

AGENDA
Municipal Pensions Oversight Board
Meeting of the Board Members

March 20, 2025 – 1:00 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 December 12, 2024
- 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. Paul Harrison v. the Charleston Firefighter’s Pension and Relief Fund and West Virginia Municipal Pensions Oversight Board, Civil Action No. 23-C-957
 - 3. St. Albans Firemen’s Pension v. Boyd Poff III, CC-20-2024-P-326
 - B. Compliance Review Updates
 - 1. Recalculations Update
 - a. Charleston Fire
 - b. Dunbar Fire – Completed
 - c. Williamson Police and Fire – Completed
 - 2. Ongoing Reviews
 - a. Grafton Police and Fire, Welch Police and Westover Police
- IV. New Business
 - A. Request for Proposals for Actuarial Services
 - B. Discount Rate for plans using Optional I or Optional II Funding Methodology
 - 1. Matrix Changes
 - C. P-Card Expenditures – December 2024, January and February 2025
 - D. Legislation
 - 1. Legislative Rule Title 211 Series 2
 - E. Personnel
 - 1. Deputy Director Position Update
 - 2. Executive Director Evaluation
 - F. Executive Director’s Report
- V. Public Comments
- VI. Adjournment

*Set June board meeting date

**MUNICIPAL PENSIONS OVERSIGHT BOARD
MINUTES OF MEETING
March 20, 2025**

The Municipal Pensions Oversight Board (MPOB) met on March 20, 2025, at 1:00 PM. 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. Janet Warren calls the Roll.

Roll Call - Attendees:

Board Members:

Travis Blosser — Absent

Jeffrey Fleck — Present

David Lanham — Absent

Sarah Long — Present

Jason Matthews, Vice Chairman — Present

Steve Neddo — Chairman — Present

Michael Payne — Present virtual

Tom Percy — Present

Craig Slaughter — Present

General Counsel:

Anthony Eates, Deputy Attorney General — Absent

Staff:

Janet Warren — Administrative Assistant — Present

Matthew Pauley, Chief Financial Officer — Present

Blair Taylor, Executive Director — Present

Guest:

Jim Ritchie, Senior Consulting Actuary - Bolton Present

Jordan McClane, Consulting Actuary - Bolton Present

Minute taker:

Janet Warren

Mr. Neddo states the MPOB does have a quorum.

I. Call to Order and Roll Call

Mrs. Janet Warren calls the roll.

II. Approval of Minutes

Minutes' for the MPOB meeting on December 12, 2024, were presented for approval.

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

RESOLVED the minutes for December 12, 2024, meeting for the Municipal Oversight Board Meeting minutes is approved as presented.

III. Old Business

A. Legal –

Mr. Taylor Presenting

- 1.) Beckley Fire Department Pension Board vs. MPOB Civil Action No. CC-41-2022- C —185 –** The hearing was in July 2024 with no ruling yet. No new action or movement on the case.
- 2.) Paul Harrison v. The Charleston Firefighter's Pension and Relief Fund and West Virginia Municipal Pensions Oversight Board, civil Action No. 22-C-357 –** The case has been dismissed. Both parties submitted their motions for summary judgements and judge Hardy's clerk emailed the parties last week, granting the respondents response for summary judgement and dismissing the case. That order was signed today, March 21, 2025. Mr. Harrison will have 30 days to appeal if he wishes to appeal to the Intermediate Appellate Court.
- 3.) St. Albans Firemen's Pension v. Boyd Poff III, CC-20-2024-P-326 –** Mr. Eates believes that the MPOB should not intervene in the case, with nothing implicated for a statewide issue.

B. Compliance Review Updates –

Mr. Blair Taylor Presenting

1.) Recalculation Update

- a.) **Charleston Fire** – Suttle and Stalnaker have been reviewing their Charleston Fire pensions. As of a few days ago, they provided the results of the disability pensions back to the city as completed. Mr. Taylor spoke to Mr. Les Smith, and he is going to come back and review the disability pension that he had previously completed for the Charleston fire department and compare it to Suttle and Stalnaker’s results. Suttle and Stalnaker noted that they should have the rest of the calculations for Charleston fire within the next few weeks. Once those come in, Mr. Smith will take the 5 or 6 that he previously reviewed and compare them to the calculations of Suttle and Stalnaker, making sure the calculations were done up to code.

