

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JANUARY 26, 2022**

A meeting of the West Virginia Consolidated Public Retirement Board, Board of Trustees (“CPRB”), Board of Trustees, was held on Wednesday, January 26, 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 10:01 a.m. by Joseph G. Bunn, Chair.

Roll Call:

Trustees participating:

Joseph G. Bunn, Chair

Garner Marks, *representing Governor James C. Justice, II*

Jeff Waybright, *representing State Auditor John B. McCuskey*

Sarah Canterbury, Esquire, *representing State Treasurer Riley Moore*

Mark D. Scott, Cabinet Secretary, Department of Administration

Bill Barker

Rhonda Bolyard

Larry Cole

Mike McKown

Beth Morgan

D. Todd Murray

David Nelson

Reginald Patterson

Jeffrey Vallet

Trustees absent:

Daniel Cart

A quorum was present.

Others present:

Jeffrey E. Fleck, CPRB Executive Director

Terasa Miller, CPRB Deputy Director

Nancy Butcher, CPRB Executive Assistant

Jeaneen Legato, CPRB General Counsel
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
Craig Slaughter, Executive Director, WVIMB
Chris Meadows, Empower
Ronda Harvey, Esquire, Bowles Rice
Sarah Korwan, Hearing Examiner
David Driscoll, Buck Global, LLC
Beth Wiley, Buck Global, LLC
Brian McCormick, Appellant

Tab 1: Approval of the December 8, 2021 Minutes

Mr. Vallet made a motion that the Board approve the minutes of the December 8, 2021 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: Report of the Executive Director

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

1. *Staff Accolades* – Mr. Fleck reported that he had received emails from participants praising some staff members for excellent work. Staff members that received accolades were Bonita Knapp of the Call Center and Employer Reporting staff members that had been assisting Christina Skinner, Finance Clerk for Town of Anmoore.
2. *CPRB Metric Chart* - Mr. Fleck said that the retirement section had processed 64 PERS retirement applications and 21 TRS retirement since January 1st. He added that statistics for benefits estimates as well as death and refund applications were included in the Metric Chart.
3. *TDC Statistics* – He reported that the TDC Plan had 3,852 participants, and its assets were \$712,669,982.
4. *Delinquent Employers* – Director Fleck noted that the Putnam County Health Department was on the January list and that Employer Reporting staff had been in contact with the payroll coordinator who advised that Putnam County Health Department would make their payment soon. He added that Green Acres Rec. Center continues to reimburse according to its agreement.

5. *Disability Report – West Virginia Death, Disability and Retirement Fund (Plan A)* – Mr. Fleck reported that the State Police Plan A Disability Report had been presented to the Governor and copies had been sent to the Senate President, Speaker of the House and other members of the Legislature as provided by State Code. He added that a copy of the report was included in the Board materials.
6. *December Financials* – Mr. Fleck stated that the December financials showed that the agency was at 72.61 percent of its YTD Actual budget.
7. *Legislative Update* – Mr. Fleck gave a Legislative update which included a review of the Legislative Post Audits' report – Internal Controls for PERS Retirement Payments.
8. *Bowles Rice LLP Contract Amendment* – Mr. Fleck explained that an amendment to the Bowles Rice LLP contract was needed but it would be discussed in Executive Session before any action would be taken.

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

Tab #3: Plans Investment Data

Chairman Bunn recognized Craig Slaughter, Executive Director of the West Virginia Investment Management Board (WVIMB). Mr. Slaughter reviewed the Plan's Investment Returns Preliminary Report for the period ending November 30, 2021. He reported that investment returns were at -0.6 percent for the current month but preliminary returns for December appeared to indicate that it would probably finish at 2.5 percent. He added that the 20-year average was over 8 percent.

Chris Meadows of Empower Retirement gave an update on the TDC Outreach and Reality Investing. Mr. Meadows stated that he had conducted 67 counseling sessions since the beginning of the year.

