

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

428 East Fourth Street • Suite 205 • Charlotte, North Carolina • 28202 • (704) 626-2728 • Fax (704) 626-7365

MEETING NOTICE AND AGENDA

DATE: April 19, 2024

TO: Board of Trustees
Charlotte Firefighters' Retirement System

FROM: Sandy Thiry – Administrator

The Regular quarterly meeting of the Board of Trustees of the Charlotte Firefighters' Retirement System (CFRS) will be held on Thursday, **April 25, 2024 at 8:00 A.M.** The meeting will be held **at the CFD General Office, 500 Dalton Ave, Charlotte, North Carolina, 28202.** (Please note location change.)

AGENDA

- I. **CALL TO ORDER** (5 minutes)
- II. **PUBLIC FORUM** (15 minutes)
- III. **CONSENT CALENDAR** (5 minutes)
 - a. Board Minutes January 25, 2024
 - b. Schedule of Retirements
 - c. Expense Reports
- IV. **BOARD GOVERNANCE** (15 minutes)
 - a. Review of Governance Calendar
- V. **REPORTS** (65 minutes)
 - a. Investment Committee Report (20 minutes)
 - i. Motion to amend the Investment Policy Statement
 - ii. Motion to hire Investment Consultant
 - b. Benefits Committee Report (20 minutes)
 - i. Motion to approve expenditure for actuarial funding analysis
 - c. Administrator Report (25 minutes)
 - i. Conference Approval
 - ii. FY2025 Budget Proposal
- VI. **NEW BUSINESS**

If you would like copies of the agenda materials, please contact the CFRS office at (704)626-2728 or CFRS@charlottenc.gov. Alternatively, you may find the meeting material by visiting www.charlottefireretire.com/Reports. Please note, time allotments listed above are approximate and may vary.

If you would like to address the Board during the Public Forum session, please contact the CFRS office prior to 3pm ET the day before the meeting to sign up. You will need to provide your name, address, daytime phone number, and topic. Speakers will be placed on the agenda based on order of receipt and be limited to no more than 3 minutes for their comments. However, the Chairperson has the discretion to shorten the time if an unusually large number of individuals have registered to speak. You may also submit written comments. You may read complete rules of the Public Forum session in the Board Ops Policy by visiting www.charlottefireretire.com/Reports.

Next Board Meeting: July 25, 2024

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

428 East Fourth Street • Suite 205 • Charlotte, North Carolina • 28202 • (704) 626-2728 • Fax (704) 626-7365

QUARTERLY BOARD MEETING MINUTES

January 25, 2024

PRESENT: Vanessa Heffron – Chair , John Carr, Melinda Manning, Matt Hastedt, Teresa Smith, Ryan Pope, Kim Heffernan, Mike Feehley, Kevin Gordon, Sheila Simpson

CALL IN: Joey Hager

STAFF: Sandy Thiry, Tony Bass, Desiré Dixon, and Lisa Flowers - Sr. Assistant City Attorney

GUEST: Mike Meryhew, Sr. Manager - Cherry Bekaert

AGENDA

CALL TO ORDER by Vanessa Heffron at 8:07 a.m. The meeting took place in person at the CFRS office. Mike Feehley was welcomed as the newest Active Member Trustee.

I. PUBLIC FORUM

No request was made to speak during the public forum.

II. CONSENT CALENDAR

Matt Hastedt motioned to approve the Consent Calendar which consisted of the October 26, 2023 Board meeting minutes and the September 28, 2023 Emergency Meeting, Schedule of Retirements, and the Expense Reports. Melinda Manning seconded the motion. The motion carried unanimously.

II. BOARD GOVERNANCE

The Board discussed the Governance Calendar and will utilize outside resources such as conferences for fiduciary training and review as well as legal counsel.

Mike Meryhew, Sr. Manager with Cherry Bekaert provided the annual audit results which included the issuance of an unmodified opinion, which concludes that the financial statements are presented fairly, in all material aspects, in accordance with the applicable financial reporting framework. No material weaknesses were identified and no significant deficiencies were reported. There was one uncorrected adjustment related to an overstatement of investment income related to the three-month lag of reporting for two real estate investments, Mike Meryhew stated this could go away as markets normalize and is not recommending any change to the reporting entry process.

John Carr motioned to accept the Annual Audit Report and Teresa Smith seconded the motion. The motion carried unanimously.

III. REPORTS

Investment Committee Report – John Carr

The Committee worked with Staff and legal during the past quarter to finalize the scope of services and the RFP questions submitted by multiple vendors. Over the next several months, the Committee will vet the proposals with an anticipated recommendation to the Board on July 25, 2024.

The Total Fund returned -3.56% over the course of the Third Quarter lagging the Custom Index return of -3.15% due to the underperformance of the active international equity managers. Large Cap stocks outperformed Small Caps, Value stocks outperformed Growth within small and mid-caps, and U.S. Fixed Income was negative in the Third Quarter. Lower appraisal values caused Core Real Estate to experience negative absolute returns as well.

Since Inception, the Total Fund returned 8.42% which was well-above the current actuarial assumed rate of 7% and outperformed the Custom Index by 51 basis points on an annualized basis, ranking in the 34th percentile. As of September 30, 2023, the ending Total Fund market value was \$577,578,608.

The Committee reviewed the redemption process, including the redemption queue notice deadline and any withdrawal penalties that may be associated with a redemption. The Committee motioned and approved to place JPMorgan Strategic Property Fund on watch and submit notice to enter the redemption queue with the ability to withdraw from the queue in the future. The Committee also motioned and approved the quarterly redemptions of JPMorgan Strategic Property Fund to be transferred to the cash account to help offset the quarterly cash draws until further notice.

The Investment Fee analysis was presented to the Committee and reviewed. All manager fees were shown to be in-line or below their relative peer groups.

At each meeting, the Investment Committee reviewed the monthly asset allocation reports. All asset classes were in-compliance with the existing Investment Policy Statement.

The Committee motioned and approved to draw \$5M from the SSGA Russell 1000 Index Fund for operating expenses at the November 16, 2023 IC meeting.

Barrow Hanley and MFS continue to be closely monitored due to changes in key personnel per the Investment Policy Statement. JPMorgan was placed on watch effective November 16, 2023 due to a change in key personnel per the Investment Policy Statement.

Melinda Manning motioned to accept the Investment Committee report and Teresa Smith seconded the motion. The motion carried unanimously.

Benefits Committee Report – Melinda Manning

Melinda Manning provided an overview of the Benefits Committee Meetings since the October 26, 2023, Board Meeting. The Social Security Fairness Act and the Social Security Expansion Act continue to be monitored. However, no updates were available. The Secure Act's implementation date for Roth catch-up contributions has been pushed out to provide agencies more time to set up and program for Roth Contributions.

The Committee continues to utilize the Work Plan to focus on various projects and review policies. They also discussed the Business Continuity Plan and System Administration Sustainability Plan while working with legal counsel on new vendor contracts and reviewing the Disability Regulations for updates.

The Committee walked through the current Funding Initiative with Ryan Bergman and discussed the need for additional funding. Included in the discussion was pension reform, the member survey done a few years ago, and the need to provide occasional cost-of-living adjustments to retirees. Ryan Bergman put together various scenarios for an actuarial analysis. The City will pay for the analysis and will share the results with the Committee for further review and consideration.

MOTION: The Benefits Committee motioned that the City pay the ADEC within 5 years. Should the ADEC fall below the Normal Cost, the Normal Cost shall be the contribution rate. John Carr seconded the motion and the motion carried unanimously.

John Carr motioned to accept the Benefit's Committee report and Ryan Pope seconded the motion. The motion carried unanimously.

The Board took a 10-minute break beginning at 9:28 a.m.

Administrator Report – Sandy Thiry

Tony Bass provided the Board with the Final FY23 and estimated FY2024 through November 2024 financial statements and explained that there were no areas of concern. He discussed the CFRS sponsoring the retiree fish fry to be held on March 8, 2024 that is organized by Tripp Fincher. Sandy stated that there is also a fall BBQ arranged by Tripp Fincher and has asked for sponsorship of that event, which will be included in the budget discussion at the April Board meeting. Tony updated the Board about the new ACH process which will offer a higher level of security and reduce costs.

The Board discussed the upcoming conferences which include Callan's College virtual session on March 19-21 and their National Conference on April 8-10, 2024 in San Francisco, NCPERS Accredited Fiduciary Program and their Annual Conference on May 18-22 in Seattle, WA, and the GFOA National Annual Conference on June 9-12 in Orlando, FL.

MOTION: Kevin Gordon motioned for Mike Feehley and Lisa Flowers to attend Callan's College virtual conference; John Carr, Joey Hager and Mike Feehley to attend Callan's National Conference; Joey Hager to attend NCPERS Annual Conference; and Tony Bass, Matt Hastedt and Betty Mattos to attend the GFOA National Conference. Sheila Simpson seconded the motion. The motion carried unanimously.

Sandy Thiry confirmed the active member election of which Mike Feehley ran unopposed.

Office operations remain steady from October 2023 to December 2023 with 38 consultations and applications and 24 members already scheduled this first quarter of 2024, Recruitment classes and station visits are also scheduled to provide retirement education. Staff members are working with the City and CBIZ for the City's migration from PeopleSoft to WorkDay that will include revising certain processes and reports between WorkDay and CBIZ. This is expected to go live in July 2024.

Charlotte National Building continues to have maintenance issues and upcoming capital expenditures will be necessary. There may be a need to review the condo status.

The Pension Administration Sustainability Plan was discussed extensively. Sandy Thiry reminded the Board of the current gaps and made recommendations to address the system's requirements and future needs. The recommendations included but were not limited to outsourcing to CBIZ, hiring additional staff and / or reorganizing. New retirees or active members should not be affected by these changes. She also suggested a reasonable timeline and the estimated cost any changes would be to the system.

MOTION: Melinda Manning motioned to move forward with the recommendations by Sandy Thiry that include outsourcing certain transactional work to CBIZ, hiring a Junior Benefits Analyst, and transition the financial transactional work to the City Finance Dept. Ryan Pope seconded the motion. The motion carried.

John Carr motioned to approve the Administrator's Report and Ryan Pope seconded the motion. The motion carried unanimously.

Melinda Manning motioned to enter Closed Session at 11:13 a.m. pursuant to N.C.G.S. Section 143-318.11(a)(6) to consider the performance of members of the System's staff Kevin Gordon seconded the motion. The motion carried unanimously.

John Carr motioned to go into Open Session at 11:55 a.m. and Teresa Smith seconded the motion. The motion carried unanimously. The Board took action which included providing merit raises to the System's staff members.

IV. NEW BUSINESS

No new business was presented during the January Board meeting.

ADJOURNMENT

Ryan Pope motioned to adjourn at 12:00 p.m. Mike Feehley seconded the motion. The motion carried unanimously.

Next Regular meeting is scheduled for Thursday, April 25, 2024.

cc: Lisa Flowers, Assistant City Attorney

Charlotte Firefighters' Retirement System
Members Presented to Board for Approval
April 25, 2024 Board Meeting

Qualification of Membership Service and 30-90 Day Election Period as defined by the Act verified with System's Administrator

Fname	MI	Lname	DOH	DOR	Station	Rank	Retirement Type	
Frangey	E	Medina	2/23/2004	3/30/2024	41-A	Firefighter II	Service	(purch serv)
Jeffrey	D	Clark	5/27/1998	3/30/2024	17-B	Firefighter II	Service	
Matthew	J	Cote	2/27/2002	5/4/2024	7-B	Firefighter II	Service	(purch serv)
Stephen	A	Creason, Jr.	4/28/1999	5/4/2024	13-C	Captain	Early	
Joelle	C	Friend	4/28/1999	5/4/2024	39-A	Engineer	Early	
Randall	L	McKown	5/22/1996	5/4/2024	17-C	Engineer	Service	
Brian	N	McGee	3/1/2000	5/11/2024	25-A	Captain	Service	(purch serv)
Michael	J	Franz	4/28/1999	5/18/2024	26-A	Engineer	Service	
Lawrence	J	Taylor	3/1/2000	5/25/2024	35-C	Engineer	Service	
Joseph	R	Pipkin	4/28/1999	6/8/2024	26-A	Engineer	Early	

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: John Carr

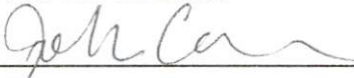
Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:		4/8/2024				4/12/2024		
Departure Time		10:15am				9:00am		
Arrival Time		12:54pm				5:02pm		
Airfare		683.71						\$683.71
Taxi/Limo/Shuttle								\$0.00
Rental Car								\$0.00
Tolls/Parking								\$0.00
Conf Sp Events								0.00
Meals								\$0.00
Tips/Misc.								\$0.00
Lodging								\$0.00
Other Gratuities								\$0.00
Registration Fees								\$0.00
TOTAL	\$0.00	\$683.71	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$683.71

Mileage								0.0
0.655	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Other Expenses

Date	Item of Expense	Purpose	Explanation	Amount
				\$0.00
				\$0.00
				\$0.00
TOTAL				\$0.00

I certify the above expenses to be true and accurate:

Attendee's Signature: 

Administrator's Signature: 

*Rec'd 2/14/24
B
Entered 2/14/24
B*

Date	Approval Remarks/Reimbursement Comments	Amount
		\$0.00
		\$0.00

Total from Above	Deduct Prepaid Expense	Deduct Travel Advance	TOTAL Due Traveler or (Due System)
\$683.71			\$683.71

Travel from: Charlotte, NC Travel to: San Francisco, CA

Purpose of Trip: 2024 Callan National Conference

Chairman's Signature: _____ Treasurer's Signature: 