Mr. Matthew Pauley Presenting

- b.) **Dunbar Fire** – Recalculations are complete. MPOB is continuing to follow up on a few to make sure Dunbar calculated QDROs correctly. For the non-duty disability pensions they are collecting their tax returns to make sure their benefits do not need to be adjusted. MPOB is aware of one case where Dunbar fire is holding their retirees pension until tax returns have been submitted.
- c.) **Williamson Police and Fire** – Completed

2.) **Ongoing Reviews**

Grafton Police and Fire, Welch Police, and Westover Police

Mr. Pauley Presenting

- a.) **Westover Police** – Completed. It was a mostly clean compliance review. Board meetings and elections are being held regularly. During the review period, MPOB found that the pension fund did not have a separate bank account for its pension fund, but that has since been corrected. Also, during the review period the municipal contribution was calculated incorrectly, and that error was corrected in May 2024. Westover is properly contributing to the fund. The recalculation and COLA for the most recent retiree returned no material differences. There were two recommendations given. One, while COLA is being granted, evidence of their approval was not found in their meeting minutes so MPOB recommends every year the pension board calculates the COLA benefits and approves them and put that in their minutes. Second, the pension board has on file a copy of the investment funds investment policy but it hasn’t been updated since 2019. MPOB recommends that they meet with their investment advisor annually and updates their policies annually. This communication has been sent via email to Mr. Taylor dated March 7, 2025.
- b.) **Grafton Police and Fire** – MPOB has had some communication difficulties, so Mr. Pauley plans a visit to the city of Grafton on Monday, March 24, 2025. Some information was sent today March 21, 2025, but Mr. Pauley still plans a trip to Grafton for a discussion.
- c.) **Welch Police** – This review is ongoing. Due to the recent flooding in the city of Welch, MPOB has delayed asking for data and information. Mr. Taylor plans a trip to Welch soon to start communications and asking for data.

IV. New Business

A. Request for Proposals for Actuarial Services – The final year contract with Bolton for Actuarial Services has been signed, meaning MPOB must go out to bid for new actuarial services. The process is long. The board must approve the contract. Mr. Taylor will present a proposal and new dates to approve. The RFP should be completed and ready to present to the board in the June 2025 meeting. It will then go out in late June or early July 2025 for bid. MPOB procedures require at least one member of the board to serve on that committee. The board will need to select the members or members at the June or September 2025 meeting to sit on the committee.

B. Discount Rate for plans using Optional I or Optional II Funding Methodology

Mr. Jim Ritchie Presenting:

- 1. Matrix Changes** – Mr. Ritchie directs the board to the PowerPoint given to the board for reference. He refers to the current discount rates that are currently being used for the plans, with the IMB being 7% regardless of the funded ratio. That is done because the IMB have certain similar asset allocations, having a decent amount of allocation to private equity. Those using unsound actuarial methods are based on funded status, and less assets in the plan get a lower discount rate. Those who are not invested with the IMB whether a sound policy is used or not used, Bolton still adopts a discount rate for how well funded the plan is. The logic of that being if less funded plans have a lower discount rate, it forces you to fund a little more up front and goes down in later year. What Bolton found when changing the amortization method, projected contribution patterns would dip high then dip low, then high again. It is an illogical funding pattern. Mr. Ritchie points to the PowerPoint graph showing the method currently being used, showing the flaws of the method and alternative methods suggestions. When changing the discount rate over time as the plan gets better funded, Bolton would re-amortize the discount rate change for the remaining period of that policy. For example, Alternative 1 Matrix change: currently if it was Optional policy and there were 25 years left, we would amortize the discount rate over 25 years and not over 15 years which is what the current policy calls for. Alternative 2 Matrix change: Bolton would do what is currently being done for the IMB, the discount rate wouldn't be changed based on funded status, they would look at the asset allocation of the plan whatever discount rate the asset allocation dictated, which is how most public plans currently work, the discount rate given would be kept and it would not change based on funded status. Mr. Ritchie points to PowerPoint, showing the projections of each matrix. Showing the current policy how you start high, and it starts going lower then there will be an increase when there is a change in discount rate

because of the funding policy. That occurs throughout each time there is a change in discount rates. It does not make sense to Municipalities and is disruptive to budgets. Alternative 1 is when discount rates change re-amortization would occur over the period of time remaining whether it is Optional I or Optional II. That provides a higher pattern in the earlier years, going down over time. Alternative 2 a discount rate is set based on asset allocation and that discount rate is given during the duration, which gives a more level funding pattern over the history of the plan. Mr. Ritchie goes over the funded ratio showing because more contributions are made earlier for Alternative 1 option, it has a funded status that ramps up a little quicker over time. Alternative 2 option gets there a little slower because the amortization is long, the middle years taking a little longer to raise. The current method shows an illogical pattern, up and down.

Summary:

Current Policy: too much volatility and inconsistent with what is being done with the IMB plans.

Alternative 1 : Higher contributions are given in earlier years, having more of a logical pattern over time. But it is inconsistent with what is being done with the IMB plans.