Mr. Meadows reported that a TDC Winter Newsletter 2021 had been sent to each of the TDC participants.

Mr. Meadows also updated the Board on the TDC Investment Data. He reported that the fourth quarter had capped off an excellent year.

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.

Executive Session

Chairman Bunn announced he would entertain a motion to go into Executive Session to discuss contractual matters and a medical appeal.

Mr. Vallet made a motion that the Board go into Executive Session to discuss a contractual matter and a medical appeal as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Barker. The motion was adopted.

The Board went into Executive Session at 10:20 a.m.

Chairman Bunn reconvened the Public Session of the January 26, 2021, meeting of the CPRB Board of Trustees meeting from Executive Session at 10:40 a.m. He announced the Board was in Executive Session to discuss a contractual matter and a medical appeal as allowed by West Virginia Code §6-9A-4 and that no decisions were made during Executive Session.

Chairman Bunn recognized Executive Director Fleck and returned to Tab #2 – Executive Director Report to discuss the Bowles Rice LLP contract. Mr. Fleck stated that in 2020 when Bowles Rice submitted its Proposal for Outside Legal Services to the CPRB, a part of their proposal was a request for consideration of a modest across-the-board rate increase of five dollars per hour for each billing attorney or paraprofessional at the end of the initial contract term. He recommended that the Board approve the rate increase, effective January 1, 2022.

Mr. Cole made a motion to approve the request for the five dollar per hour for each billing attorney or paraprofessional as recommended. Mr. Patterson seconded the motion. The motion was adopted.

Tab #4: Appeals for Consideration – Sarah Korwan

Hearing Officer Sarah Korwan reviewed the appeal of **Brian C. McCormick**, a participant of the West Virginia State Police Retirement System (Plan B). The issue before the Board was whether Mr. McCormick’s medical condition renders him totally disabled, on a probable permanent basis, to perform the essential duties of a law-enforcement officer, and which impairment precludes him from engaging in other types of non-law-enforcement employment within the meaning of WV Code §15-2A-2(17), as determined by the Board in their July 1, 2021 decision.

Based upon the Findings of Fact and Conclusions of Law, Hearing Officer Korwan recommended that Mr. McCormick’s appeal of the Board’s decision to deny his request for Total Disability be affirmed and thus, the Appellant’s appeal be denied.

Chairman Bunn recognized Mr. McCormick who made a statement in support of his appeal.

Mr. Vallet made a motion that the Board adopt the recommendation of the Hearing Officer and deny the appeal of Brian C. McCormick. Mr. McKown seconded the motion. The motion was adopted. (Mr. Nelson recused himself from voting.)

The report of the Hearing Officer was located behind Tab #4 of the Board materials.

Tab #5: Legal Counsel Reports

Report of In-House Legal Counsel – Jeaneen Legato

Chairman Bunn recognized Jeaneen Legato, In-House Legal Counsel, to give her report to the Board. Ms. Legato updated the Board on all pending legal matters. She reported on all current Administrative, Circuit Court and Supreme Court cases.

Report from Outside Legal Counsel – Ronda Harvey

Chairman Bunn recognized Ronda Harvey, Outside Legal Counsel, to give her report to the Board. Ms. Harvey updated the Board on all Administrative, Circuit Court and Supreme Court cases. *The reports of the In-House and Outside Legal Counsel were located behind Tab #5 of the Board materials.*

Tab #6: Valuations

David Driscoll and Beth Wiley 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, 2021 valuation results produced lower unfunded liabilities and lower state costs for PERS, TRS and Public Safety plans (Plan A and Plan B), but higher state costs for JRS. He went on to say that significant events in FY 2021 that were reflected in the valuations were asset performance for the plan year ending June 30, 2021 which included investment returns that were in the 31.62 percent to 32.08 percent range (market value basis) which were significantly above the assumed return of 7.50 percent. He added that the impact of COVID-19 continues to be monitored, particularly with regard to mortality and turnover. He added that there were more deaths than anticipated for PERS, TRS and JRS and that none of the plans experienced notable turnover.