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Sandy Thiry

Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:								
Departure Time								
Arrival Time								
Airfare								\$0.00
Taxi/Limo/Shuttle								\$0.00
Rental Car								\$0.00
Tolls/Parking								\$0.00
Conf Sp Events								0.00
Meals								\$0.00
Tips/Misc.								\$0.00
Lodging								\$0.00
Other Gratuities								\$0.00
Registration Fees								\$0.00
TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mileage								0.0
0.655	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Other Expenses

Date	Item of Expense	Purpose	Explanation	Amount
2/29/2024	magnet business cards			\$72.92
				\$0.00
TOTAL				\$72.92

I certify the above expenses to be true and accurate:

Attendee's Signature: *Sandy Thiry*

*Rec'd & Entered
3/1/24
B*

Administrator's Signature: *Sandy Thiry*

Date	Approval Remarks/Reimbursement Comments	Amount
		\$0.00
		\$0.00

Total from Above	Deduct Prepaid Expense	Deduct Travel Advance	TOTAL Due Traveler or (D System)
\$72.92			\$72.92

Travel from: _____ Travel to: _____

Purpose of Trip:

Chairman's Signature: _____ Treasurer's Signature: *[Signature]*

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Desire Dixon

Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:			2/20/2024	2/21/2024	2/22/2024			
Departure Time								
Arrival Time								
Airfare								\$0.00
Taxi/Limo/Shuttle								\$0.00
Rental Car								\$0.00
Tolls/Parking								\$0.00
Conf Sp Events								0.00
Meals								\$0.00
Tips/Misc.								\$0.00
Lodging			300.31	300.31	300.31			\$900.93
Other Gratuities								\$0.00
Registration Fees								\$0.00
TOTAL	\$0.00	\$0.00	\$300.31	\$300.31	\$300.31	\$0.00	\$0.00	\$900.93

Mileage								0.0
0.655	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Other Expenses

Date	Item of Expense	Purpose	Explanation	Amount
				\$0.00
				\$0.00
				\$0.00
TOTAL				\$0.00

I certify the above expenses to be true and accurate:

Cardholder's Signature: _____

Desire Dixon

*Rec'd & Entered
3/21/24 B*

Administrator's Signature: _____

Sandy Hines

Date	Approval Remarks/Reimbursement Comments	Amount
		\$0.00
		\$0.00

Total from Above	Deduct Prepaid Expense	Deduct Travel Advance	TOTAL Due Traveler or (Due System)
\$900.93			\$900.93

Travel from: Charlotte, NC

Travel to: Washington, DC

Purpose of Trip: NAPPA 2024 Winter Seminar

(hotel pd by Desire's credit card)

Chairman's Signature: _____

Treasurer's Signature: _____

[Handwritten Signature]

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Lisa Flowers

Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:			2/20/2024	2/21/2024	2/22/2024	2/23/2024		
Departure Time			12:15PM			5:50PM		
Arrival Time			3:00PM			9:18PM		
Airfare								\$315.26 ✓
Taxi/Limo/Shuttle						30.79 ✓		\$30.79 ✓
Rental Car								\$0.00
Tolls/Parking								\$0.00
Conf Sp Events								0.00
Meals			59.25 ✓	36.00 ✓	36.00 ✓	59.25 ✓		190.50 ✓ \$131.25
Tips/Misc.			5.00			5.00		\$10.00 ✓
Lodging								\$0.00
Other Gratuities								\$0.00
Registration Fees								\$0.00
TOTAL	\$0.00	\$0.00	\$64.25	\$36.00	\$36.00	\$35.79	\$0.00	\$487.30 ✓ 546.50
Mileage			25.0					25.0
0.67	\$0.00	\$0.00	\$16.75	\$0.00	\$0.00	\$0.00	\$0.00	\$16.75 ✓

Other Expenses

Date	Item of Expense	Purpose	Explanation	Amount
2/20/2024	Public Transit	Travel from airport to hotel		\$8.00 ✓
2/23/2024	Public Transit	Travel from hotel to airport		\$8.00 ✓
				\$0.00
TOTAL				\$16.00 ✓

I certify the above expenses to be true and accurate:

Attendee's Signature: *Lisa Flowers*

Rec'd & Entered 2/13/24 B

Administrator's Signature: *Jerry King*

Date	Approval Remarks/Reimbursement Comments	Amount
		\$0.00
		\$0.00

Total from Above	Deduct Prepaid Expense	Deduct Travel Advance	TOTAL Due Traveler or (Due System)
\$520.05 <i>519.30</i>			\$520.05 <i>519.30</i>

Travel from: _____ Nashville

Travel to: _____ Washington, DC

Purpose of Trip: NAPPA 2024 Winter Conference

Chairman's Signature: _____ Treasurer's Signature: *[Signature]*

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Sandy Thiry

Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:								
Departure Time								
Arrival Time								
Airfare								\$0.00
Taxi/Limo/Shuttle								\$0.00
Rental Car								\$0.00
Tolls/Parking								\$0.00
Conf Sp Events								0.00
Meals								\$0.00
Tips/Misc.								\$0.00
Lodging								\$0.00
Other Gratuities								\$0.00
Registration Fees								\$0.00
TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Mileage								0.0
0.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Other Expenses

Date	Item of Expense	Purpose	Explanation	Amount
3/26/2024	Lunch- CBIZ - all day meeting			\$87.08
				\$0.00
				\$0.00
TOTAL				\$87.08

I certify the above expenses to be true and accurate:

Attendee's Signature: Sandy Thiry

*Rec'd & Entered
3/27/24 B*

Administrator's Signature: Sandy Thiry

Date	Approval Remarks/Reimbursement Comments	Amount
		\$0.00
		\$0.00

Total from Above	Deduct Prepaid Expense	Deduct Travel Advance	TOTAL Due Traveler or (Due System)
\$87.08			\$87.08

Travel from: _____ Travel to: _____

Purpose of Trip: CBIZ- all day meeting

Chairman's Signature: _____ Treasurer's Signature: [Signature]

Board Calendar

Annual Topics		Q1 (July)	Q2 (Oct)	Q3 (Jan)	Q4 (April)
Topic	Description				
Fiduciary Training/Ethics	Standard fiduciary training for all committee members	✓	✓	✓	✓
Governance	Current updates	✓	✓	✓	✓
Annual Financial Report/Update	Ensure timely filings			✓	
Annual Valuation	Cavanaugh Macdonald present annual funding status.		✓		
Merits	Annual reviews			✓	
System Audit – Cherry Bekaert	Ensure no deficiencies in process and controls – Board Review			✓	
Investment Policy Statement Review	Review for any updates brought by IC			✓	
Annual Budget Review	Review and approve annual operating budget				✓
Officer Election	Annual officer election	✓			
FY Admin Calendar	Review CFRS Administrator FY Calendar	✓			
Delegations/Governance	Review delegations and general governance structures	✓			
Charter Review	Review committee charter for any updates				✓
Policies & Regulations Review	Review for any updates (due dates TBD based on policy review project)	TBD			
Monthly Topics		Q1 (July)	Q2 (Oct)	Q3 (Jan)	Q4 (April)
Topic	Description				
BC Meetings	Plan design and impact on funding, current topics (Elect Committee Chair Aug)	✓	✓	✓	✓
IC Meetings	Regular Meetings to review Investment Managers, rebalancing asset allocation, and miscellaneous projects (Elect Committee Chair Aug)	✓	✓	✓	✓
Disability Hearings	As called	✓	✓	✓	✓
Ad Hoc Topics					
Funding Study	As requested. Last study by CBIZ 2018				
Experience Study	Performed every 3-5 years. Last study by Cav Mac 2020 (5 yr period ending 6/30/19)				
Asset Liability Study	Performed every 5 years. Last study by Callan 2022	✓			
Vendor Review	Investment Consultant, Actuary; Auditor (function of City in collaboration with CFRS)				

BOARD OF TRUSTEE TERMS

The following Trustees are appointed by the Senior Resident Judge of the Superior Court, District 26, Mecklenburg County for three-year terms.

		<u>Term Expires</u>
Chairperson	Vanessa Heffron	June 30, 2025
Vice Chairperson	John M. Carr	June 30, 2026
Trustee	Kim Heffernan	June 30, 2026
Trustee	Melinda Manning	June 30, 2024

The following Trustees are on the Board by virtue of their positions with the City of Charlotte or designated by the City official to represent him or her. Terms are co-terminus with employment in the designated positions.

Human Resources Director	Sheila Simpson
Chief Financial Officer	Teresa Smith
Treasure	Matthew Hastedt

The following Trustees are elected by the active and retired firefighter groups for three-year terms.

		<u>Term Expires</u>
Trustee (Active Member)	Ryan Pope, Captain	December 31, 2025
Trustee (Retiree Member)	Kevin Gordon, Retired Deputy Chief	September 30, 2025
Trustee (Active Member)	Michael Feehley, Battalion Chief	December 31, 2026
Trustee (Active Member)	Joey Hager, Captain	December 31, 2024

SCHEDULE OF PORTFOLIO ALLOCATION
AS OF March 31, 2024
Reporting as of 04/12/2024

TARGET ALLOCATION	MANAGER	INCEPTION DATE	Liquidation Notice	CFRS MEETING	TARGETED ALLOCATION AS OF 3/31/2024	MARKET VALUE AS OF 3/31/2024	MARKET VALUE AS % OF TOTAL PORTFOLIO	VARIANCE	AUTHORIZED ALLOCATION RANGE	ADJUSTED COST AS OF 3/31/2024	MKT/COST VARIANCE
DOMESTIC STOCK:											
3.8%	MFS INVESTMENT MANAGEMENT (MID CAP GROWTH)	11/2019	T+4 Sweep	Jan	24,617,362	23,108,262	3.57%	(1,509,100)		15,766,800	7,341,462
3.8%	BOSTONPARTNERS (ROBECO) (MID CAP VALUE)	04/1998	T+3 Sweep	Jan	24,617,362	31,081,935	4.80%	6,464,573		22,945,921	8,136,014
3.8%	EAGLE ASSET MANAGEMENT (SMALL CAP GROWTH)	09/2010	T+3 Sweep	March	24,617,362	26,258,219	4.05%	1,640,857		20,066,539	6,191,681
3.8%	WILLIAM BLAIR (ICoM) - SMALL CAP VALUE	12/1993	T+1 Wire	March	24,617,362	27,998,191	4.32%	3,380,829		25,761,541	2,236,651
22.8%	SSgA RUSSELL 1000 INDEX	11/2015	T+1 Wire (noon)	Sept	147,704,174	162,063,199	25.02%	14,359,025		91,674,026	70,389,173
38.0%	SUBTOTAL				246,173,623	270,509,808	41.76%	24,336,184	33% - 43%	176,214,827	94,294,981
INTERNATIONAL EQUITIES:											
5.3%	MORGAN STANLEY (CORE)	09/1990	T+1 Wire	April	34,334,742	34,418,600	5.31%	83,858		1,650,624	32,767,975
5.3%	WELLINGTON MANAGEMENT COMPANY (NON-U.S. EQUI)	06/2023	T+ Wire	Sept	34,334,742	33,867,744	5.23%	(466,998)		31,521,430	2,346,315
4.8%	LAZARD (LAZARD / WILMINGTON COLLECTIVE TRUST) ¹	08/2021	T+5 Wire	July	31,095,616	31,280,343	4.83%	184,727		33,504,723	(2,224,380)
4.0%	T ROWE PRICE INTL (SMALL CAP)	10/1990	T+1 Wire	April	25,913,013	26,601,588	4.11%	688,575		13,933,144	12,668,443
6.6%	SSgA EAFE INDEX	11/2015	T+1 Wire (noon)	Sept	42,756,471	45,317,982	7.00%	2,561,511		25,723,668	19,594,314
26.0%	SUBTOTAL				168,434,584	171,486,257	26.47%	3,051,673	22% - 30%	106,333,589	65,152,668
REAL ESTATE:											
5.5%	UBS TRUMBULL PROPERTY FUND ²	10/2012	1st Business Day of Quarter Quarterly, 45 Day notice	Oct	35,630,393	27,156,797	4.19%	(8,473,596)		25,639,662	1,517,134
5.5%	JPMORGAN CHASE STRATEGIC PROPERTY FUND	04/2016		Oct	35,630,393	20,868,189	3.22%	(14,762,204)		20,808,598	59,591
11.0%	SUBTOTAL				71,260,786	48,024,985	7.41%	(23,235,801)	8% - 14%	46,448,260	1,576,725
DOMESTIC FIXED INCOME:											
10.0%	BARROW HANLEY (CORE PLUS)	04/2003	T+3 Sweep	June	64,782,532	61,621,035	9.51%	(3,161,497)		63,573,187	(1,952,152)
10.0%	NEUBERGER BERMAN (CORE PLUS)	07/2023	T+3 Sweep	June	64,782,532	60,757,298	9.38%	(4,025,235)		60,345,534	411,763
5.0%	SSGA BARCLAYS AGGREGATE (INDEX FUND)	12/1999	T+1 Wire (noon)	Sept	32,391,266	30,746,102	4.75%	(1,645,165)		20,619,700	10,126,401
25.0%	SUBTOTAL				161,956,331	153,124,435	23.64%	(8,831,896)	21% - 29%	144,538,422	8,586,013
INTERNAL ACCOUNT:											
	INTERNAL				0	4,679,840	0.72%	4,679,840		4,679,840	
0.00%	SUBTOTAL				0	4,679,840	0.72%	4,679,840	0.0%-0.0%	4,679,840	
100.0%	TOTAL ASSETS				\$ 647,825,324	647,825,324	100.00%	(0)		478,214,938	\$ 169,610,387

¹ Lazard balance is typically one month in arrears

² UBS Trumbull Property Fund balance is typically one quarter in arrears

Additional \$2,014.60 accrued income related to SSGA Russell 1000

REAL ESTATE - Below target due to market volatility and being in the JPMCB redemption queue

SCHEDULE OF PORTFOLIO ALLOCATION
AS OF December 31, 2023
Reporting as of 01/12/2024