Alternative 2: Gives a smoother contribution pattern. It is more consistent with the IMB plans. It has a little smaller contribution at the beginning and higher contributions later.

Mr. Ritchie states that he would lean more toward Alternative 2 Matrix change.

Mr. Slaughter states that he believes the employer would want a smoother contribution. Mr. Ritchie agrees.

Mr. McClane states that it makes it more feasible for the Alternative 2 method if plans switch from non-actuarial sound policies to sound policies. He states it is not as much an issue for Optional I because they have around 25 years left whereas optional II has about 38 years left and right now any change in discount rate is amortized over 15 years.

Mr. Matthews asks if you switch to Optional II, would it be a similar pattern compared to Optional I, only differing when the plan becomes fully funded from 2050 to 2063? Bolton agrees.

Mr. McClane states that the plans that are already on Optional I as opposed to the Alternative plans already have a higher discount rate because they are better funded.

Mr. Taylor states that this Matrix change would only be for the plans in the Optional I or Optional II plans. The Alternative plans would continue at the existing matrix. Bolton agrees but states it would include Conservation plans staying at the current matrix as well.

Alternative options are as follows:

Alternative 1: All discount rate changes are amortized over the average remaining period of the initial unfunded liability base

Alternative 2: Valuation performed using the ultimate discount rate for the plan based on equity exposure (not based on funded status)

Motion to Adopt the Discount Rate for plans using Optional I or Optional II Funding Methodology Matrix to the Alternative 2 Matrix Valuation performed using the ultimate discount rate for the plan based on equity exposure (not based on funded status) . Moved by Mr. Craig Slaughter: Seconded by Mr. Tom Pearcy.

RESOLVED, Board approves discount rate matrix change for Optional I or Optional II funding methodology Matrix changed to the Alternative 2 Matrix Valuation performed using the ultimate discount rate for the plan based on equity exposure (not based on funded status). Passed unanimously.

Bolton updates to the board:

Mr. McClane presenting

- Bolton sent out COLA letters on February 17, 2025. The COLA starting July 1, 2025, will be 2.9% based on C.P.I
- Bolton sent out data requests for all 53 municipalities on February 18, 2025. Bolton has received 12 back, they will send a follow-up email this week.
- Bolton is working on the survivor benefit calculation project. Bolton noticed differences in COLA provisions for survivors and realized that a lot of municipalities are just taking 60% of the members benefit at their date of death while you should go back and reindex, meaning a lot of the survivors are being underpaid. Bolton is in the process of recalculating all the survivor benefits, seeing how many are overpaid and how many were underpaid in the past and what their current monthly benefit should be. MPOB and Bolton have had discussions over the past couple of weeks pertaining to this project. Mr. Richie states that this includes about 400 individuals.

C. P-Card Expenditures – December 2024, January and February 2025.

Mr. Matthew Pauley presenting

Mr. Pauley presents the PCard expenditures and states that if there are any questions he is available to answer.

Mr. Neddo calls for a motion to approve.

MOTION: Motion to approve the PCard expenditures for December 2024, January and February 2025. as presented. Moved by Mr. Jason Matthews; Seconded by Mr. Craig Slaughter.

RESOLVED, the PCard expenditures for December 2024, January and February 2025 are approved as presented.

D. Legislation

1. Legislation Rule Title 211 Series 2

Blair Presenting

Legislation Rule Title 2 is expiring on April 30, 2026. It will not expire until after the next MPOB RFP bidding process for actuarial services takes place. Mr. Taylor has submitted an extension to the Secretary of States office. The MPOB has not been able to track the progress of this bill extension. When the original rule was created the lawyer for the Board recommended that it be added as a legislative rule instead of a procedural rule. MPOB has a procedure rule, Series 3 already in place. If Series 2 is not extended, Mr. Taylor can file the rule as a Procedural Rule instead of a Legislative Rule or Mr. Taylor could request another Legislative Rule. Mr. Taylor will speak to Mr. Eates to see if it should be a Legislative Rule or a Procedural Rule in his opinion. Mr. Percy asks if it must be a Legislative rule, would Mr. Taylor submit that this summer if it doesn't go through this session. Because we wouldn't be using it for the next 4 years, time is not of the essence. We would not file an emergency rule. Mr. Taylor states that he would, but he would like to speak to Mr. Eates to see if it is necessary. It could be filed as a procedural rule. The Rule provides vendors with procedures they must follow for a vendor protest and provides them with the method on how the protest is filed and how the MPOB would determine the validity of the protest.

