AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

March 19, 2020 – 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 19, 2019

III. Old Business
   a. Huntington Policemen's Pension and Firemen's Pension
   b. Bolton
      i. Experience Study Update
      ii. Death Benefit Calculator
      iii. Proposed Study for Online Benefit Calculator/Benefit Estimates/Disability Benefit Calculator
   c. Legislative Agenda
      i. SB523, SB532, HB4600, and HB4601

IV. New Business
   a. Procedure SOPs
      i. Section III - Distribution of Funds
      ii. Section VI - Payment Process
      iii. Section X - Record Retention
      iv. Section XI – Deferred Option Retirement Plan - DROP
      v. Section XVI – Compliance Review Procedures
   b. Saint Albans Firemen's Pension Compliance Review
   c. Logan Firemen's Pension and Logan Policemen's Pension
   d. P-Card Expenditures (December 2019, January & February 2020)
   e. Executive Director's Report

V. Next Board Meeting is 1:00 pm, June 18, 2020, Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311

VI. Public Comments

VII. Adjournment

Pursuant to recommendations made the West Virginia Ethics Commission, the March 19th meeting will be closed to the public. Anyone wishing to attend via telephone may call 304-356-2422 to obtain call-in instructions.

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
March 19, 2020

The Municipal Pensions Oversight Board (MPOB) met on March 19, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, absent
- John Kee, present *(by teleconference)*
- Emily Lambright, present *(by teleconference)*
- David Lanham, absent
- Jason Matthews, present *(by teleconference)*
- Stephen Neddo, present
- Michael Payne, present *(by teleconference)*
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present *(by teleconference)*

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Michelle Painter, Chief Financial Officer
- Les Smith, Accountant
- Blair Taylor, Executive Director

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

- Minutes for the MPOB meeting on December 19, 2019, were presented for approval.

  Moved by Mr. Slaughter; Seconded by Ms. Lambright; Passed unanimously:

  ***RESOLVED*, that the minutes of the December 19, 2019 Municipal Pensions Oversight Board meeting be approved as presented[i].**

OLD BUSINESS

Huntington Policemen's Pension and Firemen's Pension

- Mrs. Painter reported she re-calculated and Mr. Taylor re-checked a subset of the pensions being underpaid and overpaid by each pension fund. Of those rechecked, one pensioner's correct payment was being underpaid by six cents monthly. The information was communicated to the Huntington Finance Department and they agreed to the correction. It will not change the actual amount the pensioner is receiving as he is receiving an incorrect higher amount as approved by the Huntington City Council. All other recalculations were correct. These reviews are now complete.

Bolton

- No presentation was made by Bolton as their representatives were not present due to the pandemic and did not call in to the meeting.

Legislative Agenda

- Mr. Taylor explained four bills the MPOB advocated for were passed by the Legislature.
    - SB523 – Extends timeframe that requires municipalities which have closed a municipal firemen's or policemen's pension to present a plan to the State Auditor's Office that will allow their police officers and firefighters participating in the Municipal Police Officers and Firefighters Retirement System (MPFRS) to vote to participate in Social Security or not.
    - SB532 – Directs municipalities upon cessation of payments to members or beneficiaries to use any remaining funds only for the pension costs for members in the MPFRS plan. Provided that if the plan had received any state aid within the past five years, those state dollars would have to be repaid in full to the MPOB to be used in future re-allocations to municipal policemen's and firemen's pension funds. Signed into law by Governor Justice.
    - HB4600 – Codified the practice of counting beneficiaries in the "retired members" category for receiving state aid. Specifically, one beneficiary of each deceased member will be counted in the average monthly number of retired members for the purposes of calculating state aid as required in §33-3-14d.
    - HB4601 – DROP bill changing the definition of a member participating in a DROP program from "retired" to "active" so long as the DROP member works 100 hours per month. This bill has been signed into law by Governor Justice.

NEW BUSINESS

Procedure SOPs

- Section III – Distribution of Funds
- Section VI – Payment Process
- Section X – Record Retention

- Section XI – Deferred Option Retirement Plan (DROP)
- Section XVI – Compliance Review Procedures
- Certain procedures and procedures for maintaining internal controls of the MPOB were presented for approval. *Moved by Mr. Slaughter; Seconded by Mr. Kee; Passed unanimously*:

  ***RESOLVED*, that the procedures presented herein be approved and are effective immediately.**

<u>Saint Albans Firemen's Pension Compliance Review</u>

- Mrs. Painter presented her review of the pension plan.
  - The fiscal revenues and expenditures appear to be in order.
  - There are issues with the board duties and pension secretary duties.
    - An election for pension trustees has not occurred for many years.
    - The terms of the trustees are undefined.
    - The Pension Secretary has agreed to begin holding elections and to start over with the first election electing 4 members each with different term ending dates, i.e. 4-year term, 3-year term, 2-year term and a 1-year term. Subsequent elections will be for 4-year terms.
    - The Chair (Saint Albans Mayor) has attended one meeting in the past year and has been verbally invited to others. Emailed invitations will occur in the future.
  - Retirement calculations are being performed by the pension secretary; however he is not using the Pension Calculator nor is he following State Code to calculate the retirements. Instead, he is using an excel spreadsheet he created.
    - The City of Saint Albans payroll system does not provide appropriate codes for the pension secretary to use to separate base pay and unscheduled overtime and other renumeration.
    - The secretary is using all remuneration in the base column to calculate the pensions. The secretary then does use a 20% limiter in the calculations; however, it is not applied as specified in WV Code.
    - Mrs. Painter has discussed the payroll classification issue with the Saint Albans Treasurer. The Treasurer, Pensions Secretary and payroll clerk have agreed to meet with her to address this issue. The City of Saint Albans will have to have its payroll system updated to include appropriate codes for separating base pay and unscheduled overtime and other renumeration.
  - The Fire Chief does have hourly payroll records that will need reviewed to try to break out base pay and unscheduled overtime and other renumeration.
  - It is unknown whether the previous pension secretary calculated retirements correctly and the current secretary does not have the previous calculations.

- Recalculating these pensions is a huge undertaking. Mrs. Painter has told the pension secretary and the City Treasurer she will be monitoring the recalculations of the 15 retirees and will select a sample to review once the Trustees and City Treasurer have performed the recalculations.

Executive Director's Report

- Mr. Taylor presented his report for the period of December 6, 2019 through March 6, 2019.
  - Two DROP applications have been received and reviewed. Beckley Police and Wheeling Fire were both sent back to their respective municipalities to correct several administrative issues raised in both plans. Beckley Police has refiled, and their application will be sent to Bolton for review.
  - Compliance Reviews have started with the goal of having 12-15 completed this calendar year.
  - Training will continue this spring and summer to include the recently passed legislation.
  - Revenue collections in CY2019 was a 2% increase, 1.26% being collections with interest making up the remainder of the increase. However, with the economic changes in the country, next year's interest generated by our investments will likely be reduced. In CY2019, we generated greater revenue that what the MPOB spent administratively.
  - Ms. Neccuzi has submitted her resignation and her last day will be tomorrow, March 20, 2020. I will be re-writing the Administrative Assistant job description and looking for a new person to fill the position. I have at least one person I plan to speak with regarding the position.
  - Ms. Neccuzi has been redesigning our website and will make a presentation on the redesign of the website at the conclusion of the meeting. The website design has not been updated since it was first developed in 2012.

