

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIRMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JANUARY 23, 2019**

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 23, 2019. The meeting was called to order at 10:00 a.m. by Vice-Chairman Captain Michael Corsaro.

Roll Call was taken.

Trustees present were:

Captain Michael Corsaro, Vice-Chairman
Mike Hall, *representing Governor James C. Justice, II*
Jeff Waybright, *representing Auditor John B. McCuskey*
Deputy Cabinet Secretary Mary Jane Pickens
Andy Bird
Joe Bunn
Michael Haney
Joe Lynch
Mike McKown
D. Todd Murray
Jeffrey Vallet

Trustees absent:

Chairman David Wyant
Diana Stout
Bill Barker

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB, Executive Director
Terasa Mill, CPRB, Deputy Director
Nancy Butcher, CPRB, Executive Assistant
Jeaneen Legato, Esquire, CPRB, General Counsel
John Galloway, CPRB Chief Financial Officer
Ken Woodson, CPRB, Actuary
Melody Bailey, CPRB, Actuarial Analyst
Alysia Miller, CPRB, Paralegal
John Beane, CPRB, I.T. Manager

Patricia Bowgren, I.T. Staff
Tammy Patton, I.T. Staff
Caroline Brady, CPRB, Employer Reporting Manager
Michael Ciorochi, CPRB, Accounting Section
Heather Drake, CPRB, Membership Section
Tim Abraham, CPRB, Compliance Officer
Tina Baker, CPRB, Internal Auditor
Ronda Harvey, Esquire, Bowles Rice
Craig Slaughter, Executive Director, WVIMB
David Driscoll, Buck Consultants
Troy Jaros, Buck Consultants
Chris Meadows, Empower
Derek Bailey, Empower

Tab 1: Approval of the December 19, 2018 Minutes

Mr. Vallet made a motion to approve the minutes of the December 19, 2018, meeting of the Board. The motion was seconded by Mr. Haney. 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 announced that Heather Drake had been chosen as the Department of Administration's Employee of the Year and an article about Heather was in the DOA's *Notes, Quotes & Anecdotes* and it had been included in the Board materials.
2. Executive Director Fleck reported on the Metric Chart. He pointed out that 60 retirements had been processed thus far in January and that the amount of time waiting for the first check is also declining.
3. Executive Director Fleck reported on the TDC Empower Statistics. He stated that the plan has 4207 participants and their assets are \$485,797,245.
4. Executive Director Fleck updated the Board on the Delinquent Employers. He stated that Green Acres continues to reimburse according to their agreement and Clay County Board of Education would be current by the end of the week. He went on to say that Clay County had recently hired a new Chief Financial Officer and a new payroll coordinator.
5. Executive Director Fleck stated that a copy of the TDC Financial Footnotes was included in the Board materials.
6. Executive Director Fleck announced that a hard copy of the 2018 Comprehensive Annual Financial Report (CAFR) had been provided to each member of the Board on the Board table.

7. Executive Director Fleck announced that a copy of the Memorandum of Understanding with the State Auditor's office had been included in the Board materials. He noted that the memorandum had been signed by both parties and some mutually agreed upon changes had been made to #4.
8. Executive Director Fleck reported that a Direct Deposit mailing to all retirees or survivor beneficiaries went out on January 18, 2019, encouraging participants to participate in direct deposit.
9. Executive Director Fleck update the Board members on the December Financials. He reported that YTD the agency is at 71% of its budget.
10. Executive Director Fleck announced that the State Police Disability Report had been submitted to Governor Justice and a copy of the report had been included in the Board materials.
11. Executive Director Fleck gave an update on the Legislative Session. He advised of the status of the CPRB legislation as well as other legislation that affects CPRB either directly or indirectly.
12. Executive Director reminded members of the Board as to the deadline for their Financial Statements to the Ethics Commission.

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 Reports for the period ending November 30, 2018. He stated the month of November ended with a 1.2 percent increase but the quarter was down 2.9 percent. He went on say that year to date, investment returns are down an average of 1.3 percent.

Chris Meadows of Empower Retirement gave an update of the TDC Educational meetings. He reported that his on site visits included 6 locations in Kanawha and Putnam counties. He went on to say that he had conducted 13 in person retirement reviews and 48 distributions and phone counselling sessions.

The Plans Investment Data reports were located behind Tab #3 of the Board materials.

Tab #4: Consideration of the Current Disability Retirement Applications

Chairman Murray reported that the Disability Committee met on January 22, 2019, 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	10	2	12
TDC	11	0	1
TRS	7	1	8
TOTALS	18	3	21

Mr. Lynch made a motion the Board accept and approve the Disability Committee’s recommendations concerning the disability retirement applications. The motion was seconded by Mr. Haney. The motion to accept and approve the recommendations carried.

The Disability report and minutes were located behind Tab #4 of the Board materials.

