

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACCOUNTING & INVESTMENT COMMITTEE
MEETING OF JUNE 5, 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 June 5, 2018. The meeting was called to order at 2:33 p.m. by Chairman Joseph Bunn.

Roll call was taken.

Committee Members present:
Joseph Bunn, Esquire, Chairman
Ann Urling, *representing Governor Jim Justice*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Cabinet Secretary John A. Myers
Mike McKown

Member absent was:
Jeffrey Vallet

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
Nancy Butcher, CPRB Executive Assistant

A quorum was present.

Due notice had been posted.

Item 1: Approval of the March 14, 2018, Meeting Minutes

Mr. McKown made a motion to approve the March 14, 2018, minutes of the Committee. The motion was seconded by Ms. Stout. The motion carried.

Item 2: Review of Draft Third Party Administrator (TPA) Request for Proposal (RFP)

Chairman Bunn announced he would entertain a motion to go into Executive Session to discuss matters involving commercial competition and the draft of the Third Party Administrator Request for Proposal.

Secretary Myers made a motion to go into Executive Session as allowed by W. Va. Code §6-9A-4 to discuss matters involving commercial competition and the draft of the TPA RFP. Ms. Urling seconded the motion. The motion carried.

The Committee went into Executive Session at 2:36 p.m.

Chairman Bunn reconvened the Public Session of the June 5, 2018, meeting of the CPRB Accounting and Investment Committee from Executive Session at 4:07 p.m.

Chairman Bunn announced the Committee was in Executive Session to discuss the commercial terms of the draft TPA RFP as allowed by W.Va. Code §6-9A-4. He announced that no decisions were made during Executive Session.

Chairman Bunn announced he would entertain a motion to stand in recess until Wednesday, June 6, 2018, at 8:30 a.m. Ms. Stout made a motion that the Committee stand in recess until Wednesday, June 6, 2018, at 8:30 a.m. Secretary Myers seconded the motion. Motion carried.

Reconvening of the Accounting & Investment Committee meeting ~ June 6, 2018

Chairman Bunn reconvened the meeting of the Accounting and Investment Committee on Wednesday, June 6, 2018, at 8:34 a.m.

Committee Members present:

Joseph Bunn, Esquire, Chairman

Diana Stout, Esquire, *representing Treasurer John Perdue*

Cabinet Secretary John A. Myers

Mike McKown

Members absent were:

Ann Urling, *representing Governor Jim Justice*

Jeffrey Vallet

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

Nancy Butcher, CPRB Executive Assistant

Marybeth Daubenspeck, Empower Retirement
Chris Meadows, Empower Retirement, Outreach Officer
Bill Thornton, Advised Asset Group (AAG), *via telephone*
Chris DeWeese, Suttle & Stalnaker
Ryan Mink, Suttle & Stalnaker, *via telephone*
Evan Shamblin, Suttle & Stalnaker

Item 3: 2018 Audit Planning Communications for External Financial Audit

Chairman Bunn recognized that Chris Deweese, Evan Shamblin and Ryan Mink from Suttle & Stalnaker were in attendance. *(Ryan Mink, Audit Manager of Suttle & Stalnaker, joined the meeting via conference call.)*

Chairman Bunn announced he would entertain a motion to go into Executive Session as allowed by W.Va. Code §6-9A-4 to discuss a personnel issue.

Mr. McKown made a motion to go into Executive Session as allowed by W. Va. Code §6-9A-4 to discuss a personnel issue. Secretary Myers seconded. Motion carried.

The Committee went into Executive Session at 8:38 a.m.

Chairman Bunn reconvened the Public Session of the June 6, 2018, meeting of the CPRB Accounting and Investment Committee from Executive Session at 8:50 a.m.

Chairman Bunn announced the Committee was in Executive Session to discuss a personnel issue as allowed by W.Va. Code §6-9A-4. He announced that no decisions were made during Executive Session.

