

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIRMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF OCTOBER 2, 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, October 2, 2019. The meeting was called to order at 10:00 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Chairman
Captain Michael Corsaro, Vice-Chairman
Dave Hardy, *representing Governor James C. Justice, II*
Jeff Waybright, *representing Auditor John B. McCuskey*
Cabinet Secretary Allan McVey
Bill Barker
Andy Bird
Joe Bunn
Michael Haney
Mike McKown
D. Todd Murray
Jeffrey Vallet

Trustees absent:

Diana Stout, *representing Treasurer John Perdue*
Joe Lynch

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB, Executive Director
Terasa Miller, CPRB, Deputy Director
Nancy Butcher, CPRB, Executive Assistant
Jeaneen Legato, Esquire, CPRB, General Counsel
John Galloway, CPRB Chief Financial Officer
Ken Woodson, CPRB, Actuary
John Beane, CPRB, I.T. Manager
Tanner Mann, CPRB, Actuarial Analyst Trainee
Patricia Bowgren, I.T. Staff

Tammy Patton, I.T. Staff
Tim Abraham, CPRB, Compliance Officer
Tina Baker, CPRB, Internal Auditor
Caroline Brady, CPRB, Employer Reporting Manager
Michael Ciarochi, CPRB, Accounting
Sharon Whittaker, CPRB, Administrative Assistant
Gary Pullin, Esquire, Hearing Officer
Ronda Harvey, Esquire, Bowles Rice
Tom Sauvageot, WVIMB
Chris Meadows, Empower

Tab 1: Approval of the August 21, 2019 Minutes

Mr. Vallet made a motion to approve the minutes of the August 21, 2019 meeting of the Board. The motion was seconded by Captain Corsaro. 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 reported on the Metric Chart. He stated that since July 1, over 900 TRS retirement applications had been completed. He added that seven retirement applications had been completed in October.
2. Executive Director Fleck reviewed the TDC Empower Statistics. He reported that the Plan had 4,101 participants and their assets were \$540,725,989.
3. Executive Director Fleck updated the Board on the Delinquent Employers. He stated that Green Acres continues to reimburse according to their agreement. He went on to say that City of Mullens had not submitted contributions since June 2019 and certified letters had been sent to the State Auditor, Wyoming County Sheriff and the Wyoming County Commission notifying them of the delinquency.
4. Executive Director Fleck gave an update on the 2019 PERS Outreach presentations. He stated that Pam Russell and Chris Barr had held a total of nine outreach sessions, and they were attended by 362 participants. He went on to say that two TRS Outreach presentations were held at the Kanawha County Board of Education office and had been attended by 74 participants.
5. Executive Director Fleck reviewed the August financials. He stated that the overage in payroll during August was due to there being three pay periods in that month.

6. Executive Director Fleck announced that a copy of the letter to retirees regarding monthly paper checks was included in the board materials. He stated the deadline for choosing direct deposit or a pay card had been extended until January 2020. He went on to say that the number of paper checks being issued to retirees in January 2019 was over 2000 and that number was down to just over 400.
7. Executive Director Fleck informed the Board that he and Mr. Woodson, the Board Actuary, had made a presentation to the Legislative Joint Committee on Pensions and Retirement and a copy of the presentation was included in the board materials.

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

Chairman Wyant noted a change in the order of business and announced that Mr. Woodson, the Board Actuary, would be giving the Actuarial Assumptions Report.

Tab #7: Committee Reports

Actuarial Assumptions Committee

Ken Woodson, CPRB Board Actuary, gave a presentation on the 2019 PERS Experience Study. He explained that the agency was required to perform a study of each of the plans every five years. It also develops the actuarial assumptions to be effective starting with the July 1, 2019 actuarial valuation for funding and would be effective June 30, 2019 for financial disclosure purposes under GASB 67 and GASB 68. Changes in the actuarial assumptions from the 2019 experience study were jointly recommended by himself and David Driscoll, the lead actuary with Buck Consultants. He added that the PERS Study period included actuarial valuation data from July 1, 2013 to June 30, 2018.

2019 Interest Rate Review

Mr. Woodson stated that the actuarial valuation interest rate assumption was reviewed annually, and it included an experience review of the interest rate return for the PERS trust fund, expected returns based upon projections by investment professionals, and national public plan practices. He explained that all defined benefit plans' trust fund assets are invested similarly by the WVIMB and therefore, a single interest rate is applied to all eight plans administered by the Board. He added that historical analysis focuses on the results for PERS as the "flagship" plan for West Virginia public employers. He went on to say that

- the PERS estimated annual rate of return, after investment and administrative expenses, for FY 2019 was originally 5.26% and had been updated that morning to 5.9%;
- the PERS 20-year average annual return, after investment and administrative expenses, was 7.08%;
- Buck projected a 10-year expected average annual return of 8.38% and a 30-year expected average annual return of 9.36%, both after adjustment for administrative expenses;
- Based on data from Boston College Center for Retirement Research, the average interest rate assumption for the nation's largest state and local pension plans was 7.25%;

And,

- Weighted averaging of the five factors, plus inclusion of a stability factor, resulted in a recommendation to continue using an interest rate of 7.50% for all eight defined benefit plans administered by the CPRB.

