

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

October 23, 2025

PRESENT: Vanessa Heffron – Chair, Joey Hager, Ryan Pope, Kim Heffernan, Mike Feehley, Sheila Simpson (arrived at 8:12 a.m.), Robbie Honeycutt

ABSENT: John Carr, Melinda Manning, Matt Hastedt

STAFF: Sandy Thiry, Ty Phelps, Michelle Maxwell, Desiré Martin, and Lisa Flowers - Sr. Assistant City Attorney (arrived at 8:10 a.m.)

GUESTS: Tony Bass, Jordan Pascal (left at 9:18 a.m.), Todd Green and Jennifer Johnson (Cavanaugh MacDonald)

AGENDA

CALL TO ORDER by Vanessa Heffron at 8:00 a.m. This meeting took place in person at the City of Charlotte Government Building at 600 East 4th Street, Charlotte, NC 28202. Congratulations were extended to Robbie Honeycutt for winning the Retiree election and he was welcomed to the CFRS Board.

I. PUBLIC FORUM

No requests were made to speak during the public forum.

II. CONSENT CALENDAR

Mike Feehley, motioned to approve the Consent Calendar which consisted of the July 23, 2025 Board Meeting minutes, August 14, 2025 Disability Hearing minutes, Schedule of Retirements, and the Expense Reports. Joey seconded the motion. The motion carried unanimously with 6 affirmative votes.

II. BOARD GOVERNANCE

Actuarial Valuation Report

Todd Green and Jennifer Johnson of Cavanaugh MacDonald discussed the results of the annual actuarial valuation of the Charlotte Firefighters' Retirement System as of July 1, 2025. Todd provided an overview of the actuarial process, including assumptions such as turnovers, retirement, mortality, etc. He also discussed how the assumptions increased or decreased and the effects those changes could have on liability. The funding formula, $C+I=B+E$ (Contributions + Investment Income = Benefit payments + Expenses) must balance or adjustments must be made. Roughly 60% that's paid from the retirement fund comes from the investment income.

The report provided a summary of the funded status of the System and recommended rates of contribution. As of June 30, 2025 the funded ratio decreased from 68.8% to 68.1% and the unfunded liability increased from \$300M to \$328M.

Todd advised that the total actuarially determined employer contribution (ADEC) rate for fiscal year ended June 30, 2026 is 41.64% of payroll compared to 40.91% for fiscal year ended June 30, 2025. A five-year smoothed market value of plan assets was used for the actuarial value of assets. The actuarial value of

assets recognized deferred investment gains of a net \$10.8 million over the next four years. . The Actuarial asset returns averaged 7.30% versus the assumed rate of return 7.00%, and the total projected payroll increased 11.06% versus the 2.50% assumed rate of increase.

Since the previous valuation the Board approved the change of the actuarial assumptions including the spousal age difference from 3 years to a 1-year age difference and the payment election form to 70% and 30% respectively for single life and 50% for Joint & Survivor payments. Discussion ensued about the funding results and the expectation that the City would fund the ADEC within the next five years. The best practice would be to present the assumptions to the City for review and approval.

A COLA is not recommended at this time due to the unfunded liability. Any COLA would need to be paid from other than the fund's assets such as having the plan sponsor specifically contribute the cost of increasing the benefits.

Ryan Pope motioned to accept the Actuarial Valuation Report and Mike Feehley seconded the motion. The motion carried unanimously.

Break from 9:17 a.m. and returned at 9:25 a.m.

III. REPORTS

Investment Committee Report – Mike Feehley

Mike Feehley provided an overview of the investment performance since the July 24, 2025 Board Meeting on behalf of John Carr. John was re-elected as the Investment Committee Chair for the 2026 fiscal year. The Fund's total market value was \$744,671,072 million as of September 30, 2025. The Committee reviewed the asset allocation report and determined that Domestic Equity is currently over the allowable range and will be redistributed to fund the new Real Estate Managers after the contracts have been finalized.