P-card Expenditures (December 2019, January 2020, and February 2020)

- Mrs. Painter presented the P-Card expenditures for December 2019, January 2020, and February 2020. *Moved by Mr. Slaughter; Seconded by Mr. Matthews; Passed unanimously*:

  ***RESOLVED*, that the Municipal Pensions Oversight Board approve P-Card expenditures for December 2019, January and February 2020[ii].**

Logan Firemen's Pension and Logan Policemen's Pension

- Mr. Neddo asked for a motion to go into executive session. *Moved by Mr. Slaughter; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board go into executive session as provided for in W.Va. §6-9A-4(b)(2)(A) to discuss legal matters subject to attorney client privilege.

Mr. Neddo called the Board back to the normal session and announced that no decisions or votes were made during the executive session.

- Mr. Neddo asked if there are any motions. *Moved by Mr. Kee, Seconded by Mr. Slaughter; Passed unanimously:*

  RESOLVED, with regard to the City of Logan, the Municipal Pensions Oversight Board staff is to request an audience with the Mayor of Logan and its City Council to discuss the issues staff have had trying to assist the City of Logan draw down state aid for each pension plan. In addition, the staff are to notify the Chief Examiner of the State Auditor's Office of what staff has found regarding the City of Logan's pension plans.

The next regular meeting of the MPOB will be held on June 18, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

<u>Public Comments</u>

- No members of the public were in attendance.
- Mr. Kee announced his replacement has been picked and that his term ended at the beginning of last year, that he had enjoyed being on the board.
- Ms. Neccuzi thanked the Board for employing her and she wished the Board her best.

ADJOURNMENT

- Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Slaughter; Seconded by Ms. Lambright; Passed unanimously:*

  ***RESOLVED*, that the March 19, 2020 meeting of the MPOB is adjourned.**

- Ms. Neccuzi cautioned meeting attendees to travel safely back to their headquarters.

Stephen Neddo, Chairman

Minutes approved 18 JUNE, 2020
(date)

---

i Meeting Minutes, December 19, 2019
ii P-card Expenditures December 2019, January and February 2020

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

June 18, 2020 – 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 March 19, 2020

III. Old Business
   a. Bolton
      i. Experience Study Update
      ii. Survivor Benefits
         ▪ Calculators
            (a.) Surviving Spouse and Children
            (b.) Surviving Dependent Siblings and Dependent Parents
         ▪ Data Collection/Review for Current Beneficiaries
      iii. Proposed Study for Online Benefit Calculator/Benefit Estimates/Disability Benefit Calculator
   b. City of Beckley Police Drop Application
   c. Meeting with the City of Logan Mayor and City Council
   d. Compliance Review Updates
      i. Saint Albans Fire
      ii. Saint Albans Police
      iii. South Charleston Fire
      iv. South Charleston Police
      v. Williamson Fire
      vi. Williamson Police

IV. New Business
   a. HB4042
      i. Legislative Rule Title 211, Series 2 Exempt Purchasing
      ii. MPOB Procedural Rule Title 211, Series _ Exempt Purchasing
   b. Procedure SOPs
      i. Section I – Required Information Data Collections
      ii. Section VII – Purchasing
      iii. Section VIII – Purchasing Card
   c. P-Card Expenditures (March, April, May 2020)
   d. Executive Director's Report

V. Next Board Meeting is 1:00 pm, September 17, 2020, Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311

VI. Public Comments

VII. Adjournment

Pursuant to recommendations made by the West Virginia Ethics Commission, the June 18th meeting will be closed to the public for in-person attendance. Anyone wishing to attend via telephone may call 304-356-2422 to obtain call-in instructions.

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
June 18, 2020

The Municipal Pensions Oversight Board (MPOB) met on June 18, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, *(by teleconference)*
- John Kee, present *(by teleconference)*
- Emily Lambright, present *(by teleconference)*
- David Lanham, absent
- Jason Matthews, present *(by teleconference)*
- Stephen Neddo, present
- Michael Payne, present *(by teleconference)*
- Craig Slaughter, present *(by virtual meeting)*

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present *(by teleconference)*

Staff:

- Vonda Matthews, Administrative Assistant
- Michelle Painter, Chief Financial Officer
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Jordan McClane, Consulting Actuary, Bolton, *(by virtual meeting)*
- Jim Ritchie, Senior Consulting Actuary, Bolton *(by virtual meeting)*

Minute Taker:

- Vonda Matthews

Approval of Minutes

- Minutes for the MPOB meeting on March 19, 2020, were presented for approval.
  MOTION: Moved by Mr. Matthews; Seconded by Mr. Slaughter; Passed unanimously:

  ***RESOLVED*, that the minutes of the March 19, 2020 Municipal Pensions Oversight Board meeting be approved as presented.**

OLD BUSINESS

Experience Study[i] Update

- Mr. Ritchie and Mr. McClane with Bolton reported on the Experience Study which was provided to all members prior to the meeting. The following recommendations were made.
  - Recommendations related to the economic assumptions:
    - Update the mortality assumption to the Society of Actuaries amounts-weighted Public Safety Mortality Table (PubS-2010) with a generational projection using Scale MP-2019. Use the below median income versions of the employee and healthy retiree tables.
    - Update the disabled mortality table to the PubS-2010 table with a five-year set forward of the 2010 base rates with a generational projection using Scale MP-2019.
    - Create separate retirement rate tables for police officers and firefighters and assume a higher retirement rate at age 50.
    - Create separate turnover rate tables for police officers and firefighters, increasing the rates for police officers and decreasing the rates for firefighters.
    - Increase disability rates 50% and lower the percentage assumed to be line-of duty from 60% to 50% of total disabilities.
    - Decrease the marriage assumption and decrease the load applied to survivor benefits to account for dependent beneficiaries.
  - Recommendations related to the economic assumptions:
    - Decrease the inflation assumption from 2.75% to 2.50%
    - Modify the method used to select the discount rate
    - Tie the expense load to actual experience
    - Lower the salary increase assumption
    - Add a 6% pay spiking assumption for unused accrued leave for certain plans
    - Decrease the premium tax increase assumption from 2.75% to 2.50% to keep it consistent with the inflation assumption

  MOTION: Motion to accept the Experience Study and four-year asset smoothing model[ii] by Mr. Fleck, seconded by Mr. Matthews; Passed unanimously:

  ***RESOLVED*, that the recommendations of the study presented herein including the acceptance of the four-year asset smoothing method be approved.**

Survivor Benefits Calculators[iii]

- Mr. Taylor and Mr. Ritchie presented the Survivor Benefits Calculators information which was provided to all prior to the meeting. Mr. Ritchie explained that the review has shown most municipalities are not calculating survivor benefits correctly. The Survivor Benefit Calculator will help municipalities correctly calculate survivor benefits moving forward.
- Mr. Taylor and Mr. Ritchie presented the Data Collection/Review for Current Beneficiaries which was provided to all prior to the meeting. Preliminary results of the review of current beneficiaries determined that only 116 of the 472 reviewed were calculated the correctly.

