

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIRMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JANUARY 27, 2021**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB), Board of Trustees, was held on Wednesday, January 27, 2021 in the Conference Room A at 4101 MacCorkle Avenue, Charleston, West Virginia, 25302.

Call to Order

The meeting was called to order at 10:03 a.m. by Joseph G. Bunn, Chair.

Roll Call:

Trustees participating:

Joseph G. Bunn, Chair

Michael Corsaro, Vice-Chair

Ann Urling, *representing Governor James C. Justice, II (via Teams)*

Jeff Waybright, *representing Auditor John B. McCuskey*

Riley Moore, *State Treasurer*

Cabinet Secretary Allan L. McVey

Bill Barker

Andy Bird

Michael Haney

Joe Lynch

Mike McKown

D. Todd Murray

Jeffrey Vallet

Trustees absent:

None.

A quorum was present.

Others present:

Jeffrey E. Fleck, CPRB Executive Director

Terasa Miller, CPRB Deputy Director

Nancy Butcher, CPRB Executive Assistant
Jeaneen Legato, CPRB General Counsel
Ken Woodson, CPRB Actuary
Tina Baker, CPRB Internal Auditor
Patricia Bowgren, CPRB IT Staff
Tanner Mann, CPRB Actuarial Analyst Trainee
John Galloway, CPRB Chief Financial Officer
Tom Sauvageot, Investment Officer, WVIMB
Tina Baker, CPRB Internal Auditor
David Driscoll, Buck Consultants, *via Zoom*
Ronda Harvey, Esquire, Bowles Rice
Chris Meadows, Empower

Tab 1: Approval of the December 27, 2020 Minutes

Mr. Vallet made a motion to approve the minutes of the December 27, 2020 meeting of the Board. The motion was seconded by Mr. McVey. The motion was adopted.

The minutes were located behind Tab #1 of the Board materials.

Tab 2: Report of the Executive Director

Mr. Jeffrey Fleck, Executive Director, gave his report to the Board which included the following information:

1. *Mission Statement* – Mr. Fleck reported that the Mission Statement had been updated to include the new Natural Resources Police Officers Retirement Plan information.
2. *CPRB Metric Chart* - Mr. Fleck said that the retirement section continues to process retirements applications as quickly as possible. He reviewed the numbers for each of the retirement plans as well as reviewing the statistics for deaths, refunds, and benefit estimates.
3. *TDC Statistics* - He reported that the Plan had 3,983 participants and said that even with its declining participants, the assets continue to grow. He stated that its assets were \$659,635,677.

4. *Delinquent Employers* – Director Fleck stated that Green Acres continues to reimburse according to their agreement. He added the City of Williamson has been contacted regarding their delinquencies.
5. *December Financials* - He stated that the December Financials included in the Board materials had a mistake that had been corrected. The Miscellaneous line item included \$50,000 that should be in the Legal line item. He went on to say that the agency is at 66.58 percent of its YTD Actual budget.
6. *2020 Comprehensive Annual Financial Report (CAFR)* – Mr. Fleck reported that the CAFR had been submitted earlier than any other year and that a copy had been provided to each member of the Board.
7. *Legislative Update* - Director Fleck stated that the regular Legislative Session would begin on February 10, 2021 and that a list of the Senate and House Pensions Committee members was included in the Board materials. He also stated that Deputy Director Miller would be reviewing the agency’s proposed legislation later in the meeting.
8. *Ethics Commission -Financial Disclosure Statement* – Mr. Fleck reminded the members of the Board that their Financial Disclosure Statements were due by February 1, 2021 to the Ethics Commission.

Report of the Chairman

Chairman Bunn announced changes to the committees of the Board. Those changes include dissolution of the following committees:

- Computer System Update Committee
- Delinquent Employer Collection Committee
- Executive Director Search Committee
- Hearing Officer Search Committee
- Military Service Committee
- Internal Audit Committee

He added that he was reconfiguring some of the remaining committees. Those changes included:

- Changing the name of the Accounting & Investment Committee to the Accounting & Audit Committee.
- Assigning the auditing duties of the dissolved Internal Audit committee to the Accounting & Audit Committee
- Changing the name of the Investment Policy Review Committee to the Investment Committee

- Assigning the investment duties of the Accounting & Audit Committee (previously the Accounting & Investment Committee) to the Investment Committee.