Mr. Driscoll commented on the PERS. He explained the eligibility requirements for each tier and discussed the state contribution. He added that the Tier 1 contribution rate was 4.5 percent of salary, the Tier 2 contribution rate was 6 percent of salary and the state contribution target was expended to fund the State portion of normal cost (actuarial cost of benefits accruing during the year), plus the amount required to amortize the unfunded liability over 14 years (30 years from 7/1/2005), plus the amount required to amortize HB 3095 increases over 4 years (6 years from 7/1/2019). He also reviewed the membership of the plan, the present value of benefits, the Actuarial Accrued Liability, the Assets (Actuarial Value) and the Unfunded Liability. He discussed the State normal Cost Rate (% of payroll), the calculated state contribution and the expected contributions FY22/FY21. He said that the Ongoing Plan: Actuarial Accrued Liability for July 1, 2021 was \$7,942,242,000 and July 1, 2020 was \$7,506,535,000; Assets (Actuarial Value) for July 1, 2021 was \$7,745,853,000 and for July 1, 2020 was \$7,129,022,000; Funded Status for July 1, 2021 was 97.5 percent and for July 1, 2020 was 95 percent. He added that the Interest Assumptions for July 1, 2021 was 7.25 percent and for July 1, 2020 it was 7.50 percent.

For TRS, Mr. Driscoll explained the eligibility requirements for each tier and discussed the state contribution. He also explained that the member contribution rate was 6 percent of salary and the state contribution was 15% of salary plus an additional amount necessary (after considering member contribution) to fund the unfunded liability by 2034 as a level-dollar amount plus amounts required to separately amortize liability for recent benefit changes (if

applicable). He also reviewed the membership of the plan, the present value of benefits, the Actuarial Accrued Liability, the Assets (Actuarial Value) and the Unfunded Liability. He discussed the State Cost for FY22/FY21 and the State Cost for FY23/FY22. He said that the Ongoing Plan: Actuarial Accrued Liability for July 1, 2021 was \$11,495,184,000 and July 1, 2020 was \$11,154,850,000; Assets (Actuarial Value) for July 1, 2021 was \$8,740,204,000 and for July 1, 2020 was \$8,116,332,000; Funded Status for July 1, 2021 was 76 percent and for July 1, 2020 was 72.8 percent. He added that the Interest Assumptions for July 1, 2021 was 7.25 percent and for July 1, 2020 it was 7.50 percent.

For State Police Plan A, Mr. Driscoll reviewed the eligibility requirements for Plan A and discussed the state contribution. He also explained that the member contribution was 9 percent of salary and the employer contribution was 15% of gross payroll plus revenue from arrest fees and related services, plus any additional amount necessary to cover any remaining normal cost (after member contributions are accounted for) and to amortize the unfunded liability as of July 1, 2020 as a level-dollar amount over 7 years, with future gains/losses and assumption changes to be amortized as a level-dollar amount over separate closed 5-year periods. He added prior bases will be fully amortized when the plan becomes overfunded. He also reviewed the membership of the plan, the present value of benefits, the Actuarial Accrued Liability, the Assets (Actuarial Value) and the Unfunded Liability. He discussed the State Cost for FY22/FY21 and the State Cost for FY23/FY22. He said that the Ongoing Plan: Actuarial Accrued Liability for July 1, 2021 was \$802,679,000 and July 1, 2020 was \$773,120,000; Assets (Market Value) for July 1, 2021 was \$851,533,000 and for July 1, 2020 was \$675,604,000; Funded Status for July 1, 2021 was 106.1 percent and for July 1, 2020 was 87.4 percent. He added that the Interest Assumptions for July 1, 2021 was 7.25 percent and for July 1, 2020 it was 7.50 percent.

