

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 24, 2026

TO: Board of Trustees
Charlotte Firefighters' Retirement System

FROM: Sandy Thiry – Administrator

The Annual meeting of the Board of Trustees of the Charlotte Firefighters' Retirement System (CFRS) will be held on Thursday, **April 30, 2026 at 8:00 A.M.** The meeting will be held at the Charlotte Firefighters Retirement System at 428 East 4th Street, Suite 205, Charlotte, NC 28202.

AGENDA

CALL TO ORDER (5 minutes)

I. PUBLIC FORUM (10 minutes)

II. CONSENT CALENDAR (5 minutes)

- a. Board Minutes January 22, 2026
- b. Schedule of Retirements
- c. Expense Reports

III. BOARD GOVERNANCE (30 minutes)

- a. FY2025 Audit Review
- b. Review of Governance Calendar

IV. REPORTS (70 minutes)

- a. Investment Committee Report (10 minutes)
 - i. Motion to adopt USBank as a depository bank
- b. Benefits Committee Report (15 minutes)
 - i. Motion to contract with CBIZ for the annual valuation process
 - ii. Motion to approve the Active Member Portal upgrade
- c. Administrator Report (45 minutes)
 - i. Conference Approval
 - ii. Budget Approval

V. NEW BUSINESS

VI. CLOSED SESSION

- a. Adopt a motion to enter closed session pursuant to North Carolina General Statute §143-318.11(a)(6) to Consider the Performance of Members of the System's Staff.

If you would like copies of the agenda materials, please contact the CFRS office at (704) 626-2728 or CFRS@charlottenc.gov. 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 the complete rules of the Public Forum session in the Board Ops Policy by visiting www.charlottefireretire.com/Reports.

Next Board Meeting: July 23, 2026

Meeting Minutes

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 22, 2026

PRESENT: Vanessa Heffron – Chair, Melinda Manning, John Carr, Joey Hager, Ryan Pope, Kim Heffernan, Sheila Simpson, Robbie Honeycutt (arrived at 8:06 a.m.), Ryan Pope (arrived at 8:06 a.m.), Mike Feehley (arrived at 8:10 a.m.), Matt Hastedt (left at 10:04 a.m.)

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

GUESTS: Tony Bass, Miki Kamijyo

AGENDA

CALL TO ORDER by Vanessa Heffron at 8:01 a.m. This meeting took place in person at the Charlotte Firefighters Retirement System at 428 East 4th Street, Suite 205, Charlotte, NC 28202. Appreciation was extended to the staff for all the hard work to restore office operations since the April 2025 office building flood.

I. PUBLIC FORUM

No requests were made to speak during the public forum.

II. CONSENT CALENDAR

Matt Hastedt motioned to approve the Consent Calendar which consisted of the October 23, 2025 Board Meeting minutes, November 20, 2025 Disability Reexamination Hearing Minutes, Schedule of Retirements, and the Expense Reports. Melinda Manning seconded the motion. The motion carried unanimously.

III. BOARD GOVERNANCE

The Board reviewed the Governance Calendar. Sandy Thiry informed the Board that the Annual Audit Review from Cherry Bekaert has been delayed due to setbacks as the City implements WorkDay. She also noted the System has historically used the same auditor as the City and the contract is set to expire in 2026. The RFP for an auditor is currently underway and Sandy is part of the RFP team.

IV. REPORTS

Investment Committee Report – John Carr

John Carr provided an overview of the investment performance since the October 23, 2025 Board Meeting. The Fund value was \$753 million and returned 5.28% over the course of the Third Quarter, slightly underperforming the Custom Index return of 5.43%, and ranked in the 15th percentile in the Callan Public Fund Sponsor Database. The fund's value as of Dec 31, 2025 rose to \$764 million. Callan discussed the annual investment fee analysis for all of CFRS' money managers. As the System's consultant, Callan has successfully negotiated several fee savings over the years which have benefited the System long-term. All manager fees were in-line, or below, their respective peer groups.

The Committee has been reviewing the Core Real Estate allocation and motioned to fund the DWS RREEF America II Fund with \$17.5 million from the Russell 1000 Index. The LaSalle Property Fund investment

team was brought back for a subsequent on-site interview due to a change in key personnel that occurred since the initial interview. The Committee agreed to move forward with LaSalle Property Fund as a new Real Estate Investment Manager.

MOTION: The Investment Committee motioned to hire LaSalle as a new Real Estate Investment Manager and Joey Hager seconded the motion. The motion carried unanimously.

The Asset Allocation Report was reviewed each month. Normal cash withdrawals for operating expenses were offset by the City's increased level of contributions and the real estate quarterly dividends.

Watch List Review

Both the JP Morgan Strategic Property Fund and the William Blair Small Cap Value Fund were placed on watch effective November 2023 and May 2024, respectively, due to a change in key personnel pursuant to the Investment Policy Statement and remain on watch status.

Benefits Committee Report – Melinda Manning

Melinda Manning provided a summary of the Benefits Committee Meetings since the October 23, 2025 Board Meeting. The Disability Regulations remained the center of discussion. The revised Disability Regulations, if approved by the Board, would require the Medical Board's contract to be updated to include the prerule and assemblance of medical records by nursing staff for the Medical Board's review and would remove the initial hearing to determine whether there is a temporary disability.

MOTION: The Benefits Committee motioned to approve the suggested edits from the Committee and most recent final edit by legal counsel to the Disability Regulations and forward to the City Council for approval. Ryan Pope seconded the motion. The motion carried unanimously.

The Retention Policy for paper documents was researched. The State maintains a retention policy which allows flexibility for certain documents. The City had previously adopted the State's policy and continues to utilize the policy. Legal and staff reviewed the policy and presented it to the Committee along with the agency recommended (CFRS) flexible retention periods as noted to the Board. A Retention Policy for electronic records will be reviewed in the future.

MOTION: The Benefits Committee motioned to adopt the NC State's Retention Policy for paper documents with the discretionary edits suggested by legal counsel. Ryan Pope seconded the motion. The motion carried unanimously.

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. The Miscellaneous Contingency account reflects an over budget status due to office repairs and the crossover of fiscal years between when insurance proceeds were received and expenses were paid. She advised that all projects relating to the April 5, 2025 flood in the CFRS' unit are complete and the staff has returned to the office. However, not all expenses have been captured in the financials through December 31, 2025 as some fell into the 2026 period.

The upcoming conferences were discussed. Callan's 2026 Annual Conference will be held in Scottsdale, AZ, on April 20-22, 2026. NCPERS will hold its 2026 Annual Conference and the Accredited Fiduciary Program in Las Vegas, NV on May 16-17, 2026. The GFOA will hold its 2026 National Conference in Chicago, IL on June 28 – July 1, 2026.

MOTION: Joey Hager motioned to approve the attendance of Sandy, Ty, Vanessa, Melinda, Kim, Joey and John for Callan's 2026 Annual Conference; Joey Hager to attend the NCPERS 2026 Annual Conference and the Accredited Fiduciary Program; and Matt Hastedt and Betty Mattos to attend the GFOA 2026 National Conference. Melinda Manning seconded the motion. The motion carried unanimously.

Sandy discussed the Pension Administration Sustainability topics. The WorkDay HR module conversion includes the integration files, programming of the data to be included in the files as well as the cleanup of pension data in member's records. The process has been extensive but at this point the issues have been resolved. WorkDay Financial module conversion is still pending. The Board discussed feasibility and potential costs that may be associated with a platform on WorkDay. Training staff members has taken longer than expected due to the office flooding. Co-sourcing with CBIZ had its challenges including redocumentation of processes and coordination of transactions between the two business units.

Sandy discussed the projects that will be carried over to the new Administrator. Including potential QuickBooks conversion to WorkDay, streamlining member consultations for efficiency, updating the CFRS retirement training modules, record retention policy for electronic records, budgeting updating the website for additional ADA compliance, and RFPs for certain vendors. Sandy also discussed the opportunity to enhance the member portal to provide for online beneficiary designation and retirement applications. The update would include a one-time implementation fee as well as ongoing quarterly support fees. Further research will be done by the staff to present at the next Board meeting.

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

V. SUCCESSION PLANNING

Vanessa advised that Korn Ferry has been overseeing the Administrator search and will provide the list of possible candidates for the Committee's review.

VI. NEW BUSINESS

No new business presented during the January Board meeting.

VII. CLOSED SESSION

The Board took a short break from 9:20 a.m. to 9:30 a.m.

Melinda Manning motioned to enter Closed Session at 9:20 a.m. pursuant to North Carolina General Statutes §143-318.11(a)(6) to consider the performance of members of the System's staff. Matt Hastedt seconded the motion. The motion carried unanimously.

Sheila Simpson motioned to go into Open Session at 10:20 a.m. and John Carr seconded the motion. The motion carried unanimously. The Board supported merit raises for the System's staff members.

ADJOURNMENT

Melinda Manning motioned to adjourn at 10:21 a.m. Sheila Simpson seconded the motion. The motion carried.

The next quarterly Board meeting is re-scheduled to Thursday, April 30, 2026.

Schedule of Retirement

Charlotte Firefighters' Retirement System
Members Presented to Board for Approval
April 30, 2026 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
Charlie	A.	Bumgardner	3/1/2001	3/7/2026	3-A	Firefighter II	Service
Christopher	C	McIntosh	2/28/2001	3/7/2026	13-B	Captain	Service
Kelly	T	Yount	2/28/2001	3/7/2026	17-B	Engineer	Service
Harlan	A.	Haynes	3/12/1997	3/14/2026	41-A	Engineer	Service
Christopher	R	Strickland	2/28/2001	3/14/2026	32-B	Engineer	Service
Aaron	L	Webb	2/28/2001	3/14/2026	2-A	Firefighter II	Service
Brandon	A	Caputo	8/27/1997	3/28/2026	1-B	Division Chief	Service
Jeremy	R	Monteith	11/29/2000	4/4/2026	10-C	Battalion Chief	Service
Jonathan	P	Wosje	2/28/2001	4/5/2026	1-B	Captain	Service
Jimmie	E	Carroll	2/28/2001	4/11/2026	41-B	Engineer	Service
Roger	S	Alexander	11/29/2000	4/18/2026	25-B	Firefighter II	Service
Jeffrey	S	Matthews	2/17/2003	5/30/2026	Logistics	Division Chief	Service

Expense Report

**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
1/17/2026	Sam's club- cases of paper, post it notes; batteries			\$160.97
1/17/2026	Walmart- gargage bags, legal paper, mech pencils, sugar			\$46.10
1/13-1/17/2026	Amazon- chair wheels, white board anchors, office supplies			\$319.00
TOTAL				\$526.07

I certify the above expenses to be true and accurate:

Attendee's Signature: *Sandy Thiry*

Administrator's Signature: *Sandy Thiry*

Entered 1/21/21
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)
\$526.07			\$526.07

Travel from: _____ Travel to: _____

Purpose of Trip:

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
1/28/2026	Color cartridge toners			\$453.58
1/31/2026	metal filing cabinet- (FaceBook)			\$60.00
1/28/2028	keys for filing room door			\$14.18
TOTAL				\$527.76

I certify the above expenses to be true and accurate:

Attendee's Signature: Sandy Thiry

Administrator's Signature: Sandy Thiry

*Entered 2/13/2
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)
\$527.76			\$527.76

Travel from: _____ Travel to: _____

Purpose of Trip:

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
2/4/2026	Midas water delivery - 5 bottles	- initial purchase to setup acct.		\$99.95
2/9/2026	water cooler purchase			\$193.04
TOTAL				\$292.99

I certify the above expenses to be true and accurate:

Attendee's Signature: *Sandy Thiry*

Administrator's Signature: *Sandy Thiry*

Entered 2/11/26

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)
\$292.99			\$292.99

Travel from: _____ Travel to: _____

Purpose of Trip:

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
2/11/2026	Publix- BC/IC meetings			\$18.33
2/19/2026	Chick fil a, IC meeting			\$43.27
2/20/2026	sam's Club bottled water for Board room (meetings)			\$13.22
TOTAL				\$74.82

I certify the above expenses to be true and accurate:

Attendee's Signature: Sandy Thiry

Administrator's Signature: Sandy Thiry

*Entered 2/21/21
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)
\$74.82			\$74.82

Travel from: _____ Travel to: _____

Purpose of Trip:

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

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Lisa Flowers

Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:			2/17/2026	2/18/2026	2/19/2026	2/20/2026		
Departure Time								
Arrival Time								
Airfare			248.97 ✓					\$248.97
Taxi/Limo/Shuttle			21.85 ✓			15.08 ✓	19.82 ✓	\$56.75
Rental Car								\$0.00
Tolls/Parking								\$0.00
Conf Sp Events								0.00
Meals			64.50 ✓		23.00 ✓	64.50 ✓		\$152.00
Tips/Misc.								\$0.00
Lodging			316.56	316.56	316.56	316.56	949.08	\$1,266.24
Other Gratuities					5.00 ✓	5.00 ✓		\$10.00
Registration Fees						84.50		\$0.00
TOTAL	\$0.00	\$0.00	\$651.88	\$316.56	\$344.56	\$401.14	\$19.82	\$1,733.96 1417.20
Mileage								0.00
0.585	\$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: Lisa Flowers

Administrator's Signature: Sandy Whiry

*Entered 3/1/22
Scanned & uploaded 3/25/22*

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)
\$1,733.96			\$1,733.96 <u>1417.20</u>

Travel from: Charlotte, North Carolina

Travel to: Nashville, Tennessee

Purpose of Trip: NAPPA 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
3/9/2026	Toner cartridges; wall clock			\$587.69
TOTAL				\$587.69

I certify the above expenses to be true and accurate:

Attendee's Signature: Sandy Thiry

Administrator's Signature: Sandy Thiry

*Entered 3/10/26
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)
\$587.69			\$587.69

Travel from: _____ Travel to: _____

Purpose of Trip:

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

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: March 2026 Annual Fish Fry (Luther Fincher)

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
0.7	\$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
3/3/26 - 3/6/2026	Supplies / Fish	Annual Fish Fry	(Luther Fincher's)	\$1,549.85
				\$0.00
				\$0.00
TOTAL				\$1,549.85

I certify the above expenses to be true and accurate:

Attendee's Signature: via email

Administrator's Signature: Jandra O'Hara

Entered 3/13

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)
\$1,549.85			\$1,549.85

Travel from: _____ Travel to: _____

Purpose of Trip: Retiree Annual Fish Fry / Luther Fincher

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

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Kim Heffernan

Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:								
Departure Time								
Arrival Time								
Airfare								\$506.00
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	\$506.00

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
				\$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: _____

*Entered 2/23/24
Scanned & uploaded 2/25/24
pmt*

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)
\$506.00			\$506.00

Travel from: _____ Charlotte, NC

Travel to: _____ Phoenix, AZ

Purpose of Trip: Callan Annual Conference in Scottsdale, AZ

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:					4/23/2026		4/18/2026	
Departure Time					10:22am		11:06am	
Arrival Time					5:37pm		12:42pm	
Airfare							631.80	\$631.80
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	\$631.80	\$631.80

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
TOTAL				\$0.00

I certify the above expenses to be true and accurate:

Attendee's Signature: *Sandy Thiry*

Administrator's Signature: *Sandy Thiry*

Entered 2/3/26
BS

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)
\$631.80			\$631.80

Travel from: _____ Travel to: _____

Purpose of Trip: Callan Conference - Phoenix, AZ

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

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
EXPENSE REPORT**

NAME: Tyralyn Phelps


Type	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total
DATE:	4/19/2026	4/20/2026	4/21/2026	4/22/2026	4/23/2026		4/18/2026	
Departure Time					9:00pm			
Arrival Time							8:30am	
Airfare								\$0.00
Taxi/Limo/Shuttle								\$0.00
Rental Car								\$0.00
Tolls/Parking	13.61	13.61	13.61	13.61	13.61		13.61	\$81.67
Conf Sp Events								0.00
Meals								\$0.00
Tips/Misc.								\$0.00
Lodging								\$0.00
Other Gratuities								\$0.00
Registration Fees								\$0.00
TOTAL	\$13.61	\$13.61	\$13.61	\$13.61	\$13.61	\$0.00	\$13.61	\$81.67

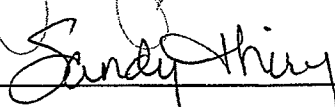
Mileage								0.0
0.7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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: 

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

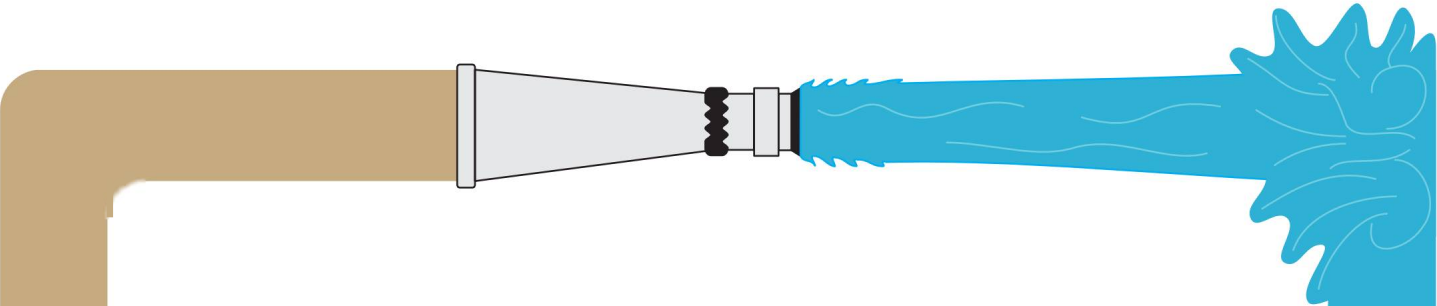
Total from Above	Deduct Prepaid Expense	Deduct Travel Advance	TOTAL Due Traveler or (Due System)
\$81.67			\$81.67

Travel from: _____ Travel to: _____

Purpose of Trip: 2026 Callan National Conference, Scottsdale, AZ

Chairman's Signature: _____ Treasurer's Signature: _____

Annual Financial Report



Annual Financial Report of the
Charlotte Firefighters' Retirement System -
A Component Unit of the
City of Charlotte, North Carolina



For the Fiscal Year Ended
June 30, 2025

**Charlotte Firefighters' Retirement System
Charlotte, North Carolina**

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CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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

February 27, 2026

Honorable Mayor and Members of City Council, Charlotte, North Carolina,
Members of the Board of Trustees, Charlotte Firefighters' Retirement System,
and Participants of the Charlotte Firefighters' Retirement System:

The Annual Financial Report ("Report") of the Charlotte Firefighters' Retirement System ("System"), a Component Unit of the City of Charlotte ("City"), North Carolina, for the fiscal year ended June 30, 2025, is herewith submitted. The Board and the System's staff are responsible for the preparation and presentation of the financial information and all other data contained herein, and believe that the Report based on accounting principles generally accepted in the United States of America, presents fairly and consistently the System's financial position and results of operations and conforms to the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board (GASB).

