

AGENDA
Municipal Pensions Oversight Board
Meeting of the Board Members

June 15, 2023 – 2:00 P.M.

301 Eagle Mountain Road, Second Floor, Suite 251, Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on March 16, 2023
- III. Old Business
 - A. Legal
 - 1. Beckley Fire Department Pension Board v. The Municipal Pensions Oversight Board and Chairman Civil Action No. CC-41-2022-C-185
 - 2. Todd Lewis Taylor v. The City of Charleston, WV Policemen’s Pension and Relief Fund
 - 3. Paul Harrison v. the Charleston Firefighter’s Pension and Relief Fund and West Virginia Municipal Pensions Oversight Board, Civil Action No. 22-C-357.
 - 4. Terence F. Brown v. W.V. Municipal Pensions Oversight Board, Blair Taylor, City of Weirton, and Harold Miller (amended to City of Weirton and The Board of Trustees of the Policemen’s Pension or Relief Fund of Weirton), Civil Action No. CC-05-2021-C-14
 - B. Compliance Review Updates
 - 1. Recalculations
 - a. Charleston Fire
 - b. Dunbar Fire
 - c. Dunbar Police
 - d. Wheeling Police
 - e. Wheeling Fire
 - C. ARFP for Actuarial Audit Services
 - 1. Update of Technical and Schedule of Events
 - D. Experience Study for the period July 1, 2017, through June 30, 2020
- IV. New Business
 - A. P-Card Expenditures – March, April, and May 2023
 - B. Personnel
 - 1. Report on Personnel Subcommittee meetings since March 16, 2023
 - C. Executive Director’s Report
- V. Public Comments
- VI. Adjournment

**MUNICIPAL PENSIONS OVERSIGHT BOARD
MINUTES OF MEETING
June 15, 2023**

The Municipal Pensions Oversight Board (MPOB) met on June 15, 2023, at 2:00 PM. The location of the meeting was held at 301 Eagle Mountain Rd. Suite 251, Charleston WV 25311. Mr. Steve Neddo welcomes everyone and calls the meeting to order. Mr. Blair Taylor calls the roll.

I. Roll Call - Attendees:

Board Members:

Travis Blosser — Present

Jeffrey Fleck — Present

David Lanham — Present

Sarah Long — Present

Jason Matthews, Vice Chairman — Present virtual

Steve Neddo — Chairman — Present

Michael Payne — Conference call

Tom Percy — Present Virtual

Craig Slaughter — Present

Staff:

Janet Warren — Administrative Assistant - Absent

Les Smith, Accountant — Present

Matthew Pauley, Chief Financial Officer - Present

Blair Taylor, Executive Director- Present

Guest:

Jim Ritchie, Senior Consulting Actuary, Bolton — Present

Jordan Mclane, Consulting Actuary, Bolton — Present Virtual

General Counsel:

Anthony Eates, Deputy Attorney General – Present Virtual

Minute taker:

Matthew Pauley

Mr. Neddo States that MPOB does have a quorum.

II. Approval of Minutes

Minutes' for the MPOB meeting on March 16, 2023, were presented for approval.

Motion to approve the minutes as presented; moved by Mr. Travis Blosser; Seconded by Mr. Craig Slaughter; Passed unanimously.

RESOLVED the minutes for the March 16, 2023, meeting, Municipal Oversight Board Meeting minutes were approved as presented.

III. Old Business:

A) Legal

Mr. Anthony Eates presenting.

1. Beckley Fire Department Pension Board vs. MPOB Civil Action No. CC-41-2022- C – 185.
 - MPOB received the draft stipulations to submit to the judge from the Plaintiff's counsel. In mid-May, those revisions were reviewed and the MPOB sent revised stipulations back to the Plaintiff's counsel. MPOB is awaiting a response from Plaintiff's counsel.
2. Todd Lewis Taylor v. The City of Charleston, WV Policemen's Pension and Relief fund -Judge Webster.
 - Charleston Policemen's Pension counsel, Mr. Eates, and Mr. T.L. Taylor's counsel have been working to schedule depositions for the case. Depositions were originally set to start on June 16, 2023, but will be rescheduled for some time in late July or early August 2023.
3. Paul Harrison v. The Charleston Firefighter's Pension and Relief Fund and West Virginia Municipal Pensions Oversight Board, civil Action No. 22-C-357.
 - Mr. Eates expects that case to be dismissed due to lack of activity. The Circuit Court's office sent out a notice on June 2, 2023, an intent to dismiss notice.
4. Terrence F Brown vs WV Municipal Pensions Oversight Board, Blair Taylor, City of Weirton & Harold E. Miller (amended to City of Weirton), Civil Action No. CC-05-2021-C-14.