Vice-Chairman Corsaro announced he would entertain a motion to go into Executive Session to discuss legal matters.

Mr. Bunn made a motion the Board go into Executive Session to discuss legal matters as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Bird. The motion carried.

The Board went into Executive Session at 10:22 a.m.

Vice-Chairman Corsaro reconvened the Public Session of the January 23, 2109, meeting of the CPRB from Executive Session at 10:40 a.m.

Vice-Chairman Corsaro announced the Board was in Executive Session to discuss legal matters 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, Circuit Court and Less Than Honorable Service (LTHS) cases.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Scott A. Fowler, a member of PERS and a former finance director for the City of Shinnston. On October 25, 2108, he entered a plea of guilty to the felony count of embezzlement in the Circuit Court of Harrison County. By Order entered on January 10, 2019, Judge Matish sentenced him to a one-year suspended sentence and placed him on

probation for a period of two years. He further found that he had rendered *less than honorable service* and ordered that he pay all restitution and court costs.

Ms. Legato recommended the Board disqualify and terminate the PERS membership of Scott A. Fowler for rendering LTHS.

Mr. Vallet made a motion the Board accept the recommendation of Counsel to disqualify and terminate the PERS membership of Scott A. Fowler and to authorize counsel to proceed with LTHS proceedings against him. Mr. Bird seconded the motion. The motion was adopted.

Ms. Legato also gave an update on the Mayle v. CPRB matter that was pending in the Kanawha County Circuit Court. She reported that Judge Kaufman had entered a *Final Order* which reversed CPRB's Final Order and further ordered the Board to process Ms. Mayle's application for TRS disability benefits. She provided the Board with a copy of the Order.

The report of the In-House Legal Counsel was located behind Tab #5 of the Board materials.

Report from Outside Legal Counsel – Ronda Harvey

Ms. Harvey updated the Board on matters still pending the West Virginia Supreme Court of Appeals, the Circuit Courts of West Virginia and other administrative matters. She updated the Board on the *Allen E. Tackett v. WVCPRB* case. She reported that CPRB is waiting on Mr. Tackett to file his motion before Judge Webster with regard to his attorney fees.

Ms. Harvey also reported to the Board that the DNR subsistence allowance as pensionable compensation in PERS has been fully briefed and is still pending before Kanawha County Circuit Judge Jennifer Bailey.

The report of the Outside Legal Counsel was located behind Tab #5 of the Board materials.

Tab #6: 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, 2018 valuation results produced lower unfunded liabilities and lower State costs for all five plans. They went on to say that a significant event in FY 2018 that was reflected in the valuations was asset performance for the plan year ending June 30, 2018 which included investment returns that were in the 9.52 percent to 9.77 percent range which were well above the assumed return on 7.50 percent. They reported the following valuations for each of the plans:

- PERS – Funded from 91.5% to 92.9%
- TRS – Funded from 67.1% to 69.6%
- State Police Plan A – Funded from 86.7% to 90.4%

- State Police Plan B – Funded from 98.1% to 101.8%
- JRS – Funded from 174.4% to 185.5% (This plan has the highest funding level in the nation.)

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

The report of the Actuarial Consultants was located behind Tab #6 of the Board materials.

Tab #7: 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 – Contribution rate of 10% effective July 1, 2019

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

- State Police Plan B – Contribution rate of 14% effective July 1, 2019

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

- JRS – Contribution of \$791,000 effective July 1, 2019

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the JRS contribution amount. Mr. Bunn seconded the motion. The motion was adopted.

- JRS Employee Contribution rate of 7% effective July 1, 2019

Mr. Vallet made a motion to approve the recommendation of the Board Actuary for the JRS Employee contribution rate. Mr. Haney 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, 2019, for DSRS, MPFRS and EMSRS. He made the following recommendations:

- DSRS – Contribution rate of 12.0% effective July 1, 2019

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

- MPFRS – Contribution rate of 10.5% effective July 1, 2019

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

- EMSRS – Contribution rate of 8.5% effective July 1, 2019

Mr. Lynch 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.
The reports of the Board Actuary were located behind Tab #6 of the Board materials.

Tab #8: Actuarial Factors for Plan Administration

Ken Woodson, CPRB Actuary, made a recommendation that the Board approve a continuation of the 2018 Actuarial Assumptions and Factors for Administration for calendar year 2019 without modification for the eight defined benefit plans (PERS, TRS, State Police Plan A, State Police Plan B, JRS, DSRS, EMSRS and EPFRS). Mr. Bunn made a motion to approve the recommendation of the Board Actuary for the Actuarial Factors for Plan Administration. Mr. Vallet seconded the motion. The motion was adopted.

The report of the Board Actuary was located behind Tab #8 of the Board materials.


Tab #9: Old Business

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

Tab #10: New Business

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

There being no further business to come before the board, the meeting adjourned at 11:57 a.m.



Michael Corsaro, Vice Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board