HISTORY

The System was organized pursuant to Chapter 926 of the 1947 Session Laws, as amended, of the State of North Carolina, and is officially known as the Charlotte Firefighters' Retirement System Act ("Act"). The System was established on the fifth day of April 1947, for the purpose of providing retirement, disability, and survivor benefits to the uniformed employees of the Fire Department of the City of Charlotte. The System retains a Letter of Determination from the Internal Revenue Service.

ADMINISTRATION OF THE SYSTEM

The administration and responsibility for the proper operation of the System is vested with the System's Board of Trustees ("Board"), which is comprised by the following Trustees as defined by the Act: (a) a Chairperson who is a Mecklenburg County resident and who is appointed by the Resident Judge of the Superior Court of Mecklenburg County to serve as Chairperson for a three year term; (b) three Citizen Trustees who are Mecklenburg County residents and who are appointed by the Resident Judge of the Superior Court of Mecklenburg County for three year staggered terms; (c) the City Manager, who serves by virtue of their position, or some other City department head or employee as designated by the City Manager; (d) the City Finance Director, who serves by virtue of their position, or a deputy finance director as designated by the Finance Director; (e) the City Treasurer who serves by virtue of their position; (f) three Member Trustees who are elected by the active Members for three year staggered terms; and (g) one Retiree Trustee who is elected by the Retirees for a term of three years.

The current Board members are listed on page 8.

COMMITTEES

The Board operationally functions under a committee structure. An Investment Committee and a Benefits Committee are annually appointed by the Chairperson of the Board to monitor, fact-find, and recommend actions for the Board's consideration. Although not required, the committees have generally been comprised of at least three trustees with one committee member being a Citizen Trustee, another a Member Trustee, and the other ex-officio (i.e., City official) Trustee. During the past fiscal year, John M. Carr, Citizen Trustee, served as Chair of the Investment Committee and Melinda Manning, Citizen Trustee, served as Chair of the Benefits Committee. Other committees may be appointed for specific projects at the discretion of the Chairperson.

PROFESSIONAL SERVICES

The Board employs the services of various professionals to aid it in its fiduciary responsibility for the effective and prudent management of the System. These professionals include: (a) a full-time Administrator who is responsible for the supervision of System staff and administration and coordination of all System operations and activities in accordance with the rules and regulations of the Act and the policies and direction of the Board; (b) the City Attorney and their staff serve as the legal advisor to the Board although additional outside legal counsel may be engaged by the Board from time to time for specialized services; (c) a consulting actuary who is engaged by the City of Charlotte to perform such studies and evaluations of the System as may be necessary and/or desirable in connection with the System's administration and funding, including preparation of the Annual Actuarial Valuation to determine the adequacy of the funding of the retirement benefit liabilities accrued by System members; (d) an independent auditor engaged by the Board on an annual basis to determine whether the financial statements present fairly, in all material respects, the financial position of the System and the results of its yearly operations in conformity with generally accepted accounting principles; (e) a Medical Board appointed by the Board to review and evaluate medical evidence and propose recommendations regarding disability retirements; (f) investment management professionals employed to invest the System's assets consistent with the objectives and direction of the Board, and (g) an investment consultant to advise the Board on matters of investment policy and strategy, conduct manager searches and monitor performance of the investment managers.

The Board may engage other professionals with expertise in various fields for specific services as deemed necessary.

FINANCIAL REPORTING

An annual report of the financial and actuarial condition of the System is prepared and submitted to the City Council. The annual report to City Council contains, but is not limited to, the auditor's opinion and statements contained in the report of the independent

auditor. The annual actuarial valuation report and the actuary's valuation certification will accompany the annual report. Additionally, a copy of the annual report to City Council is provided to each of the fire stations and fire department administrative offices of the City of Charlotte.

MAJOR INITIATIVES

The Board continued to work with the City on a funding initiative and presented a request for council action in January 2025. The action included Act amendments pertaining to pension reform and for the City to reach the Actuarial Determined Employer Contribution (ADEC) rate by July 1, 2029. The City has continued to honor its previous commitment to funding the plan and approved a onetime employer contribution increase to 29.31% effective for fiscal year 2026 beginning July 1, 2025. In line with the fiduciary responsibilities of the Board, an experience study was approved which will be completed in the next fiscal year. The Board approved a new investment manager for the international equity manager section of the asset allocation.

During the year, the Investment Committee spent considerable time reviewing the performance of all existing managers, which included one-on-one meetings with the managers. The Committee also reviewed the asset allocation and long-term goals and objectives set by the investment policy. Focus centered on the Fixed Income and International Equity strategies, with the recommendation of hiring an additional manager for International Equity and two new managers to replace the current Fixed Income managers.

Investments and related investment managers will continue to be closely monitored by the Investment Committee on both a proactive and retrospective basis to assure continued success as well as continued commitment to a well-diversified portfolio and prudent asset allocation. The total portfolio gross of fee investment return for the year ended June 30, 2025, of 12.10%, reflected the continuing volatility of the global markets and economic conditions over the past few years. The last 5 and 10-year gross of fee rates of returns were 8.08% and 7.18%, respectively.

Detailed information concerning the System's investments may be found in the *Notes to the Financial Statements* beginning on Page 16.

The Benefits Committee met on a regular basis during the year, working primarily on pension reform with the funding initiatives, in addition to various policies, administrative sustainability, and disability regulations. The Committee proposed recommendations for Act amendments, to the Board, which were approved and sent to City Council for action. Recommendations included pension reform with the primary focus on mitigating the rising cost of the plan, updating language and housekeeping. The Committee vetted vendor proposals for the experience study and presented their recommendation to the Board. After Board approval the Committee worked with the vendor to have the results presented to the Board at the July 2025 meeting.

System administration focused on supporting the Committee's work on the System's administration sustainability, various policies and Disability Regulation updates, and the hiring of new investment managers. Considerable time has been spent ensuring the accuracy of pension data as a result of the City's transition to Workday. The new Jr. Benefits Analyst was filled during the year, and staff is focused on supporting the training of this newest member.

The staff works mostly from home while the office is under construction from being flooded in April 2025. Repairs to the office will be made in fiscal year 2026. Having the business continuity plan in place has proven that both essential and non-essential duties can be completed without service disruption to the members.

The members continue to reach out for education on their benefit. The staff performed one-on-one consultations via virtual sessions. Recruit classes consist of two education sessions provided by staff. The first session details the member's eligibility and process involved for an In Line of Duty Disability and a Not In Line of Duty Disability while the second session conveys the pension benefits through a member's career including benefits at termination, death, and retirement. The retiree's access to the portal supported by the System's custodian bank, U.S. Bank, has been updated to maintain the retiree's security of information.

Active Member education modules are available through the City's E-Learning System. The City requires all active firefighters to review assigned education modules. Topics developed and deployed for the firefighters include disability pension benefit process, annual valuation process, and CFRS Benefits related to termination, divorce, and death. The CFRS monitors participation rates for each retirement module. The modules are available for active members to review at any time.

The Active Member Portal continues to be widely utilized by the active members. The portal provides active members with the ability to perform estimates and pension benefit modeling. Once on the site, the member also has access to their annual pension statement, beneficiary information, Plan Benefit Q&A, and links to various other resources.

FINANCIAL INFORMATION

The System's internal control structure is designed to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from theft or unauthorized use and to ensure the reliability and adequacy of the accounting records. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by the Board. Accounting data are maintained in a manner suitable for preparing financial reports in conformity with U.S. generally accepted accounting principles and for providing accurate and timely data to the City Council, Board, participants of the System, citizens, and other interested parties.

Budgetary Controls

The North Carolina General Statutes require the adoption of an annual budget for all funds except those for which expenditures are authorized by project ordinance, fiduciary funds, and internal service funds. The System is a fiduciary fund and is therefore exempt from budgetary requirements. However, the Board considers and adopts a budget for each fiscal year of operations and receives a quarterly budget report from the Administrator.

Accounting and Actuarial Systems

The financial reports of the System are prepared in accordance with U.S. generally accepted principles of governmental accounting and reporting promulgated by GASB. The accrual basis of accounting is used to record assets and liabilities and revenues and expenses. Revenues and expenses are recorded when earned or incurred, regardless of collection or disbursement. Capital assets are recorded at cost and depreciated through charges to expense over the estimated useful lives of the assets.

An annual actuarial valuation is performed by the System's actuary Cavanaugh Macdonald Consulting, LLC. The actuarially calculated contribution rates are developed using the entry age cost method. This cost method attempts to allocate the cost of each member's benefit as a level percent of compensation over the member's projected service from date of hire to date of retirement or exit. The calculated contribution rates include a current or "normal" cost for the year plus an amortization amount to reduce any unfunded accrued liability.

Revenues and Funding

Revenues essential to the sound funding of the System flow from three sources:

Contributions by Members: A System Member contributes an amount equal to the Member's eligible compensation multiplied by the current contribution rate of 12.65%. Member contributions are made on a tax-deferred basis, and a record is kept of each member's accumulated contributions. This accumulated amount is used for the Member's benefit if he or she remains in service. If the Member leaves service, he or she may withdraw the amount of his or her accumulated contribution. A Member with five or more years of membership service receives interest on his or her contributions if a refund is requested. A Member may, if he or she has five or more years of membership service, choose to elect a deferred annuity providing lifetime income commencing at age 60.

Contributions by the City of Charlotte: The City of Charlotte contributes an amount equal to the Member's eligible compensation multiplied by the statutory contribution rate of 12.65%. However, in this fiscal year, the City approved one year employer contribution increase to 25.31%, up from 20.39% last year. Any other differences between the aggregate City and Member contributions are due to: (a) service purchases made by Members for which the City does not make contributions and (b) City

contributions for those Members away on military deployments during which Members are not required to make contributions.

Investment Income: Investment income is the third source of System revenues and must be regarded as both a vital and major contributor to the System's strong funding status. Statutorily, since 1947, the Board has exercised responsibility for investing the System's assets in a prudent and diligent manner.

The reader of this Report should note that year-to-year investment return variation is a function of unrealized gains or losses on securities' valuations and the subsequent realization of gains or losses on the sale of investments and is not necessarily reflective of actual investment cash flow or income.

The primary critical concern of the Board is the System's funding adequacy. High funding levels are directly related to benefit security for participants. It is the responsibility of the Board to make prudent and sound investment decisions in order to increase the assets and thereby improve the funding level of the System. The Board has a goal of maintaining the funding of the System at or near 100%. Although the statutory contribution rate of 12.65% for the employer and employee has been sufficient for over 20 years, the combined Member and City contributions along with projected investment returns will not be sufficient in the long-term. In the short term, the Sponsor is honoring their commitment to increase their funding to reach the Actuarial Determined Employer Contribution over the next 5 years. The Funding level is also influenced by changes to benefits and economic and demographic assumptions. The resulting funding level as of July 1, 2025, of 68.1%, is down from 68.8% as of July 1, 2024. Major contributing factors to the funding level decrease were liability experience and higher than anticipated salary increases.

A more complete discussion of System funding status may be found in the *Actuarial Report* found on the System's website, www.Charlottefireretire.com/Reports.

Expenses

The primary expense of the System relates to the purpose for which it was created, namely, the payment of benefits to retirees and their beneficiaries. Benefit payments and refunds to terminated members were responsible for 98.20% of all deductions from plan assets, which is 0.16% lower than the prior year. Administrative costs and depreciation accounted for 1.80% of deductions from plan assets for fiscal year 2025, compared to 1.64% for the prior year. A more detailed discussion of System expenses may be found in the *Management's Discussion and Analysis* beginning on Page 11.

OTHER INFORMATION

Independent Audit

Pursuant to North Carolina law, the System is required to undergo an annual audit by a certified public accountant. The Board has selected the independent certified public

accounting firm of Cherry Bekaert LLP to provide these services. The report of the independent auditor on the financial statements and required supplementary information begins on Page 9.

Acknowledgments

The compilation of this Report is intended to provide complete and reliable information regarding the stewardship of the funds contributed by the members of the System and the City of Charlotte.

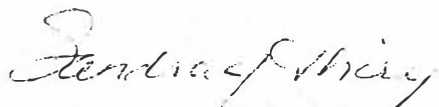
Several individuals assisted with the preparation of this report, and we wish to acknowledge their efforts and assistance. Tony Bass, Administrative Officer III; City Finance Staff. Betty Mattos, Chief Accountant; Kelly Kay, Assistant Chief Accountant; India Gilliam Financial Account III; Behailu Tefera, Accountant III; and Andrea Muza, Financial Accountant IV all who contributed many hours to ensure the accuracy and completeness of this report.

We hope that this year's report will be of interest to you and will be helpful in your understanding, evaluating, and assuring the continued success of the Charlotte Firefighters' Retirement System.

Respectfully Submitted.



Vanessa Heffron, Chairperson, Board of Trustees



Sandra J. Thiry, Administrator

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

CHARLOTTE, NORTH CAROLINA

BOARD OF TRUSTEES

Vanessa Heffron, Chairman of the Board, Citizen Appointee

John M. Carr, Vice Chairman, Citizen Appointee

Matthew Hastedt, Treasurer, Ex-Officio

Ryan S. Pope, Secretary, Elected Member

Sheila Simpson, Ex-Officio

Kim Heffernan, Citizen Appointee

Kevin Gordon, Elected Retiree

Teresa Smith, Ex-Officio

Joseph Hager, Elected Member

Melinda Manning, Citizen Appointee

Michael Feehley, Elected Member

STAFF

Sandra J. Thiry, Administrator

Tony Bass, Financial Analyst

Tyralyn Phelps, Benefits Analyst

Michelle Maxwell, Benefits Analyst

Desiré Dixon, Administrative Analyst

Report of Independent Auditor

To the Board of Trustees
Charlotte Firefighters' Retirement System
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Charlotte Firefighters' Retirement System ("CFRS"), a component unit of the City of Charlotte, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise CFRS's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of CFRS as of June 30, 2025 and the respective changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of CFRS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CFRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CFRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CFRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal and Board of Trustees and staff schedule but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Charlotte, North Carolina
February 27, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section presents Management’s Discussion and Analysis of the Charlotte Firefighters’ Retirement System’s (“System”) financial statements and the significant events, conditions, and decisions which affected the operations and performance of the Charlotte Firefighters’ Retirement System during the year ended June 30, 2025.

Overview of the Financial Statements and Accompanying Information

- 1) Fund Financial Statements. The System presents Statement of Plan Net Position as of June 30, 2025, and Statement of Changes in Plan Net Position for the year then ended. This statement reflects resources available for payment of benefits as of year-end and the sources and uses of those funds during the year. For purposes of discussion and analysis, the condensed information shown below includes two fiscal years.
- 2) Notes to the Financial Statements. The notes to the financial statements are an integral part of the financial statements and have additional detailed information to provide a better understanding of the financial statements. Information in the notes discloses the System’s organization, benefits and contributions, how the asset values are determined, and contingencies and commitments.
- 3) Required Supplementary Information. The required supplementary information consists of a schedule concerning the funding status of the System, employer contributions, and this Management’s Discussion and Analysis.

Comparative Statements of Plan Net Position (in thousands)

	Years ended June 30	
	2025	2024
Cash and Cash equivalents	\$ 7,234	6,692
Investments	703,911	639,050
Capital Assets	40	56
Other Assets	2,147	1,673
Total Assets	713,332	647,471
Liabilities	1,007	911
Net Position	\$ 712,325	646,560

Comparative Statements of Changes in Plan Net Position (in thousands)

	Years ended June 30	
	2025	2024
Contributions	\$ 42,846	34,321
Net Investment Gain/(Loss)	75,652	58,676
Misc Revenue	50	-
Total Additions/(Loss)	118,548	92,997
Benefits	(51,009)	(48,443)
Other Deductions	(1,774)	(1,775)
Total Deductions	(52,783)	(50,218)
Change in Net Position	\$ 65,765	42,779

Financial Analysis

The Charlotte Firefighters' Retirement System provides retirement benefits to the uniformed firefighters of the City of Charlotte. The System benefits are funded through member and employer contributions and investment income. As reflected in the Statement of Changes in Plan Net Position on *Page 15*, the net position of the System increased approximately \$65.8 million during the year ended June 30, 2025. These results reflect the extremely volatile Global Market environment.

Funded Ratio

The funded ratio of the plan measures the ratio of actuarially determined assets against actuarial liabilities and is a good indicator of the fiscal strength of a pension fund's ability to meet obligations to its members. The System is required by the Act to perform an annual actuarial valuation. The results of the actuarial valuation report completed in accordance with principles of practice prescribed by the Actuarial Standards Board as of July 1, 2025, showed the funded status of the System decreasing to 68.1% from 68.8% on July 1, 2024. The System's valuation uses a 5-year asset smoothing method based on market value of assets. The System had an unfunded liability of \$329 million for the year ended June 30, 2025, compared to \$301 million for the year ended June 30, 2024. Liabilities increased due to various reasons including higher than anticipated salary increases and actual demographic experience compared to expected experience.