He then answered questions from the Board members and explained the recommendation of the Actuarial Assumption Review Committee.

Mr. Vallet made a motion that the Board adopt the Actuarial Assumption Review Committee's recommendation to approve the continued use of the 7.50% interest rate return and discount rate assumption for the eight defined benefit plans, effective with the July 1, 2019 actuarial valuations. Mr. Bird seconded the motion. The motion was adopted.

PERS Assumptions

Mr. Woodson reviewed the PERS Mortality Assumption, the Salary Scales, the Withdrawal from Service, the Disablement Rates, the Family Composition and Accrual of Future Service, the Retirement Rates, the Noncontributory Service Loadings and the Plan Contributions. He then explained the recommendations of the Actuarial Assumptions Review Committee and answered questions from the committee members.

Mr. Bunn made a motion that the Board adopt the Actuarial Assumption Committee's recommendation to approve the adoption of all the new PERS assumptions as outlined in the 2019 PERS Experience Study report, effective June 30, 2019 for PERS financial disclosure purposes and effective July 2, 2019 for the PERS actuarial valuation for funding. Mr. Bird seconded the motion. The motion was adopted.

(A copy of the *Summary Report of the 2019 Experience Study for the West Virginia Public Employees' Retirement System* has been included in the Master Board materials behind Tab #7.)

The minutes, reports and presentations of the Committees were located behind Tab 7 of the Board materials.

Tab #3: Plans Investment Data

Tom Sauvageot, Fixed Income & Real Estate Investment Officer of the West Virginia Investment Management Board (WVIMB), reviewed the Plan's Investment Returns Preliminary Report for the period ending July 31, 2019. He stated July had a small increase and August had a decrease. He went on to say that the quarter was flat. He added that the WVIMB is supportive of the 7.5% rate of return as recommended by the Board Actuary and the Actuarial Assumptions Committee but noted that it would be a challenge.

Chris Meadows of Empower Retirement gave an update on the TDC Outreach and Reality Investing. Mr. Meadows reported that since the last Board meeting his on-site meetings included locations in Kanawha, Logan, Greenbrier and Braxton counties. He added that those meetings included 26 one-on-one reviews, for a year to date total of 62 total meetings and 814 plan participants counselled.

Mr. Meadows also gave an update on the TDC Investment Data. He reported that we continue to see signs that most major economies in the U.S. and around the world were slowing down. He went on to say that it appears the stock market had shaken off the issues associated with the slowing economy. He added that the S & P was up almost 20% and most other stock categories were up.

Mr. Meadows also noted that a copy of the TDC Fall Newsletter had been included in the Board materials.

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

Tab #4: Consideration of the Current Disability Retirement Applications

Mr. Murray reported that the Disability Committee met on Tuesday, October 1, 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
DSRS	2 (1-Total Duty 1 Total Non-Duty)	0	2 (1-Total Duty 1 Total Non-Duty)
PERS	7	0	7
TDC	1	0	1
TRS	6	1	7
TOTALS	16	1	17

Captain Corsaro 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 was adopted.

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

Executive Session

Chairman Wyant announced he would entertain a motion to go into Executive Session to discuss a legal matter, a medical matter and a commercial competition issue.

Mr. Vallet made a motion the Board go into Executive Session to discuss a legal matter, a medical matter and a commercial competition issue as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Haney. The motion was adopted.

The Board went into Executive Session at 10:47 a.m.

Chairman Wyant reconvened the Public Session of the October 2, 2019, meeting of the CPRB from Executive Session at 11:25 a.m.

Chairman Wyant announced the Board was in Executive Session to discuss a legal matter, a medical matter and a commercial competition issue as allowed by West Virginia Code §6-9A-4 and that no decisions were made during Executive Session.

Tab #5: Consideration of Appeal to Hearing Officer Gary Pullin

Hearing Officer Pullin reviewed the appeal of **Amy McGinley**, a participant of EMSRS. The issue with this appeal was whether the Applicant was totally disabled from performing her duties as an Emergency Medical Services Officer as a result of a duty related injury.

