

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIRMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JANUARY 22, 2020**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB), Board of Trustees, was held in the CPRB Conference Room at 4101 MacCorkle Avenue, SE, Charleston, West Virginia 25304, on Wednesday, January 22, 2020. The meeting was called to order at 10:02 a.m. by Vice-Chair Michael Corsaro.

Roll Call was taken.

Trustees present were:

Michael Corsaro, Vice-Chair
Mike Hall, *representing Governor James C. Justice, II*
Jeff Waybright, *representing Auditor John B. McCuskey*
Diana Stout, *representing Treasurer John Perdue*
Cabinet Secretary Allan McVey
Andy Bird
Joe Bunn
Mike McKown
D. Todd Murray
Jeffrey Vallet

Trustees absent:

David Wyant, Chair
Bill Barker
Michael Haney
Joe Lynch

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB, Executive Director
Terasa Miller, CPRB, Deputy Director
Nancy Butcher, CPRB, Executive Assistant
Jeaneen Legato, Esquire, CPRB, General Counsel
John Galloway, CPRB Chief Financial Officer
Ken Woodson, CPRB, Actuary
Tanner Mann, CPRB, Actuarial Analyst Trainee
Patricia Bowgren, I.T. Staff
Alysia Miller, CPRB Paralegal

John Beane, CPRB IT Manager
Caroline Brady, CPRB Employer Reporting Manager
Tim Abraham, CPRB Chief Compliance Officer
Tina Baker, CPRB Internal Auditor
Troy Jaros, Buck Consultants
David Driscoll, Buck Consultants
Ronda Harvey, Esquire, Bowles Rice
Craig Slaughter, WVIMB
Chris Meadows, Empower

Tab 1: Approval of the December 18, 2019 Minutes

Mr. Bunn made a motion to approve the minutes of the December 18, 2019 meeting of the Board. The motion was seconded by Mr. Waybright. The motion was adopted.

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

Tab 2: Reports of the Chairman and Executive Director

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

1. Executive Director Fleck reported on the Metric Chart. He said that there were almost 300 retirements in January 2020. He added that there had been a downturn in retirements in recent years, due in part, because of salary increases. He went on to say that the average time until the first retirement check is received is 31 days. He added that over 3000 refunds have been processed in the past year.
2. Executive Director Fleck reviewed the TDC Statistics. He reported that the Plan had 4,083 participants and its assets were \$575,211,219.
3. Executive Director Fleck updated the Board on the Delinquent Employers. He stated that Green Acres continues to reimburse according to their agreement. He went on to say that City of Williamson had been contacted several times and that a certified letter had been sent to them regarding their late payments. He added that the agency expected to receive their payment without issue.
4. Executive Director Fleck gave an update on the CPRB Outreach presentations. He reported on the upcoming presentations that are scheduled.
5. Executive Director Fleck gave an update on the ReliaCard. He informed the Board that the number of paper checks was down to 171 and that the January

retiree payments, if not direct deposited, would be loaded onto pay cards on January 24th.

6. Executive Director Fleck reviewed the December financials. He stated that the agency was at 36% of the overall budget and 73.2% of the budget year-to-date.
7. Executive Director Fleck announced that the agency had submitted its Comprehensive Annual Financial Report to the Government Finance Officers Association before the deadline. He commended Mr. Galloway and his staff for their work on the CAFR.
8. Executive Director Fleck gave an update of the Legislative session. He reported on legislation that might have an impact on the CPRB.
9. Executive Director Fleck discussed the security contract with the West Virginia State Police. He reported that the contract would reach its dollar limit before the contract term expires. Mr. Fleck asked the Board to approve an extension of the contract through April 30, 2020. After discussion with board members, Mr. Fleck asked the Board to approve an extension of the contract through June 3, 2020.

Mr. Bunn made a motion to approve an extension of the current security contract with the West Virginia State Police through June 3, 2020. Mr. McVey seconded the motion. The motion was adopted.

10. Executive Director Fleck reminded the members of the Board that their Ethics Financial Disclosure was due by February 3, 2020.
11. Executive Director Fleck announced that a copy of the West Virginia State Police Disability Experience Annual Report for FY 2019 was included in the Board materials. He noted that the Experience Report for members of Plan A was on page 4 and Plan B members was on page 7.
12. Executive Director Fleck informed the Board members that there was an article about the Pensions Award that the agency had received in the Department of Administration's Quotes, Notes & Anecdotes.