Chairman Bunn announced committee assignments for the following committees:

Accounting & Audit Committee

Jeff Waybright, Chair
 Bill Barker
 Michael Corsaro
 Mike McKown
 Jeffrey Vallet

Actuarial Assumptions Review Committee

Mike McKown, Chair
 Ann Urling
 Bill Barker
 Michael Corsaro
 Jeffrey Vallet

Disability Review Committee

D. Todd Murray, Chair
 Jeff Waybright
 Michael Corsaro
 Michael Haney
 Joe Lynch

Executive Director & Actuary Review Committee

Cabinet Secretary Allan L. McVey, Chair
 Ann Urling
 Bill Barker
 Andy Bird
 Joe Lynch

Investment Committee

Jeffrey Vallet, Chair
 Riley Moore
 Allan L. McVey
 Andy Bird
 Mike McKown

Outside Legal Services Committee

Michael Corsaro, Chair
 Ann Urling
 Allan L. McVey
 Bill Barker
 D. Todd Murray

WVIMB Representatives Committee

D. Todd Murray, Chair
 Allan L. McVey

Andy Bird
Joe Lynch

The Report of the Executive Director and the Chairman were located behind Tab #2 of the Board Materials.

Tab #3: Plans Investment Data

Tom Sauvageot, Investment Officer of the West Virginia Investment Management Board (WVIMB), reviewed the Plan’s Investment Returns Preliminary Report for the period ending November 30, 2020. He reported that investment returns were up 3 percent to 7.7 percent for the month, 5.1percent for the quarter and 11.8 percent for the year. He added that investments were well over the actuarial return assumption of 7.5 percent. He said that the preliminary December numbers were coming in at 3.8 percent and the FYTD is at 16 percent. He went on to say that the FYTD is well over the actuarial return assumption of 7.5 percent and the preliminary December numbers are coming in at 3.8 percent.

Chris Meadows of Empower Retirement gave an update on the TDC Outreach and Reality Investing. Mr. Meadows stated his counselling sessions continue to be virtual due to the COVID. He stated that his virtual and telephone counselling sessions total 63 for the year.

Chris Meadows of Empower Retirement gave an update on the TDC Investment Data. He reported that the domestic economy continues to recover. He added that the GDP estimates are between 4 and 5 percent for the 4th Quarter. He also reported that unemployment rate was declining.

The Plans Investment Data reports, TDC Educational Meeting reports and TDC Outreach materials were located behind Tab #3 of the Board materials.

Tab #4: Consideration of the Current Disability Retirement Applications

Mr. Murray reported that the Disability Committee met on Tuesday, January 26, 2021 via telephone conference call and the Disability Committee approved the staff’s recommendations of disability retirement applications and made the following recommendations to the Board for their approval:

System	Approved	Denied	Total
PERS	6 (1-Total Duty)	0	6 (1-Total Duty)

Plan B	1 - Total Duty	0	1 - Total Duty
TRS	5	2	7
TOTALS	12	2	14

Mr. Corsaro made a motion the Board accept and approve the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Haney. The motion to accept and approve the recommendations was adopted.

The Disability report and minutes were located behind Tab #4 of the Board materials.

Executive Session

Chairman Bunn announced he would entertain a motion to go into Executive Session to discuss a legal matter.

Mr. Barker made a motion the Board go into Executive Session to discuss a legal matter as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. McVey. The motion was adopted.

The Board went into Executive Session at 10:41 a.m.

Chairman Bunn reconvened the Public Session of the January 27, 2021, meeting of the CPRB from Executive Session at 10:53 a.m. He announced the Board was in Executive Session to discuss a legal matter as allowed by West Virginia Code §6-9A-4 and that no decisions were made during Executive Session.

Tab #5: Legal Counsel Reports

Report of In-House Legal Counsel – Jeaneen Legato

Jeaneen Legato, In-House Legal Counsel, presented her report to the Board on all pending legal matters. She reported on all current Administrative and Circuit Court matters. She added that Judge Dan O'Hanlon has been assigned cases that were assigned to Judge Charles King.

Ms. Legato reported that former Justice Loughry's case was one of the cases assigned to Judge O'Hanlon. She also reported to the Board that legal counsel for Linda Birchfield-Modad had presented a Settlement Offer that proposed dropping the appeal in exchange that Ms. Birchfield-Modad be awarded half of the service credit that had been taken from her. *(The Board took no action on the Settlement Offer.)*

Report from Outside Legal Counsel – Ronda Harvey

Ms. Harvey updated the Board on matters still pending in the Circuit Courts of West Virginia and other administrative matters. Ms. Harvey also reported that the DNR subsistence allowance case was still pending before Kanawha County Circuit Judge Jennifer Bailey. She added that Judge Kaufman had sent notification that he had a conflict with the Truman Sayre case, and it had been assigned to Judge O'Hanlon. She also informed the Board that, as of the date of the Board meeting, Deborah Birthisel had not appealed the Board's Final Order.