Chairman Bunn recognized Evan Shamblin of Suttle & Stalnaker to review the Auditor's required Communications letter. He announced the following due dates had been established: the agency financial statements due by October 15, 2018, which includes doing interim field work at the agency beginning on June 4, 2018, thru August 20, 2018, anticipating completion of this portion before the October 3, 2018, Board meeting; the CAFR having a completion date of December 31, 2018; compilation between the CPRB and the U.S. Department of Health & Human Resources of PERS numbers, after the financial statements are complete but before the end of October; and, the allocation schedules finalized by the end of June and planning that the allocation schedules for next year be finalized by March of 2019.

Chris Deweese of Suttle and Stalnaker discussed the plan to meet the above-mentioned deadlines. He went on to say that some things are outside the control of the CPRB regarding the deadlines and they will keep CPRB informed if any issues arise. He explained the content of the three Audit Engagement letters.

Ms. Stout made a motion to recommend to the Board that they accept the Audit Plan and the Engagement letters and to authorize the Executive Director to execute the Engagement letters. Mr. McKown seconded the motion. Motion carried.

Item 4: TDC Quarterly Investment Review – 3/31/2018

Bill Thornton, Advised Asset Group, reported on the TDC Quarterly Investment Review. He stated that the report looks good and includes figures that show a 3.8% unemployment rate for the state, mortgage rates that are making small increases, the CPI that has grown slightly; the S&P that has dropped a small amount and emerging markets that are making some gains.

He mentioned the investment funds have been steady. He discussed investment participation as well as the Morningstar rankings. He also discussed the low performance of the Franklin Mutual Global Discovery Z investment fund. After discussion about placing this fund on formal watch, Ms. Stout made a motion to recommend that the Board place Franklin Mutual Global Discovery Z on formal watch. Mr. McKown seconded the motion. Motion carried.

Item 5: TDC Outreach and Reality Investing Update: TDC 2018 Communication Plan

Chris Meadows of Empower gave an update on calls he has received regarding the change in investment option letter that went to participants. He said that he explained the purpose of the letter to each. He informed the committee that he had visited Berkeley, Wetzell, Wayne, Cabell, Kanawha, Putnam and Boone counties. He visited nine schools, two BOEs, and one neutral location. He added that he had counselled 30 plan participants in person and 123 over the telephone. He informed the committee that 40-50 TDC participants would be retiring June 30, 2018. He went on to say that he plans to visit some county boards of education over the summer.

Mike McKown left the meeting at 9:15 a.m.

Marybeth Daubenspeck of Empower, presented the communications plan and the beneficiary campaign. She explained the plan and various ways that are being discussed for contacting participants regarding the “named beneficiaries.” Paula Van Horn of CPRB explained the process of recording named beneficiaries. Chairman Bunn requested information be provided at the next meeting regarding the number of participants that do and do not have named beneficiaries and the age category they fall in. Ms. Daubenspeck also explained enhancements to the plan access.

Diana Stout left the meeting at 9:28 a.m.

Item 6: TDC Revenue Sharing ~ Quarter ending 3/31/2018

Paula Van Horn, CPRB TDC Manager, discussed the TDC Revenue Sharing and Administrative Quarterly Activity Report. She also explained the format changes of the report. As of March 31, 2018, the TDC Revenue Sharing account has a balance of \$279,671.07.

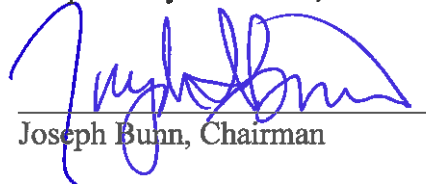
Item 7: TDC Weighted Average Returns ~ Quarter ending 3/31/2108

Chairman Bunn recognized Paula Van Horn, CPRB TDC Manager, to explain the Weighted Average Returns report.

Item 8: Other Business

Chairman Bunn asked if there was any other business to bring before the Committee. There was discussion about the process for the awarding of the TDC TPA contract. Afterward, there being no further business to come before the committee, the meeting adjourned at 9:44 a.m.

Respectfully submitted,



Joseph Bunn, Chairman



Jeffrey Fleck, Executive Director