Beth Wiley of Buck Global reviewed State Police Plan B, the eligibility requirements for Plan B and discussed the state contribution. She also explained that the member contribution was 13 percent of salary when the funded percentage is below 90 percent (another change introduced by HB 4471), 12 percent of salary if the funded percentage is at least 90 percent in the prior year valuation and the state contribution is expected to be 28 percent of salary, effective July 1, 2021 (previously 23 percent). She also reviewed the membership of the plan, the present value of benefits, the Actuarial Accrued Liability, the Assets (Actuarial Value) and the Unfunded Liability. She stated the State Normal Cost Rate on July 1, 2021 was 14.48 percent and payroll was \$35,120,000 and on July 1, 2020 the State Normal Cost Rate was 14.69 percent and payroll was \$34,946,000. She said that the Ongoing Plan: Actuarial Accrued Liability for July 1, 2021 was \$289,745,000 and July 1, 2020 was \$249,612,000; Assets (Market Value) for July 1, 2021

was \$301,158,000 and for July 1, 2020 was \$220,565,000; Funded Status for July 1, 2021 was 103.9 percent and for July 1, 2020 it was 88.4 percent. She added that the Interest Assumptions for July 1, 2021 was 7.25 percent and for July 1, 2020 it was 7.50 percent.

For JRS, Ms. Wiley reviewed, the eligibility requirements for the plan and discussed the state contribution. She also explained that the member contribution was 7 percent of salary effective July 1, 2013 (previously 10.5%) and the state contribution is annually based on valuation results and actuaries' recommendation. She also reviewed the present value of benefits, the Actuarial Accrued Liability, the Assets (Market Value) and the Unfunded Liability. She discussed the Recommended Contribution for FY22/FY21 on July 1, 2021 was \$2,083,000 and on July 1, 2020 it was \$1,778,000. She added that the Actuarially Determined Contribution for Budgeting for FY23/FY22 on July 1, 2021 was \$797,000 and on July 1, 2020 it was \$742,000. She said that the Ongoing Plan: Actuarial Accrued Liability for July 1, 2021 was \$106,682,000 and July 1, 2020 was \$98,820,000; Assets (Market Value) for July 1, 2021 was \$280,660,000 and for July 1, 2020 was \$215,688,000; Funded Status for July 1, 2021 was 263.1 percent and for July 1, 2020 was 218.3 percent. She added that the Interest Assumptions for July 1, 2021 was 7.25 percent and for July 1, 2020 it was 7.50 percent.

Mr. Driscoll and Ms. Wiley then answered questions from the board members.

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, 2022 based on July 1, 2021 Actuarial Valuation Results for PERS, State Police Plan B and JRS. He made the following recommendations:

- PERS – Employer Contribution rate of 9 percent of payroll effective July 1, 2022.

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

- State Police Plan B – Member Contribution Rate of 12 percent of base payroll, effective July 1, 2022.
- Employer Contribution rate of 20 percent of base payroll effective July 1, 2022.

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

- JRS Member Contribution rate of 7 percent of payroll effective July 1, 2022.

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

- JRS – Contribution of \$797,000 effective July 1, 2022.

Mr. Cole made a motion to approve the recommendation of the Board Actuary for the JRS Employer contribution amount. Mr. Waybright 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, 2022, for DSRS, MPFRS and EMSRS. He made the following recommendations:

- DSRS – Employer Contribution rate of 13.0 percent of payroll effective July 1, 2022. *(The CPRB Actuary noted that he would have set the rate at 16.9% but because the employer contribution rate is set in State Code, he could only recommend the maximum of 13 percent.)*

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.

- MPFRS – Employer Contribution rate of 8.5 percent of payroll effective July 1, 2022.

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

- EMSRS – Employer Contribution rate of 9.5 percent of payroll effective July 1, 2022.