Contributions and Income

Additions to Plan Net Position include employer and member contributions and net income from investment activities. Member contributions were approximately \$14.5 and \$13.7 million for the years ended June 30, 2025, and 2024, respectively, an annual increase of \$.8 million for fiscal year 2025. The member rate is 12.65% of eligible compensation, set by statute and made on a tax-deferred basis. The employer rate is set at 12.65% by statute. However, the City has committed to pay 25.31% of eligible payroll beginning in fiscal year 2025. Employer contributions were approximately \$28.3 million and \$20.6 million for the years ended June 30, 2025, and 2024, respectively an annual increase of \$7.7 million for fiscal year 2025 and \$3 million in fiscal year 2024. The variances between employer and member contributions are mainly attributed to the City's committed increase in employer contributions offset by a minor amount attributable to prior government and military service purchases made by members.

Net change in investments with a gain of approximately \$64.8 million during fiscal 2025 and \$43.7 million during fiscal 2024, resulted in returns of 12.10 % and 10.45%, respectively as measured by Callan, LLC. The positive returns in investment income in 2025 were largely the result of all markets performances. The System performed below its composite benchmark on a relative basis by 24 basis points and performed above the Callan Public Fund Sponsor Database median return by 69 basis points. For the 5-year period ended June 30, 2025, the System returns were 8.08% compared to its composite benchmark returns of 8.56% and its actuarial assumed rate of return of 7.00%.

The most significant deduction from investment income is investment manager fees. The System's assets are managed 100% by external investment advisors hired by the Board of Trustees.

Many of these managers are paid a fee based on the assets under management. Some of the active managers are paid a base fee plus the possibility of performance incentive. Investment expenses were approximately \$2.8 million for the year ended June 30, 2025, and were approximately \$2.6 million for the year ended June 30, 2024.

Prudent investment of the System's assets, diligent monitoring of investment advisors, and a commitment to periodic allocation rebalancing in addition to conservative administrative costs has enabled the System to achieve a modest funded status. The Board of Trustees is committed to maintaining the System at or near 100% funding and continues to dedicate its efforts to that goal.

Benefits, Refunds, and Expenses

The most significant recurring deduction to Plan Net Position is benefit payments. During fiscal 2025, the System paid approximately \$51.8 million, up from \$49.4 million in fiscal 2024, in benefits and refunds. The increased level of payments in fiscal year 2025 was due primarily to new retirements and vested and non-vested contribution withdrawals. The System does not provide an automatic Cost of Living Adjustment (COLA). Due to the funding ratio of the System, the Board of Trustees was unable to provide a bonus payment for retirees and beneficiaries receiving benefits as of January 1, 2024.

The administrative costs of the System represented approximately .13% of the ending net position in fiscal year 2025 increased from .12% from fiscal year 2024. The increase in costs was primarily due to adding an employee in fiscal year 2025.

Plan Assets

Investments increased approximately \$64.9 million in 2025. The System invests in traditional investment categories, it also does not have a securities lending program. The market gain in value of plan assets is a result of market appreciation for all asset classes.

The System values its assets at "fair value" as discussed in accounting policies footnote 2(g) (Page 22) to the financial statements. Fair value is the value the System expects to receive in a current sale between a willing buyer and a willing seller that are equally motivated; that is, other than a forced or liquidation sale. The value of publicly traded securities, stocks, and bonds are determined using the latest quote from national exchanges or pricing services. These prices reflect the securities' pricing at the close of business and can be affected by such factors as liquidity, current events, and the size of lots being traded. Real Estate is valued using appraisal values by approved appraisers who meet professional qualifications. The appraisal process involves a significant amount of judgment and estimates. As a result, the ultimate value on the sale of the asset may differ from the appraised value.

Contacting the CFRS Management

This financial report is designed to provide the City Council, participants of the System, citizens, taxpayers, and other interested parties with an overview of its operations and financial position and to demonstrate its accountability. Questions concerning this report or requests for additional information should be directed to the Administrator, Charlotte Firefighters' Retirement System, 428 East 4th Street, Suite 205, Charlotte, NC 28202.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**

**STATEMENT OF PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

(Dollar Amounts in Thousands)

ASSETS:

Cash and cash equivalents	\$ 7,234
Receivables:	
Employer contributions	758
Member contributions	327
Interest and dividends	993
Insurance recovery	64
Total receivables	<u>2,142</u>
Prepaid items	5
Investments, at fair value:	
Equity securities - stocks	84,888
Fixed income securities - bonds	156,525
Mutual funds	462,498
Total investments	<u>703,911</u>
Capital assets	672
Less accumulated depreciation	<u>632</u>
Total capital assets, net	<u>40</u>
Total assets	<u>713,332</u>

LIABILITIES:

Accounts payable	<u>1,007</u>
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NET POSITION RESTRICTED FOR PENSIONS

\$ 712,325

The notes to the financial statements are an integral part of this statement.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**

**STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

(Dollar Amounts in Thousands)

ADDITIONS:

Contributions:

Member	\$ 14,539
Employer	28,307
Total contributions	<u>42,846</u>

Investment income:

Net appreciation in fair value of investments	68,551
Interest	5,856
Dividends	4,081
Total investment income	<u>78,488</u>
Investment expense	2,836
Net investment income	<u>75,652</u>
Insurance recovery	50
Total additions	<u>118,548</u>

DEDUCTIONS:

Benefits	51,009
Refunds	838
Administration	919
Depreciation	17
Total deductions	<u>52,783</u>

Net increase in plan net position 65,765

Net position - beginning 646,560

Net position - ending \$ 712,325

The notes to the financial statements are an integral part of this statement.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)**

1. PLAN DESCRIPTION:

The Charlotte Firefighters' Retirement System (the "System"), a single-employer, defined benefit plan, was organized pursuant to the 1947 Session Laws of the State of North Carolina, for the purpose of providing retirement, disability, and death benefits to civil service employees of the Charlotte Fire Department. Membership is mandatory at the date of employment. The System is administered by an eleven-member Board of Trustees. The City of Charlotte's ("City") payroll (net of accruals) for members covered by the System for the year ended June 30, 2025, was \$110 million.

At July 1, 2025, the System's membership consisted of:

Inactive members or beneficiaries	
currently receiving benefits	892
Inactive members entitled to but not yet	
receiving benefits	20
Active plan members	<u>1,159</u>
Total	<u>2,071</u>

Benefits vest after 5 years of credited service. The requirements for normal service retirement are: (a) any age with 30 years of service credit, (b) age 50 with 25 years of service credit, or (c) age 60 with 5 years of service credit. The normal service retirement monthly benefits are 2.6% of final average salary multiplied by the years of credited service. Salary in the final year includes portions of cashed-in vacation and sick days. Final average salary is the monthly average received by the member during any 2 consecutive years of membership which produces the highest average and is contained within the last 5 years of membership. The minimum monthly benefit is \$902.75. Members less than age 50 may elect early retirement with 25 years of service credit. Early retirement benefits are reduced by 3% for each year the early retirement date precedes age 50.

If an employee ceases employment with less than 5 years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After 5 or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at 4% or receive an accrued benefit at age 60.

Death and disability benefits are also available. Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature.

Pursuant to the Act that established the System, the City is required to fund 12.65% of eligible retirement pay. The Act establishes the contribution rate pursuant to the Board of Trustees'

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)

recommendation and approval by the Charlotte City Council. The City began to increase its funding effective July 1, 2020, by 2% each year as an initial step to a long-term funding solution. In early 2024, the City agreed to pay an employer contribution increase of 4.914% resulting in a total City contribution of 25.31% beginning in fiscal year 2025. The members' contribution rate is 12.65%. The administrative costs are funded through contributions and investment earnings.

The contributions made by the City and the members of the System for the year ended June 30, 2025, were as follows:

	<u>In Dollars</u>	<u>Percent of Covered Payroll</u>
Contributions made by -		
City	\$ 28,307	25.83%
Members	<u>14,539</u>	<u>13.26</u>
Total	<u>\$ 42,846</u>	39.09%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Presentation

The System provides services exclusively to the City and the City is financially accountable for the System; therefore, the System is included as a blended component unit and reported as a Fiduciary Pension Trust Fund in the City's basic financial statements.

The financial statements are presented in accordance with generally accepted accounting principles ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB"), which establishes standards of financial reporting for state and local government, including pension plans administered through trusts that meet certain criteria.

b. Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Property is stated at historical cost. Depreciation is computed using the straight-line method over an estimated useful life of 25 years for buildings and 5 years for intangible assets. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is reported as earned. The net appreciation in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)**

c. Cash and Cash Equivalents/Investments

Short-term, highly liquid investments are considered cash equivalents. Short-term refers to investments with an original maturity of three months or less at date of acquisition. Highly liquid investments are those that are readily convertible to known amounts of cash and so near their maturity that the risk of changes in value because of changes in interest rates is insignificant.

The carrying amounts of deposits and investments were \$ 7,234 and \$ 703,911 on June 30, 2025.

Deposits

All deposits of the System are made in board-designated official depositories and are insured or collateralized with securities held by the System's agent in the System's name. The System has no formal policy regarding custodial credit risk for deposits. The bank balance on June 30, 2025, was \$ 147.

Investments

The North Carolina Act ("Act"), which established the System, requires the Board of Trustees to 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. The Act requires the Trustees to design an investment plan to further the purpose of the System by giving consideration to the following: (a) diversification of investments, (b) liquidity and return relative to cash flow needs, and (c) projected return. In accordance with the Act, the Board of Trustees has developed and periodically revises a policy statement of investment goals, objectives, and guidelines, which specifically define vehicles that may be used for the investment of System funds. The System invests in United States government securities, corporate bonds, common stocks, and mutual funds.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)

The investments and maturities on June 30, 2025, were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 15,167	\$ 6,453	\$ 844	\$ 3,543	\$ 4,327
U.S. Agencies	46,922	272	524	644	45,482
Corporate bonds	68,157	229	11,578	13,180	43,170
Common stocks	84,888	N/A	N/A	N/A	N/A
Mutual funds *	488,777	N/A	N/A	N/A	N/A
Total	<u>\$ 703,911</u>	<u>\$ 6,954</u>	<u>\$ 12,946</u>	<u>\$ 17,367</u>	<u>\$ 92,979</u>

*Mutual Funds include \$ 26,279 investments measured as fair value in the investment fair value hierarchy table.

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2025:

Investment by fair value level	6/30/2025	Fair Value Measurements		
		Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 15,167	\$ 15,167	\$ -	\$ -
U.S. Agencies	46,922	-	46,922	-
Corporate bonds	59,609	-	59,609	-
Common stocks	84,888	84,888	-	-
Mutual funds	26,279	-	26,279	-
Total investments by fair value level	232,865	<u>\$ 100,055</u>	<u>\$ 132,810</u>	<u>\$ -</u>

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice
				Period
U.S. equity	\$ 180,779	-	Daily	N/A
International equity	205,007	-	Daily	N/A
U.S. bonds	8,548	-	Daily	N/A
Fixed income	49,816	-	Quarterly	45 Days
International fixed income	26,896	-	Quarterly - 1st day of Qtr	N/A
Total investments	<u>\$ 703,911</u>	<u>\$ -</u>		

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

Interest Rate Risk. The System does not have a formal investment policy that limits investment maturities.

Credit Risk. The System is authorized to invest in bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations on June 30, 2025, were as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 6,793	5.22%
Ba1 > Aa2	63,111	48.46%
Total credit risk debt securities	69,904	53.68%
US Government fixed income securities:		
Government National Mortgage Association	5,470	4.20%
U.S. Treasury	15,167	11.64%
Not rated	39,704	30.48%
Total fixed income securities	<u>\$ 130,245</u>	<u>100.00%</u>

Custodial Credit Risk. The System has no formal policy regarding custodial credit risk for investments.

Concentration of Credit Risk. The System limits the amount of equity holdings in any one company to 8% or benchmark weight +1%, whichever is greater, of the market value of the portfolio; the amount of equity holdings in any one sector to 30% of the fair value of the portfolio; and the amount of fixed-income securities in any one corporation to 5% of the fair value of the portfolio without the consent of the board. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)**

d. Concentrations

The System had individual fixed income or equity investments at June 30, 2025, managed by the following organizations that represented 5% or more of the System's net investments:

State Street Global Advisors	37%
Barrow Hanley	9
Neuberger Berman	9
Wellington Management Company	6
Westwood Developed Markets	6
Lazard / Wilmington Collective Trust	6

In addition, the System owned individual assets at June 30, 2025 that represented 5% or more of the System's net investments:

State Street Global Advisors Russell 1000 Index SL	28%
State Street Global Advisors MSCI EAFE Index	8
Wellington Management Company	6
Wgi Developed Markets Ex-US Funds	6
Lazard / Wilmington Collective Trust	6
State Street Global Advisors Bond Market Index Fund	5
T. Rowe Int Small Cap	5

e. Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on the System's investments, net of pension plan investment expense, was 11.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

f. Method Used to Value Investments

Investments are reported at fair value. Securities and mutual funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)

g. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

h. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balance</u>
Capital assets, being depreciated:				
Buildings	\$ 440	\$ -	\$ -	\$ 440
Intangibles	232	-	-	232
Total capital assets being depreciated	<u>672</u>	<u>-</u>	<u>-</u>	<u>672</u>
Less accumulated depreciation for:				
Buildings	383	16	-	399
Intangibles	233	-	-	233
Total accumulated depreciation	<u>616</u>	<u>16</u>	<u>-</u>	<u>632</u>
Capital assets, net	<u>\$ 56</u>	<u>\$ (16)</u>	<u>\$ -</u>	<u>\$ 40</u>

3. NET PENSION LIABILITY:

The components of the net pension liability as of June 30, 2025, were as follows:

Total pension liability	\$ 1,030,299
Plan net position	(712,325)
Net pension liability	<u>\$ 317,974</u>
Plan fiduciary net position as a percentage of the total liability	69.13%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75-9.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)**

Mortality rates were based on the Pub-2010 Safety Retiree Headcount-Weighted Below Median Mortality Table adjusted by 87.5% for males projected generationally with Scale MP-2019 for the period after service retirement. The Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019 is used for the period after disability retirement. The Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally with projection Scale MP-2019 is used for deaths in active service.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2024.

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	36.0%	5.8%
International Equity	26.0%	6.6%
Domestic Fixed Income	23.0%	1.0%
Non US Fixed Income	5.0%	0.3%
Real Estate	<u>10.0%</u>	4.9%
Total	<u>100.0%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments. The Single Equivalent Interest Rate (SEIR) of 7.00% was used to determine the total pension liability as of June 30, 2025.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS – (Continued)
FOR THE YEAR ENDED JUNE 30, 2025
(Dollar Amounts in Thousands)**

Sensitivity of the net pension liability to changes in the Discount Rate. The following presents the net pension liability of the System as of June 30, 2025, calculated using the discount rate of 7.00%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (\$ thousands):

	1% Decrease <u>(6.00%)</u>	Current Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
System's net pension liability	\$445,775	\$317,974	\$211,265

