

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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SPECIAL BOARD MEETING MINUTES

June 27, 2017

PRESENT: Mrs. Vanessa Heffron -Chair, BC Tim Ramsey, DC Kevin Gordon, Mr. Robert Campbell, Mrs. Lydia Crutchfield, Mr. Scott Greer, Ms. Cheryl Brown, BC David F. Moore, Mr. John Carr and via telephone; Mr. Marvin O. Wilson Jr.

OTHER: CFRS Administrator Mrs. Sandy Thiry and CFRS staff member Mr. Tony Bass. Via telephone; CFRS Counsel Mr. Jason Kay and Womble Carlyle attorney Mr. James Daniel.

GUESTS: CFRS Retirees - Mr. John Foster, Mr. Jim Rudisill, Mr. Nick Rudisill, Mr. Matt Hedrick, Mr. Clay Morris, Mr. Bill Strain and Mr. Garry McCormick

AGENDA

A. CALL TO ORDER by Mrs. Vanessa Heffron at 3:21 pm

B. TRUSTEE AND GUEST INTRODUCTION.

A. Introduced Board members, staff, and guests.

C. ADMINISTRATOR- HOUSE BILL 565 EVENTS

A. Mrs. Thiry gave overview of events of The House Bill 565 leading up to today's meeting. HB565 came to the attention of the staff on June 15, 2017. HB565 changes include defining compensation in a manner that is a function of the City. It limits compensation for certain members of the System and creates contribution mechanisms of the City to contribute to vacant positions, changes the Board's composition and how the Board Chair is selected, removes City Attorney as legal advisor to the Board and changes the financial reporting requirements of the City.

B. Communication was sent by Mrs. Thiry to the Board, Active and Retired members on Friday, June 16, 2017 indicating that the staff, the Board, nor the City was aware of such a Bill and did not support the Bill. Also provided was a link to the House Bill. Elected trustees reached out to members and retirees informing them of any such changes to the System could have a negative impact. The members contacted local representatives. As of June 19, 2017, the Bill was sent back to the Pension Finance Committee for further review. Request for the Fiscal Note came from both the Bill sponsor and the North Carolina General Assembly Fiscal Research Division late afternoon on June 15, 2017. Mrs. Thiry reached out to NCGA Fiscal Research Division Representative Mr. David Vanderweide and explained the process for the Fiscal Note requiring the Board to authorize the expenditure and then research with an actuary and legal counsel needed to be performed. Further stated that the Board is not scheduled to convene until late July. Mr. Vanderweide understood and stated that the CFRS should continue to work on obtaining the Fiscal Note as he felt this proposal would come up again in the next session. For the current session, Mr. Vanderweide would note that a Fiscal Note is required and has not been obtained yet.

- C. Discussion and clarifying questions opened amongst the Board members. Clarification of who the Bill sponsor is – Mr. Mike Clampitt, representative from Swain County and a retired member of the System. Trustees questioned how HB565 was introduced. The Bill was introduced through a Proposed Committee Substitute (PCS) whereby the language was copied and pasted into an existing Bill number. Deputy Chief Gordon gave overview of a Bill process and its movement over the next several days. The General Assembly session is slated to end at the end of June. It will be highly unlikely the Bill would be up for a vote by the end of the week.
- D. Further discussion ensued about the need for the Fiscal Note because of the timing of when the request was received and when a fiscal note could be generated. The Fiscal Note will not be received in time prior to end of House session. Trustees again began to question the request for the Fiscal Note by the NCGA Fiscal Research Division. It was clarified that currently Mr. Vanderweide stated that the House Bill needs the Fiscal Note and that he understood the CFRS process for expenditure approval, research necessary and that timing would not be complete before end of the House session but requested that the CFRS continue to pursue the Fiscal Note. Mrs. Thiry stated in discussions that the NCGA could perform Fiscal Note study but would need specifics about the System. Trustees are concerned with someone other than the CFRS Actuary performing analysis and the staff time required as well as expenditure of funds for a Bill that may or may not come up in the next House session. Mr. Kay explained the two-week requirements for the Fiscal Note per NC General Statute 120-114 Actuarial Notes. Deputy Chief Gordon motioned to seek legal opinion if NC General Statute Section 120-114 applies to the CFRS and not provide a Fiscal Note until the CFRS has an opinion. Battalion Chief Ramsey seconded the motion. Motion carried.
- E. Discussion continued regarding messaging from the Board. Mrs. Thiry sent a response and individual elected members conveyed a response, however no response yet from the Board to the System's members has been sent. Battalion Chief Ramsey explained the email that he and Battalion Chief Moore compiled and there was enough people concerned that they contacted their representatives to stop the Bill. BC Ramsey also stated that Mr. Wilson sent out information to the retirees and that he supported the House Bill as he presented what Local 660 posted. BC Ramsey additionally explained the "back door" process to get the Bill introduced. It was further explained that a "back door" process put the System in jeopardy. Mr. Carr agreed that the Board should stand as one unified voice and that a communication should be sent out by the Board. Trustees discussed the various changes presented and except for the 52/40-hour work issue, none of the other changes had been brought before the Board as a concern or for review. Changes implied certain aspects were being done wrong; some changes made by ignorance and violates a way that trust is designed for oversight. Mr. Campbell suggested compiling a resolution to send to members/retirees. Mr. Carr also stated that a letter or resolution endorsing the Board's stance is necessary. Mr. Campbell asked Mr. Kay the best way to codify and he responded that however the Board wished to respond it would need to be a majority vote of the Board. Discussion ensued about a response and what to respond. Mr. Greer motioned to resolve that the Board: (1) Does not agree with the changes in the House Bill 565; (2) Does not support the process used in not following normal business channels and; (3) Requests House/Legislation to reject HB 565. Mrs. Crutchfield seconded motion. Motion carried unanimously. Staff will draft resolution and to be reviewed by Mr. Kay.
- F. Board members did raise a need for awareness if members have concerns and they're not being addressed. Mrs. Heffron commented that it's a topic that could be placed on the agenda for the next Board meeting.

G. BC Ramsey raised concerns about ethical behavior perpetrated by Mr. Wilson blind copying discussion(s) to the Union. BC Moore agreed that it was not appreciated. Mrs. Heffron asked Mr. Kay to review this issue at a future meeting. Mr. Wilson felt that he didn't find anything real secretive about blind copying but certain Board members are not trusting Mr. Wilson's intentions. Mr. Kay commented that it sounds like Board members are just disagreeing and can speak freely of what's on their mind. That it's perfectly fine and proper to disagree. The method to work on issues is discussion and to put forth various motions for the Board if deemed necessary and take a position. Mr. Carr motion. DC Gordon seconded motion. Motion carried.

Adjournment at 4:30 pm