for the proper operation of the System, including worker's
13 compensation, fidelity insurance, and officers' and employees' liability ~~coverage, coverage, and~~
14 data breach and cyber liability insurance that is for the benefit of the System and Participants and
15 Participants' Beneficiaries. All expenses incurred in purchasing or maintaining this coverage,
16 including fees, and retainers, shall be borne by the System."

17 **SECTION 1.(b)** Section 45 of Title VII of Chapter 506 of the 1987 Session Laws,
18 as amended by Chapter 830 of the 1991 Session Laws, S.L. 1990-100, and S.L. 2001-22, reads
19 as rewritten:

20 "Sec. 45. **Annual Report to City Council.** An annual report of the financial and actuarial
21 condition of the System, as of the preceding June 30, shall be prepared and forwarded to the City
22 Council in the quarter after receipt of the System's audit report from the Auditor. Such report
23 shall contain but shall not be limited to the Auditor's opinion, such statements contained in the
24 Auditor's report, a summary of the annual actuarial valuation and the actuary's valuation
25 certification. The annual report shall also include any instances of a data breach or other
26 cybersecurity incident impacting Participants and Participants' Beneficiaries, the cost of the
27 incident, and the steps taken in response to the incident."

28 **SECTION 1.(c)** Section 49 of Title VIII of Chapter 506 of the 1987 Session Laws,
29 as amended by Chapter 830 of the 1991 Session Laws, S.L. 1990-100, and S.L. 2001-22, reads
30 as rewritten:

31 "Sec. 49. **Custody of System Assets.** The Treasurer of the Retirement System shall be the
32 custodian and responsible for the safekeeping of all funds paid into the Charlotte Firefighters'
33 Retirement System. The Treasurer shall deposit said funds in a bank or banks otherwise subject
34 to the relevant banking and insurance laws of this State, as designated by the Board of Trustees.
35 The Treasurer may, with Board concurrence, use one or more nominees to facilitate transfer of
36 the System's securities and may hold the securities in safekeeping with the Federal Reserve
37 System, a clearing corporation, or a custodian bank which is a member of the Federal Reserve
38 System. All payments from said funds shall be authorized by the Treasurer only upon the signed,
39 written request of the Administrator, or the Secretary of the Board in the absence of an
40 administrator. The Treasurer shall furnish such bond as shall be required by the Board of Trustees
41 and premium for said bond shall be paid out of the funds of the System."

42 **SECTION 1.(d)** Section 50 of Title VIII of Chapter 506 of the 1987 Session Laws,
43 as amended by Chapter 830 of the 1991 Session Laws, S.L. 1990-100, and S.L. 2001-22, reads
44 as rewritten:

45 "Sec. 50. **Investment/Reinvestment of Funds and Assets.** The Board of Trustees shall be
46 vested with the authority and responsibility and shall have full power to hold, purchase, sell,
47 assign, transfer, lend and dispose of any of the securities and investments in which the System
48 shall have been invested, as well as the proceeds of said investments and any monies belonging
49 to the System. The Board of Trustees as fiduciaries shall:

- 50 (1) Discharge its duties solely in the interest of the Participants and the
51 Beneficiaries;