Hearing Officer Pullin recommended that Amy McGinley’s appeal of the Board’s decision to deny her request for Disability Retirement benefits be denied

Captain Corsaro made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Amy McGinley. Mr. Bunn seconded the motion. Mr. Waybright was excused from voting due to a conflict of interest. The motion was adopted.

The appeals were located behind Tab #5 of the Board materials.

Tab #6: 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 and Circuit Court matters.

Ms. Legato reported to the Board on the Less than Honorable Service (LTHS) case of **Harry Radcliffe**, a member of PERS. Mr. Radcliffe is a former elected Magistrate of Ohio County who entered a plea of guilty to the federal felony offense of *Conspiracy to Impede the Internal Revenue Service* in U. S. District Court for the Northern District of West Virginia. The offense stems from his failure to report and pay taxes on cash bribes he received from a bail bondsman while performing his duties as a magistrate. On August 2, 2019 Judge Stamp sentenced him to four months in prison, three years of probation and restitution in the amount of \$5,500.

Ms. Legato recommended the Board disqualify and terminate the PERS membership of Harry Radcliffe for rendering LTHS.

Mr. Bunn made a motion the Board accept the recommendation of Counsel to disqualify and terminate the PERS membership of Harry Radcliffe and to authorize counsel to proceed with LTHS proceedings against him. Mr. Haney seconded the motion. The motion was adopted.

Ms. Legato reported the Board on the Less than Honorable Service (LTHS) case of **Melissa Krstynak**, a member of TRS. Ms. Krstynak entered a guilty plea to one felony count of mail fraud in the U.S. District Court for the Southern District of West Virginia. Through her employment as a Greenbrier County high school counselor, she accessed and inflated her daughter's grades to obtain scholarships. On May 16, 2019, Judge Berger sentenced her to six months in prison, a \$4,000.00 fine and three years of probation.

Ms. Legato recommended the Board disqualify and terminate the TRS membership of Melissa Krstynak for rendering LTHS.

Mr. Vallet made a motion the Board accept the recommendation of Counsel to disqualify and terminate the TRS membership of Melissa Krstynak and to authorize counsel to proceed with LTHS proceedings against her. Mr. Bird seconded the motion. The motion was adopted.

Due to a conflict of interest, Chairman Wyant recused himself and Captain Corsaro assumed the position of Chair.

Ms. Legato reported to the Board on the Less than Honorable Service (LTHS) case of **Elizabeth Harbert**, a member of TRS. Ms. Harbert is a former teacher in Ohio County who entered a plea agreement via an *Alford Plea* to an Information which charged one count of Third-Degree Sexual Assault. This Ohio County teacher had sexual intercourse with a former fifteen-year-old student. She was sentenced to one to five years in prison.

Ms. Legato recommended the Board disqualify and terminate the TRS membership of Elizabeth Harbert for rendering LTHS.

Mr. Vallet made a motion the Board accept the recommendation of Counsel to disqualify and terminate the TRS membership of Elizabeth Harbert and to authorize counsel to proceed with LTHS proceedings against her. Mr. Murray seconded the motion. The motion was adopted.

(Mr. Wyant resumed the position of Chair.)

Report from Outside Legal Counsel – Ronda Harvey

Ms. Harvey updated the Board on matters still pending in the Circuit Courts of West Virginia and other administrative matters. Ms. Harvey also reported that the DNR subsistence allowance case is still pending before Kanawha County Circuit Judge Jennifer Bailey.

The reports of the In-House and Outside Legal Counsel were located behind Tab #6 of the Board materials.

Tab #7: Reports and Minutes from Committees

Accounting and Investment Committee

Mr. Bunn gave a report from the Accounting and Investment Committee. He stated that the Committee had met before the Board meeting and received the Draft 2019 Audited Financial Statements. He went on to say that the Committee was recommending that the Board authorize management to release the Audited Financial Statements including the Independent Auditor's Report upon finalization, subject to any material administrative changes needed to be made in connection with information forthcoming from the actuaries.

Mr. Bunn made a motion that the Board authorize management to release the Audited Financial Statements including the Independent Auditor's Report upon finalization, subject to any administrative changes needed to be made in connection with information forthcoming from the actuaries. Mr. McKown seconded the motion. The motion was adopted.

Internal Audit Committee

Secretary McVey gave a report from the Internal Audit Committee. He stated that the Committee had met on Tuesday, August 20, 2019 and received a report from the Internal Auditor, Tina Baker, on the PERS Refund Audit. He made a motion that the Board accept the report from the Internal Auditor, Tina Baker, on the PERS Refund Audit. Mr. Bunn seconded the motion. The motion was adopted.

The minutes, reports and presentations of the Committees were located behind Tab 7 of the Board materials.

Tab #8: Old Business

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

Tab #9: New Business

Chairman Wyant 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 11:45 a.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board