TARGET ALLOCATION	MANAGER	INCEPTION DATE	Liquidation Notice	CFRS MEETING	TARGETED ALLOCATION AS OF 12/31/2023	MARKET VALUE AS OF 12/31/2023	MARKET VALUE AS % OF TOTAL PORTFOLIO	VARIANCE	AUTHORIZED ALLOCATION RANGE	ADJUSTED COST AS OF 12/31/2023	MKT/COST VARIANCE
DOMESTIC STOCK:											
3.8%	MFS INVESTMENT MANAGEMENT (MID CAP GROWTH)	11/2019	T+4 Sweep	Jan	23,733,991	20,850,369	3.34%	(2,883,622)		15,203,632	5,646,736
3.8%	BOSTONPARTNERS (ROBECO) (MID CAP VALUE)	04/1998	T+3 Sweep	Jan	23,733,991	28,436,242	4.55%	4,702,251		22,501,204	5,935,038
3.8%	EAGLE ASSET MANAGEMENT (SMALL CAP GROWTH)	09/2010	T+3 Sweep	March	23,733,991	23,835,983	3.82%	101,992		19,314,705	4,521,278
3.8%	WILLIAM BLAIR (ICoM) - SMALL CAP VALUE	12/1993	T+1 Wire	March	23,733,991	26,990,474	4.32%	3,256,484		25,761,541	1,228,934
22.8%	SSgA RUSSELL 1000 INDEX	11/2015	T+1 Wire (noon)	Sept	142,403,945	150,299,946	24.06%	7,896,002		93,766,955	56,532,991
38.0%	SUBTOTAL				237,339,908	250,413,014	40.09%	13,073,106	33% - 43%	176,548,037	73,864,977
INTERNATIONAL EQUITIES:											
5.3%	MORGAN STANLEY (CORE)	09/1990	T+1 Wire	April	33,102,671	33,758,381	5.40%	655,709		1,672,331	32,086,050
5.3%	WELLINGTON MANAGEMENT COMPANY (NON-U.S. EQUI)	06/2023	T+ Wire	Sept	33,102,671	32,130,404	5.14%	(972,268)		31,294,713	835,690
4.8%	LAZARD (LAZARD / WILMINGTON COLLECTIVE TRUST) ¹	08/2021	T+5 Wire	July	29,979,778	29,125,475	4.66%	(854,303)		33,504,723	(4,379,248)
4.0%	T ROWE PRICE INTL (SMALL CAP)	10/1990	T+1 Wire	April	24,983,148	25,508,372	4.08%	525,224		13,933,144	11,575,227
6.6%	SSgA EAFE INDEX	11/2015	T+1 Wire (noon)	Sept	41,222,195	42,801,877	6.85%	1,579,682		25,725,524	17,076,353
26.0%	SUBTOTAL				162,390,463	163,324,507	26.15%	934,044	22% - 30%	106,130,435	57,194,072
REAL ESTATE:											
5.5%	UBS TRUMBULL PROPERTY FUND ²	10/2012	1st Business Day of Quarter Quarterly, 45 Day notice	Oct	34,351,829	28,333,750	4.54%	(6,018,079)		25,360,303	2,973,447
5.5%	JPMORGAN CHASE STRATEGIC PROPERTY FUND	04/2016	Day notice	Oct	34,351,829	23,546,172	3.77%	(10,805,657)		20,562,406	2,983,765
11.0%	SUBTOTAL				68,703,658	51,879,922	8.31%	(16,823,736)	8% - 14%	45,922,710	5,957,212
DOMESTIC FIXED INCOME:											
10.0%	BARROW HANLEY (CORE PLUS)	04/2003	T+3 Sweep	June	62,457,871	61,728,616	9.88%	(729,255)		62,855,727	(1,127,111)
10.0%	NEUBERGER BERMAN (CORE PLUS)	07/2023	T+3 Sweep	June	62,457,871	60,949,586	9.76%	(1,508,285)		59,588,975	1,360,611
5.0%	SSGA BARCLAYS AGGREGATE (INDEX FUND)	12/1999	T+1 Wire (noon)	Sept	31,228,935	30,971,120	4.96%	(257,815)		20,620,077	10,351,043
25.0%	SUBTOTAL				156,144,676	153,649,322	24.60%	(2,495,354)	21% - 29%	143,064,780	10,584,542
INTERNAL ACCOUNT:											
	INTERNAL				0	5,311,941	0.85%	5,311,941		5,311,941	
0.00%	SUBTOTAL				0	5,311,941	0.85%	5,311,941	0.0%-0.0%	5,311,941	
100.0%	TOTAL ASSETS				\$ 624,578,705	624,578,705	100.00%	0		476,977,902	\$ 147,600,803

¹ Lazard balance is typically one month in arrears

² UBS Trumbull Property Fund balance is typically one quarter in arrears

Additional \$18,746.34 pending cash transaction related to Morgan Stanley Core

Additional \$18.26 accrued income related to SSGA Russell 1000



CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

**POLICY STATEMENT OF INVESTMENT GOALS,
OBJECTIVES AND GUIDELINES**

CHARLOTTE FIREFIGHTERS’ RETIREMENT SYSTEM
POLICY STATEMENT OF INVESTMENT GOALS, OBJECTIVES AND GUIDELINES

TABLE OF CONTENTS

PURPOSE..... 2

BACKGROUND..... 3

INVESTMENT OBJECTIVE AND GUIDELINES..... 4

 1. *Total Fund Goals* 5

 2. *Domestic Equity Segment Goals* 5

 3. *Non-Domestic Equity Segment Goals* 5

 4. *Real Estate Segment Goals*..... 56

 5. *Domestic Fixed Income Segment Goals*..... 6

RESPONSIBILITIES OF THE INVESTMENT MANAGERS..... 7

EVALUATION AND REVIEW..... 8

Manager Evaluation 8

 1) *Extraordinary Events (Organizational Issues)* 8

 2) *Long-Term Performance in Relation to Appropriate Market Index and Appropriate “Style Group”* 8

 3) *Shorter-Term Performance in Relation to Appropriate “Style Group” and/or Style Benchmark* 8

Watch List Guidelines..... 8

Qualitative Factors..... 9

Quantitative Factors..... 10

Watch List Review Process 11

System Total Fund Evaluation..... 11

APPENDIX A 12

FUND SEGMENT AND INDIVIDUAL MANAGER GUIDELINES..... 12

Retirement Plan Investment Structure 13

Fund Segment and Individual Manager Guidelines 14

 1. *Manager Structure* 14

 2. *Cash Flow Allocation*..... 14

 3. *Fund Segment Guidelines*..... 14

 4. *Individual Manager Descriptions and Five-Year Objectives*..... 17

APPENDIX B..... 18

INVESTMENT MANAGER DEFINITIONS..... 18

APPENDIX C 20

SECTION 50 - INVESTMENT/REINVESTMENT OF FUNDS AND ASSETS..... 20

PURPOSE

The purpose of this Statement of Investment Goals, Objectives and Guidelines is to assist the Board of Trustees of the Charlotte Firefighters' Retirement System (hereinafter referred to as "Board" "System", respectively) to more effectively supervise and monitor the investment of its Retirement Plan assets.

In the various sections of this policy document, the Board defines System's investment program by:

- stating in a written document the Board's attitudes, goals and objectives in the investment of System assets.
- setting forth an investment structure for managing assets. This structure includes various asset classes and investment management styles that, in aggregate, are expected to produce a sufficient level of diversification and investment return over time.
- providing guidelines for each investment portfolio that control the level of risk assumed in the portfolio and ensure that assets are managed in accordance with stated objectives.
- encouraging effective communication between the Board and System's investment managers.
- establishing criteria to monitor and evaluate the performance results achieved by the investment managers.

This Statement represents the Board's current philosophy regarding the investment of System assets. In addition, although the Board shall utilize this Policy Statement in making decisions concerning the System, it shall not necessarily be bound solely by its contents.

BACKGROUND

The Charlotte Firefighters' Retirement System is the primary retirement income vehicle for its participants and is co-sponsored by the City of Charlotte and the uniformed Civil Service employees of the Charlotte Fire Department. The Board will discharge its investment responsibilities and make all decisions solely in the interest of Plan Participants and their beneficiaries, and 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.

FUNDING PHILOSOPHY

The Board's funding goal for the System is to be as fully funded as prudently possible so that:

- The ability to pay all benefit obligations when due is ensured;
- The City of Charlotte and the Board have flexibility in determining the future level of contributions; and
- Sufficient liquidity and adequate diversification are maintained to balance short-term and long-term needs and objectives

Investment results are considered to be a critical element in achieving the System's funding goal stated above.

RISK TOLERANCE

In establishing investment objectives and guidelines that are consistent with the Board's funding goal, several factors were examined to determine the System's financial ability to withstand variability of investment return. The Board analyzed the System's financial and legal characteristics, work force demographics, actuarial and funding policies as well as actual experience.

The assets of the System should be invested with a risk orientation that is consistent with a moderate ability to assume risk. The Board defines a moderate risk orientation as:

- a willingness to tolerate some interim fluctuations in market value and rates of return in order to achieve the asset allocation objective stated on the following page; and
- a desire to limit the volatility in the fund's rate of return to a level that approximates the average volatility experienced by the other U.S. defined benefit retirement plans.

INVESTMENT OBJECTIVE AND GUIDELINES

ASSET ALLOCATION

The System's risk tolerance is, in large part, a function of the asset mix established for the Fund. Based on its analysis of capital and money market return patterns, both historical and projected, the Board considers the following asset allocation guidelines to be consistent with the risk tolerance previously defined.

TOTAL FUND ASSET MIX GUIDELINES

The Total Fund Asset Mix Guidelines will be implemented and maintained by the following distribution through a combination of "Specialist" Investment Managers and internal management in each of the asset class categories as follows:

<u>"Specialist" Managers</u>	<u>Initial Allocation</u>	<u>Acceptable Range</u>
Domestic Equity	38%	±5%
Non-Domestic Equity	26%	±4%
Real Estate	11%	±3%
Domestic Fixed Income	25%	±4%

This distribution of assets among the aforementioned investment managers and the individual manager guidelines (included in Appendix A) will produce the following Total Fund Asset Mix Ranges:

	<u>Market Value Exposure</u>	
	<u>Maximum</u>	<u>Minimum</u>
Domestic Equities	43%	33%
Non-Domestic Equities	30%	22%
Real Estate	14%	8%
Domestic Fixed Income	29%	21%

These guidelines are to be pursued by the Fund on a long-term basis (ten-year goal) but will be revised if significant changes occur within the economic and/or capital market environments.

INVESTMENT GOAL

In formulating investment goals for the System's assets, the Board placed primary emphasis on the following:

- Achieving investment results that will accomplish the stated funding goal for the System. Inflation is the key factor driving the cost of retirement programs. The primary function of a retirement plan investment program is to help pay the cost of providing retirement benefits by offsetting the impact of inflation on costs. Therefore, investment performance that exceeds the rate of inflation, thereby providing a real rate of return, will contribute to the proper funding of the System.
- Receiving from its investment managers, performance that is above average compared to other comparable styled managers.
- Managing the portfolio on a total return basis with sufficient liquidity to cover benefit payments, administrative costs and investment manager, trustee, actuary, performance measurement and consultant fees.

Accordingly, the specific goals set forth below (and objectives stated in the Appendix “B” for each manager) reflect the above general goals.

1. Total Fund Goals

As noted in a prior section, the System’s primary funding goal is to achieve and maintain a funded status that provides for the security of retirement income to participants in the Plan.

Given the impact of inflation on Retirement Plan funding, the primary total fund investment goal is to achieve a positive inflation-adjusted (real) return. The Board recognizes that over short and intermediate periods of time its goal may be difficult to achieve because rapid increases or decreases in the level of inflation tend to adversely impact the capital markets. For this reason, the total fund inflation-adjusted goal is established in the context of a longer-term time horizon:

- The Fund’s overall annualized total return (price change plus income) should exceed the return available from a policy of “rolling over” 91-day Treasury Bills (as a proxy for the inflation rate) by at least 325 basis points per year measured over a period of 10 years. A 325 basis points annual premium above “risk free” Treasury Bill rates is consistent with the desired risk tolerance.
- The Fund’s annualized total return over a rolling period of five years should, exceed by 75 basis points the return that would have been achieved if the Fund had been invested 38% in the Russell 3000 Stock Index, 26% in the Morgan Stanley Capital International (MSCI) All-Country World ex USA Investable Market Index (MSCI ACWI ex US IMI), 25% in the Bloomberg Aggregate Bond Index (Bloomberg Aggregate), and 11% in the NCREIF Open-End DCE Index (NCREIF ODCE).

2. Domestic Equity Segment Goals

The following performance goals have been established for the Fund’s domestic equity segment:

- The domestic equity segment total return should rank in the upper 50% compared to the domestic equity results of other retirement fund portfolios measured over a period of five years.
- The domestic equity segment total return should exceed the total return of the Russell 3000 Stock Index by at least 50 basis points per year measured over a period of five years.

3. Non-Domestic Equity Segment Goals

The following performance goals have been established for the Non-Domestic Equity segment of the System’s assets:

- The non-domestic equity segment total return should rank in the upper 50% compared to the non-domestic equity results of other retirement fund portfolios measured over a period of five years.
- The non-domestic equity segment total return should exceed the total return of the Morgan Stanley Capital International (MSCI) All-Country World ex USA Investable Market Index (MSCI ACWI ex US IMI), by at least 100 basis points per year measured over a period of five years.

4. Real Estate Segment Goals

The following performance goals have been established for the real estate segment of the System's assets.

- The total real estate segment return should rank in the upper 50% compared to the real estate results of other ~~retirement~~ open end core real estate fund portfolios measured over a period of five years.
- The total real estate segment return should exceed the NCREIF Open-End DCE Index by at least 25 basis points per year over a period of five years.