Mr. B. Taylor Presenting:

- No official report or notification on the case, but Mr. Taylor spoke with the payroll clerk for the City of Weirton, the clerk stated that the retiree was currently being paid.

Mr. Neddo states the Board will move out of order to item IV. B Personnel on the Agenda.

IV. New Business

B. Personnel

1. Report on Personnel Subcommittee meetings since March 16, 2023

Mr. Fleck Presenting:

Mr. Fleck makes a motion to go into Executive session as provided for in the Open Meetings Act, under W.Va. §6-9A-4(b)(2)(A) to discuss personnel matters.

MOTION: Moved by Mr. Jeffrey Fleck; Seconded by Mr. Craig Slaughter, for the Municipal Pensions Oversight Board to go into Executive Session pursuant to W.Va. §6-9A-4(b)(2)(A) to discuss personnel matters.

RESOLVED, that the Municipal Pensions Oversight Board go into executive session as provided for in WV.a. §6-9A-4(b)(2)(A) to discuss personnel matters.

All guests, Mr. Blair Taylor, Mr. Les Smith, Mr. Jim Ritchie, Mr. Jordan McClane left during the executive session.

Mr. Neddo calls the meeting back to order and asks Mr. Fleck to report on the Personnel session.

Mr. Fleck Presenting:

- On June 15, 2023, the board met for a Personnel meeting on the evaluation of the Executive Director of the Municipal Pension Oversight board, Mr. Blair Taylor. Mr. Fleck asks that the board accept the evaluation of Mr. Taylor with a satisfactory evaluation.

Motion to approve the evaluation Personnel Committee report on the evaluation of the Executive Director; moved by Mr. Jeff Fleck; Seconded by Mr. Travis Blosser; Passed unanimously.

RESOLVED the Personnel Committee's satisfactory evaluation for the MPOB Executive Director has been accepted and approved.

- The Personnel Committee also discussed the job description and duties of the Administrative Assistant/ Procurement Officer, Janet Warren, and the additional duties that Mrs. Warren has undertaken. Those duties would warrant additional pay.

Mr. Fleck makes a motion to update Mrs. Warren’s job description to Administrative Specialist/Procurement Officer and Data Analyst with a pay increase to \$59,000 a year starting July 29, 2023.

MOTION: Moved by Mr. Jeffrey Fleck, seconded by Mr. Travis Blosser, to change the job description from Administrative Assistant/ Procurement officer to Administrative Assistant/Procurement officer and Data Analyst with an increase in pay.

RESOLVED, that the Personnel Committee changed the job description and increased pay for the Administrative Assistant/Procurement Officer and Data Analyst has been accepted and approved.

Mr. Neddo recognizes and thanks the Personnel Committee for their work reviewing the Director and his staff.

III. Old Business:

B. Compliance Review Updates

Mr. Les Smith Presenting:

- a.) **Charleston Fire** – Recalculations are underway by the accounting firm Suttle and Stalnaker.

Mr. Blair Taylor Presenting:

- b.) **Dunbar Fire** – Dunbar fire was waiting until the Dunbar Police reviews were completed. Sommerville & Company will be doing their recalculations. Mayor Scott Elliot has been instrumental in the movement of both Dunbar Fire and Dunbar Police since taking office.
- c.) **Dunbar Police** – Reviews have been completed. Sommerville & Company reviewed their calculations. When the review was done, Sommerville failed to add their final pay to the calculations of the retirees. Mrs. Warren, Mr. Taylor, and Mr. Smith added those calculations into the MPOB review. Our numbers matched Sommerville’s data until we added the last pay amount, omitted by Sommerville. Summary of Calculations include:
 - **Three of the members** - Final pay was not included but should have been included. Those members have been notified of the amount owed back to the pension plan, the city has been notified of the normal cost owed back to the plan. The city has agreed to make that normal cost percentage (make up), as well as the interest. The members that owe back, the members are going to pay their fees and the city is responsible for paying the interest payment because it was a city error.
 - **Underpayments** – There were numerous underpayments owed to the member. Those payments have been approved in the meeting minutes, of the Dunbar Policemen’s Pension Fund for repayment.

Mr. Lanham excuses himself while MPOB discusses Wheeling Police and Wheeling Fire.