Proposed Study for Online Benefit Calculator/Benefit Estimates/Disability Benefit Calculator[iv]

- Mr. Ritchie presented the information which was provided to all prior to the meeting. He stated Bolton will provide a secure online portal to each Municipality and the MPOB that will:
    - allow representatives of the Municipalities to perform actual retirement benefit calculations,
    - allow the MPOB to calculate actual or estimated benefits for all participants, and
    - allow participants to run estimated calculations and see an annual benefit statement.

  Mr. Ritchie provided the fee table below:

Fee Type	First Year & Implementation	Annual After First Year
Fixed Fee	$75,000	$32,500
Per Participant Fee	$10 x 1,500 = $15,000	$5 x 1,500 = $7,500
Total	$90,000	$40,000

  The anticipated implementation date is January 1, 2021. We will bill you for the first year once the implementation is completed based on the initial participant counts loaded into the system.
- Mr. Neddo made a request for Mr. Fleck, Mr. Lanham, and Mr. Slaughter to review the information due to the expense involved. Mr. Fleck and Mr. Slaughter agreed to review. Mr. Lanham was absent. Mr. Neddo stated that further discussion will occur following the review by these MPOB members.

City of Beckley Police DROP Application[v]

- Mr. Ritchie presented the analysis of the requested DROP which was provided to all prior to the meeting. Mr. Ritchie stated analysis was to determine the impact to the plan. Based on the analysis, Mr. Ritchie stated that the Fund is projected to experience a gain of $1,136,427. Mr. McClane stated this assumes a high percentage would enter the DROP. *MOTION: Moved by Mr. Matthews, Seconded by Ms. Lambright; Passed unanimously:*

***RESOLVED*, that the City of Beckley Police DROP application presented herein be approved.**

Meeting with City of Logan Mayor and City Council

- Mr. Taylor reported that there was no update due to the COVID19 pandemic. He confirmed he would contact them for an update to present at the September meeting.

Compliance Review Updates[vi]

- Saint Albans Firemen's Pension update was presented by Mrs. Painter. She stated during the compliance review she discovered the Secretary was not using MPOB online calculator and was not splitting the payroll appropriately for overtime. She learned that their payroll system does not have the codes established. Mrs. Painter stated a meeting with them and their IT staff to resolve the issue has not occurred due to the COVID19 pandemic. A meeting is to be set up as soon as possible.
- Saint Albans Policemen's Pension review results were presented by Mrs. Painter. Items noted were:
  - Chairman was invited and attended all three meetings.
  - Meeting minutes were provided to her and elections were held.
  - Review of accounting ledgers obtained from the City and bank statements show things appear to be in order.
  - The City is making their contributions but are not making contributions at the rate of one twelfth per month which is required by code.
  - No rules and regulations have been provided to MPOB and none are on file.
- South Charleston Firemen's Pension compliance review results were presented by Mr. Smith. He stated overall, they look pretty good. Items noted were:
  - There is no record of the Mayor being invited to meetings. He did attend one.
  - Elections for Trustees have been held, but not on the days designated by code.
  - Contributions are current but not being made per the one twelfth per month requirement.
  - One retirement, one disability and Cola calculations were correct.
  - Rules, regulations, and procedures provided to MPOB are out of date.
- South Charleston Policemen's Pension review results were presented by Mr. Smith. Items noted were:
  - No meetings had been held and there was no record of invitations sent to Mayor.
  - Election was held but there was no voter turnout.
  - They are not following one twelfth per month rule but exceeded contributions.
  - Secretary used the benefit calculator. One retirement was calculated correctly. It was not approved because no board meeting was held.

- Cola calculations are incorrect that go back farther than the year that was reviewed.
  - Rules, regulations, and procedures need updated.
- Williamson Firemen's Pension review results were provided to all prior to the meeting and were presented by Mrs. Painter. She reported difficulty in getting any information from the Secretary for Fire and Police. Items noted were:
  - No meeting minutes, no record of invitation to chairperson and no evidence of any elections.
  - Information obtained from the City of Williamson and the Finance Director showed contributions are not being made regularly.
  - 2018 allocation was drawn down, but 2019 have not been drawn down.
  - Finance Director has left the City.
  - Cola calculations were done using the MPOB calculator and are correct.
  - No board rules were provided, and none are on file.
  - Investment policy is on file.
  - No information has been provided by the board to the MPOB.

  Mr. Fleck asked if Williamson Fire failed their compliance review due to noncompliance. Mrs. Painter confirmed that they are in noncompliance with most of the code. Action to be taken due to noncompliance was discussed. Mr. Taylor reported that they have been making contributions and have not requested any money from MPOB. He said no money would be given to them until compliance is reviewed further.

  Mr. Payne requested a motion to establish a procedure to forward the findings of the failed compliance review to the Trustees, the Mayor, and the City Treasurer with a request for them to reach out if they need help to address the concerns. *MOTION: Moved by Mr. Payne, Seconded by Mr. Kee; Passed unanimously:*

  ***RESOLVED*, that the procedure for all failed compliance reviews would be to send the review results to the Trustees, Mayor and City Treasurer effective immediately.**

- Williamson Policemen's Pension review results were presented by Mrs. Painter. Similar issues to Williamson Fire were noted. She stated she spoke with Secretary Hall who gave her no information. He does not have access to the records for the pension fund. Mrs. Painter stated information had previously been provided by Ms. Anderson, however her last day of work was June 12, 2020. Noncompliance was confirmed the same as Williamson Fire. It was noted that the previous motion was said to cover Williamson Fire and Williamson Police.
- Discussion of Procedures Following Compliance Review
  - Board discussion to clarify actions taken after compliance reviews resulted in a necessary change in procedure. It was determined that moving forward, all

compliance reviews found to be compliant will be forwarded to the Pension Chair and Pension Secretary.

- Compliance Review Completed and Currently Underway
  - Mrs. Painter reported that six reviews have been completed. The goal is to complete 18-20 this year. Mr. Taylor stated it is likely to get all reviews done within three years. The original goal was five years.
  - Reviews are currently underway for Police and Fire for the cities of Wheeling, Moundsville, and Charleston.

NEW BUSINESS

HB4042

- Legislative Rule Title 211, Series 2 Exempt Purchasing[vii] and MPOB Procedural Rule Title 211, Series 3 Exempt Purchasing[viii]. Mr. Taylor and Ms. Talbott presented. Mr. Taylor stated that per HB4042 the MPOB is required to have a procedural rule in place to let vendors know what the procedures are. He stated that internal procedures of such already existed. He and Mrs. Painter developed a procedural rule and a legislative rule. These were reviewed by Ms. Talbott, legal counsel. Mr. Taylor stated the next steps are to get approval from the board then be released to the Secretary of State's (SOS) office. Final MPOB approval is necessary during a special meeting to be held late July or early August. Final documents must be submitted to SOS's office by September 1, 2020. *MOTION: Motion to approve Legislative Rule Title 211 Series 2 and Procedural Rule Title 211, Series 3 made by Mr. Slaughter, Seconded by Mr. Payne; Passed unanimously:*

  ***RESOLVED*, that the Legislative Rule and the Procedural Rule presented herein are approved.**

Procedure SOPs

- Section 1 – Required Information Data Collections. Mr. Taylor presented the procedure developed to get Required Information Data (RID) from each municipality by July 31, which will be used to establish allocations by the CFO and reviewed by the Executive Director. All allocations will be provided to municipalities by September 1 each year.
- Section VII – Purchasing. Mrs. Painter presented the method by which the MPOB purchases good and services. She stated updates have been made to ensure purchasing procedures were in line with the Procedural and Legislative Rules.
- Section VIII – Purchasing Card. Mrs. Painter presented the procedure for using the State Auditor's Office Purchasing Card to make necessary and reasonable purchases for the MPOB. *MOTION: Motion to approve all three SOPs made by Mr. Slaughter, Seconded by Mr. Payne; Passed unanimously. Second motion that staff be authorized to*

make minor adjustments in the rules as needed and as precipitated by mandates from other agencies, report the changes to the MPOB for approval one time per year. MOTION: Moved by Mr. Slaughter. Seconded by Mr. Payne. Passed unanimously.