5. Domestic Fixed Income Segment Goals

The following performance goals have been established for the Fund's domestic fixed income segment of the System's assets.

- The total domestic fixed segment return should rank in the upper 50% compared to the fixed income results of other retirement fund portfolios measured over a period of five years.
- The total domestic fixed income return should exceed the total return of the Bloomberg Aggregate Bond Index by at least 25 basis points per year measured over a period of five years.

RESPONSIBILITIES OF THE INVESTMENT MANAGERS

The duties and responsibilities of each investment manager retained by the Board include:

1. Managing the assets under its management in accordance with the policy objectives and guidelines expressed herein.
2. Exercising investment discretion within the objectives and guidelines stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the manager's current investment strategy and compatible with the stated investment objectives.
3. Promptly informing the Board regarding all significant matters pertaining to the investment of the fund assets; for example:
 - substantive changes in investment strategy, portfolio structure and market value of managed assets, and
 - significant changes in the ownership, affiliations, organizational structure, financial condition, professional personnel staffing and clientele of the investment management organization.
4. Initiating written communication with the Board whenever the investment manager believes that this Policy Statement of Investment Goals, Objectives and Guidelines should be altered. No deviation from objectives and guidelines established in this policy should occur until after such written communication has occurred and the Board has approved such deviation in writing.
5. Complying with the provisions of Section 50 as amended (see appendix "C") of the Charlotte Firefighters' Retirement System Act as it pertains to the investment manager's duties and responsibilities as a fiduciary.
6. Acknowledging in writing to the Board the investment manager's intention to comply with the Policy Statement of Investment Goals, Objectives and Guidelines as it currently exists or as modified in the future.
7. Submitting to the Board exhibits, written material, etc., that will be used during periodic conferences with the Investment Committee or the Board at least seven business days in advance of these conferences. Please refer to Appendix "A" for a description of the reporting requirements.
8. Voting the proxies (equity managers) in the best interests of the System. On a quarterly basis, each manager voting proxies will report its votes to the System with a brief explanation of each vote.

EVALUATION AND REVIEW

Manager Evaluation

In evaluating its relationship with all investment managers, the Board will consider qualitative factors likely to impact the future performance of the portfolio in addition to current and historical rates of return. The Board acknowledges that, as a result of exercising its fiduciary duty to monitor its investment managers, it may from time to time need to give consideration to terminating a contractual relationship with an investment manager. The Board reserves the right to terminate managers at its discretion. The Board has deemed it appropriate to include “objective standards” designed to guide future decisions to terminate contractual relationships.

The standards, noted below, are not to be mechanically applied. Rather, if an investment manager seemingly fails to meet any one of the following three standards, then, subject to appropriate formal review, the Board may decide to terminate a relationship. The three standards are these:

- 1) **Extraordinary Events (Organizational Issues)**
Extraordinary events that need to be rigorously evaluated prior to a termination decision include such things as:
 - a) Ownership changes (e.g., key people “cash out”)
 - b) Key people leave firm
 - c) Manager changes the investment strategy it was hired to implement
 - d) Manager is involved in material litigation or fraud
 - e) Material client-servicing problems

- 2) **Long-Term Performance in Relation to Appropriate Market Index and Appropriate “Style Group”**
Long-term performance standards should measure a manager’s since-inception and rolling five-year or seven-year returns in relation to the performance target index and median return of a previously agreed-upon peer group of managers with similar investment styles.

- 3) **Shorter-Term Performance in Relation to Appropriate “Style Group” and/or Style Benchmark**
Shorter-term performance standards should incorporate a time period of at least three years. However, 4 consecutive quarters of underperformance may also be considered. Each manager is to be measured against the median return of a previously agreed-upon peer group of managers with similar investment styles and the appropriate style benchmark.

Ultimately the decision to retain or terminate a manager cannot be made by a formula. It is a judgment that turns on the Board’s assessment of the firm’s ability to perform in the future. In general, managers should be retained if the Board believes that their strategy, discipline and process will continue to fulfill the role for which they were hired, and they have a high probability of achieving performance targets within a reasonable time frame.

Watch List Guidelines

The Board is responsible for monitoring the performance of the System’s investment managers on an ongoing basis. The Board may place a manager on a “Watch List” at any time. The Board may also terminate a manager at any time whether or not a manager is on the “Watch List”.

The Board may place an investment manager on the “Watch List” for a variety of reasons: Personnel changes, violation of policy and investment guidelines, style deviation, underperformance and asset-allocation changes. There are various factors that the Board should take into account when considering placing a manager on a “Watch List”. These can be separated into two broad categories – qualitative and quantitative factors. The former focuses on personnel, organizational and legal issues, while the latter addresses performance.

Placing a manager on the “Watch List” is an intermediate step that may be taken to either resolve the problem or terminate the relationship with the manager. These watch list guidelines are not to be mechanically applied. Rather, the Board and its consultant should conduct an appropriate formal review process prior to terminating a relationship with a manager.

Qualitative Factors

Below are *qualitative* factors that the Board may consider in determining whether a relationship with an investment manager should be terminated.

FACTOR	EVALUATION	ACTION STEPS
<ul style="list-style-type: none"> • Deviation from stated investment style and philosophy 	<ul style="list-style-type: none"> • Style mapping – total fund analysis. • Style attribution – manager specific style analysis. 	Place on watch list. Monitor for ongoing fit with asset allocation policy. Terminate if no longer consistent with asset allocation structure.
<ul style="list-style-type: none"> • Changes in ownership or business plan 	Require immediate notification of any pending changes in ownership.	Place on watch list. Qualitatively determine if change may detrimentally affect asset performance. If so, terminate.
<ul style="list-style-type: none"> • Turnover of key personnel 	Require immediate notification of any changes in key personnel.	Place on watch list. May terminate if the personnel turnover on the account is judged to be material.
<ul style="list-style-type: none"> • Litigation 	Require manager to notify immediately if entity which manages the funds is involved in any litigation.	Evaluate seriousness and likely impact of changes on the investment process and take appropriate action.

Quantitative Factors

Below are *quantitative* factors to be considered in determining the appropriateness of placing an investment manager on the “Watch List”.

- a) Minimum of three years of performance preferred but not required prior to placement on the watch list.
- b) Individual managers will be measured and compared to appropriate performance target indices on a risk-adjusted and net-of-fee basis. (Appropriate indices and peer groups are listed in Appendix A.)

Short-term Performance Criteria:

PERFORMANCE TEST	BENCHMARK	FAIL CRITERIA
Three years	Relative to appropriate peer group	If manager fails to exceed the median over a 3-year period
Three years	Relative to appropriate style benchmark	If manager fails to exceed the style benchmark over a 3-year period
Four consecutive quarters	Relative to appropriate peer group	If manager performs below the 75 th percentile of the peer group

Failing to meet the above criteria will lead to a formal review process, which may lead to termination.

Long-term Performance Criteria:

PERFORMANCE TEST	BENCHMARK	FAIL CRITERIA
Since Inception	Performance Target Index that has been predetermined and a style index if and when necessary	If a manager fails to generate a return premium in excess of the designated index (indices) net of fees, after a formal review process, the System has the option to terminate.
Rolling five and seven years	Performance Target index that has been predetermined and a style index if and when necessary	If a manager fails to generate a return premium in excess of the designated index (indices) net of fees, after a formal review process, the System has the option to terminate.

The following factors are important to monitor on an ongoing basis to understand and track the performance of the investment managers who have been placed on the watch list:

FACTOR	EVALUATION TECHNIQUE
Consistency of returns	<ul style="list-style-type: none"> • Rolling 3-year returns relative to Performance Target Index. • Rolling 3-year returns relative to appropriate style group.
Risk-adjusted performance	<ul style="list-style-type: none"> • Rolling 3-year excess return ratio. • Risk reward chart. • Sharpe ratio.

Watch List Review Process

When a manager is placed on the “Watch List”, the Board will conduct a formal manager review according to this process:

1. Send a letter to the manager stating the reasons for being placed on the “Watch List” consistent with these guidelines.
2. Request the manager to provide an analysis of and reasons for the underperformance.
3. Meet with the manager to gain insight into organizational changes and any changes in strategy or discipline.
4. Review other viable investment alternatives to identify other product providers in the event the firm is subsequently terminated.

If a manager has been on the watch list for one year, and after further review the manager has not corrected the problem, the Board may terminate its relationship with the manager. If a manager placed on the watch list has corrected the problem, the Board may remove the manager from the watch list.

System Total Fund Evaluation

In addition to reviewing each investment manager’s objectives and guidelines, the Board will re-evaluate, from time to time, its progress in achieving the total fund and segment goals previously outlined. The periodic re-evaluation also will involve an evaluation of the continued appropriateness of: (1) the manager structure set forth in Appendix “A”, (2) the allocation of assets among the managers; and (3) the investment goals and objectives for the System’s assets.

APPENDIX A
INVESTMENT MANAGER PERFORMANCE REVIEW PRESENTATIONS

Generally, investment managers are asked to attend an Investment Committee meeting for a presentation and portfolio review once each year unless the Committee deems it advisable to schedule additional meetings. The CFRS office typically confirms a manager's review date after the Board approves the annual meeting calendar with final confirmation via email 4-6 weeks in advance of the scheduled Investment Committee meeting.

Each manager's review will be approximately 30 - 40 minutes in duration. This includes the presentation and questions/discussion with Committee members. Each manager is asked to provide eight (8) hard copies and one (1) soft copy of any presentation material a week prior to the scheduled meeting.

The specific information to be provided as part of the presentation (to the extent that the topic is pertinent to the specific portfolio or mandate) is listed below in the suggested presentation outline.

Topic	Content
I. Introductions	
II. Firm overview	History; principal business(es); ownership; ownership changes since last review meeting; org chart (investment management); advisors / sub-advisors (CFRS account only)
III. Mandate overview	Asset class / investment style; benchmarks
IV. Investment strategy and process overview	Security selection; tactical allocation; summary of principal risks; for active managers: approach to generating alpha
V. Financial highlights (12 mos.; most recent quarter end)	Portfolio beginning / ending value; transfers in / out; investment income; expenses; unrealized gains / losses
VI. Performance summary (1-, 3- and 5-year; most recent quarter end)	Returns net of fees; benchmark comparisons, including peer percentile rankings if available; performance attribution analysis (if applicable); correlation analysis (broad categories)
VII. Portfolio characteristics	Equities: number of positions, sector diversification, PE, median market cap, dividend yield, etc.; fixed income: number of positions, duration, credit quality, maturity distribution, etc.; cash / reserves holdings; top 10 positions by issuer
VIII. Fees and expenses	Portfolio turnover; performance fees; other noteworthy fees / expenses (e.g., advisor fees)
IX. Capital markets outlook	Firm's outlook and forecast for the next 12 months as it relates to the performance and prospects for the mandate; manager's strategy for navigating near-term challenges and opportunities
X. Compliance attestation	Statement signed by the firm's Chief Investment Officer, Chief Compliance Officer, or Principal attesting to compliance with the applicable Fund Segment and Individual Manager Guidelines (Policy Statement of Investment Goals, Objectives and Guidelines), or trust agreement / prospectus if applicable

Retirement Plan Investment Structure

<u>Investment Manager</u>	<u>Target Allocation</u>
Domestic Equity Specialist Manager Large Capitalization "Index" Orientation	22.8%
Domestic Equity Specialist Manager Mid Capitalization "Value" Orientation	3.80%
Domestic Equity Specialist Manager Mid Capitalization "Growth" Orientation	3.80%
Domestic Equity Specialist Manager Small Capitalization "Value" Orientation	3.80%
Domestic Equity Specialist Manager Small Capitalization "Growth" Orientation	3.80%
Non-Domestic Equity Specialist Manager Large and Mid-Capitalization Developed Active Orientation	10.60%
Non-Domestic Equity Specialist Manager Large and Mid-Capitalization Developed "Index" Orientation	6.60%
Non-Domestic Equity Specialist Manager Small Capitalization Orientation	4.00%
Non-Domestic Equity Specialist Manager Emerging Markets Orientation	4.80%
Real Estate Specialist Manager "National Orientation"	11.00%
Domestic Fixed Income Specialist Manager "Core Bond" Orientation	20.0%
Domestic Fixed Income Specialist Manager "Index" Orientation	5.0%
TOTAL	100.00%

Fund Segment and Individual Manager Guidelines

1. Manager Structure

The Board will retain investment managers for particular asset classes. The distribution of System assets among managers will be as illustrated on the previous page. The established structure offers an appropriate “blend” of investment styles that will produce a sufficient level of diversification and investment return over time.

2. Cash Flow Allocation

The target allocation of assets is consistent with the Board’s desire to diversify the System’s investment management program.

The Board intends to review on a quarterly basis the allocation of assets among its investment managers. To the extent that it is practically possible, it is expected that any cash flow will be allocated to or taken from the managers in the same proportions that each manager’s assets represent to the total fund assets in the target asset allocation outlined above.

3. Fund Segment Guidelines

Following are guidelines established for the fund segments and for each investment manager retained by the Board. Individual manager guidelines are designed to be consistent, in aggregate, with the total fund asset allocation and investment goals set forth in the Policy Statement of Investment Goals, Objectives and Guidelines. Where applicable, prior approval for a specific investment activity is assumed to be granted by the Board concerning mutual or commingled funds where the respective Prospectus or Trust Agreement permits its occurrence.

