

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

**H.B. 215**  
**Feb 25, 2025**  
**HOUSE PRINCIPAL CLERK**

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**HOUSE BILL DRH40146-MR-60**

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

Sponsors: Representative Clampitt.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROTECT PARTICIPANTS AND BENEFICIARIES OF THE CHARLOTTE  
3 FIREFIGHTERS' RETIREMENT SYSTEM FROM HARM RELATED TO BREACHES  
4 OF DATA.

5 The General Assembly of North Carolina enacts:

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

- 48 (1) Discharge its duties solely in the interest of the Participants and the  
49 Beneficiaries;
- 50 (2) Act with the same care, skill, prudence and diligence under the circumstances  
51 then prevailing, that a prudent person acting in a similar capacity and familiar

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

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

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

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

1 steps that Participants and Beneficiaries may take to protect their funds and  
2 assets from any threats related to the System data breach or other  
3 cybersecurity incident that has occurred or that may occur.

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

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

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

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

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

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

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

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