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

NRPORS – Employer Contribution rate of 12.0 percent of payroll effective January 2, 2022. *(The CPRB Actuary noted that he would have set the rate at 12.07% but because the employer contribution rate is set in State Code, he could only recommend the maximum of 12 percent.)*

-

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

The reports of the Board Actuary were located behind Tab #7 of the Board materials.

Tab #8: Committee Reports

Actuarial Assumptions Review Committee – Mike McKown

Chairman Bunn recognized Mike McKown, to give a report from the Actuarial Assumptions Review Committee. Mr. McKown reported that Ken Woodson, the CPRB Actuary had presented the Actuarial Factors for Plan Administration for the nine defined benefit plans (PERS, TRS, State Police Plan A, State Police Plan B, JRS, NRPORS, DSRS, EMSRS and MPFRS) and made recommendations effective July 1, 2022 that were contained in the Actuarial Equivalence for the nine Defined Benefit Plans Administered by the CPRB. He noted that Mr. Woodson was recommending no changes to the State Police Plan A and the Judges' Retirement System (JRS).

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for Public Employees Retirement System (PERS). *(Summary of Recommendations were on pages 11-13 of the report.)*

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

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for Teachers' Employees Retirement System (TRS). *(Summary of Recommendations were on pages 21-23 of the report.)*

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

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for State Police Plan B. *(Summary of Recommendations were on pages 29-30 of the report.)*

Mr. McKown made a motion to approve the recommendation of the Board Actuary for the Actuarial Factors for Plan Administration for State Police Plan B. Mr. Vallet seconded the motion. The motion was adopted.

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for Deputy Sheriffs' Retirement System (DSRS). *(Summary of Recommendations were on pages 39-41 of the report.)*

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

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for Emergency Medical Services Retirement System (EMSRS). *(Summary of Recommendations were on pages 48-50 of the report.)*

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

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for Municipal Police and Firefighter Retirement System (MPFRS). *(Summary of Recommendations were on pages 54-55 of the report.)*

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

Mr. Woodson reviewed the summary of the recommended Actuarial Equivalence Assumptions for Natural Resources Police Officers Retirement System (NRPORS). *(Summary of Recommendations were on pages 59-60 of the report.)*

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

Disability Review Committee – Todd Murray

Mr. Bunn recognized Mr. Murray to give the report of the Disability Review Committee. Mr. Murray reported that the Disability Committee met on Tuesday, January 25, 2022 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 Total Duty | Approved Total Non-Duty | Denied Total Non-Duty | Denied Total Duty, but Approved Partial Duty | Total |
|------------------|----------------------------|--------------------------------|------------------------------|---|--------------|
| DSRS | 0 | 0 | 0 | 1 | 1 |
| PERS | 1 | 8 | 1 | 0 | 10 |
| SP-Plan B | 0 | 0 | 0 | 2 | 2 |
| TRS | 0 | 7 | 0 | 0 | 7 |
| TOTALS | 1 | 15 | 1 | 3 | 20 |

Mr. Murray made a motion that the Board accept and approve the Disability Committee’s recommendation concerning the disability retirement applications. The motion was seconded by Mr. Waybright. The motion to accept and approve the recommendation was adopted.

Relocation Committee – Joe Bunn

Chairman Bunn gave an update on the activities of the Relocation Committee. He stated that the committee would continue to review options for the location of the agency. *The Committee Reports and Committee Minutes were located behind Tab #8 of the Board materials.*

Tab #9 Old Business

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

Tab #10: New Business

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

Adjournment

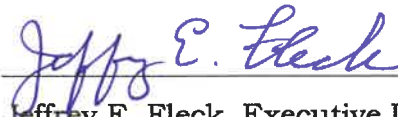
There being no further business to come before the board, the meeting adjourned at 12:55 p.m.



Joseph G. Bunn, Chairman
Consolidated Public Retirement Board

for →

mike mckown



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board