The DWS RREEF America II Fund investment management agreement is under legal review with funding to follow as soon as administratively possible. The LaSalle Property Fund experienced a personnel change since the initial review. Additional due diligence is scheduled for November to assess the significance of the personnel change and to determine next steps.

The Total Fund returned 7.88% over the course of the Second Quarter, outpacing the Custom Index return of 7.83%, and ranked 18th percentile in the Callan Public Fund Sponsor Database. The 5-year return of 8.08% underperformed the Custom Index return of 8.56% and placed the Fund at the 80th percentile. Since inception, the Total Fund returned 8.74% and outperformed the Custom Index by 48 basis points on an annualized basis, ranking in the 13th percentile.

Callan continues to monitor the System and the Investment managers; they have no further recommendations at this time.

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.

Joey Hager motioned to approve the Investment Committee report and Kim Heffernan seconded the motion. The motion carried unanimously.

Benefits Committee Report – Kim Heffernan

Kim Heffernan provided a summary of the Benefits Committee Meetings since the July 24, 2025 Board Meeting on behalf of Melinda Manning. Melinda was re-elected as the Benefits Committee Chair for the 2026 fiscal year. The Business Continuity Plan and the Disability Regulations are under review. Staff continue to work with legal counsel regarding the vendor contracts updates as some contracts impact the Business Continuity Plan.

Sandy Thiry provided the Trustees with Disability education as requested by the Benefits Committee in preparation for the January Board meeting. She explained the In-Line and Not In-Line Disability formulas and how the provisions affect the benefit payable over the firefighter's lifetime, including the disability rating, and cost of the hearings. She also reviewed the current permanent disability, which is greater than 80%, the partial disability rating between 10 – 80% and the suggested change in rating percentages. Additional revisions are still pending discussion. The final proposed edits are expected to be submitted to the Board in January and then on to City Council.

Joey Hager motioned to approve the Benefits Committee report and Mike Feehley 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 second quarter FY2026 financial statements and noted there were no areas of concern. Miscellaneous contingencies have been allocated for the reconstruction of the CFRS office. The NAPPA 2026 Winter Seminar will be held in Nashville, TN, on February 18-20, 2026.

MOTION: Joey Hager motioned to approve that Lisa Flowers attend the NAPPA Winter Seminar in Nashville, TN, on February 18-20, 2026. Mike Feehley seconded the motion. The motion carried unanimously.

Sandy Thiry has been invited to participate with the City's vendor to help resolve issues with the integration files created in WorkDay. Staff continue to work through data issues and data cleanup related to the WorkDay HR conversion since the go live date, October 4, 2025.

WorkDay Finance has gone live but no date has been provided as to when the CFRS could migrate onto an instance in WorkDay or for peer support for Tony's transactional work in Quickbooks.

Sandy Thiry provided an update on the Charlotte National Building and the CFRS' unit relating to the April 5, 2025 flood. The crew continues to work on schedule and the floors are expected to be completed within the month.

Current office operation remains consistent with retirement applications and consultations performed virtually. The staff will work on a process to streamline consultations to improve efficiency. New building passcodes are expected to eliminate uninvited guests that may have had access to the building with the old passcodes.

Ryan Pope motioned to approve the Administrator's Report. Joey Hager seconded the motion. The motion carried unanimously.

IV. SUCCESSION PLANNING

Vanessa provided an update on the Administration sustainability project. The Search Committee has been meeting and narrowing down the list of potential recruiting firms to interview. The selected recruiting firm will be hired with the expectation of starting the hiring process in early 2026.

V. NEW BUSINESS

No new business presented during the October Board meeting.

ADJOURNMENT

Joey Hager motioned to adjourn at 10:20 a.m. Mike Feehley seconded the motion. The motion carried.

The next quarterly Board meeting is scheduled for Thursday, January 22, 2026.

cc: Lisa Flowers, Assistant City Attorney