***RESOLVED*, that the three Standard Operating Procedures presented herein be approved and that staff may make minor changes in rules which will be approved once a year effective immediately.**

Pcard Expenditures for March, April, and May 2020[ix]

- Mrs. Painter presented. Mr. Taylor added that there were some purchases necessary to create the home offices for Mr. Taylor and Mrs. Painter to work remotely during the COVID19 Pandemic. Additional purchases were items purchased for the new administrative assistant. *MOTION: Motion made by Mr. Kee, Seconded by Mr. Matthews; Passed unanimously.*

***RESOLVED*, that Pcard purchased for the months of March, April, and May of 2020 are approved.**

Executive Director's Report

- Executive Director's Report. Mr. Taylor Presented. Items noted were:
  - Departure of Ms. Neccuzi
  - Hiring of new Administrative Assistant/Procurement Officer, Vonda Matthews on June 8, 2020.
  - Disabilities continue and contacting doctors during the pandemic has be challenging.
  - Visits have been halted due to the pandemic.
  - Virtual training for Trustees may be a possibility to during the pandemic. The goal is to get back out to visit with the Trustees once it is deemed safe.
  - No information is available for website visits.
  - DROP application has been submitted by Wheeling Fire, was sent back March 9th due to required changes and have heard nothing since.
  - A legal opinion regarding the CARES Act determined that our plans do not get an extension, so funds do have need to be held.
  - Roughly 92% of the total allocated funds from September 1, 2019 have been distributed.

The next regular meeting of the MPOB will be held on September 17, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

- No members of the public were in attendance.

ADJOURNMENT

- Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Slaughter; Seconded by Mr. Matthews; Passed unanimously:*

  ***RESOLVED*, that the June 18, 2020 meeting of the MPOB is adjourned.**

- Mr. Taylor thanked all for participating.

Stephen Neddo, Chairman

Minutes approved 9/17/2020
(date)

---

[i]Experience Study Report 2020
[ii]Asset Smoothing Method Section of Actuarial Methods Recommendation Report
[iii]Survivor Benefit Calculator for Trustees
[iv]Scope and Fee Quote Online Benefit Calculator
[v]Beckley Police DROP Study 2020 Prospective Revised to Incorporate Provisions of HB4601
[vi]Compliance Review Letters FY19: St. Albans Police; South Charleston Fire & Police; Williamson Fire & Police
[vii]Legislative Rule Exempt Purchasing
[viii]Procedural Rule Exempt Purchasing
[ix]Pcard Expenditures for March, April, and May

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
September 17, 2020

The Municipal Pensions Oversight Board (MPOB) met on September 17, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, welcomed the two new Board members, Travis Blosser and Sarah Long, and called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Travis Blosser, present (*by virtual meeting*)
- Jeffrey Fleck, present *(by virtual meeting)*
- Emily Lambright, present *(by virtual meeting)*
- David Lanham, absent
- Sarah Long, present *(by virtual meeting)*
- Jason Matthews, present *(by virtual meeting)*
- Stephen Neddo, present
- Michael Payne, present *(by teleconference)*
- Craig Slaughter, present *(by virtual meeting)*

Staff:

- Vonda Matthews, Administrative Assistant
- Michelle Painter, Chief Financial Officer
- Blair Taylor, Executive Director

Guests:

- Tom Lowman, Consulting Actuary, Bolton, *(by virtual meeting)*
- Jordan McClane, Consulting Actuary, Bolton, *(by virtual meeting)*
- Jim Ritchie, Senior Consulting Actuary, Bolton *(by virtual meeting)*
- Rob Adams, Brown Edwards *(by virtual meeting)*
- Anthony Carpenter, Brown Edwards *(by virtual meeting)*

Minute Taker:

- Vonda Matthews

<u>Election of Officers and Reconstituting Audit Committee</u>

- Mr. Neddo informed the Board of the necessary election of a Board Chair, Vice Chair and Secretary/Treasurer. He noted that the Secretary Treasurer position could be a MPOB staff member.

MOTION: Moved by Mr. Slaughter to elect Stephen Neddo as the Board Chair; Seconded by Mr. Matthews; Passed unanimously:

***RESOLVED*, that Stephen Neddo is elected as the Chairman of the Municipal Pensions Oversight Board.**

MOTION: Moved by Mr. Slaughter to elect Jason Matthews as the Board Vice Chair; Seconded by Mr. Fleck; Passed unanimously:

***RESOLVED*, that Jason Matthews is elected as the Vice Chairman of the Municipal Pensions Oversight Board.**

MOTION: Moved by Mr. Fleck to elect Michelle Painter as the Board Secretary /Treasurer; Seconded by Mr. Blosser; Passed unanimously:

***RESOLVED*, that Michelle Painter is elected as the Secretary/Treasurer of the Municipal Pensions Oversight Board.**

Approval of Minutes[i]

- Minutes for the MPOB meeting on June 18, 2020, were presented for approval.

  MOTION: Moved by Mr. Matthews; Seconded by Mr. Slaughter; Passed unanimously:

***RESOLVED*, that the minutes of the June 18, 2020 Municipal Pensions Oversight Board meeting be approved as presented.**

Reconstitution of Audit Committee

- Mr. Neddo informed the Board of the necessary reconstitution of the Audit Committee. Mr. Neddo asked if Mr. Fleck, Mr. Lanham, and Ms. Long would be willing to sit on the Audit Committee. Mr. Fleck and Ms. Long agreed. Mr. Lanham was absent.

OLD BUSINESS

FY2020 Independent Audit[ii]

- Mrs. Painter introduced Rob Adams and Anthony Carpenter of Brown Edwards who presented the audit report. Mr. Adams thanked the Board for the opportunity and for the cooperation during the audit process.
  - Mr. Carpenter presented the letter of Required Communications. Items noted were:
    - No new accounting policies were adopted, and the application of existing policies was not changed during 2020.
    - No new GASBs that were affected for the year.
    - GASBs that were going to be effective this year and in the near future will be delayed due to COVID19.
    - Significant accounting estimates are reasonable in relation to the financial statements taken as a whole.
    - No difficulties were encountered in performing and completing the audit.
    - No material misstatements identified during the audit.

