

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACCOUNTING & INVESTMENT COMMITTEE
MEETING OF AUGUST 31, 2016**

A meeting of the West Virginia Consolidated Public Retirement Board's Accounting & Investment (A&I) Committee was held in the Consolidated Public Retirement Board's (CPRB) Legal Conference Room, 4101 MacCorkle Avenue, SE, Charleston, West Virginia. The meeting was called to order at 9:03 a.m. by Chairman Joseph Bunn.

Roll call was taken.

Committee Members present:

Joseph Bunn, Esquire, Chairman

Diana Stout, Esquire, *representing Treasurer John Perdue*

Acting Cabinet Secretary Mary Jane Pickens

Angela Crank

Jeffrey Vallet

No members were absent.

Others present were:

Mike McKown, Board Member

Jeffrey E. Fleck, CPRB Executive Director

Terasa Miller, CPRB Deputy Director

Darden Greene, CPRB Chief Financial Officer

Paula Van Horn, CPRB TDC Manager

Heather Drake, CPRB Administrative Assistant

Chris Meadows, Empower Retirement, Outreach Officer

Eric Sanderson, Empower Retirement, Client Relationship Director

Danette Rausch, Empower Retirement, AVP of Partner Strategy

Michael Burroughs, Advised Asset Group (AAG), *via telephone*

A quorum was present.

Due notice had been posted.

Item #1: Approval of the June 1, 2016 Meeting Minutes

Ms. Crank made a motion to approve the June 1, 2016 minutes. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Item #2: TDC Quarterly Investment Review (Michael Burroughs, AAG)

Mr. Burroughs reviewed the Teachers' Defined Contribution (TDC) Quarterly Investments through June 30, 2016 with the Committee and discussed the performance of the TDC funds.

Eric Sanderson, introduced Danette Rausch, Assistant Vice President (AVP) of Partner Strategy for Empower Retirement.

Mr. Burroughs reviewed the Large Cap Growth Fund Search with the Committee.

Chairman Bunn asked the Committee if there was any action they wanted to take regarding the PIMCO Total Return Fund. Ms. Stout asked Mr. Burroughs if he had a recommendation on which fund to select.

Mr. Burroughs reviewed with the Committee the possible replacement investment options as requested by the Committee for the PIMCO Total Return Fund. He suggested and reviewed the Baird Aggregate Bond and the Western Asset Core Plus Bond A Fund.

Ms. Stout made a motion the Committee recommend to the Board the replacement of the PIMCO Total Fund with the Western Asset Core Plus Bond A Fund. The motion was seconded by Mr. Vallet. There was discussion on the motion. Chairman Bunn asked for a show of hands. There were 3 in favor of the motion and 2 against. The motion carried.

**Item #3: TDC Personnel, Outreach & Reality Investing Update
(Chris Meadows - Empower)**

Mr. Sanderson introduced Chris Meadows of Empower Retirement. Mr. Meadows is the new Outreach Officer for the TDC Plan. Mr. Sanderson informed the Committee that Empower sent out a post-card to all TDC Plan participants introducing Mr. Meadows to all of the members in TDC.

Mr. Meadows reported on the TDC Outreach Meetings and Reality Investing. He reported there had been 48 meetings with 582 in attendance so far this year. Mr. Meadows then reviewed the Reality Investing Statistics with the Committee. He announced as of July 31, 2016, there were 4,488 TDC participants and \$433,350,909 in total assets.

Ms. Stout announced to the Committee that the Department of Education has a provision in their code that limits their investment authority to effectively cap funds and that the Pension Protection Act allows that to be much broader. She announced because of that limitation, the Treasurer's Office has been asked to consider a code modification that would follow the Federal Law. Since this would potentially effect the TDC Plan,

she wanted to mention it to the Committee. She announced if Treasurer Perdue decides to move forward with it, she will bring more information back to the Committee at that time.

**Item #4: TDC Revenue Sharing Summary - Quarter ending 6-30-2016
(Paula Van Horn- CPRB)**

Paula Vanhorn reviewed the TDC Revenue Sharing account information for the quarter ending June 30, 2016 with the Committee. Ms. Van Horn announced the TDC Revenue Sharing started with a balance of \$1,195,413.73 as of April 1, 2016 and ended with a balance of \$921,600.62 as of June 30, 2016. Ms. Vanhorn announced a running total for the TDC portion of the COMPASS Computer System is \$686,282.96.

**Item #5: TDC Weighted Average Returns - Quarter ending 6-30-2016
(Paula Van Horn- CPRB)**

Paula Van Horn reviewed the TDC Returns and Weighted Average Returns for the quarter ending June 30, 2016 with the Committee. Ms. Vanhorn announced TDC has \$423,002,372.00 in assets and there were 4,542 participants. She announced there are still two funds on the informal watch list and one on the watch list.

Item #6: Contractual Updates (Terasa Miller - CPRB)

Deputy Director Terasa Miller discussed the Empower contract renewal with the Committee. She announced Empower has a one year renewal remaining, and they have agreed to renew under the same terms and conditions.

Mrs. Miller announced that the Accounting Financial Audit is being put out to bid this week for a Request for Quotation (RFQ) to perform the Fiscal Year 2016 Financial Audit. Gibbons & Kawash did not want to renew their contract due to numerous Governmental Accounting Standards Board (GASB) changes and change orders that have been required.

Darden Greene, Chief Financial Officer announced that the many changes within GASB is happening nationwide with the Standards Class by the Governmental Standards Board as it relates to pension plans. It was beyond the scope of what Gibbons & Kawash originally had bid on in the original contract. Gibbons & Kawash felt like it needed to put back out to be bid.

Executive Director Fleck announced that the Board approved Gibbons & Kawash to extend their contract through October 31, 2016 at the last Board Meeting. He announced that he is hoping to have the RFQ bids back in time to present them to the Board at the October 12, 2016 meeting.

Item #7: Other Business

Chairman Bunn asked Mr. Sanderson to address the Committee about TDC Managed Account fees.


Mr. Sanderson announced to the Committee that Empower sent a letter out to TDC Participants regarding changes to the "Fees for the Services" section of the AAG's Advisory Services Agreement for managed accounts. He announced the TDC Participants were notified that these changes will go into effect on October 1, 2016.

Chairman Bunn asked the Committee if there was any other business to bring before the Committee. None was heard.

Mr. Vallet made a motion to adjourn the August 31, 2016 A&I Committee Meeting. The motion was seconded by Ms. Stout. The motion carried unanimously.

Chairman Bunn adjourned the August 31, 2016 A&I Committee Meeting at 9:54 a.m.

Respectfully submitted,



Joseph Bunn, Chairman



Jeffrey E. Fleck, Executive Director