The reports of the In-House and Outside Legal Counsel were located behind Tab #5 of the Board materials.

Tab #6: Valuations

David Driscoll of Buck Consultants presented the Valuations for PERS, TRS, State Police Plan A, State Police Plan B and JRS. They reported that the July 1, 2020 valuation results produced lower unfunded liabilities and lower State Costs for PERS, TRS and JRS, but higher unfunded liabilities and higher state costs for the Public Safety plans (Plan A and Plan B). He went on to say that significant events in FY 2020 that were reflected in the valuations were asset performance for the plan year ending June 30, 2020 which included investment returns that were in the 3.04 percent to 3.30 percent range which were well below the assumed return of 7.50 percent. He added that assumption changes for TRS that were adopted by the Board were healthy and disabled mortality tables, withdrawal rates, disability rates, retirement rates, salary scales, and non-contributory service loads that were updated and the net effect of those changes was to decrease costs and increase liabilities.

Mr. Driscoll gave comments on the July 1, 2020 valuation results. For Plan A he said that the amortization policy was updated to amortize the unfunded liability as of July 1, 2020 as a level-dollar amount over 7 years, with future gains/losses and assumption changes to be amortized as a level-dollar amount over separate closed 5-year periods and prior bases would be fully amortized when the plan becomes overfunded.

For JRS, Mr. Driscoll said that future salary increases are scheduled for July 1, 2021 and July 1, 2022 for Justices of the Supreme Court of Appeals and Circuit Court Judges. He added that the retirement benefits for Tier 1 members will increase accordingly, since COLA's are based on the salaries of sitting judges. These increases were initially valued beginning with the July 1, 2020 valuation.

He reported the following valuations for each of the plans:

- PERS – Funded from 93.8 percent to 95.0 percent
- TRS – Funded from 71.1 percent to 72.8 percent
- State Police Plan A – Funded from 89.9 percent to 87.4 percent
- State Police Plan B – Funded from 91.8 percent to 88.4 percent
- JRS – Funded from 192.5 percent to 218.3 percent

Mr. Driscoll then answered questions from the board members.

Mr. McVey made a motion to approve the Valuations as presented by Buck Consultants. Mr. Corsaro seconded the motion. The motion was adopted.

The report of the Actuarial Consultants was located behind Tab #6 of the Board materials.

Tab #7: Recommended Employer Contributions Rates

Ken Woodson, CPRB Actuary, reported on the Recommended Contribution Rates, effective July 1, 2021 based on July 1, 2020 Actuarial Valuation Results for PERS, State Police Plan B and JRS. He made the following recommendations:

- PERS – Employer Contribution rate of 10 percent of payroll effective July 1, 2021

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the PERS contribution rate. Mr. Waybright seconded the motion. The motion was adopted.

- State Police Plan B – Member Contribution Rate of 13 percent effective July 1, 2021
- Employer Contribution rate of 28 percent of payroll effective July 1, 2021

Mr. Corsaro made a motion to approve the recommendation of the Board Actuary for the State Police Plan B contribution rates. Mr. Bird seconded the motion. The motion was adopted.

- JRS Member Contribution rate of 7 percent of payroll effective July 1, 2021

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the JRS Employee contribution rate. Mr. McKown seconded the motion. The motion was adopted.

- JRS – Contribution of \$742,000 effective July 1, 2021

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the JRS Employer contribution amount. Mr. Corsaro seconded the motion. The motion was adopted.

Valuations & Recommended Employer Contribution Rates

Ken Woodson, CPRB Actuary, reported on the Valuations and Recommended Employer Contribution Rates, effective July 1, 2021, for DSRS, MPFRS and EMSRS. He made the following recommendations:

- DSRS – Employer Contribution rate of 13.0 percent of payroll effective July 1, 2022

Mr. Murray made a motion to approve the recommendation of the Board Actuary for the DSRS contribution rate. Mr. Lynch seconded the motion. The motion was adopted.

