MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF AUGUST 17, 2022

A meeting of the West Virginia Consolidated Public Retirement Board ("CPRB"), Board of Trustees, was held on Wednesday, August 17, 2022, in the David L. Wyant Conference Room at 4101 MacCorkle Avenue, Charleston, West Virginia, 25302. Due notice had been posted.

Call to Order

The meeting was called to order at 10:07 a.m. by Joseph Bunn, Chair.

Roll Call:

Trustees participating:
Joseph G. Bunn, Chair
Mike McKown, Vice Chair
Garner Marks, representing Governor James C. Justice, II
Jeff Waybright, representing State Auditor John B. McCuskey
Lindsay Marchio, Esquire, representing State Treasurer Riley Moore
Mark D. Scott, Cabinet Secretary, Department of Administration
Bill Barker
Woodrow Brogan
Daniel Cart
Larry Cole
Beth Morgan
D. Todd Murray
David Nelson
Reginald Patterson
Jeffrey Vallet

Trustees absent:
Rhonda Bolyard

A quorum was present.
Others present:
Jeffrey E. Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Nancy Butcher, CPRB Executive Assistant
Ken Woodson, CPRB Actuary
Haley Perry, CPRB Actuarial Analyst
Patricia Bowgren, CPRB IT Staff
John Galloway, CPRB Chief Financial Officer
Tina Baker, CPRB Internal Auditor
John Beane, CPRB IT Manager
Tim Abraham, CPRB Compliance Officer
Alysia Miller, CPRB Paralegal
Ronda Harvey, Esquire, Bowles Rice
Tom Sauvageot, WVIMB
Chris Meadows, Empower
Gary Pullin, CPRB Hearing Officer
Anne Charnock, CPRB Hearing Officer

Tab 1: Approval of the June 29, 2022 Minutes
Chairman Bunn stated that he would entertain a motion to approve the minutes of the
June 29, 2022 meeting of the CPRB Board of Trustees.

Mr. Vallet made a motion that the Board approve the minutes of the June 29, 2022
meeting of the Board. The motion was seconded by Mr. Scott. The motion was
adopted.

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

Tab 2: Report of the Executive Director
Chairman Bunn recognized Mr. Jeffrey Fleck, Executive Director, to give his report to the
Board which included the following information:

1. Code Books - Mr. Fleck informed the members that a copy of the newest Laws and
   Rules of the West Virginia Consolidated Public Retirement Board had been placed at
   each member’s seat and they contained changes from the 2022 Legislative Session.

2. CPRB Metric Chart - Mr. Fleck reviewed the Metric Chart. He said that usually July is
   the busiest month for TRS retirements, at one time seeing as many as one thousand
   retirement applications but this year the number is down quite a bit. He added that
as of July 1, 2022, there were 658 total TRS retirements with 532 being completed, 11 retirements in the triage stage, 88 in progress and 27 awaiting employer certification or additional information from the member. He also said that the Metrics Chart included the retirement application information for each of the plans as well as information regarding refunds and benefit estimates.

3. **TDC Statistics** – He reported that the TDC Plan had 3,777 participants, and its assets were $632,055,821 as of July 31, 2022.

4. **Delinquent Employers** – Director Fleck said that Green Acres Recreation Center continues to reimburse according to its agreement. He added that the Hamrick Public Service District’s computer system was down and that they had communicated with the CPRB staff that they would be current as soon as their system was back up.

5. **Retirement Data** – Mr. Fleck stated that retirement data showed the number of retirees in each plan, the amount of retirement benefits paid on a yearly basis per plan and the average retirement benefit per retiree. He added that it also showed the number of retirees in each state and other countries.

6. **Relocation Update** – Mr. Fleck reported that the agency would be moving to the Department of Environmental Protection (DEP) building and that the General Services Division of the Department of Administration would be doing some of the renovations before the move. He stated that the renovation costs would exceed $50,000 and the Board would need to approve the Memorandum of Understanding with the General Services Division regarding the renovation costs.

