

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF OCTOBER 7, 2020**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB), Board of Trustees, was held on Wednesday, October 7, 2020 in the Large Conference Room at 4101 MacCorkle Avenue, Charleston, West Virginia, 25302.

Call to Order

The meeting was called to order at 10:02 a.m. by David L. Wyant, Chair.

Roll Call:

Trustees participating:

David L. Wyant, Chair

Mike Hall, *representing Governor James C. Justice, II*

Jeff Waybright, *representing Auditor John B. McCuskey*

Diana Stout, *representing Treasurer John Perdue*

Cabinet Secretary Allan McVey

Bill Barker

Joe Bunn

Mike McKown

Jeffrey Vallet

Trustees absent:

Michael Corsaro, Vice-Chair

Andy Bird

Michael Haney

Joe Lynch

D. Todd Murray

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
Tina Baker, CPRB, Internal Auditor
Ken Woodson, CPRB Actuary
Patricia Bowgren, CPRB IT Staff
Tanner Mann, CPRB Actuarial Analyst Trainee
John Galloway, CPRB Chief Financial Officer
Rod Livingston, Senior Investment Officer, WVIMB
Chris Meadows, Empower Retirement
Ronda Harvey, Esquire, Bowles Rice
Lealan Miller, Engagement Partner, Eide Bailly
Alysia Miller, CPRB Paralegal
Bonita Knapp, CPRB Administration
Judy Jarrell, CPRB, Membership
Laura Harvey, CPRB, Retirement
Dan Morris, CPRB, Retirement
Robbie Sheff, CPRB, TDC
Kim McCormick, CPRB, Refunds/Deaths
Samantha Chance, CPRB, Imaging
Chris Bush, CPRB, Imaging
Jamie Brisendine, CPRB, Imaging
Retha Taylor, CPRB
Alyssia Eads, CPRB
Brianna Means, CPRB
KeithAnn Widner, CPRB

Tab 1: Approval of the August 26, 2020 Minutes

Mr. Vallet made a motion to approve the minutes of the August 26, 2020 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: Reports of the Chairman and Executive Director

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

1. *CPRB Metric Chart* - Mr. Fleck said that there were 800 July 1 retirement applications which makes up 1/3 of the yearly retirement applications. He also said that the number of refunds continues to rise due to longer vesting requirements for new hires.
2. *TDC Statistics* - He reported that the Plan had 4,014 participants and its assets were \$619,446,712.
3. *Delinquent Employers* – Mr. Fleck stated that Green Acres continues to reimburse according to their agreement. He added that Big Bend Public Service District is now current.
4. *September Financials* - He stated that the agency was at 62.56% of its actual budget allocation.
5. *Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting* – Mr. Fleck announced that the Agency had received the award. He added that this is the 8th year in a row the agency has received this award.
6. *Laws and Rules of the West Virginia Consolidated Public Retirement Board* – Mr. Fleck stated that the Agency had received new books and each member of the Board would receive a copy.
7. *COVID-19 Status Update* - He explained that CPRB staff continues to work remotely as well at the office. He added that the agency was still employing a Certified Nursing Assistant to check temperatures of people entering the building each day and that face masks are still mandatory for common areas.
8. *Natural Resources Police Officers Retirement System (NRPOS)* – Mr. Fleck said that the implementation of the new plan had begun and the deadline to enroll in the new plan was September 30, 2020. He added that 115 of the 117 natural resources police officers had applied.

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

Tab #3: Plans Investment Data

Rod Livingston, Senior Investment Officer of the West Virginia Investment Management Board (WVIMB), reviewed the Plan's Investment Returns Report for the period ending August 31, 2020. He reported that investments were at 6.3% year to date. He added that quick action by the federal government helped with a "V"-shaped economic recovery thus far and that tech companies were creating an increase in the market activity. He went on to say that the availability of a vaccine will be a driver in the market and that July and August did well, a pull-back was expected in September until after the election. He then answered questions from the committee members.

Chris Meadows of Empower Retirement gave an update on the TDC Outreach and Reality Investing. Mr. Meadows reported that his on-site meetings and one-on-one counselling sessions had been cancelled due to the COVID-19 Pandemic, but he was conducting telephone counselling sessions. He reported that the year to date totals show 900 counseling sessions.

Chris Meadows of Empower Retirement gave an update on the TDC Investment Data. He reported that TDC Investments are doing well. He added that investors saw an increase as did international markets.