Domestic Active Equity Segment

Each domestic equity manager is expected to adhere to the following guidelines:

- Equity holdings in any one company (including common stock and convertible securities) should not exceed 8% or benchmark weight +1%, whichever is greater, of the market value of the manager’s portion of the System’s portfolio without the consent of the Board. Additionally, bonds of the companies in question would be included in the company exposure calculation if held in the manager’s portfolio.
 - Equity holdings in any one sector (e.g., consumer cyclical, energy, technology, etc.) should not exceed the greater of 30% of the market value of the manager’s portfolio or 125% of the sector in the manager’s performance index target without the consent of the Board.
 - There shall be no short selling, securities lending, options trading, use of financial futures, or other specialized investment activity without the prior approval of the Board.
 - Liquidity and marketability frequently are perceived to be a function of the quality and the market capitalization of each security holding. From the Board’s perspective, liquidity and marketability also may be a function of a manager’s aggregate holdings in a particular security. An investment manager should not buy or hold a security for the System’s portfolio if the aggregate holdings among all of that manager’s accounts in that security would restrict the manager’s ability to expeditiously liquidate the position.

- Although it is the Board's desire that its equity investment managers remain as fully invested at all times as is prudently possible, the small and mid-capitalization equity managers may invest up to 5% in cash and equivalents and up to 5% in a style index product of System assets under their respective management without prior approval granted by the Investment Committee of the Board.
- Permitted investments include equity securities traded on major US exchanges (NYSE, AMX, NASDAQ) including American Depository Receipts (ADRs) and globally registered securities that are issued by non-US incorporated companies and traded on a recognized US exchange.
- Investments in Special Purpose Acquisition Companies (SPACs) are not permitted.

Each investment manager shall be responsible for the daily monitoring of portfolio activity to minimize un-invested cash balances.

Domestic Large Capitalization Index Segment

The Board has chosen to invest the System's domestic index equity commitment in a commingled fund. The equity index manager is expected to adhere to the relevant guidelines as outlined in the Trust Document.

Domestic Small Capitalization Value Equity Segment

The Board has chosen to invest the System's domestic small capitalization Value equity commitment in a mutual fund. The domestic small capitalization Value equity manager is expected to adhere to the relevant guidelines as outlined in the Prospectus of the mutual fund.

Non-Domestic Emerging Markets Equity Segment

The Board has chosen to invest the System's emerging markets equity commitment in a commingled fund. The emerging markets equity manager is expected to adhere to the relevant guidelines as outlined in the Trust Document.

Non-Domestic Equity Segment

The Board has chosen to invest the System's non-domestic equity commitment in mutual and commingled funds. Each respective non-domestic equity manager is expected to adhere to the relevant guidelines as outlined in the Prospectus and/or the Trust Document.

Real Estate Segment

Each real estate investment manager is expected to adhere to the following guidelines:

- Investments in real estate equity shall be well diversified by property type, size and age. Each real estate investment manager shall be well diversified geographically within its area of expertise, i.e., nationally or regionally. Initially, only open-end pooled equity real estate funds shall be utilized.
- Although it is the Board's desire that its real estate investment managers remain as fully invested at all times as is prudently possible, real estate managers may invest up to 15% of System assets under their respective management in cash and equivalents without prior approval granted by the Investment Committee of the Board.

Domestic Fixed-Income Segment

Each domestic fixed-income manager is expected to adhere to the following guidelines:

- Bonds held in each portfolio should have a [Moody's or Standard & Poor's credit rating agency registered as a NRSRO \(e.g. Moody's, S&P, Fitch, etc.\)](#) quality rating of no less than investment grade, ~~from one of these rating services.~~ (For an issue [with multiple ratings, which is split-rated](#), the lowest quality designation will govern.) Unrated securities of the United States Treasury and government agencies are qualified for inclusion in the portfolio.
- The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the manager.
- The exposure of each manager's portfolio to the securities of any one corporation should be limited to not more than 5% of the manager's portion of the System portfolio measured at market value. Securities backed by the full faith and credit of the United States Government or any of its instrumentalities shall not be subject to exposure limitations.
- At least 90% of the bonds (i.e., 90% of the number of bonds) held in each manager's portfolio should be from index eligible issues.
- There shall be no use of options, financial futures or other specialized investment activity without the prior approval of the Board.
- Not more than 5% of an investment manager's portfolio, valued at market, shall be invested in the long-term bank certificates of deposit of a single issuer.
- Although it is the Board's desire that its fixed income investment managers remain as fully invested at all times as is prudently possible, fixed income managers may invest up to 5% of System assets under their respective management in cash and equivalents that is not a result of a portfolio investment strategy (i.e., a barbell maturity strategy) without prior approval granted by the Investment Committee of the Board.
- Each investment manager shall be responsible for the daily monitoring of portfolio activity to minimize the un-invested cash balances.
- The Core manager may invest up to 15% in less than investment grade bonds. The overall rating of the core portfolio should be A or better.

4. Individual Manager Descriptions and Five-Year Objectives

Investment Manager(s)	Performance Index Target	Callan Peer Group Universe	Percentile Objective Relative to Peers	Excess Return Over Performance Index
Domestic Equity Large Cap Index	Russell 1000	Large Cap Core Style	N/A	-0-
Domestic Equity Mid Cap Growth	Russell Mid Cap Growth	Mid Cap Growth Style	50 th	+100
Domestic Equity Mid Cap Value	Russell Mid Cap Value	Mid Cap Value Style	50 th	+100
Domestic Equity Small Cap Growth	Russell 2000 Growth	Small Cap Growth Style	50 th	+200 150
Domestic Equity Small Cap Value	Russell 2000 Value	Small Cap Value Style	50 th	+200 150
Non-U.S. Equity Core	MSCI EAFE	Non-US Developed Core Equity	50 th	+200 150
Non-U.S. Equity Core Index	MSCI EAFE	Non-US Developed Core Equity	N/A	-0-
Non-U.S. Equity Emerging Markets	MSCI Emerging Markets Free	Emerging Markets Broad Equity Database	50 th	+200 150
Non-U.S. Equity Small Cap	S&P Global ex-US Small Cap Index (net)	International Small Cap	50 th	+200 150
Domestic Fixed Income Core	Bloomberg Aggregate Index	Core Bond Fixed Income Style	50 th	+50
Domestic Fixed Income Passive	Bloomberg Aggregate Index	Core Bond Fixed Income Style	N/A	-0-
Real Estate	NCREIF Open-End DCE	Open-End Real Estate Funds	50 th	+25

The Board has determined that it is in the best interest of the System that performance objectives be established for each investment manager. It is clearly understood that these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Investment Policy Statement. The Board acknowledges that investment styles come in and go out of favor depending on economic and capital-market conditions. Accordingly, the Board has established style group and style benchmark comparisons as shorter-term performance objectives to be applied over a minimum of rolling three-year time periods.

In addition, each equity and fixed income manager is expected to achieve positive risk-adjusted (alpha) performance over a five-year period.

APPENDIX B

INVESTMENT MANAGER DEFINITIONS

Domestic Equity Specialist Manager
Large Capitalization “Index” Orientation

Manager who seeks to replicate return and portfolio characteristics of the Russell1000 Index.

Domestic Equity Specialist Manager(s)
Mid Capitalization “Value” Orientation

Manager who invests in mid-size companies believed to be undervalued or possessing lower than average price/earnings ratios based on their potential for capital appreciation. Standard deviation is expected to be less than or equal to that of the Russell Mid Cap Value Index.

Domestic Equity Specialist Manager(s)
Mid Capitalization “Growth” Orientation

Manager who invests in mid-size companies that are expected to have above average prospects for long-term growth in earnings and profitability. Standard deviation is expected to be greater than that of the Russell Mid Cap Growth Index.

Domestic Equity Specialist Manager(s)
Small Capitalization “Value” Orientation

Manager who invests in small capitalization companies that are believed to be undervalued or possessing lower than average price/earnings ratios based on their potential for capital appreciation. Standard deviation is expected to be equal to or less than that of the Russell 2000 Value Index.

Domestic Equity Specialist Manager(s)
Small Capitalization “Growth” Orientation

Manager who invests in small capitalization companies that are expected to have above average prospects for long-term growth in earnings and profitability. Standard deviation is expected to be equal to or less than that of the Russell 2000 Growth Index.

Non-Domestic Equity Specialist Manager(s)
Large and Mid Capitalization Developed Active Orientation

Bottom-Up/Stock Selection is a manager who primarily emphasizes stock selection in their portfolio construction. The country selection process is by-product of the stock selection decision. Standard deviation is expected to be equal to or less than that of the MSCI EAFE Index.

Non-Domestic Equity Specialist Manager
Large and Mid Capitalization Developed “Index” Orientation

Manager who seeks to replicate return and portfolio characteristics of the MSCI EAFE Index.

Non-Domestic Equity Specialist Manager(s)
Small Capitalization Orientation

Manager who invests in the small capitalization securities primarily of nations considered to be major markets. Standard deviation is expected to be equal to or less than that of the S&P Global ex-US Small Cap Index.

Non-Domestic Equity Specialist Manager(s)
Emerging Markets Orientation

Managers who primarily concentrate on investments in newly emerging second and third world countries in regions of the Far East, Africa, Europe, and Central and South America. These portfolios are characterized by aggressive risk/return profiles that generate high volatility in search of high returns. Standard deviation is expected to be equal to or less than that of the MSCI Emerging Markets Free Index.

Real Estate Specialist Manager(s)

Manager who invests in United States income-producing real estate that is expected to appreciate in value.

Domestic Fixed Income Specialist Manager
"Index" Orientation

Manager who seeks to replicate return and portfolio characteristics of the Bloomberg Aggregate Index.

Domestic Fixed Income Specialist Manager(s)
"Core Bond" Orientation

The portfolio is benchmarked against the broad market, Bloomberg Aggregate Index. Managers may utilize "plus" sector exposure to add value by tactically allocating portions of their portfolios among non-benchmark sectors (e.g. high yield corporates, non-US\$ bonds, etc.) while maintaining majority exposure similar to the broad market. Standard deviation is expected to be equal to or less than that of the Bloomberg Aggregate Bond Index.

APPENDIX C

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM ACT, SECTION 50 - INVESTMENT/REINVESTMENT OF FUNDS AND ASSETS

The Board of Trustees shall be vested with the authority and responsibility and shall have 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. The Board of Trustees as fiduciaries shall:

1. Discharge its duties solely in the interest of the Participants and the Beneficiaries;
2. 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;
3. Act with due regard for the management, reputation and stability of the issuer and the character of the particular investments being considered;
4. Make investments for the exclusive purpose of providing benefits to Participants and Participants' Beneficiaries.
5. Give appropriate consideration to those facts and circumstances the Board of Trustees knows or should know are relevant to the particular investment or investment course of action involved, including the role the investment or investment course of action plays in that portion of the System's investments for which the Board of Trustees has responsibility, and shall act accordingly. Appropriate consideration shall include, but is not limited to, a determination by the Board of Trustees that a particular investment or investment course of action is reasonably designed as part of the investments of the System to further the purposes of the System taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment course of action; and consideration of the following factors as they relate to the investment or the investment course of action:
 - a) The diversification of the investments of the System;
 - b) The liquidity and current return of the investments of the System relative to anticipated cash flow requirements of the System; and
 - c) The projected return of the investments of the System relative to the funding objectives of the System;
6. Give appropriate consideration to investments which would enhance the general welfare of the City and its citizens if those investments offer the safety and rate of return comparable to other investments held by the System and available to the Board of Trustees at the time the investment decision is made;
7. May use a portion of income of the System to defray the cost of investing, managing and protecting the assets of the System; and
8. May utilize the services of Investment Fiduciaries to manage the assets of the System. These Investment Fiduciaries shall be subject to the terms, conditions, and limitations provided in this Section and any limitations as set forth by the Board of Trustees.

Summary of Changes

[April 2024 – Real Estate Segment Goals \(technical update\); Fund Segment Guidelines \(rating agencies update\), Individual Manager Descriptions and Five-Year Objectives \(Excess Return Over Performance Index\)](#)

January 2023 – Background, formatting

October 2022 - Removal of Non-Domestic Fixed Income Segment, reallocation of fund asset mix, technical updates including watch list action steps and formatting updates.



BENEFITS COMMITTEE REPORT

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

APRIL 25, 2024

TO: The Board of Trustees

FROM: Melinda Manning, Chair Kevin Gordon Kim Heffernan Ryan Pope Sheila Simpson

- February 8, 2024 – Noteworthy News; Work Plan; Policies & Regulations
- March 14, 2024 – Noteworthy News; Work Plan; Funding Initiative
- April 11, 2024 – Noteworthy News; Work Plan; Policies Review Project; Funding Initiative

Summary of meetings since the January 25, 2024 Board Meeting:

DISCUSSION:

1. Noteworthy News

- a. In response to the recent PBI data breach, plan sponsors are looking for other ways to search for deceased participants. Pension Advocates such as NASRA and NCPERS continue to have discussions and research to find alternative solutions.
- b. The NASRA Public Plan Survey was just released. The median funding level was 77.1%. The CFRS funding level was 70.1% as of July 1, 2023.
- c. The Social Security Fairness Act and the Social Security Expansion Act continue to be monitored. However, no updates are available. There is rumor of a Secure Act 3.0 which will focus on employers with 10 or more employees to provide a retirement savings plan and possibly incorporate the 401Kids Savings Act. Specific to first responders, it could increase the cap under HELPS (Healthcare Enhancement for Local Public Safety Act). Currently the tax exclusion is \$3,000 and has not changed since its inception in 2006.
- d. "Retirement Crisis in America" drove pension advocates to testify before U.S. Senate in late February that the current savings and retirement structure in America is leaving people unable to maintain their standard of living.

2. Committee's Work Plan

- a. The Committee continues to utilize the Work Plan to remain focused on the various projects and policy reviews. See Exhibit 1 attached.

3. Policies & Regulations

- a. The Business Continuity Plan is under review with outside legal counsel. Staff continue to work with legal counsel through updating vendor contracts.
- b. Disability Regulations continue to be reviewed.