   Chairman Bunn stated that he would entertain a motion to approve the Memorandum of Understanding with the General Services Division for the needed renovations to the DEP building for the CPRB.

   **Mr. Barker made a motion that the Board approve the Memorandum of Understanding with the General Services Division of the Department of Administration for the renovations to the DEP building that were necessary for the CPRB to move to that building. Mr. McKown seconded the motion.**

   **The motion was adopted.**

7. **InRule Contract Renewal** – Mr. Fleck stated that InRule is the provider for the software maintenance and support, a sole source provider for the CPRB. He stated that the renewal amount was $71,400 and this was the first renewal. He asked the Board to approve the renewal for two remaining years at a total cost of $142,800.

   Chairman Bunn stated that he would entertain a motion to approve the renewal of the InRule contract for a period of two years.
Mr. Cole made a motion that the Board approve the renewal of the InRule contract for a period of two years at a total cost of $142,800. Mr. McKown seconded the motion. The motion was adopted.

8. July Financials—Mr. Fleck reported that the July financials for the period ending July 31, 2022, showed that the agency was at 74.78 percent of its budget. He added that the June Financials were included in the Board materials.

9. Certificate of Achievement for Excellence in Financial Reporting—Mr. Fleck informed the Board that the agency had received the GFOA’s Certificate of Achievement for Excellence in Financial Reporting. He also congratulated John Galloway, CPRB CFO, and his staff for excellent work.

10. Top 10 Public Pension Funds—Director Fleck stated that the American Investment Council had released its 2022 Public Pensions Study showing the top 10 public pension funds by private equity returns as of June 30, 2021. The West Virginia Investment Management Board (WVIMB) ranked second in the nation. The study showed that the WVIMB had a 10-year annualized return of 19.7 percent.

11. Legislative Update—Mr. Fleck stated that the agency had been working with various legislators providing requested fiscal information for possible legislation for the upcoming 2023 Legislative Session.

12. Google Transition Update—Director Fleck explained to the Board about the Executive Branch’s transition from Microsoft products to Google products and the issues involved with this transition as it relates to the agency’s COMPASS system. He stated that the agency is working with the Department of Administration’s Office of Technology to find a long-term solution to all the issues. He added that he would keep the Board informed.

Report of the Chairman of the Board

Chairman Bunn welcomed the newest member of the Board. He announced that Governor Justice had appointed Dominique Ranieri to represent the PERS Non-State participants. He also announced that he was assigning her to the Accounting and Audit Committee and the West Virginia Investment Management Board Representatives Committee.

The Report of the Executive Director was located behind Tab #2 of the Board Materials.
Tab #3: Plans Investment Data

WVIMB Report – Tom Sauvageot

Chairman Bunn recognized Tom Sauvageot, WVIMB Investment Officer, to give an update on the Plans Investment Data. Mr. Sauvageot stated that it had been a challenging year but he felt we needed to look at it differently as a positive investment report. He said that we have had long-term plans with long term focuses so it was very important to look at the long-term results. He pointed out that the average 3-year return was 8.5 percent, 5-year average return was 8.3 percent and the 10-year return was 9.1 percent. He remarked that the actuarial return hurdle had been 7.5 percent and recently lowered to 7.25 percent so this was a good report. He added that after a year of the worst financial markets since the recession in 2008, the long-term results were better than the actuarial return target. He also said that for the fiscal year just ended on June 30, 2022, the retirement funds were down about -6.2 percent. He added that a slowdown is expected and a recession is likely but how long it will last is a guess. He added that the portfolio is structured for long-term success. He then answered questions from the committee members.

Empower Report – Chris Meadows

Chairman Bunn recognized Chris Meadows of Empower Retirement who gave an update on the TDC Outreach and Reality Investing. Mr. Meadows stated that he had conducted 717 educational counseling sessions and 196 distribution counseling sessions since the beginning of the year for a total number of sessions for the year at 913.

Mr. Meadows reported that a Summer newsletter has been sent to each of the TDC participants that contained articles such as changing employment or retiring soon, health care costs for retirees, and other articles about retirement.