4. INTERNAL REVENUE STATUS:

The Internal Revenue Service (IRS) has determined that the System meets the requirements of Section 401(a) of the Internal Revenue Code and is exempt from Federal income tax under Section 501(a) of the Code.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA**
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
Last Ten Fiscal Years
(Dollar Amounts in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service Cost	\$ 40,147	\$ 40,816	\$ 40,857	\$ 23,287	\$ 54,725	\$ 26,921	\$ 22,649	\$ 24,023	\$ 26,438	\$ 15,387
Interest	61,598	57,931	53,786	56,909	41,371	46,105	44,028	41,792	37,701	37,984
Benefit changes	-	-	-	1,336	-	-	9,692	-	-	-
Difference between expected and actual experience	30,715	4,033	18,552	1,340	23,596	16,673	25,476	(4,229)	19,244	(2,503)
Changes of assumptions or other inputs	(216,935)	(40,724)	(38,049)	279,397	(516,846)	315,693	85,552	(31,043)	(60,216)	211,217
Benefit payments	(51,009)	(48,443)	(45,951)	(42,415)	(39,878)	(38,642)	(35,709)	(33,120)	(31,075)	(28,333)
Refunds of contributions	(838)	(950)	(774)	(945)	(531)	(887)	(416)	(212)	(70)	(416)
Net change in total pension liability	<u>(136,322)</u>	<u>12,663</u>	<u>28,421</u>	<u>318,909</u>	<u>(437,563)</u>	<u>365,863</u>	<u>151,272</u>	<u>(2,789)</u>	<u>(7,978)</u>	<u>233,336</u>
Total pension liability - beginning	<u>1,166,621</u>	<u>1,153,958</u>	<u>1,125,537</u>	<u>806,628</u>	<u>1,244,191</u>	<u>878,328</u>	<u>727,056</u>	<u>729,845</u>	<u>737,823</u>	<u>504,487</u>
Total pension liability - ending (a)	<u>\$ 1,030,299</u>	<u>\$ 1,166,621</u>	<u>\$ 1,153,958</u>	<u>\$ 1,125,537</u>	<u>\$ 806,628</u>	<u>\$ 1,244,191</u>	<u>\$ 878,328</u>	<u>\$ 727,056</u>	<u>\$ 729,845</u>	<u>\$ 737,823</u>
Plan fiduciary net position										
Contributions - employer	\$ 28,307	\$ 20,621	\$ 17,619	\$ 14,942	\$ 12,768	\$ 11,450	\$ 10,193	\$ 9,333	\$ 9,106	\$ 8,694
Contributions - member	14,539	13,700	12,605	12,418	11,910	10,770	10,610	9,909	9,636	8,991
Net investment income	75,652	58,675	46,537	(84,947)	134,699	17,216	22,930	46,981	57,681	2,266
Insurance recovery	50	-	-	-	-	-	-	-	-	-
Benefit payments	(51,009)	(48,443)	(45,951)	(42,415)	(39,878)	(38,642)	(35,709)	(33,120)	(31,075)	(28,333)
Administrative expense	(919)	(794)	(807)	(714)	(612)	(672)	(583)	(735)	(621)	(657)
Refunds of contributions	(838)	(950)	(774)	(945)	(531)	(887)	(416)	(212)	(70)	(416)
Other	(17)	(30)	(51)	(66)	(66)	(63)	(49)	(28)	(13)	-
Net change in plan fiduciary net position	<u>65,765</u>	<u>42,779</u>	<u>29,178</u>	<u>(101,727)</u>	<u>118,290</u>	<u>(828)</u>	<u>6,976</u>	<u>32,128</u>	<u>44,644</u>	<u>(9,455)</u>
Plan net position - beginning	<u>646,560</u>	<u>603,781</u>	<u>574,603</u>	<u>676,330</u>	<u>558,040</u>	<u>558,868</u>	<u>551,892</u>	<u>519,764</u>	<u>475,120</u>	<u>484,575</u>
Plan net position - ending (b)	<u>\$ 712,325</u>	<u>\$ 646,560</u>	<u>\$ 603,781</u>	<u>\$ 574,603</u>	<u>\$ 676,330</u>	<u>\$ 558,040</u>	<u>\$ 558,868</u>	<u>\$ 551,892</u>	<u>\$ 519,764</u>	<u>\$ 475,120</u>
Net pension liability - ending (a) - (b)	<u>\$ 317,974</u>	<u>\$ 520,061</u>	<u>\$ 550,177</u>	<u>\$ 550,934</u>	<u>\$ 130,298</u>	<u>\$ 686,151</u>	<u>\$ 319,460</u>	<u>\$ 175,164</u>	<u>\$ 210,081</u>	<u>\$ 262,703</u>
Plan net position as a percentage of the total pension liability	69.13%	55.42%	52.32%	51.05%	83.85%	44.85%	63.63%	75.91%	71.22%	64.39%
Covered payroll	\$ 111,845	\$ 103,105	\$ 97,883	\$ 93,388	\$ 91,200	\$ 82,609	\$ 80,577	\$ 73,779	\$ 71,984	\$ 68,727
Net pension liability as a percentage of covered payroll	284.30%	504.40%	562.08%	589.94%	142.87%	830.60%	396.47%	237.42%	291.84%	382.24%

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years
(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined employer contribution	\$ 43,139	\$ 35,881	\$ 28,298	\$ 26,998	\$ 19,188	\$ 14,713	\$ 14,625	\$ 13,088	\$ 9,495	\$ 10,206
Actual employer contributions	28,307	20,621	17,619 a	14,942	12,768	11,450	10,193	9,333	9,106	8,694
Annual contribution deficiency (excess)	\$ 14,832	\$ 15,260	\$ 10,679	\$ 12,056	\$ 6,420	\$ 3,263	\$ 4,432	\$ 3,755	\$ 389	\$ 1,512
Covered payroll	\$ 111,845	\$ 103,105	\$ 97,883 b	\$ 93,388	\$ 91,200	\$ 82,609	\$ 80,577	\$ 73,779	\$ 71,984	\$ 68,727
Actual contributions as a percentage of covered payroll	25.31%	20.00%	18.00%	16.00%	14.00%	13.86%	12.65%	12.65%	12.65%	12.65%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age

Amortization method

Level percent of pay, open

Remaining amortization period

4 - 29 years

Asset valuation method

5-year smoothed market

Inflation

2.50%

Salary increases

3.75 - 9.00%, including inflation

Investment rate of return

7.00%, net of pension plan investment expense, including inflation

Mortality

Mortality rates were based on the Pub-2010 Safety Retiree Headcount-Weighted Below Median Mortality Table adjusted by 87.5% for males projected generationally with Scale MP-2019 for the period after service retirement. The Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019 is used for the period after disability retirement. The Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally with projection Scale MP-2019 is used for deaths in active service.

**CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM, A COMPONENT UNIT OF
THE CITY OF CHARLOTTE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years
(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	11.74%	10.13%	8.62%	(12.83%)	25.35%	3.32%	4.28%	9.54%	12.47%	0.78%	4.66%

FY2025 Audit Review

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM **Audit Executive Summary**

February 27, 2026

Agenda

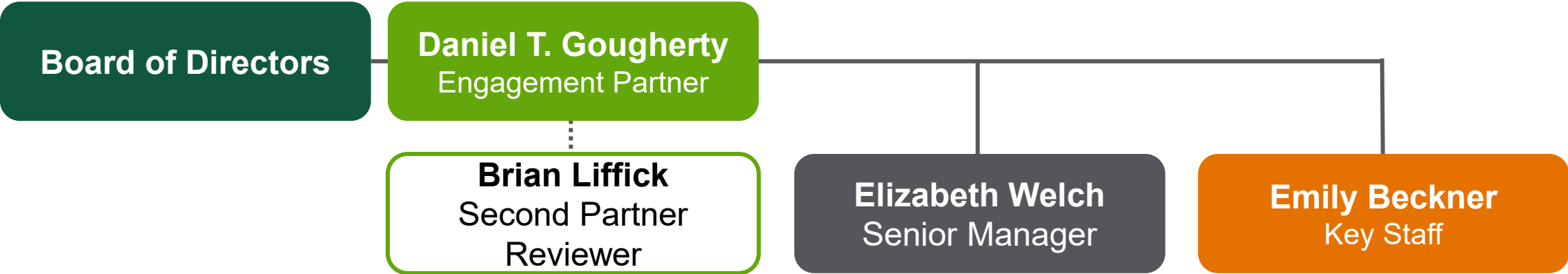


- ▶ Client Service Team
- ▶ Results of the Audit
- ▶ Internal Control Communication
- ▶ Corrected and Uncorrected Misstatements
- ▶ Qualitative Aspects of Accounting Practices
- ▶ Independence Considerations
- ▶ Other Required Communications
- ▶ Other Matters
- ▶ Financial Results

This information is intended solely for the use of the Board of Trustees and management of Charlotte Firefighters' Retirement System and is not intended to be, and should not be, used by anyone other than these specified parties.



Client Service Team



Results of the Audit

We have audited the financial statements of Charlotte Firefighters' Retirement System ("CFRS") for the year ended June 30, 2025, and we have issued our report dated February 27, 2026.

We have issued an unmodified opinion on the financial statements.



Internal Control Communication

In planning and performing our audit, we considered internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CFRS’ internal control. Accordingly, we do not express an opinion on the effectiveness of the CFRS’ internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.



Internal Control Communication

Material Weakness

- ▶ A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the CFRS' financial statements will not be prevented, or detected and corrected, on a timely basis.

Significant Deficiency

- ▶ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

No material weaknesses were identified.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

▶ None noted.

Uncorrected Misstatements

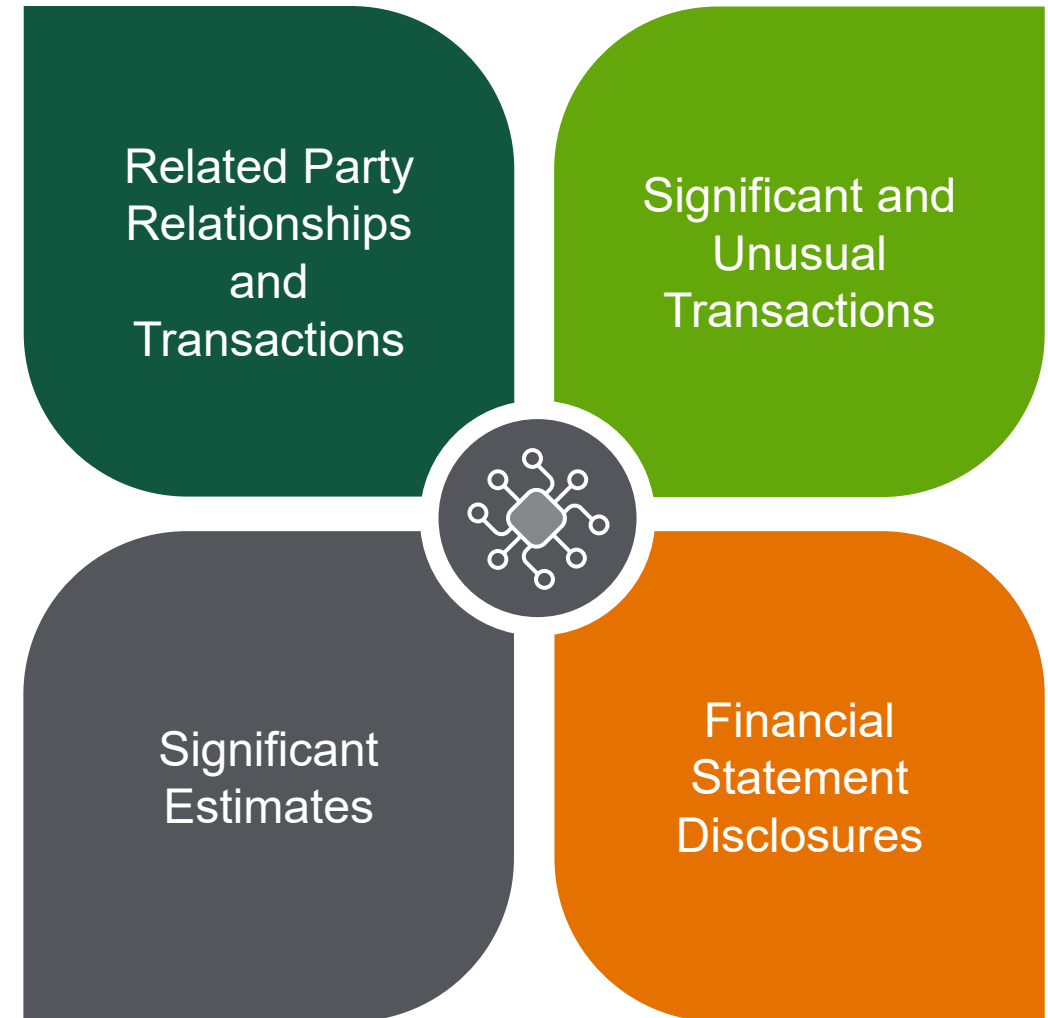
▶ None noted.



Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CFRS are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no inappropriate accounting policies or practices.

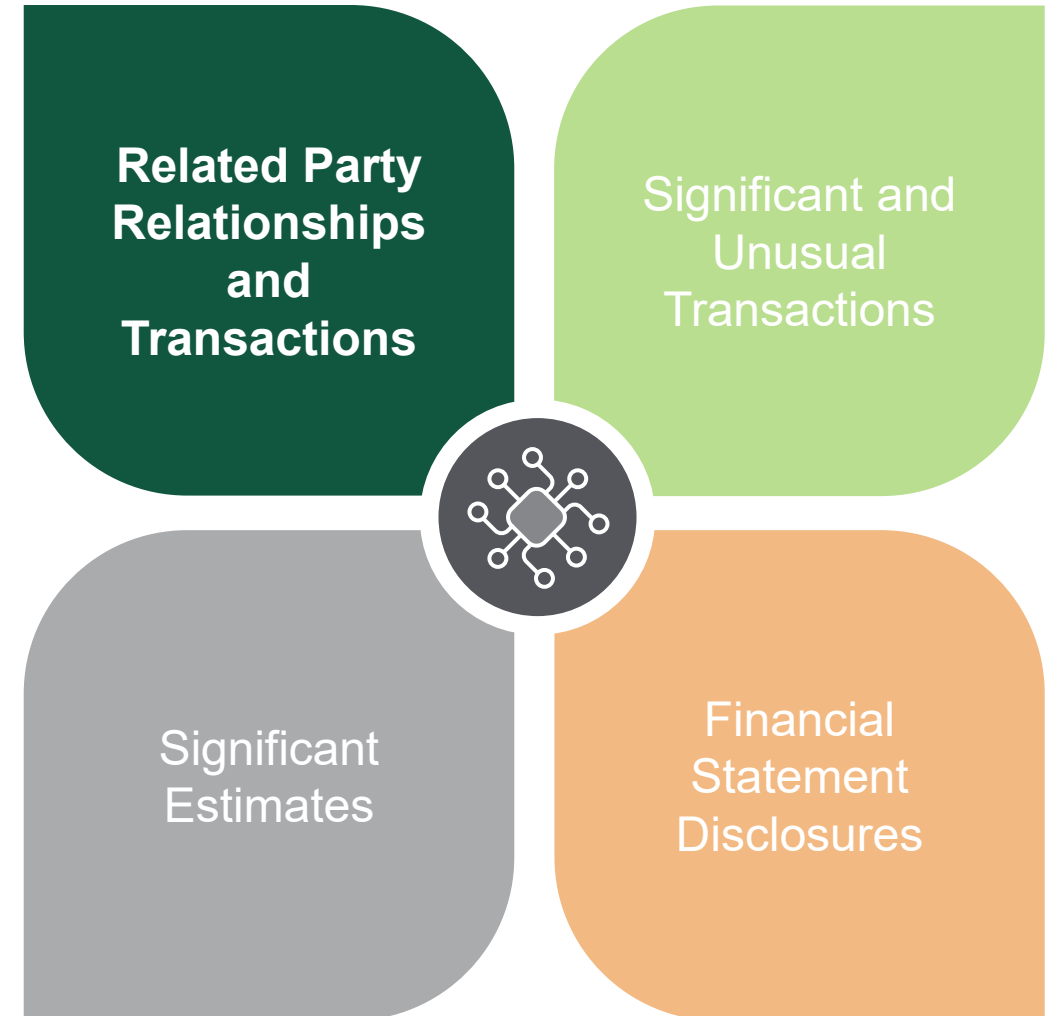


Qualitative Aspects of Accounting Practices

As part of our audit, we evaluated the CFRS' identification of, accounting for, and disclosure of the CFRS' relationships and transactions with related parties as required by professional standards.

We noted none of the following:

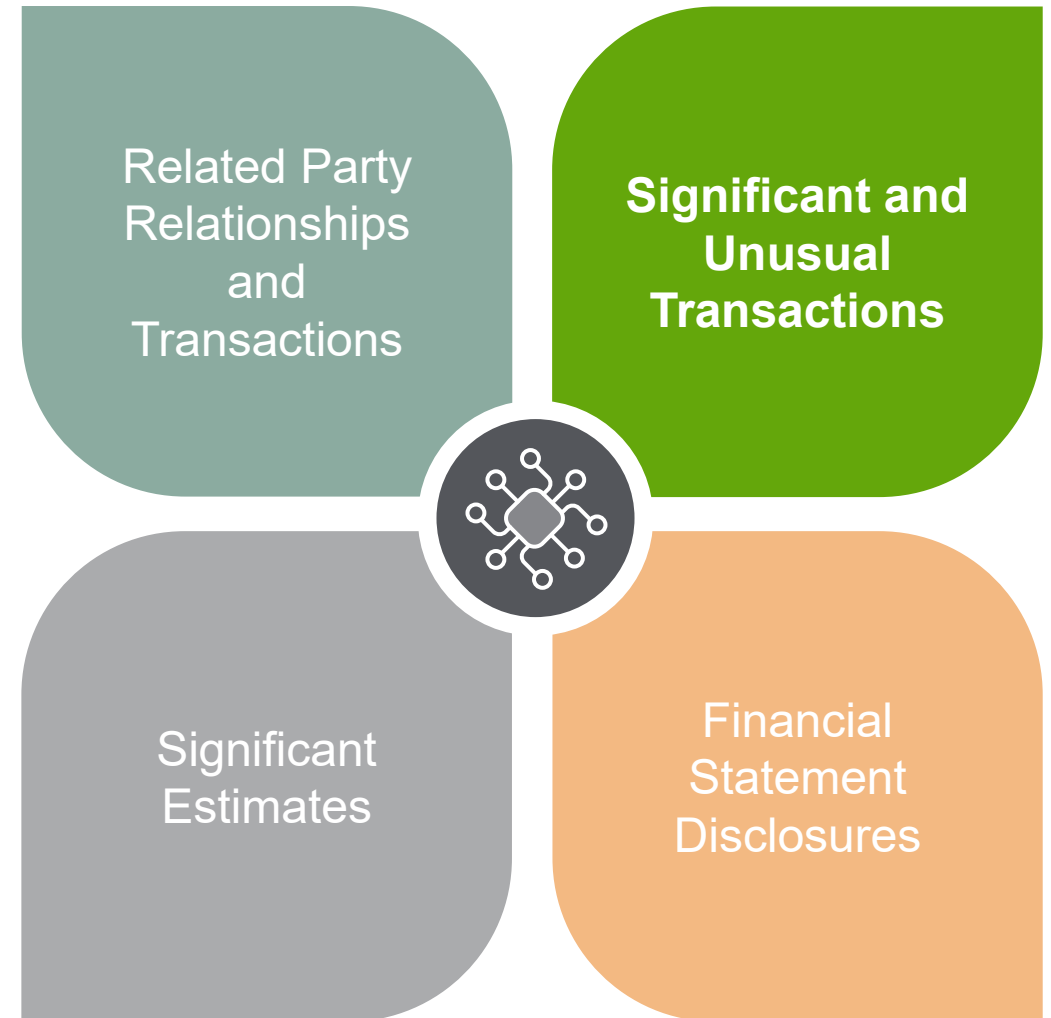
- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the CFRS' policies or procedures or for which exceptions to the CFRS' policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions; and
- Difficulties in identifying the party that ultimately controls the CFRS'.