BENEFITS COMMITTEE REPORT

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

APRIL 25, 2024

4. Funding Initiative

- a. Ryan Bergman reviewed the actuarial analysis scenarios with the Committee. Results of the analysis included the impact of employer contributions increased by 2%, 3% or 4% until reaching the ADEC in FY2049. Comparisons between LGERS plan provisions and various scenarios of CFRS provisions continue to be reviewed. Pension reform changes for new hires have been emphasized. The Committee discussed potential behavioral changes of the members over time and the need to consider any assumption changes that factor into the cost and ADEC analysis.

MOTION: Request the Board to approve the expenditure of funds up to \$7,000 to perform additional actuarial analysis for pension reform scenarios.

Exhibit 1 - Work Plan

Benefits Committee 2024 Work Plan (in progress)						
Funding	Assigned to	CY2	1Q 2024	2Q 2024	3Q 2024	4Q 2024
Monitor Legislation Progress	Counsel, Staff					
COLA (3% pd to ret/ben DOR<1/3/2000)	paid 7/15/2022					
Benefit provisions						
Education						
MySuccess Learning Modules						
"CFRS Overview"	launched 2/11/2021					
"CFRS Benefit Calculation"	launched 3/29/2021					
"CFRS Disability Pension Benefit Calculator"	launched 9/14/2021					
"CFRS Pension Tracking" (annual val process)	launched 2/21/2022					
"CFRS Pension Benefits"	launched 4/22/2022					
Retiree- Cyber Security education	Staff					
Governance						
Committee Charter	amended 1/26/2023					
Policies						
Board Operations Policy (New)	Committee, Legal					
Business Continuity Plan (New)	Staff, legal					
Communications Policy (New)	adopted 4/27/2023					
Ethics Policy	amended 1/26/2023					
Funding Policy	adopted 10/28/2021					
Securities Litigation Policy	Committee, Legal					
Surveillance Policy	amended 1/26/2023					
Travel Policy	amended 4/27/2023					
Processes						
Citizen Trustee Searches						
Regulations						
Disability Regulations	amended by City Counsel 7/1/2015					
Election Regulations	amended 7/25/2019					
System Administration Sustainability						
Professional Services						
Hired Legal Counsel/DBL-ERISA(Review)	Committee					
Hired Legal Counsel/Policies	Board selected 4/28/22					
Actuarial Service Provider (Review)	Committee					
Medical Board Contract	adopted 11/15/2021					
Other						
Citizen Trustee Searches (New)	Staff					
CFRS History timeline*	Staff					

Legend:
 In progress
 Completed
 Pending further action by Board
 Impending

* Researched issues/events - for historical reference only



ADMINISTRATOR REPORT
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

APRIL 25, 2024

TO: The Board of Trustees

FROM: Sandy Thiry

- **FINANCIAL STATEMENTS**
 - FY2024 through February
 - FY2025 Budget Proposal
- **ACH PAYMENTS FOR OPERATING EXPENSES PROJECT UPDATE**
 - Bank of America
 - U.S. Bank
- **CONFERENCE APPROVAL**
 - NCGFOA Summer Conference, July 21-23, 2024, Wrightsville Beach, NC
 - NASRA Annual Conference, August 3-7, 2024, Pittsburgh, PA
 - NCPERS Public Pension Funding Forum, Aug 18-24, Boston, MA
- **REDUCED SECURITIES SETTLEMENT CYCLE**
 - U.S. and Canada are moving from a T+2 to T+1 settlement cycle effective May 28, 2024.
 - U.S. Bank is prepared for the transition.
- **NEW ENTERPRISE RESOURCE PLANNING (ERP) FOR THE CITY**
 - WorkDay Replacing People Soft
 - Transition for HR/Payroll Go live pushed to October 2024
 - Transition for Finance, Procurement and Capital Project Management Nov 2023- January 2025, may get pushed out as well.
 - Working in conjunction with WorkDay and CBIZ teams to modify the payroll data extract files and update the extract process.
- **OFFICE OPERATIONS**
 - Consultations and applications continue to increase; (1Q24=30; Q2 book to date=20)
 - Station Visits: (1Q24) RC#126 initial; RC#124 F/U; station #26B
(2Q24) RC#127 initial; RC#125 F/U; stations #12B; #41A, and #20A; #25C
- **PENSION ADMINISTRATION SUSTAINABILITY**
 - CBIZ and USBank contracts under review
 - Preparing for new staff member
 - Purchased desk (\$200), free filing cabinet;
 - Additional cabling for connectivity completed;
 - Building temporary wall to secure current office;
 - Working with City's talent acquisition manager to post the job.
 - Kicked off outsourcing project with CBIZ.
 - Drafted ownership of steps/roles
- **CHARLOTTE NATIONAL BUILDING**
 - A/C to be replaced 4/22/24 through 4/29/2024;
 - Awaiting on an assessment fee



ADMINISTRATOR REPORT
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

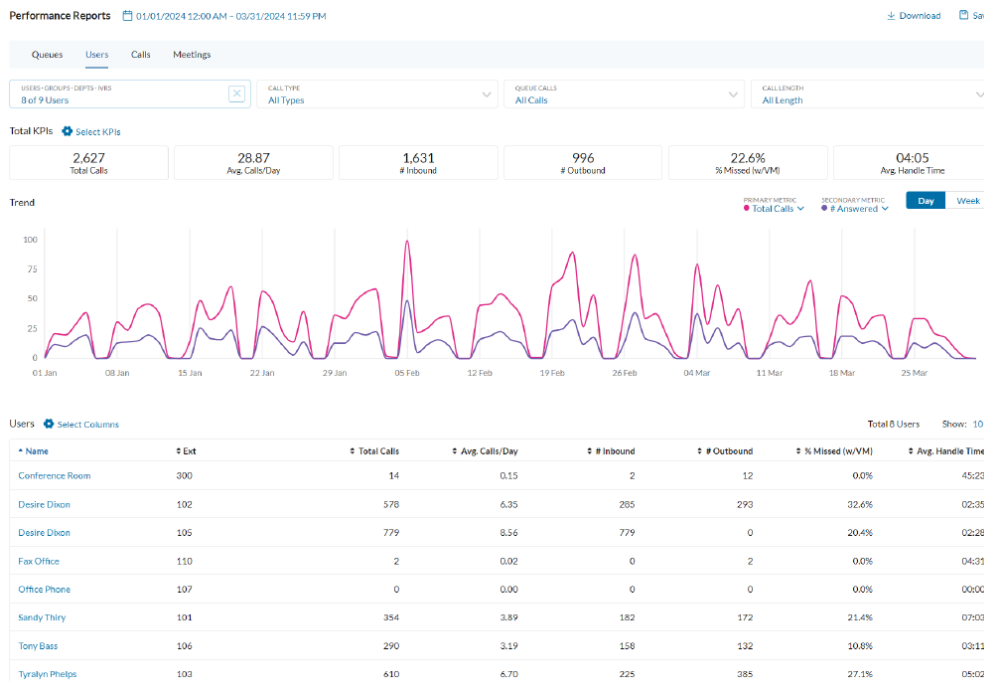
APRIL 25, 2024

- **PUBLIC RECORDS REQUESTS**
 - Investment/Financial Related Requests – (2) FOIA Data Collection and With Intelligence; Benefits (1) American Transparency (approximate total time spent to process – 5h)
 - Benefits Related Requests – () (approximate time spent to process –)
 - Other – () (approximate total time spent to process)
- **KUDOS**
- **OFFICE STATS (EXHIBITS ATTACHED)**

Exhibit A – Security Litigations (Jan - March)

Charlotte Firefighters' Retirement System						Period from 2024-01-01 to 2024-03-31
Status Report						
Settled Class Action - Claim Status Summary						
Status	# Cases	Settlement Fund	# Claims	Total Recognized Loss	Pro Rata Shares	\$ Recovered
Newly Filed	3	\$123,000,000	4	\$113,974	-	-
Previously Filed	19	\$2,153,239,359	20	\$262,367	-	-
Total	22	\$2,276,239,359	24	\$376,341	0	\$0
Gross Recovered Since 08/01/2018						\$95,644.00
FRT fee 15%						\$14,346.75
Net Recovered Since 08/01/2018						\$81,297.25

Exhibit B – Phone Metrics (Jan - March) (Includes Robo calls that can be identified at onset and not answered)





ADMINISTRATOR REPORT
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

APRIL 25, 2024

Exhibit C – Employee Portal Metrics (Jan - March)

Q1 - 2024			
Measurement	Actual_users	Measurement	Actual_users
Logins	516	Page Visits - Pay History	124
Password Changes	54	Page Visits - Forms	13
Username Update	8	Page Visits - Related Links	5
Profile Fields Update	1	Page Visits - Glossary	7
Site Self Registration Submitted	36	Page Visits - Frequently Asked Questions	48
Calculations Run	944	Page Visits - Contact Us	8
Accrued Benefit Calculations Run	50	Page Visits - Annual Pension Statements	76
Calculations Viewed	393	Page Visits - Benefit Summary	572
Contact Us Messages Submitted	1	Page Visits - Contribution History	94
Beneficiary Pre-Retirement Form Downloaded	2	Distinct users running calcs	218
Benefit Statement Downloaded	134	Average calcs per distinct user	4.35
Employee Certification Form for Service Purchases Form Downloaded	3	Distinct users running accrued benefit calcs	34
Page Visits - Personal Data	127	Average accrued benefit calcs per distinct user	1.47059
Page Visits - Service and Date History	89		
	Average Age	Average Service	
Registration	43.88		16.88
Calculation	47.03		20.78

Charlotte Firefighters' Retirement System

Balance Sheet

04/16/24

As of February 29, 2024

Accrual Basis

	Feb 29, 24
ASSETS	
Current Assets	
Checking/Savings	
10000 · Cash	
10001 · Cash-Bank of America	65,311.96
10004 · Cash & CE- USBank	5,527,450.10
10013 · Petty Cash	500.00
Total 10000 · Cash	5,593,262.06
10011 · Cash Equivalents- USBank Other	1,981,352.41
Total Checking/Savings	7,574,614.47
Other Current Assets	
10300 · Other Receivables	835,991.95
12100 · Prepaid assets	38,541.00
Total Other Current Assets	874,532.95
Total Current Assets	8,449,147.42
Fixed Assets	
15000 · Capital Assets	
15001 · Office Condominium	440,126.90
15002 · Intangible Asset-Pen Admin Sys	231,825.00
15010 · Accumulated Deprec. & Amort.	-585,310.09
Total 15000 · Capital Assets	86,641.81
Total Fixed Assets	86,641.81
Other Assets	
18000 · Marketable Securities	625,844,942.67
Total Other Assets	625,844,942.67
TOTAL ASSETS	634,380,731.90
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
27000 · Accounts Payable	
27020 · Refunds	132,231.15
27060 · Administrative Fees	7,897.60
Total 27000 · Accounts Payable	140,128.75
Total Accounts Payable	140,128.75
Total Current Liabilities	140,128.75
Total Liabilities	140,128.75
Equity	
32000 · Fund Balance	603,780,666.81
Net Income	30,459,936.34
Total Equity	634,240,603.15
TOTAL LIABILITIES & EQUITY	634,380,731.90

Charlotte Firefighters' Retirement System

Profit & Loss Budget vs. Actual

July 2023 through February 2024

	<u>Jul '23 - Feb 24</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
43400 · Contributions				
43410 · Members	7,963,839.97	11,870,180.73	-3,906,340.76	67.09%
43440 · Employer	12,836,617.49	19,133,042.30	-6,296,424.81	67.09%
43450 · Purchase of Military Time	210,399.80	300,000.00	-89,600.20	70.13%
43460 · Purchase of Other Gov. Service	476,638.32	200,000.00	276,638.32	238.32%
Total 43400 · Contributions	<u>21,487,495.58</u>	<u>31,503,223.03</u>	<u>-10,015,727.45</u>	<u>68.21%</u>
45000 · Investments				
45010 · Interest	3,278,692.58	3,235,562.67	43,129.91	101.33%
45020 · Dividends- Trustee	2,274,949.37	4,247,091.53	-1,972,142.16	53.57%
45021 · Dividends Other	1,004.78	600.00	404.78	167.46%
45030 · Net Realized Gain/Loss-Trustee	11,429,610.01	42,105,067.26	-30,675,457.25	27.15%
45040 · Net Realized Gain/Loss- Mgr GU	162,793.89	3,000,000.00	-2,837,206.11	5.43%
45050 · Unrealized Gain/Loss	26,168,015.76	0.00	26,168,015.76	100.0%
Total 45000 · Investments	<u>43,315,066.39</u>	<u>52,588,321.46</u>	<u>-9,273,255.07</u>	<u>82.37%</u>
47000 · Transfers In				
47030 · Interfund transfers	0.00	0.00	0.00	0.0%
Total 47000 · Transfers In	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Income	<u>64,802,561.97</u>	<u>84,091,544.49</u>	<u>-19,288,982.52</u>	<u>77.06%</u>
Gross Profit	64,802,561.97	84,091,544.49	-19,288,982.52	77.06%