Mr. Meadows also updated the Board on the TDC Investment Data. He reported that after a dismal first half of the year, there was a nice rebound of stocks in July. He added that July was the best performance of S & P in two years and solid increases had been seen in all sectors. He added that foreign markets increased almost 5 percent. The Plans Investment Data reports, TDC Educational Meeting reports, TDC Outreach materials and the TDC Investment Report were located behind Tab #3 of the Board materials.
Tab #4: Appeal for Consideration

Hearing Officer Gary Pullin

Chairman Bunn recognized Gary Pullin, Hearing Officer, to review the appeal of Rick Kinder. Mr. Pullin stated that issue in Mr. Kinder’s appeal was whether the Appellant is required to change the beneficiary selection option he chose in 2016 from 100% Joint & Survivor Annuity Option with his son, Noah, as the beneficiary because it exceeds the maximum permissible age difference allowable for non-spouse beneficiaries under applicable IRS regulations that govern Qualified Retirement Plans, including TRS. Additionally, does the Board’s approval of the Appellant’s beneficiary selection option in 2016 preclude it from now requiring Appellant to change his beneficiary selection option.

Based on the Findings of Fact and Conclusions of Law, Mr. Pullin recommended that Mr. Kinder’s appeal be denied.

Chairman Bunn stated that he would entertain a motion to accept the recommendation of Hearing Officer Pullin regarding the appeal of Rick Kinder.

Mr. Vallet made a motion to accept the recommendation of Hearing Officer Pullin with regard to the appeal of Rick Kinder. Mr. Scott seconded the motion. The motion was adopted.

Hearing Officer Anne Charnock

Chairman Bunn recognized Anne Charnock, Hearing Officer, to review the appeal of Danny Mayo. Ms. Charnock stated that issue in Mr. Mayo’s appeal was whether the Appellant is entitled to receive service credit for years worked under a substitute teacher’s contract.

Based on the Conclusions of Law, Ms. Charnock recommended that Mr. Mayo’s appeal be denied.

Chairman Bunn stated that he would entertain a motion to accept the recommendation of Hearing Officer Charnock regarding the appeal of Danny Mayo.

Mr. Vallet made a motion to accept the recommendation of Hearing Officer Charnock with regard to the appeal of Danny Mayo. Mr. Scott seconded the motion.

The motion was adopted.

The Appeal for Consideration was located behind Tab #4 of the Board materials.

Tab 5: Legal Counsel Reports

Report of In-House Legal Counsel – Jeanean Legato

Chairman Bunn recognized Jeff Fleck, Executive Director to give the report of Jeanean Legato, In-House Legal Counsel, in her absence. Mr. Fleck stated that Ms. Legato had two new
administrative appeals and that in Circuit Court, Judge Akers had issued an Order Granting the Petition of the WV Consolidated Public Retirement Board to terminate the benefits for less than honorable service of Ruth Marie Phillips. He added that a copy of that order was attached to her report. He also reported that the Supreme Court of Appeals would hear oral arguments in the case of Linda Birchfield-Modad on September 14, 2022 and that Judge Richardson would be sitting by assignment for Justice Bunn who had recused herself from the case.

Report from Outside Legal Counsel – Ronda Harvey

Chairman Bunn recognized Ronda Harvey, Outside Legal Counsel, to give her report to the Board. Ms. Harvey said that she had nothing new to report on matters pending before the Circuit Courts of West Virginia and the West Virginia Supreme Court of Appeals. Ms. Harvey also said that she, Melody Simpson and Emily Lambright had been working with the agency on the West Virginia Academy’s request to enroll its’ employees in the Teachers Retirement System (TRS) and in the Teachers Defined Contribution (TDC) which included reviewing IRS guidelines. The reports of the In-House and Outside Legal Counsel were located behind Tab #5 of the Board materials.

Tab #6: Committee Reports

Accounting and Audit Committee – Jeff Waybright

Chairman Bunn recognized Jeff Waybright to give the report of the Accounting and Audit Committee. Mr. Waybright reported that the Committee met on Tuesday, August 16, 2022. He stated that the committee had heard from Tim Abraham, CPRB Compliance Officer, who reviewed the CPRB Workstation Use and Information Security Policy. He stated that the Committee recommended that the Board adopt the Policy.