The Report of the Executive Director was located behind Tab #2 of the Board Materials.

Tab #3: Plans Investment Data

Craig Slaughter, Executive Director of the West Virginia Investment Management Board (WVIMB), reviewed the Plan’s Investment Returns Preliminary Report for the period ending November 30, 2019. He reported that December investment returns were up 3.8%. He went on to say that a 6% return is anticipated for the first six months of 2020.

Chris Meadows of Empower Retirement gave an update on the TDC Outreach and Reality Investing. Mr. Meadows reported that since the December Board meeting his on-site meetings included locations in Kanawha and Putnam counties. He added that those meetings included 10 one-on-one reviews and 46 distribution and other counseling sessions for a year to date total of 56 total meetings.

Chris Meadows of Empower Retirement gave an update on the TDC Investment Data. He reported that the domestic economy continued to do well in the 4th quarter, the GDP was reaffirmed at 2.1% for the 3rd quarter, unemployment remained at approximately 3.5% at the end of December and inflation remained at 2.3% for the year. He went on to say that the S&P gained more than 31% with Mid-Caps up more than 30% and Small Caps up more than 25%. He added that international stocks raised more than 22% and bonds were up almost 9%. He also stated that the fund line-up continues to perform well.

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 21, 2020 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	7	0	7
Plan B	1- Total Duty	0	1 - Total Duty
TDC	1	0	1
TRS	7	0	7
TOTALS	16	0	16

Mr. Bunn made a motion the Board accept and approve the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Waybright. 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

Vice-Chair Corsaro announced he would entertain a motion to go into Executive Session to discuss legal matters and commercial competition.

Mr. Murray made a motion the Board go into Executive Session to discuss legal matters and commercial competition as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. McKown. The motion was adopted.

The Board went into Executive Session at 10:27 a.m.

Vice-Chair Corsaro reconvened the Public Session of the January 22, 2020, meeting of the CPRB from Executive Session at 10:50 a.m.

Vice-Chair Corsaro announced the Board was in Executive Session to discuss legal matters and commercial competition 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.

Ms. Legato reported to the Board on the Less than Honorable Service (LTHS) cases of:

Timothy Rock - A member of PERS and DSRS. Mr. Rock is a former Harrison County Deputy Sheriff who was convicted by a jury in Harrison County on 17 felony counts of *Falsifying Accounts* and one count of *Conspiracy*. On December 16, 2019, Judge Bedell sentenced him to 2-10 years in prison. He was a member of both PERS and DSRS.

Ms. Legato recommended the Board disqualify and terminate the PERS and DSRS membership of Timothy Rock for rendering LTHS pursuant to WV Code §5-10-49.

Mr. Bunn made a motion the Board accept the recommendation of Counsel to disqualify and terminate the PERS and DSRS membership of Timothy Rock and to authorize counsel to proceed with LTHS proceedings against him. Mr. Vallet seconded the motion. The motion was adopted.

Larry Dunbar – A TRS member and former Director of Transportation for Monroe County Schools. On October 17, 2019, Mr. Dunbar entered a plea of guilty to *Larceny by Fraudulent Scheme*. He was sentenced to 2-10 years in prison.

Ms. Legato recommended the Board terminate the TRS membership of Larry Dunbar pursuant to WV Code §5-10-49.

Mr. Vallet made a motion to accept the recommendation of Legal Counsel. Mr. Bunn seconded the motion. The motion was adopted.

Yvonne Dozier – A PERS member and former accounting technician for the Department of Environmental Protection. On November 18, 2019, she entered a plea of guilty to the federal offense of *Wire Fraud* in the U. S. District Court for the Southern District of West Virginia. She is scheduled to be sentenced on February 13, 2020.

Ms. Legato recommended the Board terminate the PERS membership of Yvonne Dozier pursuant to WV Code §5-10-49.

Mr. Bunn made a motion to accept the recommendation of Legal Counsel. Mr. McKown seconded the motion. The motion was adopted.

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 the Allen E. Tackett case and the Adam Scott case were still pending before Kanawha County Circuit Judge Carrie Webster.

The reports of the In-House and Outside Legal Counsel were located behind Tab #6 of the Board materials.

Tab #7: Reports and Minutes from Committees

Accounting & Investment Committee

Mr. Bunn gave a report from the Accounting & Investment Committee. He stated that the Committee had met on Tuesday, January 21, 2020. He went on to say that the

Committee had reviewed the Draft RFQ for Assurance Service & Technical Assistance and recommended that the Board approve the RFQ and to authorize staff to make changes as necessary to meet the requirements of the Division of Purchasing.