        - One uncorrected immaterial misstatement found: In previous years, management has recorded investment income one month in arrears, but began recording investment income timely in the current year resulting in an overstatement of interest income and an understatement of beginning net for the year ending June 30, 2020. This is a carry-over from last year and has been corrected for the current year.
        - No disagreements with management regarding financial accounting, reporting, or auditing matter arose during the course of the audit.
        - Requested management representations will be included in the final management representation letter.
        - No management consultations with other independent accountants were found.
    - Mr. Adams and Mr. Carpenter presented the audit report. Items noted were:
        - Financial statements were in accordance with accounting principles accepted nationally.
        - Required Supplemental Information is not required to be audited and was not audited.
        - Financial statements are very similar to previous years, with the exception that these statements note that the current COVID19 Pandemic.
        - No deficiencies in internal controls considered to be material weaknesses were identified.
        - The results disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

MOTION: Motion by Mr. Blosser to accept the audit findings as presented, seconded by Mr. Slaughter; Passed unanimously:

***RESOLVED*, that the FY2020 Independent Audit Report be approved as presented.**

HB4042[iii]

- Legislative Rule Title 211, Series 2 Exempt Purchasing
    - Mr. Taylor stated that this has been submitted to the LRMRC Committee and is scheduled to be discussed at the November Interim Meeting.
- MPOB Procedural Rule Title 211, Series 3 Exempt Purchasing
    - Mr. Taylor stated that this has been submitted to the WV Secretary of State's Office and became effective on September 14, 2020.

Mr. Taylor noted that he and Kelli Talbott will testify in November on why both a Legislative Rule and a Procedural Rule are being requested. More information will be provided at the December Board meeting.

Bolton

- Data Collection/Review for Current Beneficiaries[iv]
  - Mr. Ritchie presented the Review of Survivor Benefits. Items noted were:
    - Survivor Benefits are not being calculated correctly for 48 pension plans due to how the Supplemental Benefits (COLA) are calculated for the survivors.
    - Responses from 40 of these 48 plans provided sufficient data for 300 of 472 survivors.
    - Bolton was able to calculate corrected benefits for a portion of the survivors.

  Discussion: Mr. Slaughter asked if there is any downside to getting more information. Mr. Neddo asked if the main issue was not knowing what COLA was used in the calculations prior to forming the MPOB. Mr. Ritchie confirmed. Mr. Neddo made a recommendation to gather more data over the next 3 months and present more information at December meeting. Mr. Ritchie confirmed Bolton could do that.
- Workgroup on Proposed Online Benefit Calculator
  - Mr. Neddo moved the discussion to the next meeting because the work group has not had the opportunity to meet due to the Covid19 pandemic.
- Retrospective Drop Reviews as of July 1, 2019[v]
  - Mr. McClane and Mr. Lowman presented DROP Evaluation for Wheeling Fire and Saint Albans Fire. Items noted were:
    - Wheeling Fire had a savings of about $900,000 using the Optional Funding Policy. Nine people were in the DROP as of July 1, 2019.
    - Saint Albans Fire had a cost of about $129,000 using the Alternative Funding Policy. One person remained in the DROP as of July 1, 2019.
- DROP Evaluation
  - Mr. McClane presented an evaluation of DROPs to see if there should be more formal guidance from the Board on how to demonstrate if the DROP meets the requirements of the code. Items noted were:
    - We do not know how a DROP will impact behaviors of when and how people choose to retire.
    - There are more requests for open-ended DROPs.
    - Any municipality may request a DROP, the MPOB meets to approve the DROP with advice from the actuary on the anticipated impact of the DROP, but the code is not specific enough as to the tests to determine whether the DROP should be approved.
    - Typically DROPs are currently evaluated regarding the impact on the employer, but the code states it should be evaluated regarding impact upon the fund.
    - The code is ambiguous in stating "no negative impact" without defining what negative impact is.
- DROP Study Methodology[vi]
  - Mr. McClane, Mr. Lowman, and Mr. Ritchie presented. Items noted were:

- Three Options:
  I. Liability Impact to Fund – *Payment Trade-off + Delay in New Hire Cost*
  II. Contribution Impact – *Payment Trade-off + Delay in New Hire Cost + DROP Member Contributions + Payment Tax Allocation*
  III. Net "Plan" Impact – *Payment Trade-off + Delay in New Hire Cost + DROP Member Contributions + Payment Tax Allocation + City's No Cost Contribution* **(WV Specific Option)**

Recommendation by Bolton to go with Option 2; or stay with option 3. Discussion: Mr. Lowman, Mr. Matthews, Mr. Ritchie, Mr. Blosser, Mr. Neddo and Mr. Taylor discussed using different options for different plan funding options. Mr. Blosser recommended to wait until December to give everyone an opportunity to review the information thoroughly. Mr. Taylor stated the issue would be put on the December agenda unless the Board would want to call for a special meeting between now and the December meeting.

- Actuarial Methods Including Definition of Actuarial Soundness[vii]
  - Mr. Ritchie presented the Summary of Recommendations. Items noted were:
    - Continue the use of Individual Entry Age cost method with normal cost developed as a level percentage of pay.
    - Continue use of level dollars amortization, implementing layered amortization bases.
    - Consolidation of amortization bases every five years into a single base.
    - A 20-year combined amortization for plans that have a surplus.
    - A 4-year smoothed actuarial value of assets.
    - Updates to the roll-forward methodology with contributions developed for the contribution year.
    - Updates to the application of actuarial soundness for purpose of receiving the premium tax allocation and granting the COLA.

      Discussion: Mr. Taylor, Mrs. Painter, Mr. Ritchie, Mr. Lowman, Mr. Slaughter. Mr. Taylor expressed concern that smaller cities would not be able to pay and therefore would not attempt to pay. Mrs. Painter asked for clarification that every loss and every gain would be amortized. Mr. Ritchie confirmed yes, to avoid volatility. Mr. Neddo asked Mr. Fleck's opinion. Mr. Fleck stated he does use a similar method in some cases. Mr. Neddo and Mrs. Painter stated that 15 years seems high. Mr. Payne stated he sees no negative impact with 15 years. Mr. Taylor stated that a change in legislation would be required to switch to this method.

MOTION: Motion by Mr. Slaughter to accept recommendations of Bolton with respect to the actuarial assumptions and that Mr. Taylor be directed to effectuate any legislative changes, seconded by Mr. Blosser; Passed unanimously:

RESOLVED, Bolton's recommendations regarding the actuarial assumption are accepted and Mr. Taylor is directed to effectuate any legislative changes necessary.

- Actuarial Methods Including Definition of Actuarial Soundness
  - Mr. Ritchie made the following additional recommendations:
    - Normal Cost: Instead of the applying the normal cost percentage to FY 2019 payroll, the percentage could be applied to an estimate of FY 2020 payroll.
    - Amortization payment: The funded liability would be rolled forward from the valuation date to the beginning of the fiscal year of the payment.
  - Actuarial Soundness. Mr. Ritchie stated that WV Code defines actuarial soundness for two purposes:
    - For determining a plan's eligibility to provide Supplemental Benefits, i.e. COLAs using a solvency test on a "closed group basis".
    - For purposes of the premium tax, make sure the plan is projected to be solvent, at least have a dollar in the assets after 15 years on an "open group basis".
  - Bolton Recommendation. Bolton Recommends the Board consider the following two methods for applying the concept of *actuarial soundness* as outlined in the WV Code for the premium tax allocation:
    - Grant the premium tax as long as the municipality contributes their policy contribution (and pro-rate the tax for partial contributions) or
    - Stay with the 15-year solvency test on an open group basis.

