

BOARD OF TRUSTEES
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
INVESTMENT COMMITTEE CHARTER RESOLUTION
Adopted April 2017~~October 22, 2009~~
Revised July 2020~~September~~October 2022

Commented [SMD1]: Move to end

WHEREAS, the Charlotte Firefighters' Retirement System ("System") was established pursuant to the provisions of Chapter 926 of the 1947 Session Laws, as amended (the "Act"), for the purpose of providing retirement, disability and survivor benefits for the uniformed employees of the Charlotte Fire Department who are subject to the provisions of the Civil Service Act contained in Chapter 333 of the 1969 Sessions Laws as amended, including the Cehief of the fire department where the Cehief was subject to the provisions of the Civil Service Act immediately prior to being appointed Efire Cehief; and

WHEREAS, Section 27 of the Act vests the general administration, management and responsibility for the proper operation of the System ~~are vested in~~with the Board of Trustees ("Board"); and

WHEREAS, Section 50 of the Act, vests the Board ~~is the designated trustee of the funds and assets of the System and is vested~~ with the authority, responsibility and full power to hold, purchase, sell, assign, transfer, lend and dispose of any of the securities and investments in which the System shall have been invested, as well as the proceeds of said investments and any monies belonging to the System; and

WHEREAS, Section 41 of the Act ~~the Board has the authority~~authorizes the Board to adopt ~~the~~ rules and regulations for the administration of the System and for the transaction of its business; and ~~to utilize the services of Investment Fiduciaries to manage the assets of the System; and~~

WHEREAS, Section 37 ~~the Board wishes to delegate certain duties and authority to the Investment Committee, a standing committee of the Board~~requires that the Chair~~person~~man of the Board appoint an Investment Committee; and ~~now~~

WHEREAS, on October 22, 2009, the Board adopted the following Investment Committee Charter giving authority and responsibility for certain duties to the Investment Committee, a standing committee of the Board, and setting forth the organizational structure and guidelines the Investment Committee will follow to fulfill its responsibilities, which may be amended from time to time by formal action of the Board; and,

~~, including the sections including removing references to the and, ing the~~ **WHEREAS**, the Committee has requested additional revisions to the Investment Committee Charter to better clarify its voting process.

NOW THEREFORE, BE IT RESOLVED, ~~that by~~ the Board of the Charlotte Firefighters' Retirement System, at its regularly assembled meeting of January 26, 2023 that it hereby ~~continues amends~~ the Investment Committee ~~and adopts the following~~ Charter, which may be amended from time to time by formal action of the Board as set forth below:

Investment Committee Charter 7-20209-2022

CHARTER

INVESTMENT COMMITTEE BOARD OF TRUSTEES

Amended by the Board of Trustees on 10/27/2022

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1. PURPOSE

~~The Investment Committee ("Committee") is established by the Act¹ as a standing committee of the Board of Trustees ("Board") of the Charlotte Firefighters' Retirement System ("System").~~ The purpose of this Investment Committee Charter is to outline the role, composition, duties, and authority of the Investment Committee, ~~heretofore established as a standing committee of the Board of Trustees of the Charlotte Firefighters' Retirement System~~ in conducting investment-related affairs of the System.

2. DEFINITIONS

The following terms as used in this Charter shall have the indicated meaning:

- a) "Act" means the Charlotte Firefighters' Retirement System Act established pursuant to Chapter 926 of the 1947 Session Laws of North Carolina, as amended.
- b) "Board" means the Board of Trustees of the Charlotte Firefighters' Retirement System.
- c) "Committee" means the Investment Committee.
- d) "Fund" means collectively, the System's monies and investments.
- e) "Investment Policy" means that certain Policy Statement of Investment Goals, Objectives and Guidelines, as may be amended by the Board from time to time.
- f) "System" means the Charlotte Firefighters' Retirement System.

Commented [SMD3]: I see a note to make definitions consistent with Benefits Charter, but further note that upon reflection there is nothing to change??

3. COMMITTEE'S ROLE

- a) The Committee is charged to oversee the System's investment and funding programs as relates to investments and related assumptions.
- b) Committee members, as Trustees and fiduciaries, shall: ~~1)~~
 - i. discharge their duties solely in the interest of the Members, Retirees and Beneficiaries,
and ~~2)~~

ii. act with the same care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims.

4. COMMITTEE MEMBERSHIP

(a) The Committee shall consist of five Trustees appointed by the Chairperson of the Board ("Chairperson"), except that one of the five shall be the System's Treasurer, an ex officio member.

(b) The Committee shall annually elect a Committee Chairperson from among its members. At any time, a majority of the members of the Committee could petition the Board Chairperson for a vote to elect a Chairperson.

MEETINGS

The Committee shall generally meet once a month and may convene more or less often as circumstances require. Meetings shall conform with the "Open Meetings Law," Article 33C of Chapter 143 of the General Statutes, G.S. 143-318.9, et seq., as amended. Committee members may attend meetings of the Committee in person or by means of a conference telephone or similar communications device allowing all persons participating in the meeting to hear each other at the same time, to the extent permitted by law. The Committee Chairperson (or the Chairperson's designee in the event of his or her absence) shall preside at all meetings of the Committee.