Qualitative Aspects of Accounting Practices

We noted no transactions entered into by the CFRS during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

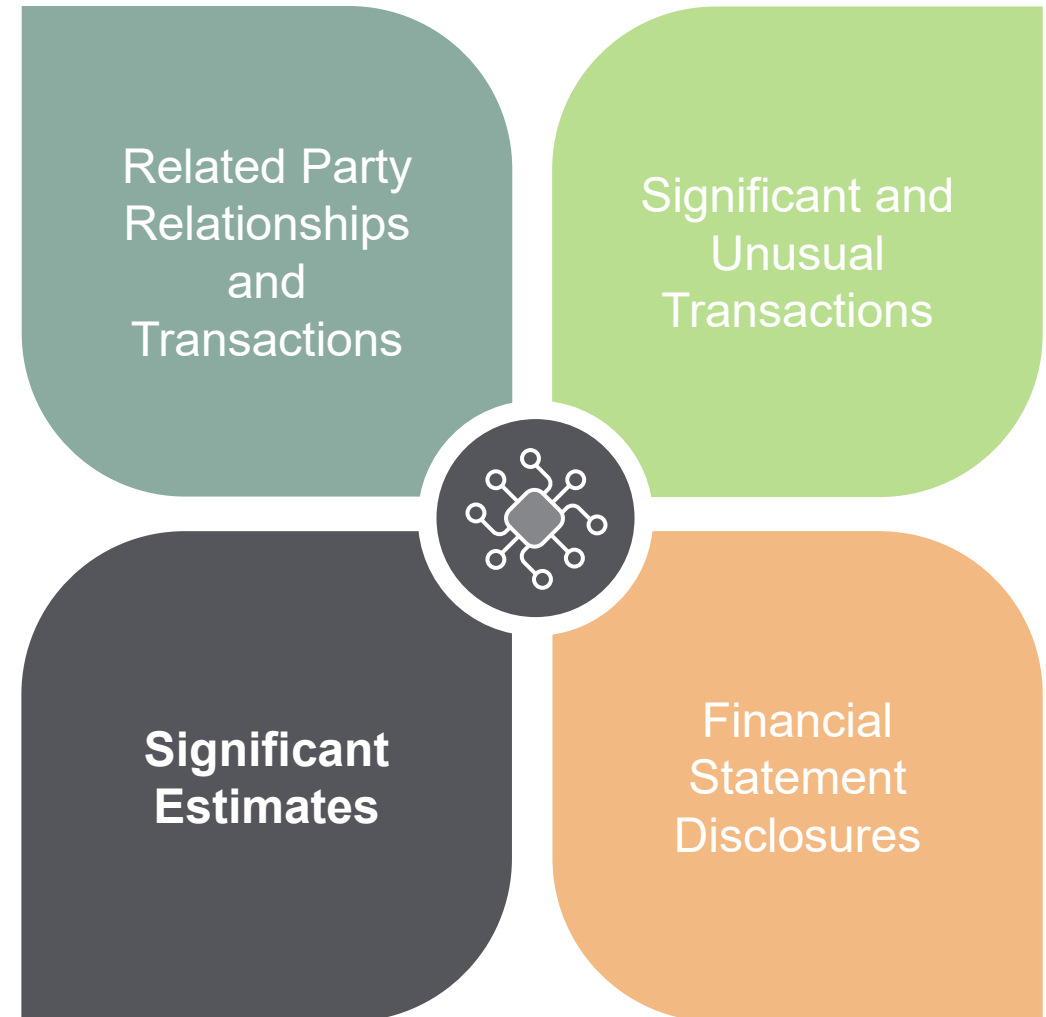
For purposes of this presentation, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the CFRS or that otherwise appear to be unusual due to their timing, size, or nature. We noted no significant unusual transactions during our audit.



Qualitative Aspects of Accounting Practices

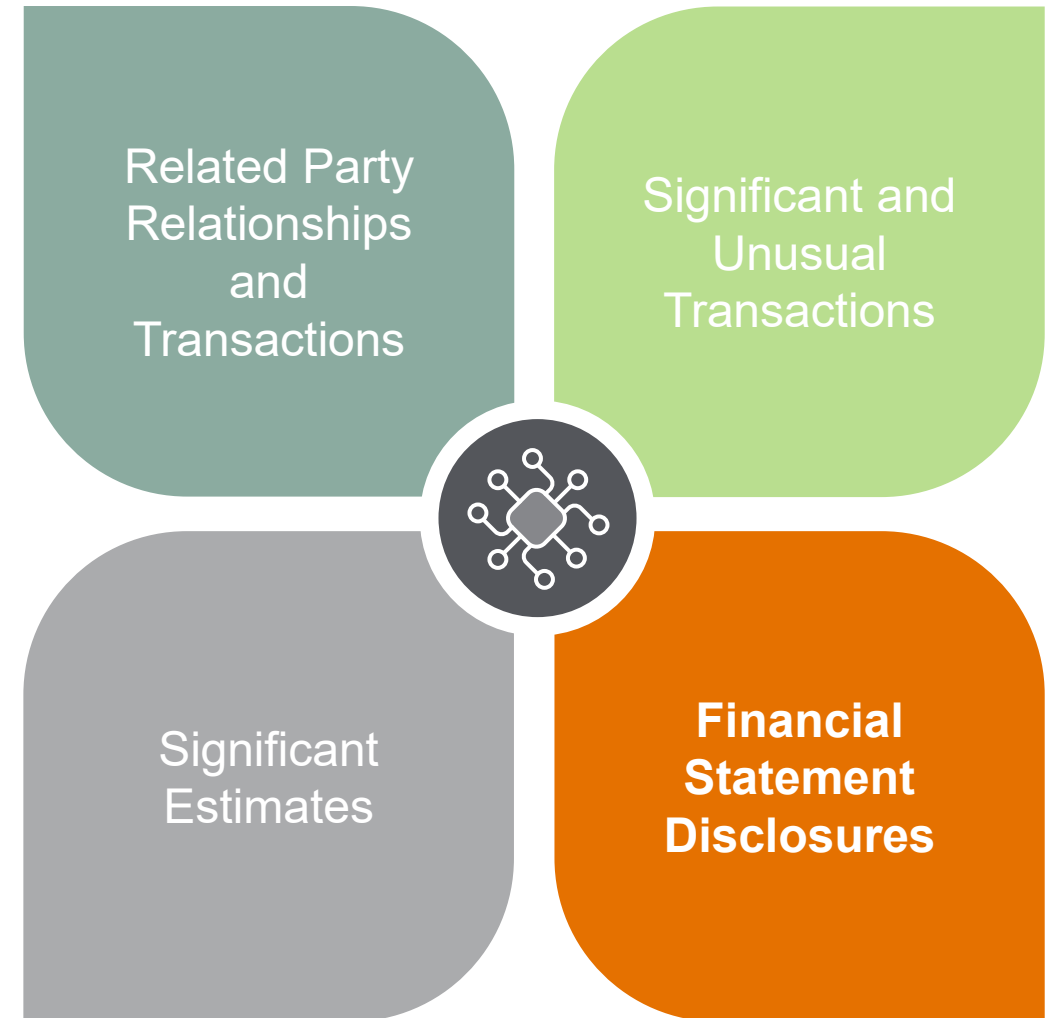
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- *Fair Value of Investments* – Management's estimate of the fair value of investments is based on third party pricing of investments and information provided by fund managers. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.



Qualitative Aspects of Accounting Practices

The financial statement disclosures are neutral, consistent, and clear.



Independence Considerations

Nonattest Services

- ▶ No non-attest services were provided in relation to this audit.



Independence Conclusion

- ▶ We are not aware of any other circumstances or relationships that create threats to auditor independence.
- ▶ We are independent of the CFRS and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.



Other Required Communications

Difficulties Encountered

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

Includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Auditor Consultations

We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 27, 2026.



Other Required Communications

Management Consultations

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. To our knowledge, there were no such consultations with other accountants.

Other Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Fraud and Illegal Acts

As of the date of this presentation, no fraud, illegal acts, or violations of laws and regulations noted.

Going Concern

No events or conditions noted that indicate substantial doubt about the CFRS’ ability to continue as a going concern.



Other Matters

Supplementary Information

We applied certain limited procedures to management's discussion and analysis and required supplemental information ("RSI"), as listed in the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



Annual Report

We were not engaged to report on the letter of transmittal, member statistics, and the Board of Trustees and staff schedules which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements themselves and, accordingly, we do not express an opinion or provide any assurance on it.



Financial Results

Assets (in thousands)

Assets	Comparison	
	2025	2024
Cash and Investments	\$ 711,145	\$ 645,742
Other Assets	2,187	1,729
TOTAL	\$ 713,332	\$ 647,471



Financial Results

Additions to Plan Net Position (in thousands)

Additions to Plan Net Position	Comparison	
	2025	2024
Investment Income, Net	\$ 75,652	\$ 58,676
Contributions	42,896	34,321
TOTAL	\$ 118,548	\$ 92,997



Financial Results

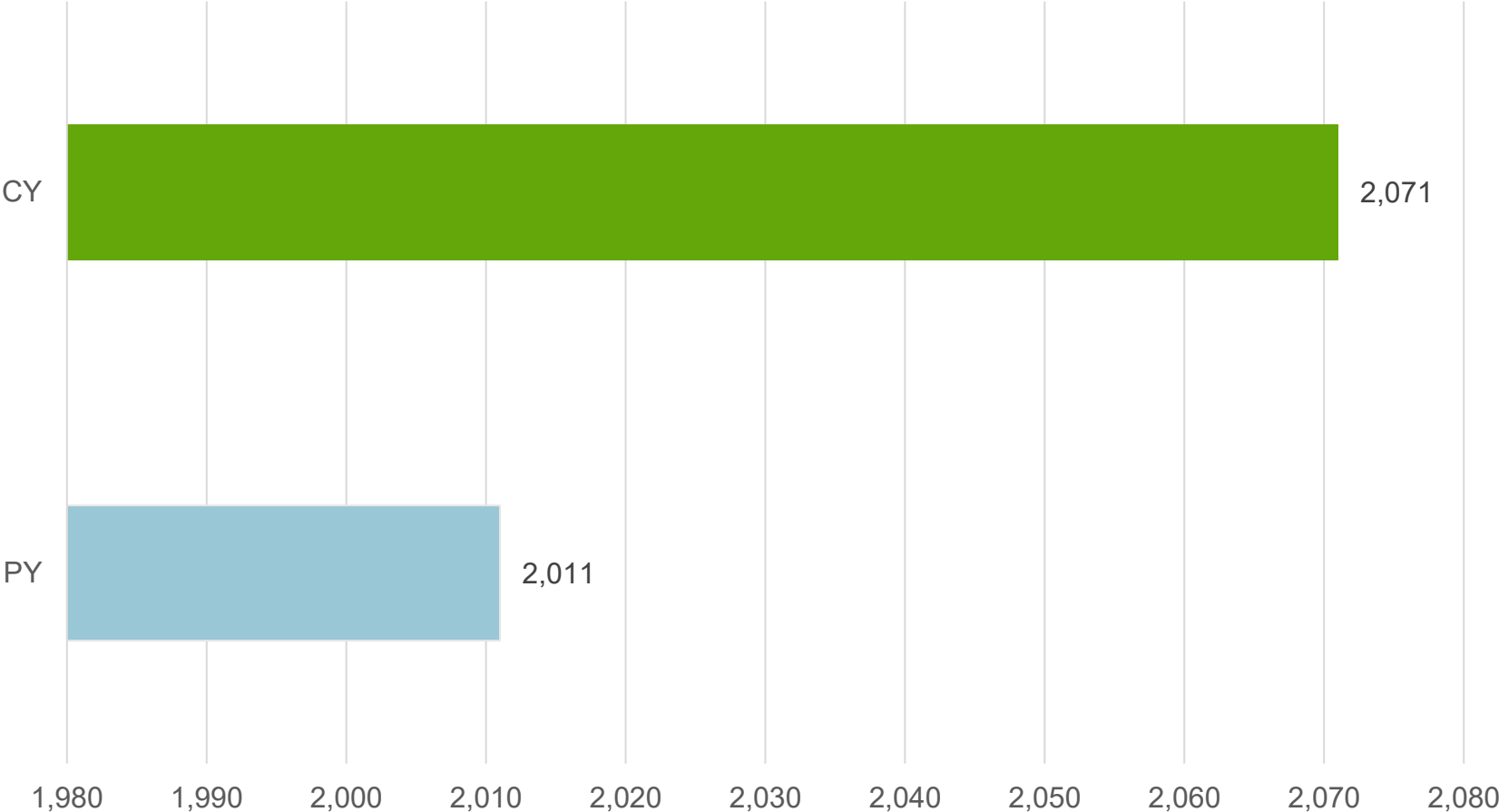
Deductions to Plan Net Position (in thousands)

Deductions to Plan Net Position	Comparison	
	2025	2024
Benefits	\$ 51,009	\$ 48,443
Other	1,774	1,775
TOTAL	\$ 52,783	\$ 50,218



Financial Results

Membership Numbers



Questions

Contacts

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About Cherry Bekaert

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Governance Calendar

Board Calendar

Annual Topics		Q1 (July)	Q2 (Oct)	Q3 (Jan)	Q4 (April)
Topic	Description				
Ethics Renewal	Annual review and acknowledgement of Ethics Policy for trustees and staff	✓			
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		<u>✓</u>	✗	
Annual Budget Review	Review and approve annual operating budget				✓
Officer Election	Annual officer election	✓			
FY Admin Fiscal Year Meeting Calendar	Review CFRS' Administrator FY Meeting Calendar	✓			
Delegations/Governance	Review delegations and general governance structures	✓			
Charter Review	Review committee charter for any updates (<u>biennial</u>)	<u>✓</u>			✗
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 CBIZ through 6/2024	✓			
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)				
Fiduciary Training	Conference and webinar attendance approved by Board	✓	✓	✓	✓

Investment Committee Report



INVESTMENT COMMITTEE REPORT

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

APRIL 30, 2026

To: The Board of Trustees

FROM: John Carr, Chair Matt Hastedt Mike Feehley Robbie Honeycutt Mitali Shah (since April)

RE: INVESTMENT COMMITTEE REPORT

Summary of meetings since the January 22, 2026 Board Meeting:

February 19, 2026	Callan Quarterly Report; Asset Allocation Report; Real Estate Manager Review
March 19, 2026	U.S. Small Cap Equity Manager Reviews; Asset Allocation Report; Awareness of Charlotte National Building Issues
April 16, 2026	Intl. Small Cap Equity and Intl. Developed Market Equity Manager Reviews; Asset Allocation; Depository Banks

KEY POINTS:

- A. The Total Fund returned 2.47% in 4Q2025, slightly trailing the Custom Index return of 2.51%, and ranked in the 24th percentile in the Callan Public Fund Sponsor universe. The 5-year return of 6.35% slightly underperformed the Custom Index return of 6.98%. The Since Inception return of 8.84% outperformed by 47 basis points and ranked in the 6th percentile.
- B. The Asset Allocation Report was reviewed each month. Normal cash withdrawals for operating expenses have been offset by the City's increased level of contributions and the real estate quarterly dividends. Staff requested a withdrawal of \$2M for operating expenses. The Committee unanimously approved \$2M be liquidated from the Russell 1000 Index Fund.
- C. The DWS RREEF America II Fund investment management agreement was signed. A 50% capital call was made on April 1, 2026. Staff wired \$8,750,000 to DWS and anticipate the remaining balance of \$8,750,000 to be called on July 1, 2026. The contract with LaSalle was also executed. Their first capital call is expected to be July 1, 2026 and will initially be a portion of their total \$17.5M allocation.
- D. The Committee met with various investment managers to review their respective portfolios along with outlooks for their asset class. The Committee continued to closely monitor William Blair due to changes in key personnel as well as poor relative performance. William Blair introduced new investment personnel along with steps taken to turn around performance. MFS has been placed on watch status this quarter due to relative performance. Westwood Global Investments provided their first year in review with the Committee. During their meeting, T. Rowe Price introduced a new Relationship Manager who will work with the CFRS going forward.
- E. USBank, custodian for the CFRS, has processed retiree benefit payments via ACH since 2014. Staff raised awareness to the Committee that USBank has now been recognized as a depository bank by the State of North Carolina. Having USBank as a depository bank for the CFRS would streamline the payment process for rollover transactions.

MOTION: To adopt USBank as an additional depository bank of the CFRS.