  Discussion: Mr. Neddo commented that unless a motion was made, things would stay the same. No motion was made. Mr. Blosser asked if these recommendations could be considered again. Mr. Neddo confirmed, they can be considered at any time.
- Valuation Report Update. Mr. McClane presented. Stated that 50% have been submitted. On track to get the rest in by October 1. Mr. Neddo thanked Bolton for their work to get the reports done early.

<u>Meeting with City of Logan and City Council</u>

- Mr. Taylor stated that due to the pandemic, no in person meeting has taken place but that Mrs. Painter has communicated with the Treasurer and the City of Logan to gather information.
  - Mrs. Painter presented. Items noted were:
    - Problems in the past getting a complete and accurate annual report.
    - Received 2019 report that matched the beginning and ending investment statements.
    - City requested premium tax allocation, but request did not match their checking account statements. Mrs. Painter provided the treasurer revised documents and all information needed to complete the revisions with a request of revision in July 2020.

        - No response has been received from the Logan Treasurer and therefore no allocation funds have been sent to Logan.

    Discussion: Mr. Taylor stated that the 2019 allocations will expire in February of 2021. He said he would like this to be resolved by January 2021. He noted that the Board has been given copies of communication and requests sent to the Logan Treasurer. Mr. Taylor asked Mr. Blosser for some help in communicating with Logan to get the paperwork from them since he has connections with the Mayor and City officials. Mr. Blosser confirmed he would.

Compliance Review Updates

- Mrs. Painter presented compliance review updates for the following plans:
    - Saint Albans Fire – Items noted were:
        - Meeting with payroll and IT scheduled for September 22 in order to get the proper codes in place in their payroll system so the calculations can be done correctly.
        - Will update in December.
    - South Charleston Police – Items noted were:
        - Mr. Smith is waiting on more information.
        - Will update in December.
    - Williamson Fire and Police – Items noted were:
        - Sent letters based on compliance reviews with a request for response with a plan of action. No response received by the deadline.
        - They have a new finance director, so Mrs. Painter will continue to reach out to her.
        - Will update in December.

NEW BUSINESS

Compliance Reviews

- Mrs. Painter presented compliance reviews for Moundsville and Wheeling Police and Fire Pension Funds. She stated that she and Mr. Smith have been working on Charleston Fire and Police but do not have all the information to ready to present yet.
    - Moundsville Fire[viii] – Items noted were:
        - Three meetings were held during 2019.
        - Chairman receives meeting invite at the time of the meeting.
        - Election of board members is not being held according to code.
        - Bank statements obtained show contributions are deposited in compliance.
        - Payments are not made in compliance and allocations are not sent to MPOB monthly.
        - COLA calculations are not being presented for board approval.

- No copy of the fund's rules, regulations or procedures has been provided to MPOB.
- No copy of the fund's investment policies and procedures has been provided to the MPOB.
- The annual report is not completed on the accrual basis required.

  Mrs. Painter stated that a letter will be sent to the local Pension Fund board with recommendations regarding each of the above concerns and a request for a plan of action.

- Moundsville Police[ix] – Items noted were:
  - Meeting minutes are not being recorded and approved for each board meeting
  - The Chairman is not sent invitations to board meetings.
  - Election of board members is being held according to code.
  - Bank statements obtained show contributions are deposited in compliance.
  - Payments are deposited according to a prepayment method allowed by code.
  - One pension was issued during the fiscal year and it was calculated incorrectly with everything under base pay. Suspect other miscalculations due to this error.
  - COLAs were computed but there is no evidence that they are being approved during board meetings.
  - The fund's rules, regulations and procedures provided to MPOB are outdated. (2011) and were not signed.
  - The fund's investment policies and procedures provided to the MPOB are outdated. (2010).
  - The annual report is not completed on the accrual basis required.
  - Survivor benefits are being calculated incorrectly and the Pension Fund Secretary has been informed.
  - Mrs. Painter suspects there will be many retirement benefits that will need to be recalculated and corrected.
  - Mrs. Painter stated that a letter will be sent to the City and to the Trustees of the Pension Fund board with recommendations regarding each of the above concerns and a request for a plan of action.

  Discussion: Mr. Fleck – Do they include subsistence pay in calculations? It is not remuneration for services rendered. Mrs. Painter said everything was lumped together under base pay, so she has no information about that.

  Recommendation by Mr. Fleck, Mr. Blosser and Mr. Neddo to send letter as before, stating findings of the compliance review with a request for a response with a plan of action.

- Wheeling Fire[x] – Items noted were:
  - Sent letter. No information received from Secretary.
  - No meeting minutes or evidence of elections were received.

- Secretary indicated his laptop was not working and he could not retrieve any of the requested information.
- Secretary stated no election was held because only one person was nominated so that person was just put on the board.
- Bank and investment statements were obtained from the City.
- Member contributions are not being submitted on time and are being submitted by paper check. Switching to payment by ACH was recommended by Mrs. Painter.
- The City did make their required contributions, but they are not being prepaid or made according to code. Contribution were up to date by June 30.
- Two retirement pensions were reviewed. They were not being calculated correctly.
- COLA calculations have not been calculated correctly in the past.
- No evidence that benefits are approved at board meetings.
- MPOB has no copy of rules, regulations, and procedures. MPOB copy of Investment Policies was dated 2007.
- Annual report is not being done on an accrual basis.
- The City is making retirement benefits payments out of the account owned by the City, not out of the pension account and may possibly be paid under the tax ID for the City.

o Wheeling Police[xi] – Mrs. Painter presented. Items noted were:
  - Sent letter requesting information. Mrs. Painter was promised the information by Secretary on multiple occasions, but never provided any.
  - Member contributions are not being made according to code.
  - Required contributions did not start being made until November and remained behind until May.
  - Two retirement pensions during the year were calculated incorrectly.
  - In doing calculations they consider everything as Base.
  - COLA has been calculated incorrectly in the past.
  - MPOB was not provided a copy of the rules regulations and procedures and the Investment Policies was dated 2007.
  - The annual report is not being completed on an accrual basis.
  - Benefit payments are made from a checking account owned by the City.

  Mrs. Painter estimated there may be 160 retirees for Wheeling Fire and Police that have benefits that need recalculated.

  Discussion: Mr. Blosser suggested MPOB do retirement and COLA calculations for municipalities. Mr. Taylor referenced code that requires the pension plan trustees to do the calculations. He stated that MPOB staff have trained trustees for the past nine (9) years on their responsibilities to calculate pension retirements and COLAs. Mr. Taylor also indicated for the staff to take on these additional responsibilities additional staff would be required. Mrs. Painter stated that all municipalities would be reviewed within a three-year period in order to find errors and notify pension trustees. Mr. Neddo suggested to Mr. Blosser through his relationship with the WV Municipal League that he (Mr. Blosser) could encourage municipal leadership to be proactive in their responsibility to chair pension trustee meetings. Mr. Blosser confirmed that he would encourage municipal mayors and city managers to take an active role in pensions.

