

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

July 24, 2025

PRESENT: Vanessa Heffron – Chair, John Carr, Melinda Manning, Joey Hager, Sheila Simpson, Ryan Pope, Kevin Gordon (left at 9:51)

ABSENT: Kim Heffernan, Mike Feehley, Teresa Smith, Matt Hastedt

STAFF: Sandy Thiry, Ty Phelps, Michelle Maxwell, Desiré Martin, and Lisa Flowers - Sr. Assistant City Attorney

GUESTS: Bill Karbon, Mike Whittle, Tony Bass

AGENDA

CALL TO ORDER by Vanessa Heffron at 8:04 a.m. This meeting took place in person at the Charlotte Fire Department's General office.

I. PUBLIC FORUM

No requests were made to speak during the public forum.

II. CONSENT CALENDAR

John Carr motioned to approve the Consent Calendar which consisted of the May 8, 2025 Board Meeting minutes, Schedule of Retirements, FY 2026 Calendar of Meetings, and the Expense Reports. Joey Hager seconded the motion. The motion carried unanimously with 6 affirmative votes.

II. BOARD GOVERNANCE

Experience Study

Bill Karbon and Mike Whittle of CBIZ discussed the results of the Experience Study which used data for members who retired between July 1, 2020 and July 1, 2024. They reviewed the adopted assumptions from the January 2020 Experience Study to determine if the assumptions are still relevant or need adjusting. Focus centered around retirement from active status, spousal age differences, pension payment elections, salary scale assumptions, unused sick and vacation pay, and extended service.

No changes were recommended for the assumption used for retirement from active status as the data shows that 25 years of service is the main driver of retirement among participants. Updating the spousal age difference would have a minimal impact to the plan's cost, however, CBIZ recommends changing the assumption from a 3-year age difference to a 1-year age difference based on the recent experience. CBIZ observed that the recent experience of payment election forms was dispersed between the Single Life Annuity and various Joint & Survivor forms of payment. They recommended changing the assumption from 100% single life annuity to 70% and 30% respectively for single life annuity and 50% joint and survivor payment options. The Salary Scale increase actually experienced for service years 8 through 14 were higher than the current assumption. Discussion ensued regarding when and what ranks of promotions occur during a firefighter's career as well as how the City's pay plan is designed. The Benefit's Committee was assigned the task to do additional research before any decision can be made about changing the assumption. The unused sick and vacation pay assumption was also in line with recent experience at 17.3% load on the final average salary therefore, no change was recommended.

MOTION: Kevin Gordon motioned to accept the recommendation to change the actuarial assumptions for spousal age difference to a 1 year age difference and the payment election form to 70% and 30% respectively for single life and 50% Joint & Survivor forms of payment as soon as administratively possible. Joey Hager seconded the motion. The motion carried unanimously with 6 affirmative votes.

Melinda Manning motioned to approve the Experience Study with the Benefits Committee to conduct additional research on the salary scale recommendations. John Carr seconded the motion. The motion carried unanimously with 6 affirmative votes.

Election of Officers

Vanessa Heffron advised the Board that nominations for Vice Chairperson and Secretary were in order. Joey Hager motioned to open the floor for nominations of the Vice Chair and John Carr seconded the motion. Motion carried unanimously. Joey Hager nominated John Carr for Vice Chair. Hearing no other nominations, Kevin Gordon motioned to close nominations of Vice Chair. Melinda Manning seconded the motion. Motion carried unanimously. Joey Hager motioned to vote for John Carr as Vice Chair. Melinda Manning seconded the motion. Motion carried unanimously. Melinda Manning motioned to open nominations for Secretary and John Carr seconded the motion. Motion carried unanimously. Joey Hager motioned to nominate Ryan Pope for Secretary. John Carr seconded the motion. The motion carried unanimously. Hearing no other nominations, Sheila Simpson motioned to close the nominations for Secretary. Joey Hager seconded the motion. Motion carried unanimously. Melinda Manning motioned to vote Ryan Pope for Secretary. Sheila Simpson seconded the motion. Motion carried unanimously. Congratulations to John Carr and Ryan Pope on their re-elections.

III. REPORTS

Investment Committee Report – John Carr

John gave an overview of the investment performance over the past year. On March 31, 2025, the market value was \$663 million and the assets increased in value by \$47 million by the end of June, ending at \$710 million. In May, the Committee withdrew \$4 million from the Russell 1000 Index Fund for quarterly benefits and operating expenses.

Watch List Update

The JP Morgan Strategic Property Fund and the William Blair Small Cap Value Fund were placed on watch for reasons pursuant to the Investment Policy Statement and will remain on watch list status until further review.

