

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
ACCOUNTING & INVESTMENT COMMITTEE
MEETING OF MARCH 8, 2017**

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. The meeting was called to order at 8:09 a.m. by Chairman Joseph Bunn.

Roll call was taken.

Committee Members present:

Joseph Bunn, Esquire, Chairman

Diana Stout, Esquire, *representing Treasurer John Perdue*

Cabinet Secretary John A. Myers

Angela Crank

Mike McKown

Jeffrey Vallet

No members were absent.

Others present were:

Jeffrey E. Fleck, CPRB Executive Director

Candi Kinslow, Executive Assistant

Heather Drake, Administrative Assistant

Darden Greene, CPRB Chief Financial Officer

Paula Van Horn, CPRB TDC Manager

Amy Heyel, Empower Retirement, Vice President Client Relations

Eric Sanderson, Empower Retirement, Client Relationship Director

Chris Meadows, Empower Retirement, Outreach Officer

Michael Burroughs, Advised Asset Group (AAG)

A quorum was present.

Due notice had been posted.

Item #1: Approval of the November 16, 2016 Meeting Minutes

Mr. Vallet made a motion to approve the November 16, 2016 minutes. The motion was seconded by Ms. Stout. The motion carried unanimously.

Item #2: TDC Quarterly Investment Review (Michael Burroughs - AAG)

Mr. Burroughs reviewed the Teachers' Defined Contribution (TDC) Quarterly Investments through December 31, 2016 with the Committee and discussed the performance of the TDC funds. Mr. Burroughs then reviewed the Large Cap Growth search results.

Item #3: TDC Outreach & Reality Investing Update - (Chris Meadows - Empower)

Mr. Meadows reported on the TDC Outreach Meetings and Reality Investing. He reported there have been 22 meetings with 94 TDC members in attendance this year. Distribution and other counseling has occurred with 144 TDC members. Mr. Meadows then reviewed the Reality Investing Statistics with the Committee. He announced as of February 28, 2017 there were 4,406 TDC participants and \$450,224,051 in total assets.

Item #4: TDC Annual Plan Review – 1/1/2016 through 12/31/2016

(Eric Sanderson – Empower)

Mr. Sanderson reviewed the 2016 TDC Annual Plan Review with the Committee. He announced the TDC assets for the calendar year has grown by \$34.56 million. Mr. Sanderson announced the average account balance and contributions are going up per participant due to pay raises and paying in additional contributions.

Chairman Bunn asked Empower to look at participants who are enrolled in the Valic Fixed Annuity Option and under 40 years old and bring that information back to the Committee.

Item #5: TDC Revenue Sharing Summary - Quarter ending 12-31-2016

(Paula Van Horn – CPRB)

Paula Vanhorn reviewed the TDC Revenue Sharing account information for the quarter ending December 31, 2016 with the Committee. Ms. Vanhorn announced the TDC Revenue Sharing started with a balance of \$891,473.34 as of October 1, 2016 and ended with a balance of \$439,061.50 on December 31, 2016. Ms. Vanhorn announced a running total for the TDC portion of the COMPASS Computer System is \$839,000.04.

Chairman Bunn moved the agenda to address Item #8.

Item #8: TDC Administrative Fee evaluation (Paula Vanhorn & Darden Greene)

Paula Vanhorn reviewed the general summary of the TDC Revenue Sharing Account Summary with the Committee. Ms. Vanhorn announced the Committee had requested staff to provide options for different fee structures for TDC members.

Darden Greene, CFO, reviewed a historical perspective regarding the TDC Administrative Fees and Fee Holidays with the Committee. He discussed the revenue options and the expenses to the TDC plan.

Ms. Vanhorn announced to the Committee that staff had prepared the following options regarding the TDC fee structure and discussion ensued:

1. Keep the current TDC Administration Fee of \$15.00 per quarter (\$60 annually), pay TDC portion of COMPASS payments, and no longer pay TDC plan expenditure payments to CPRB beyond FY 2016 Year-End.
2. Increase the TDC Administration Fee to \$25.00 per quarter (\$100.00 annually), pay TDC portion of COMPASS payments, and continue paying TDC plan expenditure payments to CPRB.

3. Charge TDC Administration Fee of 12 bps annually (3 bps Quarterly) calculated on total participant assets of prior quarter end, pay TDC portion of COMPASS payments, and continue paying TDC plan expenditure payments to CPRB.
4. Charge TDC Administration Fee of 16 bps annually (4 bps Quarterly) calculated on total participant assets of prior quarter end, pay TDC portion of COMPASS payments, and continue paying TDC plan expenditure payments to CPRB.
5. Increase the TDC Administration Fee of \$40.00 per quarter (\$160.00 annually), pay TDC Portion of COMPASS payments, and continue paying TDC plan expenditure payments to CPRB.

Mr. Vallet made a motion the Committee raise the administrative fees from \$15.00 to \$25.00 on the TDC quarterly administrative fees, effective as soon as administratively practicable. Ms. Crank seconded the motion. There was discussion on the motion. The motion carried unanimously.

Chairman Bunn moved the agenda back to address Item #6.

Item #6: TDC Weighted Average Returns - Quarter ending 12-31-2016

(Paula Vanhorn– CPRB)

Paula Vanhorn reviewed the TDC Weighted Average Returns for the quarter ending December 31, 2016 with the Committee. Ms. Vanhorn announced TDC has \$442,560,207.00 in assets and there were 4,464 participants.

Item #7: Annual Re-evaluation of TDC Share of COMPASS Costs (Paula Vanhorn– CPRB)

Paula Vanhorn reviewed the annual re-evaluation of TDC's share of the COMPASS costs with the Committee. Ms. Vanhorn announced staff recommends the Committee authorized staff to amend and update the TDC Portion of COMPASS computer project expenses to 3.36567% and permit COMPASS related invoices during the 2017 calendar year to be paid from the TDC Revenue Sharing account, not to exceed \$234,741.14 and that the Committee recommend this to the Board for their full approval.

Mr. Vallet made a motion the Committee approve and recommend to the full Board that staff be authorized to amend and update the TDC Portion of the COMPASS computer project expenses to 3.36567% and permit COMPASS related invoices during the 2017 calendar year to be paid from the TDC Revenue Sharing account, not to exceed \$234,741.14. Ms. Crank seconded the motion. There was discussion on the motion. The motion carried unanimously.

Item #9: Other Business

Chairman Bunn asked the Committee if there was any other business.

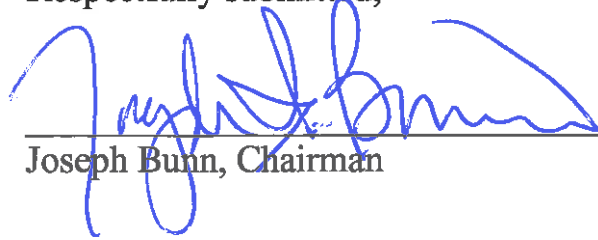
Mr. Sanderson reviewed the TDC Performance Standards with the Committee.

Chairman Bunn asked the Committee if there was any other business to bring before the Committee. None was heard.

Mr. McKown made a motion to adjourn the March 8, 2017 A&I Committee Meeting. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Chairman Bunn adjourned the March 8, 2017 Accounting & Investment (A&I) Committee Meeting at 10:01 a.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Joseph Bunn", written over a horizontal line.

Joseph Bunn, Chairman

A handwritten signature in blue ink, appearing to read "Jeffrey E. Fleck", written over a horizontal line.

Jeffrey E. Fleck, Executive Director