**SCHEDULE OF PORTFOLIO ALLOCATION
AS OF March 31, 2026
Reporting as of 04/14/2026**

TARGET ALLOCATION	MANAGER	INCEPTION DATE	IM Fees	Liquidation Notice	CFRS MEETING	TARGETED ALLOCATION AS OF 03/31/2026	MARKET VALUE AS OF 03/31/2026	MARKET VALUE AS % OF TOTAL PORTFOLIO	VARIANCE	AUTHORIZED ALLOCATION RANGE	ADJUSTED COST AS OF 03/31/2026	MKT/COST VARIANCE
DOMESTIC STOCK:												
3.8%	MFS INVESTMENT MANAGEMENT (MID CAP GROWTH)	11/2019	55 bps	T+4 Sweep	Jan	28,872,499	23,648,377	3.11%	(5,224,122)		20,428,010	3,220,367
3.8%	BOSTONPARTNERS (ROBECO) (MID CAP VALUE)	04/1998	25 bps + Perf Fee 25 to 100 bps	T+3 Sweep	Jan	28,872,499	35,947,332	4.73%	7,074,833		29,223,669	6,723,663
3.8%	EAGLE ASSET MANAGEMENT (SMALL CAP GROWTH)	09/2010	74.5 bps \$25M; 70 bps \$50M	T+3 Sweep	March	28,872,499	30,776,847	4.05%	1,904,348		24,133,077	6,643,770
3.8%	WILLIAM BLAIR (ICoM) - SMALL CAP VALUE	12/1993	78 bps	T+1 Wire	March	28,872,499	29,990,895	3.95%	1,118,396		27,502,517	2,488,378
22.8%	SSgA RUSSELL 1000 INDEX	11/2015	2 bps	T+1 Wire (noon)	Sept	173,234,992	191,232,671	25.17%	17,997,679		91,187,671	100,045,000
38.0%	SUBTOTAL					288,724,987	311,596,122	41.01%	22,871,135	33% - 43%	192,474,945	119,121,177
INTERNATIONAL EQUITIES:												
5.3%	WESTWOOD DEVELOPED MARKETS EX-US	04/2025	75 bps	T+ Wire	April	40,269,538	41,002,106	5.40%	732,569		36,857,081	4,145,025
5.3%	WELLINGTON MANAGEMENT COMPANY (NON-U.S. EQU)	06/2023	60 bps	T+ Wire	Sept	40,269,538	47,234,001	6.22%	6,964,463		33,683,958	13,550,043
4.8%	LAZARD (LAZARD / WILMINGTON COLLECTIVE TRUST)	08/2021	45 bps	T+5 Wire	July	36,470,525	53,305,875	7.02%	16,835,350		33,504,723	19,801,152
4.0%	T ROWE PRICE INTL (SMALL CAP)	10/1990	104 bps	T+1 Wire	April	30,392,104	33,707,491	4.44%	3,315,387		13,933,144	19,774,347
6.6%	SSgA EAFE INDEX	11/2015	3.5 bps	T+1 Wire (noon)	Sept	50,146,971	57,978,673	7.63%	7,831,702		25,707,373	32,271,300
26.0%	SUBTOTAL					197,548,675	233,228,146	30.70%	35,679,471	22% - 30%	143,686,279	89,541,867
REAL ESTATE:												
5.5%	UBS TRUMBULL PROPERTY FUND ²	10/2012	95.5 bps \$10m; 82.5 bps next \$25M	1st Business Day of Quarter Quarterly, 45 Day notice	Oct	41,789,143	27,513,798	3.62%	(14,275,345)		26,532,713	981,085
5.5%	JPMORGAN CHASE STRATEGIC PROPERTY FUND	04/2016	100 bps		Oct	41,789,143	14,049,667	1.85%	(27,739,476)		14,154,813	(105,146)
11.0%	SUBTOTAL					83,578,286	41,563,465	5.47%	(42,014,821)	8% - 14%	40,687,526	875,939
DOMESTIC FIXED INCOME:												
10.0%	BARROW HANLEY (CORE PLUS)	04/2003	37.5 bps \$20M; 25 bps next \$30M; 20 bps next \$100M	T+3 Sweep	June	75,980,260	68,562,112	9.02%	(7,418,147)		70,271,732	(1,709,620)
10.0%	NEUBERGER BERMAN (CORE PLUS)	07/2023	19 bps	T+3 Sweep	June	75,980,260	67,524,977	8.89%	(8,455,283)		67,672,016	(147,039)
5.0%	SSGA BARCLAYS AGGREGATE (INDEX FUND)	12/1999	2.25 bps	T+1 Wire (noon)	Sept	37,990,130	33,678,394	4.43%	(4,311,736)		20,612,463	13,065,931
25.0%	SUBTOTAL					189,950,649	169,765,483	22.34%	(20,185,166)	21% - 29%	158,556,212	11,209,271
INTERNAL ACCOUNT:												
	INTERNAL					0	3,649,382	0.48%	3,649,382		3,649,382	
0.00%	SUBTOTAL					0	3,649,382	0.48%	3,649,382	0.0%-0.0%	3,649,382	
100.0%	TOTAL ASSETS					\$ 759,802,597	759,802,597	100.00%	(0)		539,054,343	\$ 220,748,254

¹ Lazard balance is typically one month in arrears

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

REAL ESTATE - Below target due to market volatility and being in the JPMCB redemption queue
Additional \$1,060.47 cash accrual related to SSGA Russell 1000
Additional \$10,750,000.00 cash related to SSGA Russell 1000 transfer to DWS & cash account

Benefits Committee Report



BENEFITS COMMITTEE REPORT

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

APRIL 30, 2026

TO: The Board of Trustees

FROM: Melinda Manning, Chair Joey Hager Kim Heffernan Ryan Pope Sheila Simpson

- February 12, 2026 – Noteworthy News; Work Plan; Policies and Regulations; Annual Valuation Assumptions
- March 12, 2026 – Cancelled
- April 9, 2026 – Noteworthy News; Work Plan; Policies and Regulations; Active Member Portal, Charlotte National Building

Summary of meetings since the January 26, 2026 Board Meeting:

KEY DISCUSSIONS:

1. Policies & Regulations
 - a. The Disability Regulations update has been submitted to the City for review and approval. Staff will monitor progress.
 - b. The Salary Assumption used in the annual valuation process was reviewed. CBIZ gave the Committee a refresher of the recommendation and the basis of the recommendation to change the assumption.

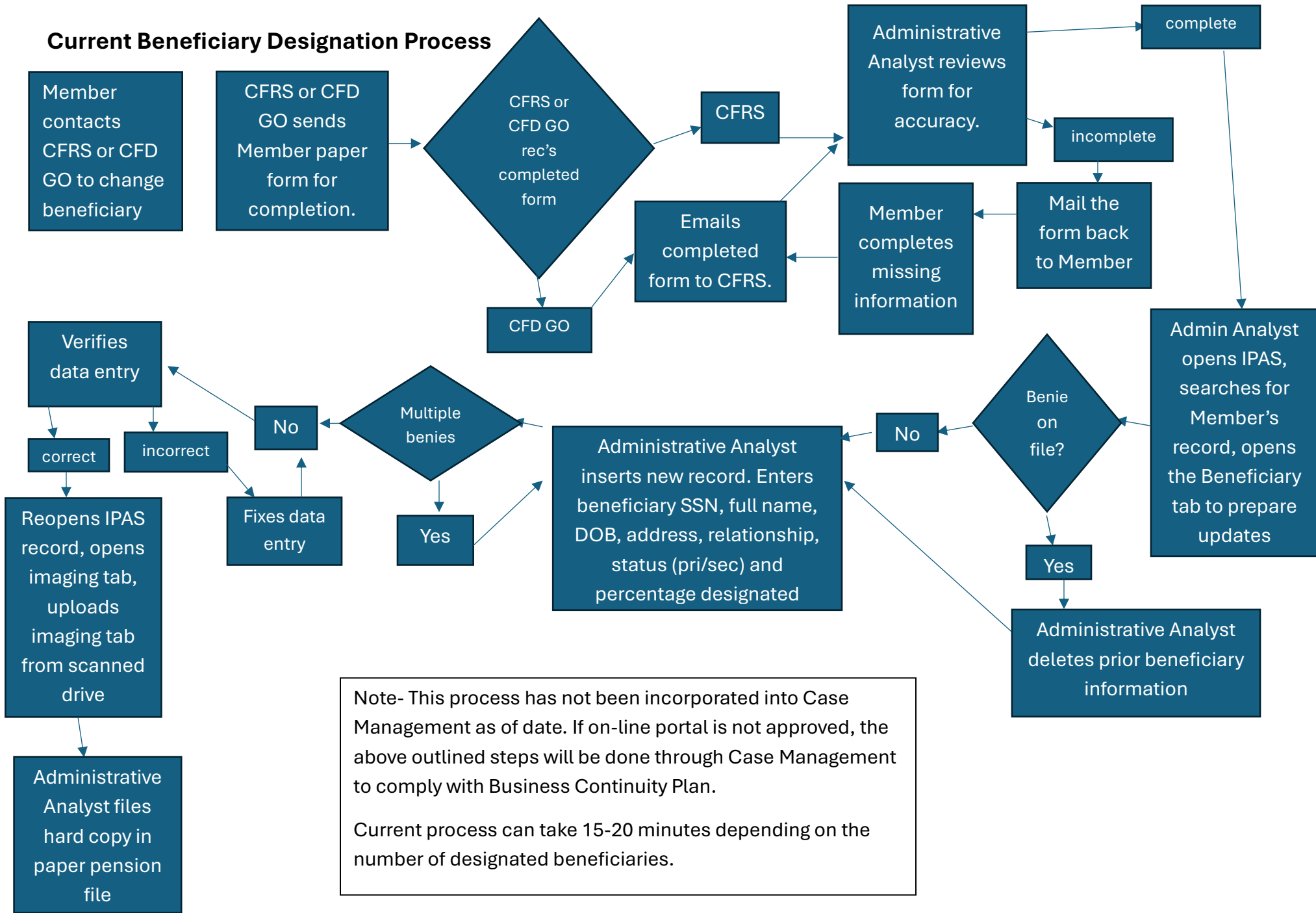
MOTION: To contract with CBIZ for 5 years to conduct the Annual Valuation process beginning with the FY2026 data valuation (FY ending 6/30/2026) which begins July 1, 2026.

2. Noteworthy News
 - a. House Bill 215 (cyber/CFRS related) has had no activity since 2/27/2025.
 - b. Staff informed the Committee of the City's New Treasurer who will sit on the CFRS Board.
3. Active Member Portal
 - a. The on-line portal would allow Members to designate beneficiaries directly on the pension administration system, IPAS. In addition, the portal also provides for retirement applications to be done on-line. This coincides with a robust Business Continuity Plan which would allow new retirements/initial payments to process in a business disruption.

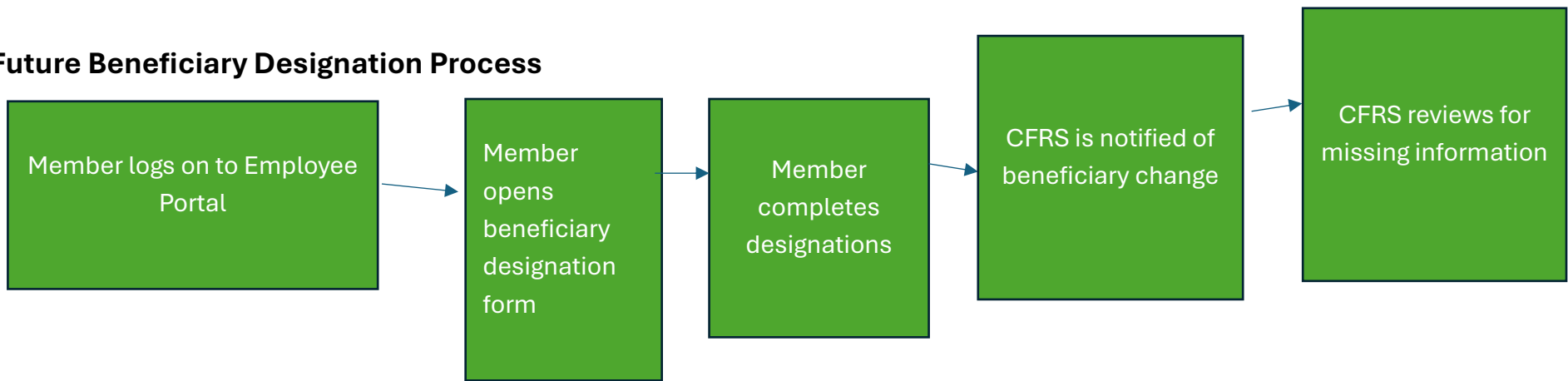
MOTION: To approve the upgrade IPAS to include the on-line Member portal at a one-time implementation fee of \$25,000 plus the quarterly maintenance fee of \$3,700 subject to current contract provisions.

4. Charlotte National Building
 - a. Staff updated the Committee regarding the current condition of the Charlotte National Building, including capital improvement requirements, security and options available to the Board.

Current Beneficiary Designation Process

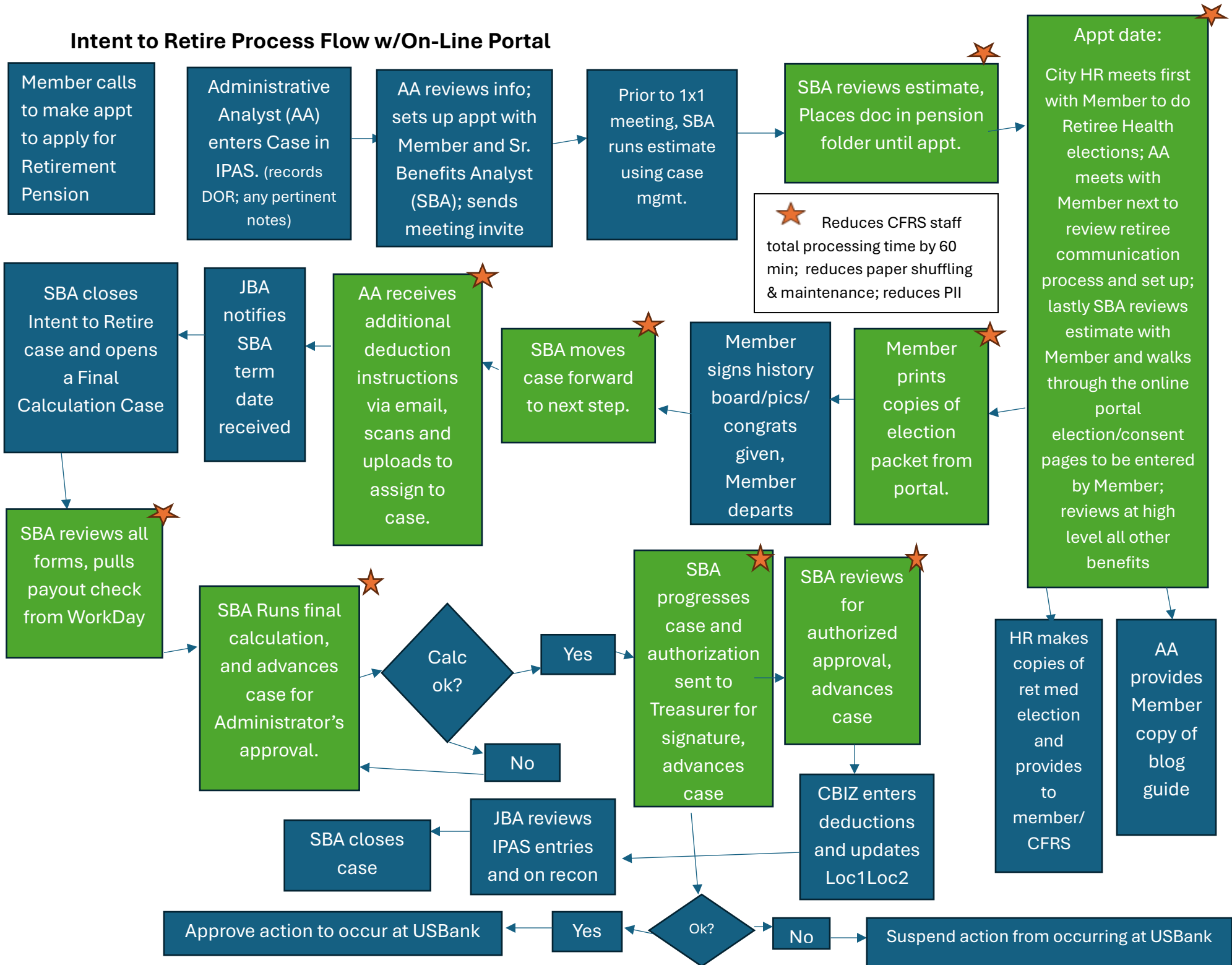


Future Beneficiary Designation Process

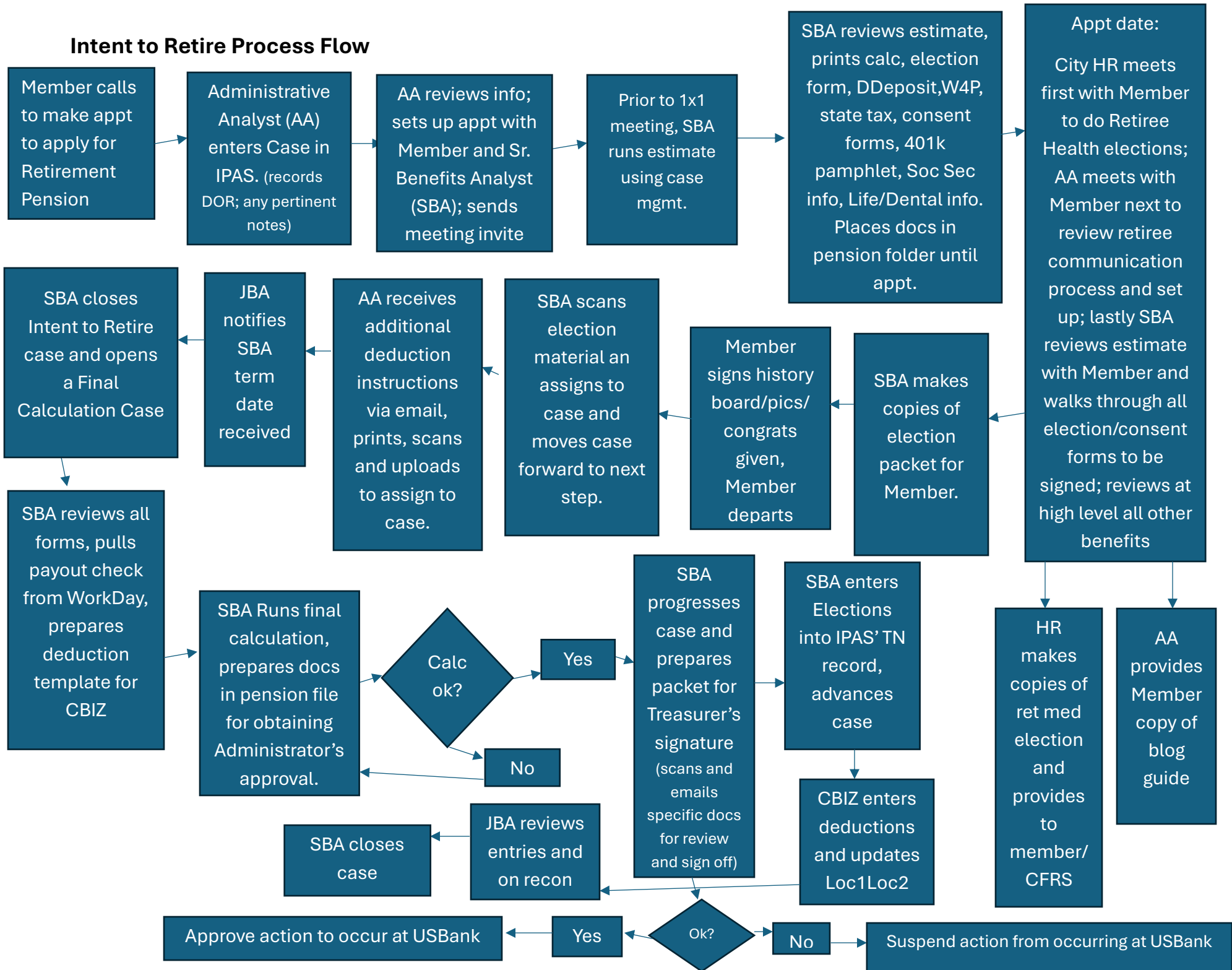


Note: The data entered by the Member in the on-line form is saved directly to the IPAS database. The Member and CFRS has their own view capabilities within the database.