Charlotte Firefighters' Retirement System

Profit & Loss Budget vs. Actual

July 2023 through February 2024

	Jul '23 - Feb 24	Budget	\$ Over Budget	% of Budget
Expense				
60900 · Participant Benefits				
60920 · Retirement	31,904,054.60	47,634,673.00	-15,730,618.40	66.98%
60930 · Death	227,853.58	250,000.00	-22,146.42	91.14%
60940 · Contribution Withdrawals	457,385.35	400,000.00	57,385.35	114.35%
Total 60900 · Participant Benefits	32,589,293.53	48,284,673.00	-15,695,379.47	67.49%
62100 · Investment Services				
62110 · Management Fees				
62111 · Morgan Stanley	165,059.29	240,000.00	-74,940.71	68.78%
62114 · Barrow Hanley	68,498.00	77,223.00	-8,725.00	88.7%
62115 · Robeco Investment Mgmt., Inc	33,655.44	199,340.02	-165,684.58	16.88%
62117 · Eagle Asset Management	84,994.44	153,389.04	-68,394.60	55.41%
62122 · William Blair (ICoM)	97,548.30	174,169.68	-76,621.38	56.01%
62123 · T. Rowe Price	124,743.25	237,510.20	-112,766.95	52.52%
62125 · UBS Trumbull Property Fund	143,530.40	283,247.57	-139,717.17	50.67%
62127 · SSGA Fixed Income	395.13	7,200.00	-6,804.87	5.49%
62128 · SSGA EAFE Index	3,181.85	21,200.00	-18,018.15	15.01%
62129 · SSGA Russell 1000	3,859.02	28,000.00	-24,140.98	13.78%
62130 · JPMorgan Chase	119,229.50	267,221.04	-147,991.54	44.62%
62132 · MFS	53,397.63	152,572.74	-99,175.11	35.0%
62133 · Lazard Asset Management	65,245.59	123,713.76	-58,468.17	52.74%
62134 · Neuberger Berman	45,905.32	96,900.00	-50,994.68	47.37%
62135 · Wellington	91,590.03	186,000.00	-94,409.97	49.24%
Total 62110 · Management Fees	1,100,833.19	2,247,687.05	-1,146,853.86	48.98%
62139 · Transaction Fees	42.70	325.00	-282.30	13.14%
62140 · Trust and Bank Fees	67,944.65	143,600.00	-75,655.35	47.32%
62150 · Consulting Fees	107,475.00	214,240.00	-106,765.00	50.17%
Total 62100 · Investment Services	1,276,295.54	2,605,852.05	-1,329,556.51	48.98%

Charlotte Firefighters' Retirement System

Profit & Loss Budget vs. Actual

July 2023 through February 2024

	Jul '23 - Feb 24	Budget	\$ Over Budget	% of Budget
65000 · Administration				
65005 · Staff Wages and Benefits	290,350.57	492,451.82	-202,101.25	58.96%
65010 · Travel and Training	6,173.89	76,675.00	-70,501.11	8.05%
65020 · Insurance	62,794.96	70,000.00	-7,205.04	89.71%
65030 · Parking	768.75	750.00	18.75	102.5%
65040 · Auditing Services	20,000.00	20,000.00	0.00	100.0%
65050 · Condominium Fees	16,135.92	22,052.42	-5,916.50	73.17%
65060 · Postage	481.18	1,616.00	-1,134.82	29.78%
65070 · Actuarial Services	4,551.00	10,000.00	-5,449.00	45.51%
65080 · Annual Retiree Reunion	0.00	1,500.00	-1,500.00	0.0%
65090 · Legal Services	4,025.00	66,000.00	-61,975.00	6.1%
65100 · Printing Services	3,324.34	6,000.00	-2,675.66	55.41%
65110 · Other Professional Services	50,911.14	98,561.80	-47,650.66	51.65%
65120 · Telecommunications	4,026.97	5,146.63	-1,119.66	78.25%
65130 · Office Equipment Maintenance	0.00	200.00	-200.00	0.0%
65140 · Office/Computer Supplies	4,004.78	9,010.00	-5,005.22	44.45%
65160 · Meetings	3,370.57	4,910.00	-1,539.43	68.65%
65170 · Professional Memberships/Dues	5,400.00	5,400.00	0.00	100.0%
65180 · Medical Services	0.00	15,000.00	-15,000.00	0.0%
65190 · Office Furniture/Equipment	671.19	2,000.00	-1,328.81	33.56%
65200 · Subscriptions and Publications	203.08	1,000.00	-796.92	20.31%
65220 · Miscellaneous/Contingency	0.00	5,000.00	-5,000.00	0.0%
65230 · Building Improvements	0.00	250.00	-250.00	0.0%
Total 65000 · Administration	<u>477,193.34</u>	<u>913,523.67</u>	<u>-436,330.33</u>	<u>52.24%</u>
Total Expense	<u>34,342,782.41</u>	<u>51,804,048.72</u>	<u>-17,461,266.31</u>	<u>66.29%</u>
Net Ordinary Income	30,459,779.56	32,287,495.77	-1,827,716.21	94.34%
Other Income/Expense				
Other Expense				
80100 · Depreciation & Amortization	0.00	0.00	0.00	0.0%
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Net Other Income	0.00	0.00	0.00	0.0%
Net Income	<u><u>30,459,779.56</u></u>	<u><u>32,287,495.77</u></u>	<u><u>-1,827,716.21</u></u>	<u><u>94.34%</u></u>

Charlotte Firefighters' Retirement System

Profit & Loss

04/16/24

July 2023 through February 2024

Accrual Basis

	Jul '23 - Feb 24
Ordinary Income/Expense	
Income	
43400 · Contributions	
43410 · Members	7,963,839.97
43440 · Employer	12,836,617.49
43450 · Purchase of Military Time	210,399.80
43460 · Purchase of Other Gov. Service	476,638.32
Total 43400 · Contributions	21,487,495.58
45000 · Investments	
45010 · Interest	3,278,692.58
45020 · Dividends- Trustee	2,274,949.37
45021 · Dividends Other	1,004.78
45030 · Net Realized Gain/Loss-Trustee	11,429,610.01
45040 · Net Realized Gain/Loss- Mgr GU	162,793.89
45050 · Unrealized Gain/Loss	26,168,015.76
Total 45000 · Investments	43,315,066.39
Total Income	64,802,561.97
Gross Profit	64,802,561.97
Expense	
60900 · Participant Benefits	
60920 · Retirement	31,904,054.60
60930 · Death	227,853.58
60940 · Contribution Withdrawals	457,385.35
Total 60900 · Participant Benefits	32,589,293.53
62100 · Investment Services	
62110 · Management Fees	
62111 · Morgan Stanley	165,059.29
62114 · Barrow Hanley	68,498.00
62115 · Robeco Investment Mgmt., Inc	33,655.44
62117 · Eagle Asset Management	84,994.44
62122 · William Blair (ICoM)	97,548.30
62123 · T. Rowe Price	124,743.25
62125 · UBS Trumbull Property Fund	143,530.40
62127 · SSGA Fixed Income	395.13
62128 · SSGA EAFE Index	3,181.85
62129 · SSGA Russell 1000	3,859.02
62130 · JPMorgan Chase	119,229.50
62132 · MFS	53,397.63
62133 · Lazard Asset Management	65,245.59
62134 · Neuberger Berman	45,905.32
62135 · Wellington	91,590.03
Total 62110 · Management Fees	1,100,833.19
62139 · Transaction Fees	42.70
62140 · Trust and Bank Fees	67,944.65
62150 · Consulting Fees	107,475.00
Total 62100 · Investment Services	1,276,295.54
65000 · Administration	
65005 · Staff Wages and Benefits	
65004 · Staff wages	208,363.99
65006 · FICA/Medicare	15,146.84
65007 · Retirement LGERS	25,628.87
65008 · Insurance	34,960.00
65009 · NC 401K	6,250.87
Total 65005 · Staff Wages and Benefits	290,350.57

Charlotte Firefighters' Retirement System

Profit & Loss

04/16/24

July 2023 through February 2024

Accrual Basis

	Jul '23 - Feb 24
65010 · Travel and Training	6,173.89
65020 · Insurance	62,794.96
65030 · Parking	768.75
65040 · Auditing Services	20,000.00
65050 · Condominium Fees	16,135.92
65060 · Postage	324.40
65070 · Actuarial Services	4,551.00
65090 · Legal Services	4,025.00
65100 · Printing Services	3,324.34
65110 · Other Professional Services	50,911.14
65120 · Telecommunications	4,026.97
65130 · Office Equipment Maintenance	191.55
65140 · Office/Computer Supplies	3,813.23
65160 · Meetings	3,370.57
65170 · Professional Memberships/Dues	5,400.00
65190 · Office Furniture/Equipment	671.19
65200 · Subscriptions and Publications	203.08
Total 65000 · Administration	477,036.56
Total Expense	34,342,625.63
Net Ordinary Income	30,459,936.34
Net Income	30,459,936.34

**Charlotte Firefighters' Retirement System
Proposed FY24 Budget**

	FY24 Budget Approved	Actual 7/1/23 to 2/29/24	Projected 3/01/24 to 6/30/24	Estimated Total FYE24	\$ Over Budget	% of Budget	FY25 Budget Draft	% Change from Approved FY24 to Proposed FY25	% Change from Est FYE24 Total to Proposed FY25
Ordinary Income/Expense									
Income									
43400 · Contributions									
43410 · Members	11,870,181	7,963,840	4,102,126	12,065,966	195,785	101.65%	12,861,372	8.35%	6.59%
43440 · Employer	19,133,042	12,836,617	6,612,044	19,448,661	315,619	101.65%	22,764,120	18.98%	17.05%
43450 · Purchase of Military Time	300,000	210,400	138,727	349,127	49,127	116.38%	300,000	0.00%	-14.07%
43460 · Purchase of Other Gov. Service	200,000	476,638	0	476,638	276,638	238.32%	300,000	50.00%	-37.06%
Total 43400 · Contributions	31,503,223	21,487,496	10,852,897	32,340,392	837,169	102.66%	36,225,492	14.99%	12.01%
45000 · Investments (FY23 est. based on 7.00% rate of return)									
45010 · Interest	3,235,563	3,278,693	2,341,923	5,620,616	2,385,053	173.71%	5,212,881	61.11%	-7.25%
45020 · Dividends- Trustee	4,247,092	2,274,949	1,624,964	3,899,913	-347,178	91.83%	4,205,536	-0.98%	7.84%
45021 · Dividends Other	600	1,005	718	1,722	1,122	287.08%	1,500	150.00%	-12.92%
45030 · Net Realized Gain/Loss-Custodian	42,105,067	11,429,610	8,164,007	19,593,617	-22,511,450	46.54%	44,844,094	6.51%	128.87%
45040 · Net Realized Gain/Loss- Other	300,000	162,794	162,794	325,588	25,588	108.53%	330,000	10.00%	1.36%
45050 · Unrealized Gain/Loss	0	26,168,016	0	26,168,016	26,168,016	100%	0	0.00%	0.00%
Total 45000 · Investments	49,888,321	43,315,066	12,294,406	55,609,472	5,721,151	111.47%	54,594,011	9.43%	-1.83%
Total Income	81,391,544	64,802,562	23,147,303	87,949,865	6,558,320	214%	90,819,504	12%	3%
Gross Profit	81,391,544	64,802,562	23,147,303	87,949,865	6,558,320	214%	90,819,504	11.58%	3.26%

**Charlotte Firefighters' Retirement System
Proposed FY24 Budget**

	FY24 Budget Approved	Actual 7/1/23 to 2/29/24	Projected 3/01/24 to 6/30/24	Estimated Total FYE24	\$ Over Budget	% of Budget	FY25 Budget Draft	% Change from Approved FY24 to Proposed FY25	% Change from Est FYE24 Total to Proposed FY25
Expense									
60900 · Participant Benefits									
60920 · Retirement	47,634,673	31,904,055	18,230,888	50,134,943	2,500,270	105.25%	51,982,477	9.13%	3.69%
60930 · Death	250,000	227,854	0	227,854	-22,146	91.14%	250,000	0.00%	9.72%
60940 · Contribution Withdrawals	400,000	457,385	187,131	644,516	244,516	161.13%	450,000	12.50%	-30.18%
Total 60900 · Participant Benefits	48,284,673	32,589,294	18,418,019	51,007,313	2,722,640	105.64%	52,682,477	9.11%	3.28%
62100 · Investment Services									
62110 · Management Fees									
62111 · Morgan Stanley	240,000	165,059	165,059	330,119	90,119	137.55%	240,000	0.00%	-27.30%
62114 · Barrow Hanley	77,223	68,498	75,000	143,498	66,275	185.82%	143,498	85.82%	0.00%
62115 · Robeco Investment Mgmt., Inc	199,340	33,655	167,311	200,966	1,626	100.82%	200,966	0.82%	0.00%
62117 · Eagle Asset Management	153,389	84,994	84,994	169,989	16,600	110.82%	169,989	10.82%	0.00%
62122 · William Blair (ICoM)	174,170	97,548	97,548	195,097	20,927	112.02%	195,097	12.02%	0.00%
62123 · T. Rowe Price	237,510	124,743	124,743	249,487	11,976	105.04%	249,487	5.04%	0.00%
62125 · UBS Trumbull Property Fund	283,248	143,530	47,843	191,374	-91,874	67.56%	191,374	-32.44%	0.00%
62127 · SSGA Fixed Income	7,200	395	5,400	5,795	-1,405	80.49%	7,200	0.00%	24.24%
62128 · SSGA EAFE Index	21,200	3,182	13,200	16,382	-4,818	77.27%	21,200	0.00%	29.41%
62129 · SSGA Russell 1000	28,000	3,859	18,000	21,859	-6,141	78.07%	28,000	0.00%	28.09%
62130 · JPMorgan Chase	267,221	119,230	357,689	476,918	209,697	178.47%	476,918	78.47%	0.00%
62132 · MFS	152,573	53,398	53,398	106,795	-45,777	70.00%	106,795	-30.00%	0.00%
62133 · Lazard	123,714	65,246	65,246	130,491	6,777	105.48%	130,491	5.48%	0.00%
62134 · Neuberger Berman	96,900	45,905	45,905	91,811	0	0.00%	91,811	-5.25%	0.00%
62135 · Wellington	186,000	91,590	91,590	183,180	0	0.00%	183,180	-1.52%	0.00%
Total 62110 · Management Fees	2,247,687	1,100,833	1,412,927	2,513,760	266,073	111.84%	2,436,005	8.38%	-3.09%
62139 · Transaction Fees	325	43	200	243	-82	74.68%	325	0.00%	33.91%
62140 · Trust and Bank Fees	143,600	67,945	67,945	135,889	-7,711	94.63%	146,000	1.67%	7.44%
62150 · Consulting Fees	214,240	107,475	108,900	216,375	2,135	101.00%	220,420	2.88%	1.87%
Total 62100 · Investment Services	2,605,852	1,276,296	1,589,971	2,866,267	260,415	109.99%	2,802,750	7.56%	-2.22%