The Committee worked with Callan regarding options for the short-term and long-term investment structure of the private real estate allocation, including interviews with several Core Real Estate managers. Each manager presented their organization's background, relevant experience, and investment capabilities specific to private real estate. Based on the manager's due-diligence presentations, and in consultation with Callan, the Committee determined that replacing the two existing open-ended core real estate funds would serve in the long-term best interest of the CFRS. Due to the current redemption status and market conditions, liquidation from the two current managers and fully funding the two new managers is not expected to occur immediately.

MOTION: The Committee motioned to hire and implement a plan to fund DWS RREEF America II Fund and LaSalle Property Fund and terminate JP Morgan and UBS Realty. Ryan Pope seconded the motion and motion carried unanimously with 6 affirmative votes.

Sheila Simpson motioned to approve the Investment Committee report and Ryan Pope seconded the motion. The motion carried unanimously with 6 affirmative votes.

Benefits Committee Report – Melinda Manning

Melinda Manning provided a summary of the Benefits Committee Meetings since the May 8, 2025 Board Meeting. The Committee did not meet in May to accommodate the Board meeting or in June because of the lack of quorum.

After considerable research into finding a third-party vendor to assist the Board with the Disability application and hearing process, an RFP was distributed to viable firms. However, no firms submitted proposals due to the low volume of CFRS disability cases. Staff will continue to do additional research.

The Committee discussed the process involved with the Administrator search along with the timeline needed for a transition and requested the topic be added to the Board's agenda. The Board took the liberty to discuss at this juncture in the meeting. Vanessa Heffron established an ad-hoc committee (Search Committee). The Search Committee will be responsible for hiring an executive search firm to assist with the recruitment process and narrowing the pool of candidates. Candidate interviews and hiring a candidate will be a separate process. The Committee includes Vanessa Heffron (Chair of Committee), John Carr, Ryan Pope, Kim Heffernan and Joey Hager. Sheila Simpson, as the City's HR Director, will assist as a resource to the Committee.

MOTION: Ryan Pope motioned to give authority to the Search Committee to hire an executive search firm and to amend the budget for an additional \$65,000 for those services. Joey Hager seconded the motion. The motion carried unanimously with 6 affirmative votes.

Administrator Report – Sandy Thiry

Sandy Thiry reviewed the Administrator's report that included the estimated fourth quarter financial statements and noted there were no areas of concern. The upcoming conferences are the IFEBP in Honolulu, HI in November 9-12, 2025, NCPERS Accredited Fiduciary Program / Fall Conference in Ft. Lauderdale, FL in October 25-29, 2025.

MOTION: Joey Hager motioned to approve that 1 Trustee attend the NCPERS Accredited Fiduciary Program / Fall Conference in Ft. Lauderdale, FL in October 25-29, 2025 and one virtual registration to the IFEBP conference. John Carr seconded the motion. The motion carried unanimously with 6 affirmative votes.

Staff continue to work through data issues related to the WorkDay HR conversion while the City launched WorkDay Finance live on July 21, 2025.

Sandy Thiry provided an update on the Charlotte National Building and the CFRS' unit related to the April 5, 2025 flooding. Sandy has been working with multiple insurance companies and obtaining quotes for the rebuild. As of date, no authorization/claim payment from the CFRS' insurance has been provided. However, new electrical and IT work has been completed with final connectivity to occur when the walls are replaced. Replacement of computer/electronic items and office contents have been purchased to take advantage of pre-tariff increases and stored off site. Sandy has also been working through the boxes of records to determine what can be destroyed vs what needs to be retained when office repairs are completed and the Board has adopted a retention policy.

Current office operation includes the U.S. Bank relaunch of the retiree portal with limited access, and the updated security process. Staff continue to conduct retirement consultations and retirement applications virtually. Staff will make plans for a reception after the office is complete for the members who retired while the office was closed to come in and sign the board.

Melinda Manning motioned to approve the Administrator's Report. John Carr seconded the motion. The motion carried unanimously with 6 affirmative votes.

Break from 9:51 a.m. and returned at 9:57 a.m.

IV. FIDUCIARY TRAINING

Lisa Flowers provided training regarding Public Records Retention Requirements. Lisa reviewed North Carolina law regarding public records and the legal requirements for record retention. She also reviewed the record retention guidelines from the North Carolina Department of Natural and Cultural Resources (DNCR) and best practices along with the procedure for adopting a Record Retention Policy.

The next step will be the Board's adoption of a Record Retention Policy that will be submitted to DNCR for approval.

Lisa and Staff will work on a draft retention policy to present to the Board at the October Board Meeting.

V. NEW BUSINESS

No new business presented during the July Board meeting.

ADJOURNMENT

John Carr motioned to adjourn at 10:14 a.m. Joey Hager seconded the motion. The motion carried.

The next quarterly Board meeting is scheduled for Thursday, October 23, 2025.

cc: Lisa Flowers, Assistant City Attorney