Mr. Slaughter asks if there are any bills that the MPOB needs to watch. Mr. Taylor states that he has been watching a few bills that have not moved. He also states that he is watching a bill that was to increase the COLA from the first \$15,000 to \$45,000. Mr. Taylor asked Bolton for a cost projection on that, then Mr. Pauley and Mr. Taylor wrote the fiscal note that was submitted. That would increase the total cost to all pensions by over \$200 million dollars. It would have been a \$2 million increase to Parkersburg and that it was Delegate Foggins that asked for the information. MPOB and Bolton had compiled this information 2 or 3 years ago, asking to look at \$20,000 and \$40,000. Basically, tripling the COLA cost plus the COLA on previously provided COLA, meaning 100% of their pension would qualify for the full COLA. That bill has not moved, after speaking with Delegate Foggins, and is currently sitting on the investments committee in the House.

Mr. Neddo moves the Executive Director's report up the agenda.

F. Executive Director's Report

Mr. Blair Taylor presenting

- Disabilities are on par between 13 – 20 applications every quarter. Some applications are holdovers from last quarter. MPOB is having success with getting non-psychiatric members seen by the state doctors quickly, using TSOM. The psychiatric exams are being done out of Beckley by Appalachian Psychiatric Associates. They have gotten the work out quickly. For the first time we received a psychiatric exam where both psychiatrists granted a temporary disability rather than a permanent disability.
- Mr. Taylor presented to the Senate pension on Presidents Day. He has not presented nor been asked to present to the House Investments committee yet this year.
- Visits with the city managers and trustees information is included in the director's report.

- Dunbar fire should be contacting the IMB about investments. Dunbar fire's pension attorney has sent notice to their current investment advisor asking for release of their funds and invest those funds with the IMB. That should occur around the end of March.
- MPOB had 6 plans that had not drawn down their money before the February 28 deadline. Mr. Pauley and Mr. Taylor worked with those plans and all money has been allocated from July 1, 2023, allocation.
- DROP applications – MPOB has received a DROP application from Saint Albans Fire. Mr. Taylor is reviewing it and will sit down with the fire chief the pension secretary and their city treasurer and work with them on what a DROP application should look like and ask them to redo the application. Mr. Taylor states that he had some discussion with Parkersburg Fire and Police. Although the police are not ready to submit an application the Fire may be prepared to submit a DROP application. Mr. Matthew states that it is written on the mayor's desk on behalf of the fire department.
- Mr. Taylor and Mrs. Warren have completed all the required purchasing training.
- Quarterly fees for all of calendar year 24 are listed and on the website
- CY24 premium tax collection was \$25.6 million dollars. In addition to that we had investment income of \$2.1 million dollars. It represents an increase in premium tax of \$1.73 million dollars and an increase in investment income of about \$477,000. In assuming that our costs this year have stayed relatively the same, there will be an increase in what will be allocated. September 1, 2025, the allocation will be approximately \$27.49 million dollars.
- State auditor Hunt has appointed Mr. Taylor, an at large member of the 14-member statewide purchase card advisor committee for the remainder of FY25 and FY26. Representing small boards and commissions.
- Mr. Taylor states that Mrs. Warren has researched all the disabilities that the Oversight board has been a part of since 2011. There have been 214 requests since 2011. Ms. Warren has created a database that lists all names, the disposition of those disabilities, temporary or permanent. It can be tracked by year, by Municipality or pension plan. Mr. Taylor has gone through it and given updates and information needed to complete the dataset.

E. Personnel

Mr. Fleck presenting.

Personnel Committee met today March 21, 2025, at 11 AM.

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. Jason Matthews; 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. Passed unanimously.

Mr. Taylor, Mr. Pauley, Mrs. Warren, Mr. Ritchie and Mr. McClane left during the Executive Session meeting.

Mr. Neddo calls back to order the meeting, stating no motions or decisions were made during the executive session.

Mr. Fleck presenting.

Mr. Fleck states the personnel committee met and completed an evaluation of the Executive Director, Mr. Taylor. The evaluation was a very good evaluation, and the committee feels like Mr. Taylor is exceeding expectations and moving the agency in the right direction.

V. Public Comments

None.

Mr. Neddo states that June 19th may be issued a holiday by the Governor. That date is the next MPOB board meeting date. Discussion on moving the meeting to another date in June occurred. The board agrees the MPOB board meeting will be moved to June 12, 2025, at 1 PM.

VI. Adjournment

Mr. Neddo called for a motion to adjourn:

MOTION: Motion to adjourn. Moved by Mr. Jason Matthews; Seconded by Mr. Jeff Fleck. Passed unanimously:

RESOLVED, that the March 20, 2025, meeting of the MPOB is adjourned.

Stephen Neddo, Chairman

Minutes approved _____
(Date)

Referenced documents can be found in the Board Meeting Packet.