Intent to Retire Process Flow w/On-Line Portal



Intent to Retire Process Flow



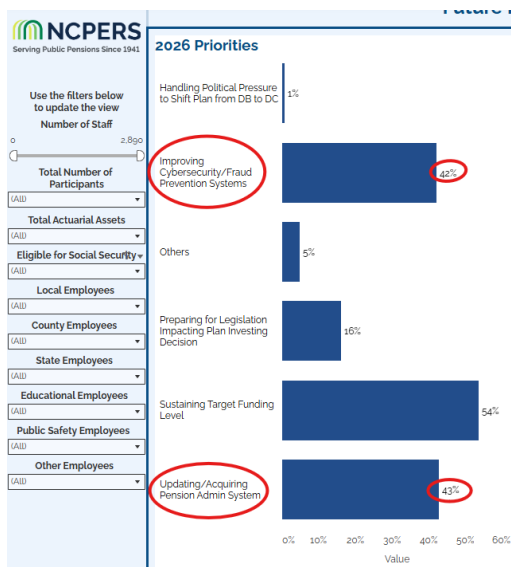
Pension Industry facing significant changes and challenges:

- Increasing complexity in pension administration
 - Website compliance; AI/ChatBot; State mandates
- Technical debt due to underinvestment in technology
- Decreasing talent pool
 - Impacts quality of service and ability to innovate

CFRS Project-driven focused (antiquated strategy) vs validation focused

- Perform internal audits to ensure data accuracy
 - Beneficiary audits
 - Service Purchase audits
 - Annual Valuation data review; Annual Member Statements
- Project audits are time consuming; strains staff resources; do not get finished due to competing or higher priorities or requires additional audits due to time passage (can also result in audit duplication of records already audited)

NCPERS 2026 Public Retirement Systems Study:



On-Line Designations

- Builds efficiencies by reducing redundancy of work effort. Staff resources can be redirected from data entry to other strategic work such as producing and reviewing annual pension statements, creating and maintaining education modules for Members and Retirees; Creating group consultations on quarterly basis vs daily basis; reduce Comp Time accrual.
- Lowers risk of breaching PII info as it travels between various transmission avenues and agencies (USMail/email/faxes/CFD to CFRS, etc)
- Lowers cost of processing, storing and maintenance of paper records.
 - Potential future requirements may mean storing paper records offsite at additional costs to the System.

Administrator's Report



**ADMINISTRATOR REPORT
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM**

APRIL 30, 2026

TO: The Board of Trustees

FROM: Sandy Thiry

- **FINANCIAL STATEMENTS**
 - Estimated Q3FY2026
- **CONFERENCE APPROVAL**
 - NCGFOA Summer Conference – July 19-21, Wilmington, NC
- **CHARLOTTE NATIONAL BUILDING**
 - Flood incident
 - Issues
- **OFFICE OPERATIONS**
 - Consultations and applications continue to fill the calendar- booking well into 3Q2026.
 - Paper document retention policy implementation underway.
- **PUBLIC RECORDS REQUESTS**
 - Investment/Financial Related Requests – (1) Bloomberg; (1) With Intelligence, (approximate total time spent to process - 45 min)
 - Benefits Related Requests – (1) Clay Morris (approximate total time spent to process - 10 min)
 - Other – () (approximate total time spent to process - 0 minutes)
- **ADMINISTRATOR WORK PLAN**

Administrative Work Plan 2026* (in progress)		CY 25	1Q 2026	2Q 2026	3Q 2026	4Q 2026
IC Projects	(assigned)					
Core Real Estate funding	Sandy/Legal					
BC Projects						
Funding Initiative	Sandy/Lisa					
Policies						
Business Continuity Plan	Sandy/Lisa					
CBIZ Contract	Sandy/Lisa					
US Bank contract	Sandy/Lisa					
Disability Regulations	Sandy/Lisa/BC					
Securities Litigation Policy	Sandy/Lisa					
Cyber/Data Breach guideline	Sandy/Lisa/BC					
Actuarial Contract						
Governance						
Annual Insurance Renewals (May-July)	Sandy					
Annual Valuation & Audit (Jul- Sept)	Sandy/Ty/Miche					
Website ADA compliance	Sandy/Desire					
USERRA service credit	Sandy/Lisa					
Active Member Trustee Election						
System Administration Sustainability						
Office Restoration						
New Hire						
Training	Sandy/Ty					
Co-sourcing - CBIZ						
Financials - City						
Define Processes, Steps, Role Clarity	Sandy/Tony					
Training new peer review	Tony					
Testing/Go Live (est TBD)	Sandy/Tony					
Process Documentation & Updates						
Process Documentation - all positions	All staff					
Efficiency Projects						
Records Retention						
Archiving records (paper)	Sandy/Staff					
Electronic pension files	Sandy/Staff					
On-Line application	Sandy/Staff					
*Does not include day to day functions						
		Legend: ■ In progress ■ Completed Pending further action by Board or Committee ■ Impending				

Charlotte Firefighters' Retirement System

Profit & Loss

04/07/26

July 2025 through March 2026

Accrual Basis

	Jul '25 - Mar 26
Ordinary Income/Expense	
Income	
43400 · Contributions	
43410 · Members	10,882,225.47
43440 · Employer	25,225,140.26
43450 · Purchase of Military Time	291,598.71
43460 · Purchase of Other Gov. Service	224,784.18
Total 43400 · Contributions	36,623,748.62
45000 · Investments	
45010 · Interest	3,952,567.55
45020 · Dividends- Trustee	2,460,243.71
45021 · Dividends Other	1,027.97
45030 · Net Realized Gain/Loss-Trustee	6,784,296.01
45040 · Net Realized Gain/Loss- Mgr GU	204,558.26
45050 · Unrealized Gain/Loss	73,733,004.48
Total 45000 · Investments	87,135,697.98
46400 · Other Types of Income	
46430 · Miscellaneous Revenue	0.00
Total 46400 · Other Types of Income	0.00
Total Income	123,759,446.60
Gross Profit	123,759,446.60
Expense	
60900 · Participant Benefits	
60920 · Retirement	40,286,196.68
60940 · Contribution Withdrawals	351,692.37
Total 60900 · Participant Benefits	40,637,889.05
62100 · Investment Services	
62110 · Management Fees	
62114 · Barrow Hanley	79,725.00
62115 · Robeco Investment Mgmt., Inc	44,401.88
62117 · Eagle Asset Management	113,531.26
62122 · William Blair (ICoM)	108,629.27
62123 · T. Rowe Price	171,222.29
62125 · UBS Trumbull Property Fund	172,487.46
62127 · SSGA Fixed Income	3,745.24
62128 · SSGA EAFE Index	9,783.73
62129 · SSGA Russell 1000	19,464.60
62130 · JPMorgan Chase	83,424.30
62132 · MFS	72,153.26
62133 · Lazard Asset Management	95,928.99
62134 · Neuberger Berman	50,642.66
62135 · Wellington	132,435.04
62136 · Westwood Global Investments	180,358.62
Total 62110 · Management Fees	1,337,933.60
62139 · Transaction Fees	-686.13
62140 · Trust and Bank Fees	77,550.20
62150 · Consulting Fees	150,750.00
Total 62100 · Investment Services	1,565,547.67
65000 · Administration	
65005 · Staff Wages and Benefits	418,299.99

Charlotte Firefighters' Retirement System

Profit & Loss

04/07/26

July 2025 through March 2026

Accrual Basis

	<u>Jul '25 - Mar 26</u>
65010 · Travel and Training	10,021.45
65020 · Insurance	66,586.00
65030 · Parking	448.50
65040 · Auditing Services	25,000.00
65050 · Condominium Fees	16,135.92
65060 · Postage	878.49
65070 · Actuarial Services	3,500.00
65080 · Annual Retiree Reunion	1,549.85
65090 · Legal Services	20,565.00
65100 · Printing Services	860.25
65110 · Other Professional Services	142,481.68
65120 · Telecommunications	2,589.02
65130 · Office Equipment Maintenance	1,900.00
65140 · Office/Computer Supplies	9,200.03
65160 · Meetings	5,606.21
65170 · Professional Memberships/Dues	5,900.00
65180 · Medical Services	7,862.61
65200 · Subscriptions and Publications	91.10
65220 · Miscellaneous/Contingency	91,222.26
65230 · Building Improvements	315.98
Total 65000 · Administration	<u>831,014.34</u>
Total Expense	<u>43,034,451.06</u>
Net Ordinary Income	<u>80,724,995.54</u>
Net Income	<u><u>80,724,995.54</u></u>

Charlotte Firefighters' Retirement System

04/07/26

Balance Sheet

Accrual Basis

As of March 31, 2026

	Mar 31, 26
ASSETS	
Current Assets	
Checking/Savings	
10000 · Cash	
10001 · Cash-Bank of America	131,283.92
10004 · Cash & CE- USBank	3,578,355.31
10013 · Petty Cash	500.00
Total 10000 · Cash	3,710,139.23
10011 · Cash Equivalents- USBank Other	2,164,029.12
Total Checking/Savings	5,874,168.35
Other Current Assets	
10300 · Other Receivables	990,913.39
12100 · Prepaid assets	32,819.25
Total Other Current Assets	1,023,732.64
Total Current Assets	6,897,900.99
Fixed Assets	
15000 · Capital Assets	
15001 · Office Condominium	440,126.90
15002 · Intangible Asset-Pen Admin Sys	231,825.00
15010 · Accumulated Deprec. & Amort.	-632,346.71
Total 15000 · Capital Assets	39,605.19
Total Fixed Assets	39,605.19
Other Assets	
18000 · Marketable Securities	786,439,191.66
Total Other Assets	786,439,191.66
TOTAL ASSETS	793,376,697.84
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
27000 · Accounts Payable	
27020 · Refunds	257,472.18
27040 · Consultant Fees	50,250.00
27060 · Administrative Fees	20,008.05
Total 27000 · Accounts Payable	327,730.23
Total Accounts Payable	327,730.23
Total Current Liabilities	327,730.23
Total Liabilities	327,730.23
Equity	
32000 · Fund Balance	712,323,972.07
Net Income	80,724,995.54
Total Equity	793,048,967.61
TOTAL LIABILITIES & EQUITY	793,376,697.84

Charlotte Firefighters' Retirement System
Profit & Loss Budget vs. Actual
July 2025 through March 2026

	<u>Jul '25 - Mar 26</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
43400 · Contributions				
43410 · Members	10,882,225.47	14,266,890.37	-3,384,664.90	76.28%
43440 · Employer	25,225,140.26	28,545,058.92	-3,319,918.66	88.37%
43450 · Purchase of Military Time	291,598.71	300,000.00	-8,401.29	97.2%
43460 · Purchase of Other Gov. Service	224,784.18	450,000.00	-225,215.82	49.95%
43400 · Contributions - Other	0.00	0.00	0.00	0.0%
Total 43400 · Contributions	<u>36,623,748.62</u>	<u>43,561,949.29</u>	<u>-6,938,200.67</u>	<u>84.07%</u>
45000 · Investments				
45010 · Interest	3,952,567.55	6,193,961.86	-2,241,394.31	63.81%
45020 · Dividends- Trustee	2,460,243.71	4,376,787.40	-1,916,543.69	56.21%
45021 · Dividends Other	1,027.97	1,500.00	-472.03	68.53%
45030 · Net Realized Gain/Loss-Trustee	6,784,296.01	49,076,537.74	-42,292,241.73	13.82%
45040 · Net Realized Gain/Loss- Mgr GU	204,558.26	330,000.00	-125,441.74	61.99%
45050 · Unrealized Gain/Loss	73,733,004.48			
Total 45000 · Investments	<u>87,135,697.98</u>	<u>59,978,787.00</u>	<u>27,156,910.98</u>	<u>145.28%</u>
46400 · Other Types of Income				
46430 · Miscellaneous Revenue	0.00			
Total 46400 · Other Types of Income	<u>0.00</u>			
Total Income	<u>123,759,446.60</u>	<u>103,540,736.29</u>	<u>20,218,710.31</u>	<u>119.53%</u>
Gross Profit	123,759,446.60	103,540,736.29	20,218,710.31	119.53%

Charlotte Firefighters' Retirement System Profit & Loss Budget vs. Actual July 2025 through March 2026

	<u>Jul '25 - Mar 26</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Expense				
60900 · Participant Benefits				
60920 · Retirement	40,286,196.68	55,273,647.00	-14,987,450.32	72.89%
60930 · Death	0.00	250,000.00	-250,000.00	0.0%
60940 · Contribution Withdrawals	351,692.37	450,000.00	-98,307.63	78.15%
Total 60900 · Participant Benefits	40,637,889.05	55,973,647.00	-15,335,757.95	72.6%
62100 · Investment Services				
62110 · Management Fees				
62114 · Barrow Hanley	79,725.00	147,646.00	-67,921.00	54.0%
62115 · Robeco Investment Mgmt., Inc	44,401.88	248,247.73	-203,845.85	17.89%
62117 · Eagle Asset Management	113,531.26	205,502.24	-91,970.98	55.25%
62122 · William Blair (ICoM)	108,629.27	223,316.94	-114,687.67	48.64%
62123 · T. Rowe Price	171,222.29	289,711.94	-118,489.65	59.1%
62125 · UBS Trumbull Property Fund	172,487.46	192,965.95	-20,478.49	89.39%
62127 · SSGA Fixed Income	3,745.24	7,200.00	-3,454.76	52.02%
62128 · SSGA EAFE Index	9,783.73	21,200.00	-11,416.27	46.15%
62129 · SSGA Russell 1000	19,464.60	28,000.00	-8,535.40	69.52%
62130 · JPMorgan Chase	83,424.30	193,230.06	-109,805.76	43.17%
62132 · MFS	72,153.26	130,082.40	-57,929.14	55.47%
62133 · Lazard Asset Management	95,928.99	153,466.84	-57,537.85	62.51%
62134 · Neuberger Berman	50,642.66	108,686.98	-58,044.32	46.6%
62135 · Wellington	132,435.04	212,624.90	-80,189.86	62.29%
62136 · Westwood Global Investments	180,358.62	270,000.00	-89,641.38	66.8%
Total 62110 · Management Fees	1,337,933.60	2,431,881.98	-1,093,948.38	55.02%
62139 · Transaction Fees	-686.13	325.00	-1,011.13	-211.12%
62140 · Trust and Bank Fees	77,550.20	148,780.00	-71,229.80	52.12%
62150 · Consulting Fees	150,750.00	201,000.00	-50,250.00	75.0%
Total 62100 · Investment Services	1,565,547.67	2,781,986.98	-1,216,439.31	56.27%

Charlotte Firefighters' Retirement System
Profit & Loss Budget vs. Actual
July 2025 through March 2026

	<u>Jul '25 - Mar 26</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
65000 · Administration				
65005 · Staff Wages and Benefits	418,299.99	580,508.00	-162,208.01	72.06%
65010 · Travel and Training	10,021.45	73,075.00	-63,053.55	13.71%
65020 · Insurance	66,586.00	72,100.00	-5,514.00	92.35%
65030 · Parking	448.50	1,300.00	-851.50	34.5%
65040 · Auditing Services	25,000.00	25,000.00	0.00	100.0%
65050 · Condominium Fees	16,135.92	36,837.28	-20,701.36	43.8%
65060 · Postage	878.49	1,060.00	-181.51	82.88%
65070 · Actuarial Services	3,500.00	18,000.00	-14,500.00	19.44%
65080 · Annual Retiree Reunion	1,549.85	3,200.00	-1,650.15	48.43%
65090 · Legal Services	20,565.00	116,000.00	-95,435.00	17.73%
65100 · Printing Services	860.25	5,510.00	-4,649.75	15.61%
65110 · Other Professional Services	142,481.68	216,290.00	-73,808.32	65.88%
65120 · Telecommunications	2,589.02	5,285.00	-2,695.98	48.99%
65130 · Office Equipment Maintenance	1,900.00	200.00	1,700.00	950.0%
65140 · Office/Computer Supplies	9,200.03	8,370.00	830.03	109.92%
65160 · Meetings	5,606.21	5,600.00	6.21	100.11%
65170 · Professional Memberships/Dues	5,900.00	5,940.00	-40.00	99.33%
65180 · Medical Services	7,862.61	15,000.00	-7,137.39	52.42%
65190 · Office Furniture/Equipment	0.00	2,500.00	-2,500.00	0.0%
65200 · Subscriptions and Publications	91.10	200.00	-108.90	45.55%
65220 · Miscellaneous/Contingency	91,222.26	30,000.00	61,222.26	304.07%
65230 · Building Improvements	315.98	2,250.00	-1,934.02	14.04%
Total 65000 · Administration	<u>831,014.34</u>	<u>1,224,225.28</u>	<u>-393,210.94</u>	<u>67.88%</u>
Total Expense	<u>43,034,451.06</u>	<u>59,979,859.26</u>	<u>-16,945,408.20</u>	<u>71.75%</u>
Net Ordinary Income	<u>80,724,995.54</u>	<u>43,560,877.03</u>	<u>37,164,118.51</u>	<u>185.32%</u>
Net Income	<u><u>80,724,995.54</u></u>	<u><u>43,560,877.03</u></u>	<u><u>37,164,118.51</u></u>	<u><u>185.32%</u></u>

Budget Narrative for Fiscal Year 2027

REVENUE:

Contributions are based on the existing current contribution rate of 12.65% of earnings from Members and 29.31% of earnings from the City of Charlotte using the current year of payroll totals and assumes an additional 2.5% increase to salaries for FY27 based on the approved actuarial assumption growth used for annual valuation. This does not take into consideration an increase to the ER contribution rate as requested in the Board's 2024 request to the City to pay another 1/5 of the ADEC.

