

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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

BENEFITS COMMITTEE MINUTES

July 9, 2020

PRESENT: Melinda Manning - Chair, Lee Thompson, Ryan Pope (left at 8:10 a.m. and returned at 8:40 a.m.) and, Sheila Simpson (left at 9:28 a.m.)

ALSO: Staff - Sandy Thiry, Desire' Dixon, Tony Bass and Legal Counsel Lisa Flowers (joined at 8:15 a.m.)

GUEST: Ryan Bergman, Marvin Wilson

CALL TO ORDER

Mrs. Manning called the meeting to order at 8:03 a.m. Due to the gathering restrictions surrounding COVID-19, the Benefits Committee meeting took place via teleconference. Attendance was taken via roll call.

I. MEETING MINUTES APPROVAL

Ryan Pope motioned to approve the meeting minutes for June 11, 2020 and Lee Thompson seconded the motion. Motion carried unanimously via roll call with all trustees in attendance.

II. ACT AMENDMENTS

Melinda Manning discussed the recommendations for funding the ADEC including the benefits, plan provisions, assumptions and funding methods.

- A.** Act Amendments – Melinda Manning discussed the Committee's responsibilities for making funding recommendations. The Board has already approved the economic and demographic assumptions, which will have an impact on the funding level. In January, the Board was ready to approve a funding request for the City to pay the full ADEC, however, the City was not amenable to such an increase and asked for a collaborative effort to reach the ADEC. The Committee has discussed at great length an approach that the City may consider. The Committee recommends that the Employer Contribution language in the Act be changed to reflect a minimum 14% Contribution, and that the Contribution increase incrementally by 2% each year for the next 5 years to 24%. It was also recommended that the City not pay more than the ADEC if the ADEC was less than the incremental increase for a given year.
- B.** The Committee has spent several months discussing plan provision options such as limiting or re-defining compensation, changing the final averaging period to 3 or 4 years, and increasing the Employee Contribution, to name a few, that would be catalysts to help control the plan sponsor's costs. However, the Committee agreed that decisions regarding any benefit changes should be a result of conversations between city finance and human resources. The CFRS is not in a position to know or recommend budgetary resolutions or impact to employee benefits of the City. Sheila Simpson agreed that the Committee does not know how these types of recommendations would impact the City's organization. The Committee felt the best approach would be to present the City with recommendations for Act changes that the Board has control over

and offer the City options for controlling their costs that the Committee has vetted. The City and the Charlotte Firefighters Retirement System can continue to work together through ongoing open dialogue regarding funding and plan costs with the City’s liaison, Ryan Bergman.

Sandy Thiry provided a worksheet that summarized the Committee’s months of research and discussions of the major plan provisions that affect funding and plan costs. The Committee discussed each option, which range from remaining status quo (do nothing), to acting.

Options	Benefit Committee Decision	Reason
Remain Status Quo	Not an option	Does not comply with fiduciary responsibility
Remain Status Quo & Bill Sponsor for Cost of Enhanced Benefits	Not an option	The ADEC includes all costs
Increase Employer Contribution	Yes, Amend the Act; 14% minimum eff 7/1/2020, with 2% incremental increase FY2022 to FY26, not to exceed the ADEC	Fiduciary Responsibility
Lower the Interest Rate applied to Return of Contributions	Yes, amend the Act	Outdated, tie to “current market conditions”
Change Cost Basis for Military Purchases	Yes, amend the Act	Provide consistency with all three types of prior service purchase costs
Restrictions (70 1/2 distribution rule)	Yes, amend the Act	IRS Mandate, SECURE Act
Increase Employee Contribution	Option not supported by Benefits Committee	The ADEC is the Sponsor’s responsibility
Change Definition of Compensation (Base Salary only)	Option not supported by Benefits Committee	Sponsor needs to determine what benefits to provide employees and at what cost
Limit/Cap Compensation for Final Average Salary	Option not supported by Benefits Committee	Sponsor needs to determine what benefits to provide employees and at what cost
Change Final Average Salary Period to 3 or 4 yrs vs 2yr	Option for City to Evaluate, Benefits Committee not opposed	Sponsor needs to determine what benefits to provide employees and at what cost

Motion – Lee motioned for The Benefits Committee to present the matrix of recommendations and City options, including the reasons for the recommendations, to the Board for review. Ryan Pope seconded the motion. The motion carried unanimously via roll call with all trustees in attendance except for Sheila Simpson.

III. BENEFITS COMMITTEE CHARTER REVIEW

The Committee members will review its Charter and discuss any updates during the August Committee meeting and resolve housekeeping issues at that time.

IV. NEW BUSINESS

No new business was presented during the July Benefits Committee Meeting.

Lee Thompson motioned to adjourn at 9:57 a.m. and Ryan Pope seconded the motion. Motion carried unanimously via roll call with all trustees in attendance except for Sheila Simpson.

Next Regular Meeting is scheduled for Thursday, August 12, 2020 at 8:00 a.m.

cc: Vanessa Heffron -Chair
John Carr – Vice Chair
Lisa Flowers – Sr. City Attorney