Chairman Bunn stated that he would entertain a motion to adopt the CPRB Workstation Use and Information Security Policy.

Mr. Waybright made a motion that the Board adopt the CPRB Workstation Use and Information Security Policy. Mr. Barker seconded the motion. The motion was adopted.

Mr. Waybright reported that the Committee had heard from Tina Baker, CPRB Internal Auditor, regarding Call Center Controls of PII Internal Audit. He stated that the Committee recommended that the Board accept the audit.

Chairman Bunn stated that he would entertain a motion to accept the Call Center Controls of PII Internal Audit.
Mr. Waybright made a motion that the Board accept the Call Center Controls of PII Internal Audit. Mr. Murray seconded the motion. The motion was adopted.

Mr. Waybright reported that the Committee had also heard from Tina Baker, CPRB Internal Auditor, regarding the Updated 2022 Internal Audit Schedule and that the Committee recommended the Board adopt the new schedule.

Chairman Bunn stated that he would entertain a motion to adopt the Updated 2022 Internal Audit Schedule.

**Mr. Waybright made a motion that the Board adopt the Updated 2022 Internal Audit Schedule. Mr. Scott seconded the motion. The motion was adopted.**

**Disability Review Committee – Todd Murray**

Chairman Bunn recognized Todd Murray to give the report of the Disability Review Committee. Mr. Murray reported that the Committee met on Tuesday, August 16, 2022, via telephone conference call and had approved the staff’s recommendations of disability retirement applications and made the following recommendations to the Board for their approval:

<table>
<thead>
<tr>
<th>System</th>
<th>Approved Total Non-Duty</th>
<th>Denied Total Non-Duty</th>
<th>Approved Total Duty</th>
<th>Denied Total Duty, Approved Partial Duty</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSRS</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>PERS</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>TDC</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>TRS</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Plan B</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>TOTALS</td>
<td>11</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>19</td>
</tr>
</tbody>
</table>

Chairman Bunn stated that he would entertain a motion to accept the recommendation of the Disability Review Committee.

**Mr. Cole made a motion that the Board accept and approve the Disability Review Committee’s recommendation concerning the disability retirement applications. The motion was seconded by Mr. Scott. The motion to accept and approve the recommendation was adopted. (Mr. Murray abstained from voting due to a conflict of interest.)**

**Investment Committee – Jeff Vallet**

Chairman Bunn recognized Jeff Vallet to give the report of the Investment Committee. Mr. Vallet reported that the Committee met on Tuesday, August 16, 2022. He said that the Committee had discussed funds that had been on watch and the Committee recommended
removing the Great-West T. Rowe Price Mid Cp Gr Inv and the T. Rowe Price QM US Small-Cap Gr Eq from the committee’s watch list based on their improved performance.

Chairman Bunn stated that he would entertain a motion to approve the removal of those two funds from the watch list.

Mr. Vallet made a motion to approve the removal of the Great West T. Rowe Price Mid CP Gr Inv and the T. Rowe Price QM US Small-Cap Gr Eq from the watch list.
Mr. Marks seconded the motion. The motion was adopted.

Actuarial Assumptions Committee – Mike McKown

Chairman Bunn recognized Mike McKown to give the report of the Actuarial Assumptions Committee. Mr. McKown reported that the Committee had met on Tuesday, August 16, 2022. He stated that Ken Woodson, CPRB Actuary, had presented the Interest Rate Assumptions and Inflation Rate Assumptions for all plans and the Amortization Policy for DSRS, EMSRS and MPFRS. He added that Mr. Woodson would make a brief presentation to the Board regarding the Interest Rate and Inflation Rate Assumption. After the presentation, Mr. McKown said that the Committee recommended adopting the recommendation of the Board Actuary.

Chairman Bunn stated that he would entertain a motion to adopt the recommendation of the Board Actuary on the Interest Rate and Inflation Rate Assumption.

