

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACTUARIAL ASSUMPTIONS REVIEW COMMITTEE
MEETING OF OCTOBER 4, 2022**

A meeting of the West Virginia Consolidated Public Retirement Board's Actuarial Assumptions Review Committee was held on Tuesday, October 4, 2022 at 4101 MacCorkle Ave., SE, Charleston, WV 25304. Due notice had been published.

Call to Order

The meeting was called to order at 3:00 p.m. by Mike McKown, Chair.

Roll Call

Members present were:

Mike McKown, Chair

Garner Marks, *representing Governor Jim Justice (via telephone)*

Michelle Storage, Esquire, *representing State Treasurer (via telephone)*

Bill Barker

Jeff Vallet

Committee Members absent:

None

A quorum was present.

Also present at the CPRB Office or participating via telephone were:

Jeffrey Fleck, Executive Director

Terasa Miller, Deputy Director

Nancy Butcher, CPRB Executive Assistant

Alysia Miller, CPRB Paralegal

Kenneth Woodson, CPRB Actuary

Haley Perry, CPRB Actuarial Assistant

David Driscoll, Buck Consulting *(via telephone)*

Item #1: Approval of August 16, 2022 Minutes

Chairman McKown stated that he would entertain a motion to approve the Actuarial Assumptions Committee meeting minutes of August 16, 2022.

Jeffrey Vallet made a motion to approve the August 16, 2022 meeting minutes. The motion was seconded by Bill Barker. The motion was adopted.

Item #2: Review of Amortization Policy for Plan A, Plan B and JRS – Kenneth Woodson

Chairman McKown recognized Kenneth Woodson, CPRB Actuary.

Mr. Woodson reminded the Committee of the last committee meeting in which he presented the recently adopted amortization policies for the Deputy Sheriffs Retirement System, the Emergency Medical Services Retirement System, and the Municipal Police and Firefighters Retirement System. He recapped that those policies involve a layered amortization method. Mr. Woodson further explained that the three amortization policies being proposed at this meeting for State Police Death, Disability and Retirement Fund (Plan A), State Police Retirement System (Plan B), and Judges Retirement System (JRS) are similar to those presented at the last meeting with a few minor modifications.

Mr. Woodson discussed State Police Plan A stating that it is a mature, closed plan. He noted that as of July 1, 2020, the Board had already approved layering for Plan A but that his proposal at this meeting contains some modifications. Mr. Woodson explained in detail the proposed amortization policy for Plan A. There was some discussion amongst Mr. Woodson and the members regarding the proposal.

Chairman McKown stated he would entertain a motion to adopt and recommend that the Board adopt the proposed UAAL Amortization Policy for the State Police Plan A effective for the July 1, 2022 funding valuation, as outlined in Mr. Woodson's presentation.

Jeffrey Vallet made a motion to adopt and recommend that the Board adopt the Actuary's proposed UAAL Amortization Policy for State Police Death, Disability and Retirement Fund (Plan A) effective for the July 1, 2022 funding valuation as outlined on pages 4 and 5 of Mr. Woodson's report (attached to and made a part of these minutes as Appendix A). Bill Barker seconded the motion. The motion was adopted.

Mr. Woodson continued his presentation stating that the State Police Plan B is currently using a fixed period not a layered method. Mr. Woodson explained in detail the proposed amortization policy for Plan B.

Chairman McKown stated he would entertain a motion to adopt and recommend that the Board adopt the proposed UAAL Amortization Policy for the State Police Plan B effective for the July 1, 2022 funding valuation, as outlined in Mr. Woodson's presentation.

Bill Barker made a motion to adopt and recommend that the Board adopt the Actuary's proposed UAAL Amortization Policy for the State Police Retirement

System (Plan B) effective for the July 1, 2022 funding valuation as contained on pages 12 and 13 of Mr. Woodson’s report (attached to and made a part of these minutes as Appendix B). Jeffrey Vallet seconded the motion. The motion was adopted.

Lastly, Mr. Woodson addressed the Judges Retirement System stating that it has been overfunded since July 1, 2010. He also stated that JRS does not have a policy in place as of July 1, 2019, because the statutory plan provision has sunset. Mr. Woodson asserted that although implementing an amortization policy is not an urgent matter for JRS because of its overfunding, he is recommending a policy for JRS in order to be thorough. Mr. Woodson explained in detail the proposed amortization policy for the Judges Retirement System.

Chairman McKown stated he would entertain a motion to adopt and recommend that the Board adopt the proposed UAAL Amortization Policy for JRS effective for the July 1, 2022 funding valuation, as outlined in Mr. Woodson’s presentation.

Jeffrey Vallet made a motion to adopt and recommend that the Board adopt the Actuary’s proposed UAAL Amortization Policy for the Judges Retirement System (JRS) effective for the July 1, 2022, funding valuation as contained on pages 20 and 21 of the Actuary’s report (attached to and made a part of these minutes as Appendix C). Bill Barker seconded the motion. The motion was adopted.

Item #4: Proposed Asset Smoothing Method for Natural Resources Police Officers Retirement System Funding Valuations – Kenneth Woodson

Chairman McKown recognized Kenneth Woodson, CPRB Actuary, to discuss his proposed asset smoothing method for the Natural Resources Police Officers Retirement System (NRPORS).

Mr. Woodson stated the Board is currently using the asset smoothing method for Teachers Retirement System, Public Employees Retirement System and the Deputy Sheriffs Retirement System. There was discussion between Mr. Woodson and a member regarding asset smoothing and the prospect of using the method for State Police Plan B.

Mr. Woodson reviewed his presentation proposing the use of the asset smoothing method for NRPORS. Mr. Woodson pointed out that the estimated employee contribution rate is above the statutorily imposed cap and that he anticipates a need to remove the cap in the future to

properly fund the plan. Mr. Woodson discussed projections under three different scenarios to show how asset smoothing would affect NRPORS funding and contribution rates.

Chairman McKown stated he would entertain a motion to adopt and recommend that the Board adopt the proposed Asset Smoothing Method for NRPORS Funding Valuations.

Bill Barker made a motion that the Committee adopt and recommend that the Board adopt the proposed recommendation of the Actuary as contained on page 11 of the Actuary's report regarding the Asset Smoothing Method for Natural Resources Police Officers Retirement System Funding Valuations (attached to and made a part of these minutes as Appendix D). Jeffrey Vallet seconded the motion. The motion was adopted.

There was a discussion about whether the Division of Natural Resources was aware that the statutorily capped employer contribution rate is below the amount needed to fund the plan.

Item #5: Old Business

Mr. McKown inquired as to old business. None was heard.


Item #6: New Business

Mr. McKown inquired as to new business. None was heard.

Adjournment

Chairman McKown stated that with no further business to come before the Committee, the meeting was adjourned at 4:34 p.m.

Respectfully submitted,


Mike McKown, Chair


Jeffrey E. Fleck, Executive Director

APPENDIX A

UAAL Amortization Policy for State Police Death, Disability and Retirement Fund (Plan A)

APPENDIX B

UAAL Amortization Policy for State Police Retirement System (Plan B)

APPENDIX C

UAAL Amortization Policy for Judges Retirement System

APPENDIX D

Asset Smoothing Method for Natural Resources Police Officers Retirement System Funding Valuations