Legislative Agenda

- Defining Actuarial Soundness. Mr. Taylor stated that had already been discussed and pushed out until the December meeting.
- Defining Base Pay, Overtime, and Other Remuneration[xii]
  - Mr. Taylor presented. He asked Board Members to review the email regarding the definition of Base Pay. Discussion will continue in December in order to determine how to provide Pension Secretaries better information on what goes where when doing calculations.

Pcard Expenditures for June, July, and August 2020[xiii]

- Mrs. Painter presented. She noted that she had provided all board members with the Purchasing Card transactions by the MPOB staff for June, July, and August 2020 in the Board Packet.

MOTION: Motion made by Mr. Blosser, Seconded by Mr. Fleck; Passed unanimously.

> ***RESOLVED*, that MPOB P-Card purchases for the months of June, July, and August of 2020 are approved.**

Pension Plan Payment Schedule[xiv]

- Mrs. Painter presented the schedule to the Board and requested to update the report from a manually created document to a systematic format according to what the Board uses the report for. Information is duplicated in other reports. Recommendation to have the report updated and sent to the Board members for review.

Executive Director's Report[xv]

- Due to the lateness of the hour, Mr. Taylor asked that all members review the Executive Director's report provided in the Board packet and yielded his time to Ms. Matthews.
- Ms. Matthews presented a brief overview of the presentation on website updates[xvi]. Items noted were:
  - In addition to the normal updates of minutes and reports, updates to current live site a new Board Member Biography page. She asked that board members provide updated biographies and photos, as necessary.

- The revised website design initiated in 2019 has been updated to be more eye-catching, more user friendly with less need for pdf downloads and more information directly on the site.
- The future website will feature dropdown links directly to Police and Fire Municipal Pension Fund pages and "How can we help you?" pages.
- The plan is to have most of the necessary updates and design changes ready for the site to go "live" in January 2021.

Ms. Matthews thanked the Board for the opportunity to work for the MPOB.

The next regular meeting of the MPOB will be held on December 17, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

- No members of the public were in attendance.

ADJOURNMENT

- Mr. Neddo called for a motion to adjourn:

  MOTION: Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:

  ***RESOLVED*, that the September 17, 2020 meeting of the MPOB is adjourned.**

- Mr. Taylor thanked all for participating.

[signature] Stephen Neddo
Stephen Neddo, Chairman

Minutes approved 12/17/2020
(date)

Referenced documents can be found in the Board Meeting Packet or at the link given.

i MPOB Minutes – June 18, 2020

ii Draft WVMPOB Financial Report pages 1-7

iii West Virginia House Bill 4042 Purchasing Division http://www.wvlegislature.gov/Bill_Status/bills_text.cfm?billdoc=HB4042%20INTR.htm&yr=2020&sesstype=RS&i=4042

iv Interim Survivor Results Bolton - WV MPOB Survivor Benefit Review

v DROP Summary Report to State Legislature - First Annual DROP report under WV Code Section §8-22-25a(e)

vi Drop Study Methodology

[vii] Actuarial Methods Recommendation Report
[viii] Compliance Review Letter City of Moundsville Fire
[ix] Compliance Review Letter City of Moundsville Police
[x] Compliance Review Letter City of Wheeling Fire
[xi] Compliance Review Letter City of Wheeling Police
[xii] Base Pay Definition - Bolton
[xiii] June Pcard Transactions, July Pcard Transactions and August Pcard Transactions
[xiv] Pension Payments Schedule As of 08.31.2020
[xv] Executive Director's Report 9-11-2020
[xvi] Updates to Current and Future MPOB Website

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
December 17, 2020

The Municipal Pensions Oversight Board (MPOB) met on December 17, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, welcomed everyone and called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Travis Blosser, present (*by virtual meeting*)
- Jeffrey Fleck, absent
- Emily Lambright, present *(by virtual meeting)*
- David Lanham, present (*by virtual meeting*)
- Sarah Long, present *(by virtual meeting)*
- Jason Matthews, present *(by virtual meeting)*
- Stephen Neddo, present
- Michael Payne, present (*by virtual meeting*)
- Craig Slaughter, present *(by virtual meeting)*

Staff:

- Vonda Matthews, Administrative Assistant, present
- Michelle Painter, Chief Financial Officer, present *(by virtual meeting)*
- Les Smith, Accountant, present
- Blair Taylor, Executive Director, present

General Counsel:

- Kelli Talbott, WVAG Office, present (*by virtual meeting*)

Guests:

- Tom Lowman, Consulting Actuary, Bolton, present *(by virtual meeting)*
- Jordan McClane, Consulting Actuary, Bolton, present *(by virtual meeting)*
- Jim Ritchie, Senior Consulting Actuary, Bolton, present *(by virtual meeting)*

Minute Taker:

- Vonda Matthews

Approval of Minutes[i]

- Minutes for the MPOB meeting on September 17, 2020, were presented for approval.

  MOTION: Moved by Mr. Matthews; Seconded by Mr. Slaughter; Passed unanimously:

  ***RESOLVED*, that the minutes of the September 17, 2020 Municipal Pensions Oversight Board meeting be approved as presented.**

Mr. Neddo asked to reorder the agenda by covering all items related to the City of Wheeling to allow Mr. Lanham to step out and recuse himself during this portion of the meeting. Mr. Taylor explained Mr. Lanham had expressed his concern of having a family member recently hired with the City as being a conflict of interest. Mr. Taylor stated he had contacted the State Ethics Commission and received a verbal unofficial opinion that Mr. Lanham will be allowed to continue his valuable work with the Board, excluding him from all information regarding Wheeling Police and Wheeling Fire moving forward. Mr. Lanham exited the meeting at 1:08 p.m.

Wheeling Compliance Review Updates (Old Business)

- Wheeling Fire. Mrs. Painter presented. Items noted were:
  - Plan of action was received from the Pension Secretary Brown, but it did not include input from the City.
  - A follow-up email to Secretary Brown and Mr. McIntyre with the City was sent requesting information on who would recalculate the incorrect pensions and the timeline for completion.
  - Mr. McIntyre responded that he had not seen the plan of action and was unaware of who would be recalculating the incorrect pensions.

  Mrs. Painter stated she will follow up with Secretary Brown regarding all the noncompliance issues including incorrect payments made twice a month instead of monthly and payments made from the City account instead of the Pension Fund account. She will provide another update during the next MPOB quarterly meeting.

  Discussion: Mr. Blosser asked who issues the tax reporting, the City, or the Fund. Mrs. Painter said that is one of the follow up questions because it looks like the ACH is run through the City account and offset by Pension Plan funds. This is allowable if the 1099 reflects it appropriately.

- Wheeling Police. Mrs. Painter presented. Items noted were:
  - No Plan of action was submitted.
  - Continuing issues include pensions are not being calculated with 20% limiters and COLAs are not being calculated correctly.
  - A response was received from the pension board but did not copy the City or include information from the City. This response included items that should have been submitted for the Compliance Review.