A majority of the Committee shall constitute a quorum for the transaction of business at any meeting thereof. If there are only three members present at a meeting and a motion for recommendation to the Board is equally split, the motion would be directed to the Board for the full Board's decision.

The Committee Chairperson in consultation with the System's Administrator shall set the agenda for each meeting of the Committee. Meeting agendas will be distributed in advance of the meeting. System Staff shall supply Committee members with information related to the items contained in the agenda prior to the meeting. The System's Administrator shall attend and participate in Committee meetings at the pleasure of the Committee.

The Committee shall keep minutes of its proceedings and shall provide regular reports on its activities and recommendations to the Board.

Commented [SMD4]: Deleted from Benefits Committee Charter but left here

5. AUTHORITY & RESPONSIBILITY DUTIES

The Committee shall have the following advisory and administrative duties:

1. Advisory Duties

- a) ~~Regularly/Periodically~~ review and assess the adequacy of the Investment Policy ~~and~~ this Charter, and the performance of the Committee and recommend changes where appropriate.
- b) ~~Regularly/Periodically~~ evaluate service providers (e.g., investment consultant, actuary, custodian) and recommend retention or replacement.
- c) ~~Regularly/Periodically~~ review the actuarial assumptions, both economic and demographic, and recommend changes where appropriate.
- d) Recommend special studies (e.g., asset-liability study, actuarial experience study) as may be appropriate from time to time.
- ~~e) Attend to other matters as the Board may determine from time to time.~~

2. Investment Program

- a) Oversee the System's investment program, ensuring compliance with the Investment Policy, including approval of Fund transactions and ability to grant temporary exceptions to the Investment Policy if market conditions warrant, in accordance with the Committee's scope of authority.
- b) Conduct investment manager / fund searches as needed.
- c) Monitor performance of the individual investment managers / funds in accordance with the Investment Policy.
- d) Evaluate the performance of the Fund quarterly based on a comparison of actual return with the System's absolute return objective and with other benchmarks stipulated by the Investment Policy.
- e) Review all investment-related fees incurred by, or on behalf of, the System for reasonableness.

Commented [SMD5]: Good language – as per the recent Northwestern case, pension trustees have an ongoing “duty to monitor”

Commented [SMD6]: Good language as per recent litigation

3. Funding Program

- a) Monitor the System's funding program.
- b) Identify key risk areas and devise methods or metrics for monitoring associated experience development. “Risk” refers to events that may be reasonably anticipated to adversely affect the System's future financial condition.
- c) Recommend accommodative strategies as may be required to respond to an over- or under-funding condition or threats to the System's financial soundness, be they actual or anticipated.

6. COMMITTEE MEETINGS

~~(a) The Committee shall generally meet once a month and may convene more or less often as circumstances require. Committee Meetings shall conform with the “Open Meetings Laws,” Article 33C of Chapter 143 of the General Statutes, G.S. 143-318.9, et seq., as amended.~~

(b) The Committee shall generally meet once a month and may convene more or less often as necessary.

(c) Committee members may attend meetings of the Committee in-person or by means of a conference telephone or similar communications device allowing all persons participating in the meeting to hear each other at the same time, to the extent permitted by law.

(d) The Committee Chair (or the Chair's designee in the event of his or her absence) shall preside at all meetings of the Committee.

(e) A majority of the Committee shall constitute a quorum for the transaction of business at any Committee meeting. All ~~trustees~~Committee members in attendance are eligible to vote.

(f) The Committee Chair, in consultation with the System's Administrator, shall set the agenda for each Committee meeting. ~~of the Committee.~~ Meeting agendas and supplementary material shall be distributed to Committee members in advance of Committee ~~meetings.~~ The System's Administrator or designated staff member shall attend and participate in Committee meetings at the pleasure of the Committee.

(g) The Committee shall keep minutes of its proceedings and shall provide regular reports on its activities and recommendations to the Board.

7. OVERSIGHT & REPORTING

The Board shall maintain direction and oversight of the Committee's activities. The Board's direction shall be accomplished primarily through establishment of the Investment Policy as well as review of regular reports of the Committee's activities at meetings of the Board. Any Committee action(s) taken, not taken or deferred in accordance with this Charter or Board guidance shall be reported to the Board at the next meeting of the Board following such action(s).

Revised July 16, 2020September 22, 2022

SUMMARY OF CHANGES

Meetings section: Clarified what occurs if there is a tie vote for a committee recommendation

Previous Revision July 16, 2020: Added Resolution statements, added Definitions and Member sections, technical updates to Duties section and Reporting section.

Commented [SMD7]: Create a standard format here to be used for all policies that shows adopted date, amended dates, and whatever the desired level of detail is regarding a summary of changes made. I realize that for the Charters it is a little different, since there are Resolutions creating the Charters and those may set forth that information in the whereas clauses, but I think the consistency within policies for the formatting of this at the end might be good to have, even if redundant for Charters.

DRAFT