The Plans Investment Data reports, TDC Educational Meeting reports and TDC Investment Data were located behind Tab #3 of the Board materials.

Tab #4: Consideration of the Current Disability Retirement Applications

Mr. Waybright reported that the Disability Committee met on Tuesday, October 6, 2020 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	Denied	Total
DSRS	1 - Total Duty	0	1 - Total Duty
PERS	9	1	10
SP - Plan B	1-Partial Duty	1 - Total Duty but award Partial Duty	2
TRS	11	0	11
TOTALS	22	2	24

Mr. Vallet made a motion the Board accept and approve the recommendation of the Disability Review Committee concerning the disability retirement applications. The motion was seconded by Mr. Barker. The motion was adopted.

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

Chairman Wyant said he would entertain a motion to go into Executive Session as allowed by West Virginia Code §6-9A-4.

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

The Board went into Executive Session at 10:20 a.m. as allowed by West Virginia Code §6-9A-4 to discuss legal matters and other matters.

Chairman Wyant reconvened the Board meeting from Executive Session at 10:40 a.m. He announced 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 that the Administrative Hearing for former Justice Loughry has been continued due to COVID-19. She reported on all current Administrative, Circuit Court, Supreme Court and Less than Honorable Service (LTHS) cases.

Ms. Legato reviewed the LTHS case of **Ramsey Bearse**. She reported that Ms. Bearse was a TRS member. On December 17, 2019, this former middle school teacher at Andrew Jackson Middle School in Kanawha County entered a plea of guilty to one felony count of *Possession of Material Depicting Minors in Sexually Explicit Conduct* involving a student at the school. On July 15, 2020, Judge Bloom sentenced her to two years in prison and ten years of extended supervision.

Ms. Legato recommended the Board disqualify and terminate the TRS retirement of Ramsey Bearse. Mr. Bunn voiced his opposition to the recommendation.

Mr. Vallet made a motion the Board accept the recommendation of Counsel and disqualify and terminate the retirement in the TRS of Ramsey Bearse and to authorize legal counsel to proceed with a Less Than Honorable Service action. The motion was seconded by Mr. Barker. The motion was adopted.

Ms. Legato reviewed the LTHS case of **Gary Feaster**, a PERS member. She reported that on August 24, 2020, this former Mineral County deputy circuit clerk entered a plea of guilty to one felony count of *Embezzlement* and one felony count of *Fraudulent Scheme* involving the theft of money paid for fines and restitution to the clerk's office. On September 23, 2020, Judge Williams sentenced him to 2-20 years in prison and restitution in the amount of \$75,000 and an additional \$41,666 to the Auditor's office for the cost of the investigation.

Ms. Legato recommended the Board disqualify and terminate the PERS retirement of Gary Fester.

Mr. Vallet made a motion the Board accept the recommendation of Counsel and disqualify and terminate the retirement in the PERS of Gary Feaster and to authorize legal counsel to proceed with a Less Than Honorable Service action. The motion was seconded by Mr. McVey. The motion was adopted.

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. She added that because of COVID-19, hearings in the courts have been slowed. She updated the Board members on the Administrative

Appeal of Deborah Birthisel. She also updated the Board on the Truman Sayre appeal which has been assigned to Judge Kaufman.

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

Tab #6: Committee Reports

Accounting & Investment Committee

Chairman recognized Mr. Bunn to give a report from the Accounting & Investment Committee. He reported that the Accounting & Investment Committee had met on Tuesday, October 6, 2020 and the Committee was recommending that the Board approve the release of the June 30, 2020 Audited Financial Statements including the Independent Auditor's Report upon finalization, subject to immaterial administrative changes. He then introduced Lealan Miller, Engagement Partner, Eide Bailly, who gave a report to the Board on the Audited Financial Statements for Fiscal Year Ended June 30, 2020.

Mr. Miller stated that Significant Accounting Policies showed that there were no new significant footnote disclosures and that Eide Bailly specialists utilized reasonableness of methodologies and assumptions, I.T., and marketable investment valuations in their audit. He added that other material written communications included an Engagement letter and a Management Representation letter. He discussed future GASB Standards for 2021 and 2022. He added that there were no disagreements with management, no consultations with other accountants, no major issues discussed with management prior to retention, no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States and no material corrected misstatements.

