

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACCOUNTING & INVESTMENT COMMITTEE
MEETING OF NOVEMBER 14, 2018**

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, on Wednesday, November 14, 2018. The meeting was called to order at 9:04 a.m. by Jeff Vallet, Acting Chairman.

Roll call was taken.

Committee Members present:

Mike Hall, *representing Governor Jim Justice*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Deputy Cabinet Secretary Mary Jane Pickens
Jeffrey Vallet
Mike McKown

Committee Members absent:

Joseph Bunn, Esquire, Chair

Others present were:

Jeffrey E. Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
John Galloway, CPRB Chief Financial Officer
Paula Van Horn, CPRB TDC Manager
Ken Woodson, CPRB Actuary
Melody Bailey, CPRB Actuarial Analyst
Nancy Butcher, CPRB Executive Assistant
Chris Deweese, Suttle & Stalnaker
Evan Shamblin, Suttle & Stalnaker
Chris Meadows, Empower
Don Jurgens, Empower
Bill Thornton, Advised Asset Management (*via telephone*)

A quorum was present.

Due notice had been posted.

Mr. Vallet announced a change to the order of business.

Item #4: TDC Quarterly Investment Review – September 20, 2018

Don Jurgens of Empower and Bill Thornton of Advised Asset Group gave a review of the TDC investments.

Mr. Jurgens reported on the Executive Summary of the plan assets. He advised that the total plan assets as of 9/30/18 was \$533,161,889. He added that the forfeiture account was at \$5.2 million. He went on to say that they did a review of communication strategy and that they have concluded that the best method of communicating with participants is through e-mail. He concluded by saying that they are working with Ms. VanHorn on a beneficiary campaign for participants that do not have a named beneficiary and for participants that may want to update their beneficiary.

Mr. Thornton gave a review of the TDC Investments. He said that the Economic Review for the Third Quarter GDP came in at 3.5 percent, which is down from 4.2 percent in the Second quarter. He went on to say that overall the economy is down. He added that since 1980, there has only been three negative years in the bond market.

He gave an update on the Fund Categories. He commented on the Asset Values and the Morningstar Ratings, which showed no or little changes. He stated that the performance of the fund has been very good.

Item #1: Approval of the October 1, 2018, Meeting Minutes

Ms. Stout made a motion to approve the October 1, 2018, minutes of the Committee. The motion was seconded by Mr. McKown. The motion carried.

Item #2: 2018 Audit Presentation

John Galloway, CPRB CFO, gave a brief comment about the annual financial audit. He reminded the members of the committee they had approved a draft of the audit with some minor changes. He added that the deadlines had been met. He then introduced Chris Deweese of Suttle & Stalnaker.

Mr. Deweese explained the changes that were made to the Audit and the Required Communications and reminded the members that the GASB 75 professional standards had been adopted and were used in the audit. He went on to say that there were no difficulties in performing the audit and there were no disagreements with management in preparing the audit. He explained that no other consultants contacted. He commented on the significant accounting estimates and the recorded audit adjustments. Mr. Galloway noted that there were 15 adjustments in the audit of 2017 and 3 adjustments this year.

Ms. Stout asked if there would be any problems moving forward. Mr. DeWeese responded that he did not see any problems or issues. He completed his presentation by saying that the agency was on the

right path. Mr. Fleck thanked Mr. Galloway and his staff for their dedicated work. Mr. DeWeese commented on the exceptional work of Mr. Galloway and his staff with the timeliness of the audit considering the time constraints that agency staff were dealing with. Mr. Hall made a motion to approve the audit to take to the full board. Ms. Pickens seconded the motion. The motion was adopted.

Item #5: TDC Outreach and Reality Investing Update

Chris Meadows from Empower gave an update on the TDC Outreach and Educational Meetings. He reported that his on-site visits included 11 locations in 6 counties. Those counties were Harrison, Kanawha, Braxton, Putnam, Ritchie and Marion where he conducted 35 in-person retirement reviews. He announced that he had conducted a total of 82 meetings with 1083 consultations thus far this year.

Item #3: TDC Third Party Administrator (TPA) Request for Proposal (RFP) Update

Mr. Vallet announced he would entertain a motion to go into Executive Session to discuss a contractual matter regarding the Third Party Administrator Request for Proposal.

Ms. Stout made a motion to go into Executive Session as allowed by W. Va. Code §6-9A-4 to discuss a contractual matter. Ms. Pickens seconded the motion. The motion carried. Ms. Miller requested that the staff members of the RFP Evaluation Team be allowed to stay for Executive Session to answer questions and provide an update on the TPA process.

The Committee went into Executive Session at 9:35 a.m.

Mr. Vallet reconvened the Public Session of the November 14, 2018, meeting of the CPRB Accounting and Investment Committee from Executive Session at 9:49 a.m.

Mr. Vallet announced the Committee was in Executive Session to discuss a contractual matter as allowed by W.Va. Code §6-9A-4. He announced that no decisions were made during Executive Session.

Mr. Vallet announced that he would entertain a motion to approve the Direct Award posting to Empower and then to the Board for full board approval. Mr. Hall made a motion to approve the Direct Award to Empower. Ms. Stout seconded the motion. Motion adopted.

He also announced that he would entertain a motion to approve the revised requirements of the TDC TPA RFP and to recommend that the Board approve the revisions. Mr. Hall made a motion to approve the revisions. Mr. McKown seconded the motion. The motion was adopted.

Item #6: TDC Revenue Sharing Summary

Ms. VanHorn gave an update on the TDC Revenue Sharing, quarter ending September 30, 2018. She stated that the quarter began with a \$279,671.07 TDC Revenue Sharing balance. The TDC Revenue Sharing December 31, 2018 ending balance is \$524,522.03.

Item #7: TDC Weighted Average Returns

Ms. VanHorn gave a report of the TDC Weighted Average Returns for the quarter ending September 30, 2018. She stated that the Plan has \$533,161,889 and the weighted average return is 14.44 percent. She added that the plan has 4,283 members. Mr. Hall inquired about the forfeiture account and how it could be used. Ms. VanHorn and Ms. Miller responded that forfeiture funds are used to offset future contributions for the employer.

Item #8: Other Business

Mr. Vallet asked if there was any other business to come before the committee. None was heard.

Adjournment

There being no further business to come before the committee, Mr. McKown made a motion to adjourn, Ms. Stout seconded the motion. The motion was adopted. The meeting adjourned at 9:55 a.m.

Respectfully submitted,



Jeff Vallet, Acting Chairman



Jeffrey Fleck, Executive Director