Mr. Vallet made a motion that the Board approve the RFQ for Assurance Service & Technical Assistance and to authorize staff to make changes as necessary to meet the requirements of the Division of Purchasing. Mr. Bird seconded the motion. The motion was adopted.

Outside Legal Services Committee

Ms. Stout reported that the Outside Legal Services Committee met before the Board meeting on Wednesday, January 22, 2020. She stated that the Committee had reviewed the draft RFP for Outside Legal Services that the CPRB staff had prepared. She went on to say that the Committee had recommended that the Board approve the draft RFP and to authorize the CPRB staff to make changes as necessary.

Mr. McVey made a motion that the Board accept the recommendation of the Committee and approve the draft RFP and to authorize the CPRB staff to make changes as necessary. Mr. Waybright seconded the motion. The motion was adopted.

The minutes, reports and presentations of the Committees were located behind Tab 7 of the Board materials.

Tab #7: Valuations

David Driscoll and Troy Jaros 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, 2019 valuation results produced lower unfunded liabilities and lower PERS and JRS, but higher unfunded liabilities and higher state costs for the Public Safety plans (Plan A and Plan B). TRS had a lower unfunded liability, and a higher state cost. They went on to say that significant events in FY 2019 that were reflected in the valuations were asset performance for the plan year ending June 30, 2019 which included investment returns that were in the 5.71 percent to 6.07 percent range which were below the assumed return on 7.50 percent. They added that assumption changes for PERS 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 liabilities.

They reported the following valuations for each of the plans:

- PERS – Funded from 92.9% to 93.8%
- TRS – Funded from 69.6% to 71.1%
- State Police Plan A – Funded from 90.4% to 89.9%
- State Police Plan B – Funded from 101.8% to 91.8%
- JRS – Funded from 185.5% to 192.5%

They then answered questions from the board members. Mr. McKown made a motion to approve the Valuations as presented by the Consultants. Mr. Vallet seconded the motion. The motion was adopted.

The report of the Actuarial Consultants was located behind Tab #7 of the Board materials.

Tab #8: Recommended Employer Contributions Rates

Ken Woodson, CPRB Actuary, reported on the Recommended Contribution Rates, effective July 1, 2019 based on July 1, 2018 Actuarial Valuation Results for PERS, State Police Plan B and JRS. He made the following recommendations:

- PERS – Employer Contribution rate of 10% effective July 1, 2020

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

- State Police Plan B – Member Contribution Rate of 12% effective July 1, 2020 and Employer Contribution rate of 23% effective July 1, 2020

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

- JRS Member Contribution rate of 7% effective July 1, 2020

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 \$838,000 effective July 1, 2020

Mr. McKown made a motion to approve the recommendation of the Board Actuary for the JRS Employer contribution amount. Mr. McVey 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, 2020, for DSRS, MPFRS and EMSRS. He made the following recommendations:

- DSRS – Employer Contribution rate of 12.0% effective July 1, 2020

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

- EMSRS – Employer Contribution rate of 10.5% effective July 1, 2020

Mr. Waybright 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% effective July 1, 2020

Mr. McVey made a motion to approve the recommendation of the Board Actuary for the MPFRS contribution rate. 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 #9: Actuarial Factors for Plan Administration

Ken Woodson, CPRB Actuary, made a recommendation that the Board approve a continuation of the 2019 Actuarial Assumptions and Factors for Administration for calendar year 2020 without modification for the eight defined benefit plans (PERS, TRS, State Police Plan A, State Police Plan B, JRS, DSRS, EMSRS and EPFRS).

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

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

Tab #10: Old Business

Vice-Chair Corsaro inquired as to any old business to come before the Board. Mr. Fleck announced that with the adoption of the Actuarial Recommendations, the CPRB Plan

Statistics would be made available to the Board members, members of the Legislature and other interested parties.

Tab #11: New Business

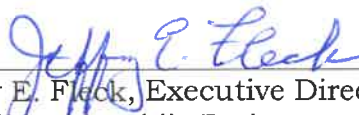
Vice-Chair Corsaro inquired as to any new business to come before the Board. None was heard.

Adjournment

There being no further business to come before the board, the meeting adjourned at 12:15 p.m.



David Wyant, Chair
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board