Mr. Woodson also recommended:

- Effective July 1, 2021, amortizing the EMSRS UAAL over 10 years on a level dollar basis, where EMSRS assumption changes, gains or losses, and plan provision changes would be included in the UAAL each year and not amortized individually.

Mr. Lynch made a motion to approve the recommendation of the Board Actuary for the EMSRS amortization of EMSRS UAAL. Mr. Vallet seconded the motion. The motion was adopted.

- EMSRS – Employer Contribution rate of 10.5 percent of payroll effective July 1, 2021

Mr. Lynch made a motion to approve the recommendation of the Board Actuary for the EMSRS contribution rate. Mr. Vallet seconded the motion. The motion was adopted.

- MPFRS – Employer Contribution rate of 8.5 percent of payroll effective July 1, 2021

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the MPFRS contribution rate. Mr. Haney seconded the motion. The motion was adopted.

- NRPORS – Employer Contribution rate of 12.0 percent of payroll effective January 2, 2021 continuing through June 30, 2022

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the NRPORS contribution rate. Mr. Waybright seconded the motion. The motion was adopted.

Mr. Lynch made a motion to accept the report on the Recommended Employer Contribution Rates of the Board Actuary. Mr. Waybright seconded the motion. The motion was adopted.

The reports of the Board Actuary were located behind Tab #8 of the Board materials.

Tab #8: Actuarial Factors for Plan Administration

Ken Woodson, CPRB Actuary, made a recommendation that the Board approve a continuation of the 2020 Actuarial Assumptions and Factors for Administration for calendar year 2021 without modification for the nine defined benefit plans (PERS, TRS, State Police Plan A, State Police Plan B, JRS, NRPORS, DSRS, EMSRS and MPFRS).

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the Actuarial Factors for Plan Administration. Mr. Lynch seconded the motion. The motion was adopted.

The report of the Board Actuary was located behind Tab #9 of the Board materials.

Tab #9: Proposed Legislation

Chairman Bunn recognized Terasa Miller, Deputy Director to present the proposed legislation for the upcoming Legislative Session.

Deputy Sheriffs' Retirement System

Ms. Miller reviewed the legislation dealing with the Deputy Sheriffs' Retirement System and asked that Board approve the submission of the legislation to the Senate and House Pensions Chairs, upon final approval from the Governor's office, with ability to make any non-substantive changes for bill drafting purposes.

Mr. Murray made a motion that the Board approve the submission of the legislation to the Senate and House Pensions Chairs, upon final approval from the Governor's office, with ability to make any non-substantive changes for bill drafting purposes relating to the Deputy Sheriffs' Retirement System. Mr. Waybright seconded the motion. The motion was adopted.

Municipal Police and Firefighters Retirement System

Ms. Miller reviewed the legislation dealing with the Municipal Police and Firefighters Retirement System and asked that the Board approve the submission of the legislation to the Senate and House Pensions Chairs, upon final approval from the Governor's office, with ability to make any non-substantive changes for bill drafting purposes.

Mr. Vallet made a motion that the Board approve the submission of the legislation to the Senate and House Pensions Chairs, upon final approval from the Governor's office, with ability to make any non-substantive changes for bill drafting purposes relating to the Municipal Police and Firefighters Retirement System. Mr. Waybright seconded the motion. The motion was adopted.

Natural Resources Police Officers Retirement System

Ms. Miller reviewed the legislation dealing with the Natural Resources Police Officers Retirement System and asked that the Board approve the submission of the legislation to the Senate and House Pensions Chairs, upon final approval from the Governor's office, with ability to make any non-substantive changes for bill drafting purposes..

Mr. Vallet made a motion that the Board approve the submission of the legislation to the Senate and House Pensions Chairs, upon final approval from the Governor's office, with ability to make any non-substantive changes for bill drafting purposes relating to the Natural Resources Police Officers Retirement System. Mr. Lynch seconded the motion. The motion was adopted.

Tab #10: Old Business

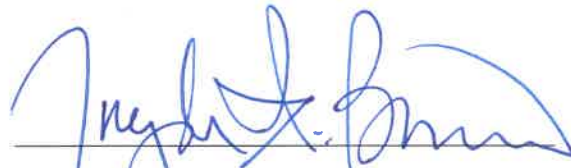
Chairman Bunn inquired as to any old business to come before the Board. None was heard.

Tab #11: New Business

Chairman Bunn inquired as to any new business to come before the Board. None was heard.

Adjournment

There being no further business to come before the board, the meeting adjourned at 1:05 p.m.



Joseph G. Bunn, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board