- 1 (2) Act with the same care, skill, prudence and diligence under the circumstances
 2 then prevailing, that a prudent person acting in a similar capacity and familiar
 3 with those matters would use in the conduct of a similar enterprise with similar
 4 aims;
- 5 (3) Act with due regard for the management, reputation and stability of the issuer
 6 and the character of the particular investments being considered;
- 7 (4) Make investments for the exclusive purpose of providing benefits to
 8 Participants and Participants' Beneficiaries;
- 9 (5) Give appropriate consideration to those facts and circumstances the Board of
 10 Trustees knows or should know are relevant to the particular investment or
 11 investment course of action involved, including the role the investment or
 12 investment course of action plays in that portion of the System's investments
 13 for which the Board of Trustees has responsibility, and shall act accordingly.
 14 Appropriate consideration shall include, but is not limited to, a determination
 15 by the Board of Trustees that a particular investment or investment course of
 16 action is reasonably designed as part of the investments of the System to
 17 further the purposes of the System taking into consideration the risk of loss
 18 and the opportunity for gain or other return associated with the investment or
 19 investment course of action; and consideration of the following factors as they
 20 relate to the investment or the investment course of action: a. The
 21 diversification of the investments of the System; b. The liquidity and current
 22 return of the investments of the System relative to the anticipated cash flow
 23 requirements of the System; and c. The projected return of the investments of
 24 the System relative to the funding 2017 Act- approved by NC Legislature Page
 25 23 objectives of the System;
- 26 (6) Give appropriate consideration to investments which would enhance the
 27 general welfare of the City and its citizens if those investments offer the safety
 28 and rate of return comparable to other investments held by the System and
 29 available to the Board of Trustees at the time the investment decision is made;
- 30 (7) May use a portion of income of the System to defray the cost of investing,
 31 managing and protecting the assets of the System; ~~and System, including data~~
 32 breach and cyber liability insurance, and making whole a Participant or
 33 Participant's Beneficiary who was a victim of a System data breach or other
 34 cybersecurity incident.
- 35 (8) May utilize the services of Investment Fiduciaries to manage the assets of the
 36 System. These Investment Fiduciaries shall be subject to the terms, conditions,
 37 and limitations provided in this section and any limitations as set forth by the
 38 Board of Trustees."

39 **SECTION 1.(e)** Title VIII of Chapter 506 of the 1987 Session Laws, as amended by
 40 Chapter 1033 of the 1987 Session Laws, Chapter 248 of the 1989 Session Laws, Chapter 830 of
 41 the 1991 Session Laws, S.L. 1990-100, and S.L. 2001-22, is amended by adding a new section
 42 to read:

43 **"Sec. 55.1. Participants and Beneficiary Protection Against Cybersecurity Incidents. In**
 44 **addition to maintaining data breach and cyber liability insurance, the Board of Trustees shall**
 45 **have the duty to do all of the following to protect Participants and Beneficiaries of the System,**
 46 **which may be delegated to the Administrator or other contracted entity:**

- 47 (1) Set up a reporting mechanism and grievance procedure for Participants and
 48 Beneficiaries who may be victims of a System data breach or other
 49 cybersecurity incident.
- 50 (2) Investigate all reported System data breaches or other cybersecurity incidents,
 51 regardless of the source of the report.

1 (3) Provide resources for Participants and Beneficiaries who may be victims of a
2 System data breach or other cybersecurity incident that include actionable
3 steps that Participants and Beneficiaries may take to protect their funds and
4 assets from any threats related to the System data breach or other
5 cybersecurity incident that has occurred or that may occur.

6 (4) If a System data breach or other cybersecurity incident is found to have
7 occurred, make whole the Participants or Beneficiaries who were victims of
8 that System data breach or other cybersecurity incident."

9 **SECTION 2.(a)** As soon as practicable, including after assessing whether the current
10 administrator has failed to meet its obligations under the existing contract, the Board of Trustees
11 of the Charlotte Firefighters' Retirement System (Board of Trustees) shall contract with an
12 administrator for the Charlotte Firefighters' Retirement System (System) that meets all of the
13 requirements under this act.

14 **SECTION 2.(b)** Within 60 days of this act becoming effective, the Board of Trustees
15 shall enter into a contract for data breach and cyber liability insurance in accordance with this
16 act.

17 **SECTION 2.(c)** Within 60 days of this act becoming effective, the Board of Trustees
18 shall set up the reporting mechanism and grievance procedure for Participants and Beneficiaries
19 who may have been victims of a System data breach or other cybersecurity incident required
20 under this act.

21 **SECTION 2.(d)** The Board of Trustees shall investigate any System data breaches
22 or other cybersecurity incidents that have been reported within a year prior to the effective date
23 of this act or after and provide the resources required under this act to Participants and
24 Beneficiaries if any are found to have occurred on or after that date.

25 **SECTION 2.(e)** The requirement under this act to make whole a Participant or
26 Beneficiary who is a victim of a System data breach or other cybersecurity incident shall apply
27 to incidents occurring on or after the effective date of this act.

28 **SECTION 3.** This act applies only to the City of Charlotte.

29 **SECTION 4.** This act is effective when it becomes law.