Mr. McKown made a motion that the Board adopt the recommendation of the Board Actuary regarding the Interest Rate and Inflation Rate Assumption which would be a continuation of the 7.25 percent interest rate assumption and 2.75 percent inflation rate assumption for the July 1, 2022 actuarial valuations for all nine plans.
Mr. Vallet seconded the motion. The motion was adopted.

Mr. McKown reported that the Committee had also heard from Mr. Woodson, the Board Actuary, regarding UAAL Amortization Policy for DSRS, EMSRS and MPFRS. He added that Mr. Woodson would make a brief presentation to the Board regarding the policy. After the presentation, Mr. McKown said that the Committee recommended adopting the recommendations of the Board Actuary.

Chairman Bunn stated that he would entertain a motion to adopt the recommendation of the Board Actuary on the UAAL Amortization Policy for DSRS, EMSRS and MPFRS.

Mr. McKown made a motion that the Board adopt the recommendation of the Board Actuary regarding the UAAL Amortization Policy for DSRS, EMSRS and MPFRS. Mr. Barker seconded the motion. The motion was adopted. (Pages 3, 10 and 17 of Mr. Woodson’s presentation are attached and made a part of these minutes explaining in detail each of the UAAL policies.)
Tab #7  Old Business

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

Tab #8: 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 11:55 a.m.

Joseph G. Bunn, Chairman
Consolidated Public Retirement Board

Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board
DSRS UAAL Amortization Policy

As mentioned above, the end of the UAAL amortization period is fast approaching, June 30, 2029 and we are beginning to see volatility in the ER ARC for DSRS. Therefore, now is the appropriate time to address this volatility.

Current DSRS UAAL Amortization Policy:

Use a single base to amortize the DSRS UAAL which includes gains or losses, assumption changes, and plan provision changes all combined and amortized over the period from the valuation date to June 30, 2029. When the plan funded status equals or exceeds 100% the outstanding UAAL amortization base is deemed to be fully amortized and the amortization amount for that valuation year is set to zero.

Proposed DSRS UAAL Amortization Policy:

Amortization of UAAL as of July 1, 2022 - The UAAL as of July 1, 2022 is amortized over 7-years based on a fixed period and level dollar amortization amount.

Amortization of Gains or Losses after July 1, 2022 - Each gain or loss, determined annually as of June 30th, has a separate amortization base to be amortized over a 15-year period based on a level dollar amortization amount.

Amortization of assumption changes after July 1, 2022 - Each assumption change has a separate amortization base to be amortized over a 15-year period based on a level dollar amortization amount.

Plan Provision changes after July 1, 2022 - Each active or vested termination benefit provision change has a separate amortization base to be amortized over a 10-year period based on a level dollar amortization amount. Each in pay benefit provision change has a separate amortization base to be amortized over a 6-year period based on a level dollar amortization amount.

Bases deemed fully amortized – The outstanding base for the UAAL as of July 1, 2022, Gain or Loss bases and assumption change bases are deemed to be fully amortized as of a valuation date if the Primary UAAL as of the valuation date is negative. Plan provision changes are not deemed to be fully amortized, even if the Primary UAAL is negative. A plan provision base is fully amortized only when the amortizing period expires.

Total amortization of all bases as of the valuation date - If the total amortization as of the valuation date is negative, then the amortization is set to 0. This ensures that the recommended employer contribution equals or exceeds the employer normal cost. Note, in this instance if the funded status is less than 100% the bases continue and are not deemed to be fully amortized.
EMSRS UAAL Amortization Policy

As mentioned previously, the plan is expected to be fully funded as of July 1, 2022, therefore, no amortization base is expected to be established as of July 1, 2022.

Current EMSRS UAAL Amortization Policy:

Use a single base to amortize the EMSRS UAAL which includes gains or losses, assumption changes, and plan provision changes all combined. When the plan funded status equals or exceeds 100% the outstanding UAAL amortization base is deemed to be fully amortized and the amortization amount for that valuation year is set to zero. Note the funded status of EMSRS as of July 1, 2021 was greater than 100%, therefore the UAAL amortization was set to zero as of July 1, 2021. Going forward, in the first year the plan funded status drops below 100%, then reset the UAAL amortization period to 10-years beginning with that year.