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 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 FY27 this estimate is based on an assumed 7.00% rate of return and an estimated fund balance on June 30th of \$796M. (Fund balance on February 28th was \$794M). Since 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 FY27, 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 FY27 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.

Investment Management Fee expense is an estimate based on prior fiscal year fees as market activity impacts the asset value used to calculate the fees. 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 processing includes postage, 1099R distribution, TEFRA Notices and Tax Withholding Filings

Budget Narrative for Fiscal Year 2027

on behalf of the CFRS. Bank of America is the account used to pay operating expenses and their fees are estimated to be approximately \$5,100 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 will be \$207,000 for FY27. The contract provides for an additional 2 years of extended services at \$213,000 (FY28) and \$219,000 (FY29) respectively.

Staff Wages and Benefits include funds for the 4 full-time positions as approved by the Board: full-time Administrator, Administrative Analyst, Sr. Benefits Analyst, Jr. Benefits Analyst, and half of the salary for Financial Analyst (cost shared with the City). Budget includes the current Administrator's salary from July through September and the unused sick & vacation payout due to retirement within the fiscal year. Wage increases have been budgeted at 3% of current salary. No overtime allowance has been budgeted for one hourly employee. The annual estimated 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 15.10% for FY27.

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, and Callan's Annual Conference based on prior attendances, as well as taking into consideration any on-line webinars and virtual classes.

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, 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. Consultations continue at a higher level than previous years.

Auditing services are performed by the same firm the City's uses for annual audit. An RFP was performed by the City for FY27 for a one-year contract with the option to renew for up to 4 subsequent one-year terms. Cherry Bekaert was awarded the contract and will audit the FY26 financial statements at a total cost of \$26k.

Condominium fees for the three units owned by the CFRS are assumed at the current rate plus 3% 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 anticipated building improvements.

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.

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 are both highly attended. By sponsoring both events, the retirees get ample opportunity to reconnect with each other.

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. FY27 budget estimates services for 2 disability hearings and Act reviews as needed, along with outside legal counsel for policy reviews as needed. 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.). The leased copier through the City's contract with Ricoh was rescinded during FY26. Instead, each staff member has a scanner/printer unit that was less costly to purchase and maintain.

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

- CBIZ - monthly hosting, license fees, and outsourcing support for the IPAS Master Pension Administration software. Also included for FY27 are additional fees for updates to the pension administration system (IPAS) in excess of work hours provided for in the contract.
- 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
- Shredding services
- Courier expense for special deliveries
- Surveillance services in relation to disability retirement cases
- Water service for the office

Telecommunications includes all phones with unlimited calling. Phones are leased through Profit C/S as part of the IT service package. Virtual Meetings are held via TEAMS and fax capability is through an app. High Speed Internet is also part of the IT support package.

Office Equipment Maintenance includes costs for maintaining various office equipment such as desktop copier/scanner units.

Office and Computer Supplies are purchased as needed to support the operations of the office. This account pays the expenses for copy paper, 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. The budget includes a laptop for the new Administrator and one replacement for 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 2027

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

Professional Memberships/Dues includes the national and state Government Finance Officers Association (GFOA,) the International Foundation of Employee Benefit Plans (IFEBP), National Association of Public Pension Attorneys (NAPPA), the 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 hearings for FY27. Individual cases can range from simple to complex which impacts fees. The fee is based on an hourly rate with an annual increases 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 and periodicals such as Plan Sponsor, Governing, Pension & Investments which are provided free of charge. Books on relevant subjects are also purchased for staff and trustee's 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 - The hot water tank is over 20+ years old and kitchen sink drain runs slow.

	FY26 Budget Approved	Estimated Total FYE26	% of Budget	FY27 Budget Draft	% Change from Approved FY26 to Proposed FY27	% Change from Est FYE26 Total to Proposed FY27
Ordinary Income/Expense						
Income						
43400 · Contributions						
43410 · Members	14,266,890	14,238,402	99.80%	15,187,776	6.45%	6.67%
43440 · Employer	28,545,059	33,001,413	115.61%	35,190,017	23.28%	6.63%
43450 · Purchase of Military Time	300,000	351,584	117.20%	300,000	0.00%	-14.67%
43460 · Purchase of Other Gov. Service	450,000	284,784	63.29%	450,000	0.00%	58.01%
Total 43400 · Contributions	43,561,949	47,876,183	109.90%	51,127,793	17.37%	6.79%
45000 · Investments (7.00% rate of return)						
45010 · Interest	6,193,962	5,296,690	85.51%	6,488,061	4.75%	22.49%
45020 · Dividends- Trustee	4,376,787	3,027,622	69.18%	3,702,349	-15.41%	22.29%
45021 · Dividends Other	1,500	1,421	94.72%	1,500	0.00%	5.58%
45030 · Net Realized Gain/Loss-Trustee	49,076,538	10,524,869	21.45%	55,720,872	13.54%	429.42%
45040 · Net Realized Gain/Loss- Mgr GU	330,000	409,117	123.98%	409,117	23.97%	0.00%
45050 · Unrealized Gain/Loss	0	59,091,129	100%	0	0.00%	0.00%
Total 45000 · Investments	59,978,787	78,350,847	130.63%	66,321,898	10.58%	-15.35%
46400 · Other Types of Income						
46400 · Other Types of Income - Other	0	0	0.00%	0	0.00%	0.00%
Total 46400 · Other Types of Income	0	0	0.00%	0	0.00%	0.00%
Total Income	103,540,736	126,227,030	241%	117,449,691	13.43%	-7%
Gross Profit						
Expense						
60900 · Participant Benefits						
60920 · Retirement	55,273,647	53,548,999	96.88%	58,616,536	6.05%	9.46%
60930 · Death	250,000	0	0.00%	250,000	0.00%	0.00%
60940 · Contribution Withdrawals	450,000	562,692	125.04%	450,000	0.00%	-20.03%
Total 60900 · Participant Benefits	55,973,647	54,111,692	96.67%	59,316,536	5.97%	9.62%
62100 · Investment Services						
62110 · Management Fees						
62114 · Barrow Hanley	147,646	159,725	108.18%	159,725	8.18%	0.00%
62115 · Robeco Investment Mgmt., Inc	248,248	286,962	115.60%	286,962	15.59%	0.00%
62117 · Eagle Asset Management	205,502	227,063	110.49%	227,063	10.49%	0.00%
62122 · William Blair (iCoM)	223,317	217,259	97.29%	217,259	-2.71%	0.00%
62123 · T. Rowe Price	289,712	342,445	118.20%	342,445	18.20%	0.00%
62125 · UBS Trumbull Property Fund	192,966	203,192	105.30%	203,192	5.30%	0.00%
62127 · SSGA Fixed Income	7,200	7,490	104.03%	7,600	5.56%	1.46%
62128 · SSGA EAFE Index	21,200	19,567	92.30%	21,200	0.00%	8.34%
62129 · SSGA Russell 1000	28,000	38,929	139.03%	38,929	39.03%	0.00%
62130 · JPMorgan Chase	193,230	166,849	86.35%	166,849	-13.65%	0.00%
62132 · MFS	130,082	144,307	110.94%	144,307	10.93%	0.00%
62133 · Lazard Asset Management	153,467	191,858	125.02%	191,858	25.02%	0.00%
62134 · Neuberger Berman	108,687	101,285	93.19%	101,285	-6.81%	0.00%
62135 · Wellington	212,625	264,870	124.57%	264,870	24.57%	0.00%
62136 · Westwood Global Investments	270,000	307,594	113.92%	307,594	13.92%	0.00%
62138 · LaSalle		0	0.00%	85,000	0.00%	0.00%
62137- DWS		20,497	0.00%	81,986	0.00%	0.00%
62110 · Management Fees - Other						
Total 62110 · Management Fees	2,431,882	2,699,891	111.02%	2,848,122	17.12%	0.00%
62139 · Transaction Fees	325	-531	-163.46%	500	53.85%	-194.16%
62140 · Trust and Bank Fees	148,780	154,335	103.73%	164,321	10.45%	0.00%
62150 · Consulting Fees	201,000	198,950	98.98%	207,000	2.99%	4.05%
Total 62100 · Investment Services	2,781,987	3,052,644	109.73%	3,219,943	15.74%	5.48%
65000 · Administration						
65005 · Staff Wages and Benefits						
65004 · Staff wages	459,721	445,863	96.99%	563,981	22.68%	26.49%
65006 · FICA/Medicare	35,169	32,733	93.07%	38,277	8.84%	16.94%
65007 · Retirement LGERS	62,522	64,186	102.66%	85,161	36.21%	32.68%
65008 · Insurance	46,500	32,000	68.82%	63,756	37.11%	99.24%
65009 · NC 401K	13,792	13,405	97.20%	16,920	22.68%	26.22%
65005 · Staff Wages and Benefits - Other						
Total 65005 · Staff Wages and Benefits	580,508	588,187	101.32%	768,095	32.31%	30.59%
65010 · Travel and Training	74,075	31,029	41.89%	71,750	-3.14%	131.23%
65020 · Insurance	72,100	66,586	92.35%	72,100	0.00%	8.28%
65030 · Parking	1,300	622	47.87%	1,300	0.00%	108.91%
65040 · Auditing Services	25,000	15,000	60.00%	26,000	4.00%	73.33%
65050 · Condominium Fees	36,837	21,515	58.40%	36,837	0.00%	71.22%
65060 · Postage	1,060	995	93.85%	1,164	9.81%	17.00%
65070 · Actuarial Services	18,000	6,180	34.33%	24,000	33.33%	288.35%
65080 · Annual Retiree Function	3,500	1,444	41.25%	3,200	-8.57%	121.65%
65090 · Legal Services	116,000	40,565	34.97%	72,000	-37.93%	77.49%
65100 · Printing Services	5,510	4,360	79.13%	3,000	-45.55%	-31.20%
65110 · Other Professional Services	216,290	199,783	92.37%	187,357	-13.38%	-6.22%
65120 · Telecommunications	5,285	4,035	76.34%	11,436	116.39%	183.45%
65130 · Office Equipment Maintenance	200	1,900	950.00%	200	0.00%	-89.47%
65140 · Office/Computer Supplies	8,370	8,812	105.29%	9,050	8.12%	2.70%
65150 · Office Maintenance Supplies						
65160 · Meetings	5,600	6,366	113.68%	4,450	-20.54%	-30.10%
65170 · Professional Memberships/Dues	5,940	5,900	99.33%	6,110	2.86%	3.56%
65180 · Medical Services	15,000	7,863	52.42%	15,000	0.00%	90.78%
65190 · Office Furniture/Equipment	2,500	100	4.00%	1,000	-60.00%	900.00%
65200 · Subscriptions and Publications	200	0	0.00%	200	0.00%	0.00%
65210 · Trustee Elections						
65220 · Miscellaneous/Contingency	30,000	91,222	304.07%	15,000	-50.00%	-83.56%

(Elections captured in Prof Services)

Contingency fund typically earmarked for unexpected expenses

65230 · Building Improvements	2,250	316	14.04%	2,200	-2.22%	596.25%
65000 · Administration - Other						
Total 65000 · Administration	1,225,525	1,102,779	89.98%	1,331,449	8.64%	20.74%
Total Expense	59,981,159	58,267,115	97.14%	63,867,928	6.48%	9.61%
Net Ordinary Income	43,559,577	67,959,915	143.39%	53,581,763	23.01%	-21.16%

CNB Matters

- Major Capital Improvements determined in 1/2022 Building Study:

EXPENSE ESTIMATES

Capital Item Description
Building Exterior
Replace building roofing
Near term roofing repairs
Paint/repair building concrete walls
Window frame paint & sealant
Allocation for refurbishing granite & historic accents
Replace building windows
Building Interior
Replace carpet
Paint interior walls and trim
Refurbish common area bathrooms
Mechanical, Electrical, Plumbing Systems
Replace HVAC chiller
Replace heat pumps
Replace mini-split hvac unit at elevator room
Refurbish elevator cab
Major repairs to elevator equipment
Elevator overhaul & modernization
Replace/repair fire alarm control panel
Repair fire suppression system components
Replace smoke detectors & life safety fixtures
Upgrade security/access control system
Common area electrical/plumbing system allocation

- Non highlighted capital items were completed prior to the final study being published. (eg- Window replacement in 2019/2020 totaled \$400k, CFRS portion was ~\$31
- Yellow highlighted capital items are outstanding from study report.
 - This excludes the damages in common areas due to flood vandalism
 - This excludes the ongoing capital improvement/ maintenance. (eg – fountain, elevator maintenance, etc)
- Current CFRS owner proration is 8.3%
 - CFRS estimated portion of capital improvements based on the 2021 study costs was at minimum ~\$52k, without taking into consideration inflation
 - Additional costs may be incurred by owners to fix the common areas due to flood vandalism.
- Condo Funding Status
- Security

	Current (Own) 428 E 4th St	New Lease - 222 S. Caldwell (street level)	New Lease - 210 E Trade (Ste C-466) 4th floor	New Lease - 121 Trade St (Ste 2610) 26th floor	New Lease - 121 Trade St (Ste 1130) 11th floor	New Lease - 1111 The Plaza
Lease Price/sq ft	N/A	\$ 29.50	\$ 28.50	\$ 34.00	\$ 34.00	\$ 54.00
Monthly rate	\$ 1,800.00	\$ 6,308.08	6,175	7,846	9,007	11,300
approx sq ft	2,660	2,556	2600	2769	3179	2480
Availability		immediate (occupancy 4-6 weeks updates)	immediate (occupancy 12-16 week updates)	immediate (occupancy TBD)	immediate (occupancy TBD)	immediate (occupancy TBD)
Sale price recovery		N/A	N/A	N/A	N/A	N/A
Capital improvements costs	Roof; exterior facade; (HVAC/windows)	N/A	N/A	N/A	N/A	N/A
lease term		5 years	5 years			5 years
amenities	utilities; cleaning services	utilities; property taxes	utilities; building services; property expenses	utilities; building services; property expenses	utilities; building services; property expenses	
Janitorial	included	need to hire	need to hire	need to hire	need to hire	need to hire
Parking (Employee)	Gov't Ctr deck/subsidized	none avail but would keep Gov't Ctr deck/subsidized	4 spaces provided	2 spaces	3 spaces	yes
Parking (Visitors)	Gov't Ctr deck/subsidized	none avail but would keep Gov't Ctr deck/subsidized	additional parking at cost; potential validation	no	no	yes
Building Security	door code entry required	24/7 perimeter; hotel front desk; no shared common area	24/7 interior/exterior; common area shared with 5 other suites; escort to vehicle upon request	24/7	24/7	none
Proximity to Trustee (signing checks/ACH)	no travel	no travel	3 blocks (6 min walk)	5.5 blocks (10 min walk)	5.5 blocks (10 min walk)	2-3 mile drive/traffic congestion
# of offices	8	4	4	6-7	3	7
# of offices req	3-4	3-4	3-4	3-4	3-4	4
reception area	yes	yes	yes	yes	yes	yes
# of conference rooms	1	1	1	1 in office;1 shared with tenants	1 in office;1 shared with tenants	1
# of offices vacant	3	0	2 (1 can be file room and one can be consult room) (yes if using one office space as file room)	0	0	0
file storage area	yes	yes	possibly use extra offices for file cabinets	possibly use internal conf room for file cabinets	possibly use internal conf room for file cabinets	yes
bathroom	1 in office	1M/1F in office	code access	M/F common area	M/F common area	M/F
kitchenette/dining	kitchenette/dining	Kitchenette only	kitchenette/dining	kitchenette/dining	kitchenette/dining	yes
cost to move (hired movers)	no	\$2,000 est	>\$2000	>\$2000	>\$2000	>\$2000

cost to connect (IT)	no	\$11,000 est	\$11,000 est	\$11,000 est	\$11,000 est	\$11,000 est
cost to announce move	no	minimal	minimal	minimal	minimal	minimal

Additional Comments

Closest location to Treasurer's office: 4-6 weeks from lease date for occupancy; no change in parking structure; provides security services

Conference room and Lobby walls could be retrofitted with a 5 year lease; 12-16 weeks from lease contract date for occupancy; provides security services. **Building is for sale.**

Could possibly meet CFRS office requirements; amenities include common area use of 50 seat training hub, 14 seat conf rm, fitness center & wellness room

Does not meet CFRS office required layout- would also need to utilize a storage service (ie-Iron Mountain); amenities include 50 seat training hub, 14 seat conf rm, fitness center & wellness room

Provides more space than is required; ample parking; travel required to Treasurer's office; No Security services