**Charlotte Firefighters' Retirement System
Proposed FY24 Budget**

	FY24 Budget Approved	Actual 7/1/23 to 2/29/24	Projected 3/01/24 to 6/30/24	Estimated Total FYE24	\$ Over Budget	% of Budget	FY25 Budget Draft	% Change from Approved FY24 to Proposed FY25	% Change from Est FYE24 Total to Proposed FY25	
65000 · Administration										
65005 · Staff Wages and Benefits										
Total 65005 · Staff Wages and Benefits	492,452	290,351	179,521	469,872	-22,580	95.42%	617,704	25.43%	31.46%	Includes 5 full-time positions Avg travel expense \$3.5k per traveler, plus registration fees & \$6.3k for training Cyber Security & Fiduciary Liability biggest drivers of cost
65010 · Travel and Training	76,675	6,174	20,000	26,174	-50,501	34.14%	80,000	4.34%	205.65%	
65020 · Insurance	70,000	62,795	0	62,795	-7,205	89.71%	72,100	3.00%	14.82%	
65030 · Parking	750	769	549	1,318	568	175.71%	1,500	100.00%	13.82%	Higher visitor rate due to consultations
65040 · Auditing Services	20,000	20,000	0	20,000	0	100.00%	23,000	15.00%	15.00%	
65050 · Condominium Fees	22,052	16,136	5,379	21,515	-538	97.56%	36,837	67.04%	71.22%	Estimated \$15k assessment for chiller replacement Certified Mail usage; Current forecast continues to be < previous cost of leased equipment plus postage (appx \$3k yearly)
65060 · Postage	1,616	481	582	1,063	-553	65.79%	1,550	-4.08%	45.79%	
65070 · Actuarial Services	10,000	4,551	5,000	9,551	-449	95.51%	15,000	50.00%	57.05%	Increase due to anticipated additional analysis
65080 · Annual Retiree Function	1,500	0	1,664	1,664	164	110.92%	3,600	140.00%	116.38%	Sponsorship for Fish Fry and fall BBQ
65090 · Legal Services	66,000	4,025	20,000	24,025	-41,975	36.40%	66,000	0.00%	174.71%	
65100 · Printing Services	6,000	3,324	2,376	5,701	-299	95.01%	6,700	11.67%	17.53%	
65110 · Other Professional Services	98,562	50,911	60,163	111,074	12,512	112.70%	150,674	52.87%	35.65%	Pension system and IT support are 95% of total budgeted category; additional \$42k for CBIZ outsourcing
65120 · Telecommunications	5,147	4,027	1,053	5,080	-67	98.70%	5,447	5.83%	7.22%	
65130 · Office Equipment Maintenance	200	0	0	0	-200	0.00%	200	0.00%	0.00%	
65140 · Office/Computer Supplies	9,010	4,005	3,000	7,005	-2,005	77.75%	9,570	6.22%	36.62%	
65160 · Meetings	4,910	3,371	1,160	4,531	-379	92.27%	5,500	12.02%	21.40%	Includes Board, Committee, Station visits
65170 · Professional Memberships/Dues	5,400	5,400	0	5,400	0	100.00%	5,670	5.00%	5.00%	
65180 · Medical Services	15,000	0	7,500	7,500	-7,500	50.00%	15,000	0.00%	100.00%	
65190 · Office Furniture/Equipment	2,000	671	175	846	-1,154	42.31%	2,000	0.00%	136.35%	
65200 · Subscriptions and Publications	1,000	203	0	203	-797	20.31%	1,000	0.00%	392.42%	
65220 · Miscellaneous/Contingency	5,000	0	0	0	-5,000	0.00%	5,000	0.00%	0.00%	
65230 · Building Improvements	250	0	2,250	2,250	2,000	900.00%	2,250	800.00%	0.00%	Additional \$2k for office updates (walls)
Total 65000 · Administration	913,524	477,193	310,372	787,565	-125,959	86.21%	1,126,302	23.29%	43.01%	
Total Expense	51,804,049	34,342,782	20,318,362	54,661,145	2,857,096	105.52%	56,611,529	9.28%	3.57%	
Net Ordinary Income	29,587,496	30,459,780	2,828,941	33,288,720	3,701,224	108.61%	34,207,975	15.62%	2.76%	

Budget Narrative for Fiscal Year 2025

REVENUE:

Contributions are based on the existing 12.65% of earnings from Members and 22.39% of earnings from the City of Charlotte using the current year of payroll totals and assumes an additional 2.5% increase to salaries for FY25 based on the approved actuarial assumption growth used for annual valuation. The estimate includes the contributions required by the City to fund the COLA issued effective July 1, 2022.

Military Service Purchases cannot be predicted. Assumption based on average of five prior years.

Purchase of Other Government Service cannot be predicted. Assumption based on average of five prior years.

Investment, Interest and Dividend income are based on the current fiscal year's average monthly rate. Since the market activity cannot be predicted, this is simply a method to project income for budget purposes.

Net Realized Gains/Losses on Investments is based upon an annual expected rate of return. For FY2025 this estimate is based on an assumed 7.00% rate of return and an estimated fund balance on June 30th of \$641M. (Fund balance on January 31st was \$621M). Since the market activity cannot be predicted, this is simply a method to project income for budget purposes.

EXPENDITURES:

Retirement Benefit disbursements include the cost of current retiree benefits and additional new retirees for FY25, based on the actuary's annual valuation report, assuming that all actuarial assumptions are met.

An estimate for payment of Contribution Withdrawals due to separation of service from the fire department during FY25 and those previously terminated who have not withdrawn their contributions are also shown as benefit expenses. A project has been ongoing to try and pay out the non-vested members who have never responded to their termination letters. Approximately \$138,000 is attributable to non-vested members who are due a refund.

Investment Management Fee expense is an estimate which is merely a duplication of prior FY fees to provide a method for budget purpose since the market activity cannot be predicted. This also provides trustees with a point of reference and includes fees for current managers which are paid based on invoices rendered. Actual Fees are calculated based on the monthly account balance or the quarterly average assets at fee levels negotiated with the individual managers. Certain managers also invoice a contractual performance fee. There are certain managers who manage commingled or institutional mutual funds for the CFRS. The fees for these funds are netted out of the asset value and not billed separately. These expenses are tracked, and an estimate is included as a cash expense in the budget.

Transaction Fees are incurred by investment managers on certain trades. USBank reports these fees separate from Investment Manager fees.

Trust and Bank fees are paid to Bank of America, and the System's custodian bank, US Bank. Custodial fees remain the same (2BP on first \$200M; 1.5 BP on next \$200M; and 1BP on balance). Benefit payment processing per ACH with Advice is the same, \$2.00. Benefit payment

Budget Narrative for Fiscal Year 2025

processing includes postage, 1099R distribution, TEFRA Notices and Tax Withholding Filings on behalf of the CFRS. Bank of America is the account used to pay operating expenses and their fees are estimated to be approximately \$4,800 annually.

Consulting fees are paid for the services of the Retirement System's investment consultant, Callan, LLC. The full-service retainer fee for investment consulting services is being negotiated before the end of the current fiscal year. The current contract covers a one-year extension period for \$214,000. The FY2025 projection is based on a 3% increase in the current contract amount.

Staff Wages and Benefits include funds for the 5 full-time positions as approved by the Board in January 2024: full-time Administrator, Administrative Analyst, Sr. Benefits Analyst, Jr. Benefits Analyst, and Financial Analyst at 40 hours per week each. Wage increases have been budgeted at 3% of current salary. No overtime allowance has been budgeted, the annual employer cost for employee Health & Welfare benefits are included in this estimate. The Employer Contribution to LGERS is expected to increase by .75% to total 13.6% for FY2025.

Travel and Training expense provides for conference and training event expenses for trustees and staff as approved by the Board. This is typically an averaging of cost of travel to annual conferences for GFOA, NASRA, NCPERS, NAPPA, IFEBP, Callan's Annual Conference based on prior attendances, as well as taking into consideration any on-line webinars and virtual classes. Mileage reimbursement for work-related use of autos is also paid from this account.

Insurance The fiduciary insurance is due for a one-year period and is expected to increase each year due to a higher fund balance and/or unfunded liability balance. Coverage also includes Worker's Compensation for an additional employee, Accident Insurance, Liability, Officers, and Cyber Security.

Parking expense Estimated based on a typical year of usage. Actual expense depends on the volume of meetings, visitors and member consultations and retirement applications. We have experienced an increase in consultations, which has increased the estimated expense for FY25.

Auditing services are performed by the same firm the City's uses for annual audit. Cherry Bekaert's services were extended for two years and will audit the FY24 and FY25 financial statements at a total cost of \$23k and \$25k respectively.

Condominium fees for the three units owned by the CFRS are assumed at the current rate plus 5% increase. The last increase for CNB fees was 5% effective Jan 1, 2017. CNB has a calendar year budget. We have included an estimate of \$15K for the chiller replacement.

Postage use depends on the mail volume. Normal workflow items are sent via USPS. Continued use of electronic distribution whenever possible will help keep expenses to a minimum. The City's mail room will be utilized with an invoice to CFRS on occasion when a bulk mailing may be necessary. The CFRS continues to pay less in postage fees than previously when a postage meter was leased at over \$2,000/year plus the cost of postage.

Actuarial Services for the annual valuation report and GASB 68 report are paid by the System with reimbursement to the System by the City of Charlotte. The estimated funds are attributable to GASB 67 reports, special studies, and additional projects and services which are paid for by the CFRS. This includes such work as a review of procedures, various documents, costing out various benefit alternatives in addition to assistance with individual survivor ratios and qualified domestic relations order questions. The increase is due to anticipating additional funding analysis in FY25.

Annual Retiree Reunion Annual attendance of a CFRS retiree reunion declined to less than 10% of the retiree population. Tripp Fincher puts on a retiree fish fry in the spring and a BBQ in the fall which is highly attended. The \$3,600 is budgeted to sponsor in entirety the retiree fish fry and BBQ hosted by Captain Tripp Fincher in lieu of one annual reunion sponsored by the Board.

Legal Services are needed for services provided on behalf of the System and Administrator for disability cases, review of the Act or portions of the Act which are of a highly technical nature, and other litigation. The City Attorney's services are not an expense to the Retirement System. FY25 budget estimates services for 2 disability hearings and Act reviews as needed, along with outside legal counsel for the policy review project. Hourly rates for legal counsel range between \$575 and \$615 per hour. Outside legal counsel is still working with the Board on policy reviews.

Printing services include envelopes for various mailings, check stock and forms, special notices or communications, trustee and staff business cards, and other printing as needed (transcripts, etc.). This account also supports the expense of leasing a large digital color copier from the City's provider, RICOH Management Services. Ricoh service includes all toner supplies and maintenance of the machine. The City negotiates the fee for these services and a new contract is expected for FY25.

Other Professional Services includes: (Approximately 95% of the total expense is due to Pension Administration System and IT support)

- CBIZ- monthly hosting and license fees for the IPAS Master Pension Administration software. Also included for FY25 are additional fees for updates to the pension administration system (IPAS) in excess of work hours provided for in the contract. There is an additional \$42K for outsourcing support to CBIZ approved at the January Board meeting.
- IT support- server with back-up system for the computers, occasional help desk services or on-site assistance and workstation updates
- Web site domain fees/webmaster design services
- Intelliscan – Election services
- Court reporting service for disability hearings
- Courier expense for special deliveries
- Surveillance services in relation to disability retirement cases

Telecommunications includes all phones with unlimited calling, fax line, dedicated conference call number, and virtual Meetings with Ring Central. High Speed Internet is contracted through Spectrum. Includes an additional phone for the new staff member.

Office Equipment Maintenance includes costs for maintaining various office equipment such as scanners, desktop copiers, and a shredding machine.

Office and Computer Supplies are purchased as needed to support the operations of the office. This account pays the expenses for copy paper, workstation computer printer cartridges, and all other office supplies needed to maintain operations. Software upgrades or new software may also be purchased under this account. Replacement laptops, monitors, and battery packs are also included. This includes a laptop, printer/scanner for the new staff member.

Meeting Expense relates to beverages, light snacks, and meals provided for meetings held in the CFRS office and lunch or dinner meetings out of the office when necessary or appropriate. Cups, napkins, plates, plasticware and coffee supplies are also expensed. Classes at the fire

Budget Narrative for Fiscal Year 2025

stations are an ongoing activity as requested and snacks or dessert are usually provided by the Retirement System.

Professional Memberships/Dues includes national Government Finance Officers Association (GFOA,) the International Foundation of Employee Benefit Plans (IFEBP), National Association of Public Pension Attorneys (NAPPA), the annual National Conference on Public Employee Retirement Systems (NCPERS), and the National Association of State Retirement Administrators (NASRA), which provides material to trustees under the System's membership.

Medical Services provides funds for examinations for disability applications and re-exams. On the recommendation of the Medical Board, specialized examinations, functional capacity testing and/or IMEs by specialist medical professionals may also be performed. This estimate approximates 2 disability hearing for FY25. Individual cases can range from simple to complex which impacts fees. The fee is \$393 per hour with an annual increase not to exceed 3%.

Office Furniture/Equipment reflects the cost of replacements or repairs to office furniture or equipment.

Books, Subscriptions, Publications provides funds for various investment publications including the Wall Street Journal and Charlotte Business Journal. Periodicals such as Plan Sponsor, Governing, Pension & Investments are provided free of charge. Books on relevant subjects are also purchased for the library, staff, and trustee use as appropriate.

Miscellaneous/Contingency this appropriation is used for unanticipated expenses not otherwise classified above or by special authorization of the Board.

Building Improvements \$2k has been added for installing an office wall with a door to accommodate additional staff.