Mr. Les Smith Presenting:

- d.) **Wheeling Police**– Wheeling Police calculations are complete. MPOB pulled random retirees from Wheeling Police and pulled data in detail, along with support documentation to randomly check the Accounting Firms calculations. MPOB agrees with those calculations and considers those calculations completed.
- e.) **Wheeling Fire** – MPOB is awaiting documents for Wheeling fire. Once received, the MPOB will pull random retirees and start the process of pulling the data, in detail, to compare it with Ms. Tickerhoff’s results on the Wheeling Fire calculations.

Mr. Jason Matthew raises a question.

Mr. Matthew’s asks if there are any other city’s that still need to be reviewed. Mr. Taylor states that we have around 10 plans that MPOB has not reviewed. Last week, Mr. Taylor asked Mr. Smith to review 3 of those smaller plans. Mr. Smith will be asking for information in July to start working on those plans. There are still some Mid/Major plans that need to be reviewed, such as Clarksburg Police and Fire, and Weirton Police and Fire. MPOB was waiting for a CFO to be hired. Although Mr. Matt Pauley is on board, he has been working on providing data to the internal auditor and will continue to do so into July. In the Fall Mr. Pauley will start working on some of the cities as well.

C. ARFP for Actuarial Audit Services

Mr. Blair Taylor Presenting

1. Update of Technical and Schedule of Events- MPOB rules state that the board must approve the final document. Mr. Taylor spoke to the chairman of the RFP Committee, Mr. Jeff Fleck, on the dates of schedule of events.
 - Issuing date: 07-27-2023
 - Presented by 09-14-2023
 - Presentations after 09-14-2023
 - Estimated award date by 11-1-23

Actuarial audits will be done on the AVR’s (Actuary Valuation Reports) that will be completed this fall in the month of September. Once the contract is awarded, the winning bid will conform to the following timeline:

- Report presented to board in the June 2024 Quarterly meeting
- The final report will be completed by June 30, 2024 – that allows enough time for the Actuaries to complete any suggested changes in the upcoming fall Actuarial Valuation Reports.

MPOB is in the 5th year of the Bolton Actuary contract. We have two (1 year) renewals. MPOB expects to renew the contract for both terms. In between the first and second renewal MPOB will put a bid out for new Actuary services for another 5–7-year period.

MOTION: Moved by Mr. Jeffrey Fleck, seconded by Mr. David Lanham, to approve the ARFP for Actuarial Audit Services as presented.

RESOLVED, that the ARFP for Auditing services has been approved as presented.

D. Experience Study for the period July 1, 2017, through June 30, 2020

Mr. Jim Ritchie Presenting:

- Mr. Ritchie refers to the Experience study Presentation, presented to MPOB.
- Mr. Ritchie states there were little changes made by the experience study.

Analyzed experience from 07/01/2017 – 06/30/2020 *only capturing 3-4 months of the pandemic.*

For this experience study, Bolton states that they break up the assumptions into 3 categories:

- 1) Demographic assumptions (mortalities, termination, retirement)
- 2) Economic assumptions (return on assets, inflation, salary increase)
- 3) Actuarial methods

The prior Actuary used the same assumptions for retirement and terminations for police and fire. Bolton finds that assumptions between Police and Fire differ and recommended that they use different assumptions, which they implemented in this Experience study.

➤ **Economic Assumptions:**

- **Economic assumptions and inflation:** Recently inflation has been high, it was dipping down before, around 2.25%. Bolton states rate will stay padded at 2.50%.
- **Premium tax increase assumption:** Based on inflation, will stay at 2.50%
- **Cost of living:** Based on CPI. CAP is reflected in future COLAs along with the impact of the CAP (worth around 5 basis points) so will reduce the assumption from 2.5% to 2.45%
- **Investment return assumption:** no change
- **New hire:** Used only for Bolton projections, it does not impact the evaluation, just used for comparison of protections. That will be left at 3.5%.
- **Admin expenses:** Looks at prior experience - no change.

➤ **Demographic Assumptions:**

- **Mortality:** Leaving the base table alone – Bolton uses the table which is part of the public sector mortality 2010 (based on the mortality of 2010) and Bolton adjusts that forward using the improvement scale (MP2021 scale). Because of the Pandemic there was not an MP2022 published, so Bolton used the MP2021 scale.