Mr. Miller discussed the areas of Audit Emphasis. He said that accounting estimates were an integral part of the basic financial statements and required supplementary information prepared by management and were based on management's current judgements. He also said that the basis for their conclusions as to the reasonableness of estimates in the context of the basic financial statements and required supplementary information based on their review and tests of the process used by management to develop estimates that showed there were no significant changes in accounting estimates or in management's judgments relating to such estimates for the year ended June 30, 2020.

He added that significant areas of management judgements and estimates, as well as actuarial accrued liability, were reviewed and that reasonableness of assumptions were used in estimating the liability. He went on to say that the audit assessed qualifications of WVCPRB's actuarial expert, evaluated management's methodology and assumptions for compliance with GAAP, significant assumptions included, but were not limited to, the investment return, discount rate, mortality rates and retirement rates. He added that they reviewed the actuarial report and support for the calculations, evaluated data utilized by the WVCPRB's actuarial expert and performed tests surrounding the disclosures in the notes to the financial statements and the required supplementary information.

He discussed the significant risks and management override of controls. He stated that consideration of fraud in a financial statement audit involved internal specialists in areas which were highly complex and subjective and required management to make judgements and assumptions, such as alternative investments and related disclosures. He added that they performed investigative procedures including journal entry testing with the focus around entries with certain characteristics which would be considered unusual and/or nonrecurring as well as the controls surrounding journal entries and management overrides of controls and emphasized a heightened level of professional skepticism during the audit process. He said that they reviewed accounting estimates for bias, evaluated significant transactions that were outside the normal course of business, performed fraud inquiries and had a brainstorming meeting by the audit engagement team.

Mr. Miller concluded his presentation by saying that they were not aware of any relations, including non-audit services between Eide Bailly LLP and the WVCPRB that, in their professional judgement, could reasonably be thought to bear on their independence. He stated that they confirmed that, in their professional judgement, for the year ended June 30, 2020, and as of the date of this communication, they were independent with respect to the WVCPRB, within the meaning of the standards promulgated by the American Institute of Certified Public Accountants' Code of Professional Conduct, and its interpretations and rulings, as well as GOA independence requirements.

Mr. McKown made a motion that the Board approve the release of the June 30, 2020 Audited Financial Statements including the Independent Auditor's Report upon finalization, subject to immaterial administrative changes. Mr. Waybright seconded the motion. The motion was adopted.

Internal Audit Committee

Chairman Wyant recognized Cabinet Secretary McVey to give a report from the Internal Audit Committee. He reported that the Internal Auditor Tina Baker had reviewed the TDC Suspension Accounts Memo and the Tentative 2021 Internal Audit Plan. He stated that Committee was recommending the Board accept both reports.

Mr. McVey made a motion that the Board accept the TDC Suspension Accounts Memo and the Tentative 2021 Internal Audit Plan by the Internal Auditor Tina Baker. Mr. Vallet seconded the motion. The motion was adopted.

Cabinet Secretary McVey also reported that Tim Abraham, CPRB Compliance Officer had presented the TRS Compliance Review and announced that the report was available for members to review.

Tab #7: State Police Plan A Amortization Policy

Chairman Wyant recognized Kenneth Woodson, CPRB Actuary, to review the current Unfunded Actuarial Accrued Liability (UAAL) Amortization Policy that he presented at the August Board meeting.

Mr. Bunn made a motion to adopt the Unfunded Actuarial Accrued Liability (UAAL) Amortization Policy for the State Police Death, Disability and Retirement Fund (Plan A) as presented by Mr. Woodson. The motion was seconded by Mr. Vallet. The motion was adopted.

Tab #8: Old Business

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

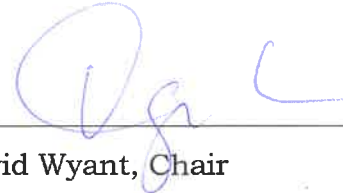
Tab #9: New Business

Mr. Wyant inquired as to any new business to come before the Board.

Mr. Fleck announced that Fiduciary Training would be held on November 18, 2020 beginning at 10:00 a.m. in the CPRB Conference Room A. He added that Tom Heywood of Bowles Rice would be conducting the training. He also said that the Board meeting would begin immediately following the Fiduciary Training.

Adjournment

There being no further business to come before the board, the meeting adjourned at 11:17 a.m.



David Wyant, Chair

Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director

Consolidated Public Retirement Board