Proposed EMSRS UAAL Amortization Policy:

Amortization of UAAL as of July 1, 2022 - The UAAL as of July 1, 2022 is amortized over 10-years based on a fixed period and level dollar amortization amount. As mentioned above, the plan is expected to be fully funded as of July 1, 2022, therefore, no amortization base is expected to be established as of July 1, 2022.

Amortization of Gains or Losses after July 1, 2022 - Each gain or loss, determined annually as of June 30th, has a separate amortization base to be amortized over a 15-year period based on a level dollar amortization amount.

Amortization of assumption changes after July 1, 2022 - Each assumption change has a separate amortization base to be amortized over a 15-year period based on a level dollar amortization amount.

Plan Provision changes after July 1, 2022 - Each active or vested termination benefit provision change has a separate amortization base to be amortized over a 10-year period based on a level dollar amortization amount. Each in pay benefit provision change has a separate amortization base to be amortized over a 6-year period based on a level dollar amortization amount.

Bases deemed fully amortized - The outstanding base for the UAAL as of July 1, 2022, Gain or Loss bases and assumption change bases are deemed to be fully amortized as of a valuation date if the Primary UAAL as of the valuation date is negative. Plan provision changes are not deemed to be fully amortized, even if the Primary UAAL is negative. A plan provision base is fully amortized only when the amortizing period expires.

Total amortization of all bases as of the valuation date - If the total amortization as of the valuation date is negative, then the amortization is set to 0. This ensures that the recommended employer contribution equals or exceeds the employer normal cost. Note, in this instance if the funded status is less than 100% the bases continue and are not deemed to be fully amortized.
MPFRS UAAL Amortization Policy

As mentioned previously, the plan is expected to be fully funded as of July 1, 2022, therefore, no amortization base is expected to be established as of July 1, 2022.

Current MPFRS UAAL Amortization Policy:

Use a single base to amortize the MPFRS UAAL which includes gains or losses, assumption changes, and plan provision changes all combined. When the plan funded status equals or exceeds 100% the outstanding UAAL amortization base is deemed to be fully amortized and the amortization amount for that valuation year is set to zero. The plan is expected to be fully funded for the foreseeable future.

Proposed MPFRS UAAL Amortization Policy:

Amortization of UAAL as of July 1, 2022 - The UAAL as of July 1, 2022 is amortized over 10-years based on a fixed period and level dollar amortization amount. As mentioned above, the plan is expected to be fully funded as of July 1, 2022, therefore, no amortization base is expected to be established as of July 1, 2022.

Amortization of Gains or Losses after July 1, 2022 - Each gain or loss, determined annually as of June 30th, has a separate amortization base to be amortized over a 15-year period based on a level dollar amortization amount.

Amortization of assumption changes after July 1, 2022 - Each assumption change has a separate amortization base to be amortized over a 15-year period based on a level dollar amortization amount.

Plan Provision changes after July 1, 2022 - Each active or vested termination benefit provision change has a separate amortization base to be amortized over a 10-year period based on a level dollar amortization amount. Each inactive benefit provision change has a separate amortization base to be amortized over a 6-year period based on a level dollar amortization amount.

Bases deemed fully amortized - The outstanding base for the UAAL as of July 1, 2022, Gain or Loss bases and assumption change bases are deemed to be fully amortized as of a valuation date if the Primary UAAL as of the valuation date is negative. Plan provision changes are not deemed to be fully amortized, even if the Primary UAAL is negative. A plan provision base is fully amortized only when the amortizing period expires.

Total amortization of all bases as of the valuation date - If the total amortization as of the valuation date is negative, then the amortization is set to 0. This ensures that the recommended employer contribution equals or exceeds the employer normal cost. Note, in this instance if the funded status is less than 100% the bases continue and are not deemed to be fully amortized.