- **Retirement Assumption: Police** - Increased some rates a little earlier at ages 50, 57-59. **Fire** - decreased some rates at age 57-59.
- **Termination: Police and fire**- Increased rates at younger ages
- **Disability:** Bolton made a big change in the last experience study, increasing the rates by 50%. This experience study differs quite a bit in disabilities so it will increase at 25%.
- **Salary Scale:** No Change
- **Marriage assumptions:** No Change

➤ **Actuarial Cost Methods:**

- **Actuarial Methods:** No changes

➤ **Bolton -Summary of Experience Study:**

- Left inflation the same (looking historically at COLA over 5, 10,15, 20, 25, 30, 35 years). Imposing CAP from 4.1%-5.3%, over history how much the inflation would be lowered. In the first few years it was about 16 basis points, by year 35 it was 5 basis points. On average the assumption was reduced by 5 basis points.
- Retirement: **Retirees for Police**- Expected (70) Actual (84), increasing the retirement assumption at an earlier age, by trend to (77). **Retirees for Fire** – Expected (80) Actual (71), decreasing retirement (77).
- Termination – Increased termination assumption at earlier ages to reflect history of termination for both Police and Fire. **Police terminations:** Expecting (112) Actual (128). **Fire terminations:** Expecting (44) Actual (69).
- Disability- Current Assumption lower than prior experience.

➤ **Bolton Recommended Assumptions Maintaining:**

- Inflation – Historical 5 years it has gone up, but 10 years it is still at 2.5% , year 15 it is at 2.32%. Looking at historical published data rates that include expectation such as Federal Reserve at 10 year break-even is at 2.3%, Philadelphia Fed is at 2.36%.
- No Change in the Investment Return Assumption, keeping it at 7.0%. It is based on where the IMB is currently.
- Updated Mortality Assumption, using a generational technic: There are 2 parts of mortality assumption. First is the base table and the second is the projections scale. The Base study that Bolton used is called the public sector 2010, then second, Bolton uses the projection scale to project those base tables forward. Mortality rates in WV seem to be higher than the national average, but no adjustments were made, but would be open to adjusting that data in the future.

➤ Mr. Slaughter asks how much higher is the Mortality rates in WV than National average?

- Per Bolton: In 2021 WV has the worst mortality rate of all 50 states (54 of the 55 counties have life expectancy below national average).
- Bolton used the Public Sector 2010 – below median which is slightly higher than the standard table.

- No changes on Percent Marriage
- No change on Premium tax increase
- No change on Admin expenses
- No change on Actuary methods

➤ **Impacts on the results:**

Slight change due to the higher termination at younger ages causing a slight gain.

- Mr. Lanham asks the question about COVID not being reflected in this study. Asking if it will be reflected in the next actuarial experience study or is it considered an outlier? Bolton states that will be a determination from the Subcommittee with the next study, to determine what statistics will be used. COVID had more of an impact on retirement and terminations than it did on mortality.

MOTION: Moved by Mr. Travis Blosser; Seconded by David Lanham, to approve the Experience Study.

RESOLVED: Experience Study provided by Bolton Actuaries has been presented and approved.

IV. New business

A. P-Card Expenditures- March, April, and May 2023

Mr. Matthew Pauley presenting

Mr. Pauley presents the P-Card Expenditures for the Months of March, April, and May 2023.

MOTION: Moved by Mr. Craig Slaughter; Seconded by Mr. Travis Blosser, Motion to approve the P-Card Expenditures for months March, April, and May 2023

RESOLVED: P-Card Expenditures for March, April, and May 2023 have been approved as presented.

C. Executive Director Report

Mr. Blair Taylor presenting.

- Mr. Taylor presents the Directors report to the board. Mr. Taylor states that he has spoken to multiple Municipalities with questions on pension funds and has met with multiple City Mayors and City Managers.
- MPOB staff traveled to Williamson and met with the new City Clerk and Finance Director, helping with COLA issues. Williamson has not been issuing COLAs for several years. So, with the help of the MPOB Williamson has been recalculated and has provided them with that information, for correction.

