

CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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BENEFITS COMMITTEE MINUTES

July 8, 2021

PRESENT: Melinda Manning - Chair, Lee Thompson, Renee Metzler

ABSENT: Ryan Pope, Sheila Simpson

OTHER: Staff - Sandy Thiry, Desiré Dixon, Tony Bass, Tyrallyn Phelps (left at 8:30)

OFFICIAL CALL TO ORDER

Melinda Manning called the meeting to order at 8:00 a.m. and attendance was taken via roll call.

I. MEETING MINUTES APPROVAL

Renee Metzler motioned to approve the minutes for the June 10, 2021 meeting and Lee Thompson seconded the motion. The motion carried via roll call vote.

II. NOTEWORTHY NEWS

Sandy Thiry informed the Committee that there are still no updates to the Various House Bills and will continue to monitor.

III. ACT AMENDMENT UPDATE

There has been no approval yet. Staff will continue to monitor the progress.

IV. EDUCATIONAL MODULE UPDATE

- A. The Overview and Calculation modules have been rolled out for over 90 days. The next module regarding Disability Retirements has been reviewed by staff and awaiting legal counsel's review. Some topics that have come up as interest for future modules include the annual valuation process, benefits for those who terminate or die prior to retirement, and Qualified Domestic Relations Orders. Focus for the next module will be the annual valuation timed with the annual valuation report later this year.
- B. In speaking about Disabilities, Lee Thompson explained that the Fire Department has been working on implementing the national fitness program. Any member that rated Class D would not be allowed to perform their essential job duties and would be pulled from the truck. Representatives from the CFD, CFRS (elected active firefighter trustees and Administrator), CFD HR, City HR, the City's legal counsel and the Board's legal counsel have been meeting to work through benefit provisions, concerns, and obstacles to understand how to manage these members since they do not fall under the City's light duty policy. More to come on this subject.
- C. The Business Continuity Plan that was created by Staff is well under way. The System's IT Vendor came into office and sat with each staff member to understand the individual roles and any software or personnel risks. This also aligned with the cyber security insurance application/coverage premiums. The IT vendor was very impressed with the level of dual support and process documentation, along with the fact that it is updated and maintained. An update has been made to the server for firewall enhancements and a

special server within the server to be able to house and access the financial application remotely. Prior to this update, the financial software was the only application that could not be accessed remotely.

V. FUNDING POLICY

The drafted Funding Policy was reviewed. Additional edits were noted. Sandy will re-circulate the edited version for confirmation of those edits prior to the Board's review in the July meeting. Since the rest of the Board will be seeing this policy for the first time, they may need time to read and come back with any questions or edits. The Committee will present the draft for the Board's review and request all comments be returned by the Committee's September meeting with the expectation of the Board's approval in the October meeting.

VI. OLD BUSINESS

- A.** The topic of a retiree bonus or COLA has been raised again since the Committee's update to the Board in April regarding the Committee's review and suggested next steps. Melinda Manning reminded the Committee that the Board is bound by the Act's provisions. Recognizing the CFRS fund did much better than the expected rate of return this past year, the liabilities must be reviewed in tandem. Melinda also explained the 5-year smoothing of assets in which one fifth of a year's gain or loss is recognized to avoid such volatile impacts to the fund. Gains made in the market do not necessarily equate to excess funds in the system due to any unfunded liabilities. Besides a discussion of any bonus or COLA to a retiree, there is an outstanding conversation to be had regarding the assumed rate of return, which has not been reduced to the level of an expected market rate of return. Sandy stated that she is working with the actuary to include some analysis of a bonus when working through the FY21 annual valuation data and presentation to the Board in October. COLAs will be included in that analysis. Staff will work with Callan to provide some market fluctuation history.
- B.** Sandy provided update to her suggestion for a public forum process at meetings. After speaking to both committees, she will be presenting a process to the Board for consideration. Both Committees felt the members should be heard and the placement on the agenda should be at the beginning of the meeting. However, the Investment Committee felt that this should be made available at the Board level only so that the full Board had the opportunity to hear directly from the members.

VII. NEW BUSINESS

Sandy Thiry announced that Kelly Flannery, ex-officio trustee and CFO/Treasurer for the City, will be terminating on Friday, July 9, 2021. Terresa Smith has been promoted to CFO and the City will hire a Treasurer. Until the City Treasurer is hired, the Board will be down a trustee.

Lee Thompson motioned to adjourn at 9:41 a.m. and Renee Metzler seconded the motion. The motion carried via roll call.

Next Regular Meeting is scheduled for Thursday, August 12, 2021 at 8:00 a.m.