- Drop Application's: Active - 0 (South Charleston fire is expressing interest).
- Change order for Bolton contract to work on survivor benefit calculations is completed and approved by the AG's office as to form, which will start after Bolton completes the Actuarial Study.
- September 2023 Allocations will be 21.80 million, a 17.1% increase from September 2022, previous from that was a 5.4% decrease. MPOB expenses have been averaging between \$550,000 - \$600,000. In CY22 MPOB operations cost was about 2.5%.
- Mr. Taylor attended the Legislative interim for April and May, working with the Counsel, VFD & EMS Committee on what was HB3153. All parties agree with an agreed-to concept of the Bill.
- Bond Communities asked for AVR's for Parkersburg Police and Fire, and Huntington Police and Fire. All are funded above 40%.
- Mr. Taylor requests help and direction from the Board on writing the Legislative rule making authority, with Municipalities that are funded less than 40% and the review of the Municipality bond sales. Mr. Taylor needs directions regarding the writing of the rule, along with what direction the Board would like to implement in the Legislative rule. Mr. Taylor states that the MPOB does have emergency rule-making authority, so that can be invoked, if needed. June 28, 2023, is the deadline for the proposed rules, that deadline will not be met, this year.
- MPOB received a letter from the Legislative Auditor's Office, Mr. Allred, on Wednesday June 14, 2023. The letter is asking for the MPOB to provide all payroll related information for all Charleston Police officers who are participants in the city of Charleston's Pension and relief fund for CY2017-Present. Mr. Taylor has spoken to Mr. Anthony Eates and Mr. Eates agrees that MPOB should comply with the request. However, the MPOB does not have Calendar year information, or the type of information that the Legislative Auditor's office is asking for, regarding payroll data. MPOB will provide the office with all the information that has been provided to the Oversight Board regarding Charleston police department. That information will be by fiscal year, of actual salaries for FY 2017-2022. MPOB does not have data for FY2023 and will not have that data for another year.
- Pension payment schedule is included but since 06/01/2023 MPOB has paid an additional \$1.5 million more since that form was updated. As of June 15, 2023, for the September 2022 allocations, MPOB has paid out 93.87% of the requests, on par year-to-year. Fully funded plans have increased to about \$445,000.00 which will be reallocated this coming September.

Mr. Taylor asks if there are any questions.

- Mr. Travis Blosser asks what direction the Board needs to take in helping with the Legislative rule-making process.

MPOB begins discussion on Mr. Blosser's question:

Mr. Taylor responds that he does not need an agreement at this meeting but needs to have direction regarding how to complete the legislative rule process. Help with formulating the plans to write the rules is needed to review the process of approving or disapproving the sale of POBs when applicable. Mr. Neddo asks Mr. Percy to interject. Mr. Percy hasn't drafted legislative rules and agrees with Mr. Taylor that MPOB won't meet the timeline of June 28, 2023.

Mr. Percy states he can give guidance to the rule and agrees that a plan needs to be implemented soon.

Mr. Taylor states that we have one Municipality that has sold POBs for both its Police Pension and Fire Pension. MPOB was not required to review that sale. The first Actuary study that will occur after the sale of those bonds will be issued this fall. MPOB will find out then if there are gains or losses in those plans and actuarial losses will need to be built into any payments that the city will need to make up to those plans. Mr. Taylor believes that will give additional guidance once that study is complete. Mr. Taylor asks what the criteria should be when agreeing to the selling of POBs.

Mr. Neddo asks if Mr. Percy can talk to his bond people in his firm, the MPOB can get a plan together on what steps we should be looking for, regarding criteria. The Board will work with Mr. Taylor, then get with Bolton when the data information is available.

Mr. Ritchie offers to help with ideas on what the Board should be looking at regarding the making of the rules, such as projection status, and what that status looks like going forward. Also, look at sensitivity if you have a down market, what impact would that have on that Municipality.

Mr. Percy states that does not think they expect MPOB to evaluate, he is willing to help but he is not sure that his firm can help with the criteria of the rules.

Mr. Lanham asks if the Cities are using the retirement plans assets for the bond sale for money to do other things for the city? What are they doing with the Bond sale proceeds?

Mr. Taylor answers: "The proceeds of the bond sale must be provided to the pension fund to fully fund them as of that point in time. The assets that the cities are pledging are generally buildings that the cities own because it is done through the city building commissions." The City's building commissions is the only entity to issue the bonds.

Mr. Lanham states the only key to the bond sale is if they (the city) have the cash flow to service the bonds.

Discussion concludes.

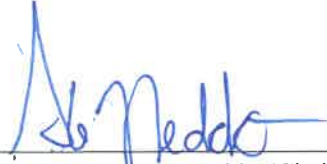
V. Public Comments

- None

VI. Adjournment

Motion to adjourn; Moved by Mr. Travis Blosser Seconded by Mr. Craig Slaughter; Passed unanimously.

Resolved; Meeting for the MPOB on June 15, 2023, is adjourned.



Steve Neddo (Chairman)

Minutes approved 9-21-23
(date)

Referenced documents can be found in the Board Meeting Packet.