  Mrs. Painter recommended sending a letter back to the Pension Board Chairman, the City Finance Manager, the Pension Secretary, and the City Council stating that the board must submit an official plan of action with a timeline. Mr. Taylor stated that the City of Wheeling is run by a City Manager who is the Pension Chairman and the

Mayor, as an elected official sits on the City Council, so sending the letter as Mrs. Painter indicated would ensure that all appropriate persons receive the information.

Wheeling Fire DROP Application[ii] (New Business)

- Jim Ritchie of Bolton presented. Items noted were:
  - Five different components were looked at in determining the Cost of the Wheeling Firemen's Pension Plan DROP. The findings were:

Impact of Proposed DROP Design (Gain)/Loss	Present Value 7/1/2018
(a) Payment Trade-off	(567,820)
(b) Delay in New Hire Normal Cost	N/A
(c) DROP Member Contributions	(353,020)
(d) Premium Tax Allocation	276,546
(e) City's Normal Cost Contribution	(2,859,383)
Total DROP Impact ((a) + (b) + (c) + (d) + (e))	**(3,503,677)**

MOTION: Moved by Mr. Matthews to approve the Wheeling Fire DROP based on the actuarial evaluation; Seconded by Mr. Slaughter.

Discussion: Mr. Taylor and Mrs. Painter expressed concerns for approving a DROP when the plan is not in compliance. Mr. Neddo asked if the DROP evaluation by Bolton was affected by the incorrect pension calculations. Mr. Ritchie stated the perspective DROP would affect future retirees and that their calculations probably would not change much with the corrected calculations. Mr. Ritchie agreed that it would be better to have Wheeling improve their methodology before implementing any plan changes. Mr. Slaughter stated he would be fine to table the decision for now. Mr. Matthews said that he had conversations with the pension board and knows they are committed to fix their problems, but it will take some time. Mrs. Painter stated she does not feel they are acting quickly enough because the City was unaware of their plan. Mr. Blosser agreed. Mr. Taylor stated that Mr. Blosser and he have formulated a plan for discussions with Wheeling's City Manager and Chair of each pension plan, Robert Herron and will assist him and the trustees to come into compliance.

Amended MOTION: Moved by Mr. Matthews to approve the Wheeling Fire DROP based on the actuarial evaluation contingent upon them resolving the issues of the Compliance Review and the incorrect calculations of pensions; Seconded by Mr. Slaughter; Passed unanimously:

> ***RESOLVED*, that the Wheeling Firemen's Pension Plan DROP be approved contingent upon submission of corrected pension calculations identified in the Compliance Review.**

MOTION: Moved by Mr. Payne for the MPOB staff to send a letter to the pension board and the City notifying them of the approval of the DROP contingent upon submission of the requested corrected calculations and a plan to provide correct calculations moving forward. Seconded by Mr. Slaughter; Passed unanimously:

***RESOLVED*, that the Wheeling Firemen's Pension Plan DROP be approved contingent upon submission of corrected pension calculations identified in the Compliance Review.**

Mr. Neddo requested to return to the regularly scheduled items on the agenda. Mr. Lanham was contacted and asked to rejoin the meeting. He rejoined at 1: 45 p.m.

OLD BUSINESS

HB4042

- Legislative Rule Title 211, Series 2 Exempt Purchasing
  - Mr. Taylor presented. The following items were noted.
    - Administrative Rule Title 211, Series 3 is already in effect.
    - General Counsel advised requesting a Legislative Rule in order to have the law supporting the Board if anyone protested any of their bids.
    - Legislative committee has accepted with minor changes.
    - Next step is to be presented as a Rules Bill to the Legislature.

Bolton

- Survivor Benefits Data Collection
  - Mr. McClane presented this follow-up to the study presented at the September meeting. He stated this is an update on counts of Survivor Benefits reviewed, progress made in determining over and underpayments, and next steps. Items noted were:
    - The reason for this project is that as Bolton came on as actuary, they identified Survivor Benefits were being incorrectly calculated based on 60% of benefits at the time of death, instead of based on 60% of benefits at the time of retirement, indexed with COLAs as directed by WV Code.
    - Due to this, many survivors may have been underpaid.
    - Phase I to rectify this problem has three parts:
      1. Establish the Survivor Benefit Online Calculator for municipalities to use in calculating benefits correctly.
      2. Research of COLA History to know what the COLA provisions have been over the past few decades.
      3. Identify which survivor's benefits have been calculated incorrectly.
    - Phase II is to determine the amount of the over and under payments and correct the benefits.
    - At the time of the previous meeting out of 472 survivors studied there was insufficient data for approximately 180.

- Bolton has reached out to 24 municipalities to gather information. Seven have responded and were only able to resolve a handful of issues.
- Currently out of 501 survivors studied there is sufficient data for 322 and insufficient data for approximately 180.
- Of the 501 survivor benefits reviewed, over 190 appear to have been calculated correctly, approximately 60 appear to have been overpaid, and 190 were underpaid.

Bolton recommends making assumptions for approximately 120 to 130 of the 180 remaining. The last 50-60 would need to be researched further as directed by the MPOB.

Discussion: Mrs. Painter asked for the amount of the average overpayment. Mr. McClane stated that there are several outliers with 11-14k overpayments, and the average with those included would be approximately $1700 per year. Without including the outliers, the average would be about $700 per year of over payment. Mr. Ritchie stated that next steps would be to work with Mrs. Painter and Mr. Taylor to see which survivor's benefits would need a detailed audit with further information gathering to determine if a correction is needed. He said this would need to be looked at on a case by case, city by city basis on how a correction would be made.

Mr. Ritchie asked for a decision from the Board as to whether they should seek out more information or proceed based upon the information they currently have. He recommended moving on with the data collected.

Discussion: Mr. Payne asked Mr. Taylor to identify who gets survivor benefits other than spouses. Mr. Taylor reviewed designated survivors and amount of benefits.

Mr. Neddo asked if the Board agreed that Bolton should proceed with the data they currently have. The Board members agreed.

- The Cost of DROP[iii]
  - Mr. Ritchie reviewed the Cost of DROP PowerPoint presentation which covered these Components of DROP Cost:
    - Payment trade-off
      1. DROP eligibility
      2. DROP period
      3. Interest credit

    4. Retirement timing
- Employee contributions
    1. Credited to DROP account balance or not
    2. Interest credit vs. asset returns
- Premium tax
    1. Assumptions
    2. Impact
- Savings from delaying new hires
    1. Delay paying for benefits for new hires
- Other cost components
    1. COLAs
    2. Ancillary benefits
    3. Non-pension impact

Mr. Neddo asked to reorder the agenda by covering New Business item regarding the Paul v. Charleston Fire Pension case since Ms. Talbott needed to leave the meeting at 2:30. All agreed.

Paul Harrison, Petitioner-Appellant v. The Charleston Firefighter's Pension and Relief Fund, Respondent-Appellee[iv] (New Business)

- Ms. Talbott presented. The following items were noted:
    - An appeal has been filed in the Circuit Court of Kanawha County seeking a review of the decision made by the local pension board regarding the calculation of a Charleston Firefighter's disability pension.
    - The petitioner is claiming that he found out several years after receiving his disability pension that nine other firefighter's disability pension benefits had been calculated a different way.
    - The petitioner has asked the local board to recalculate his benefits.
    - The local pension Board stated they calculated his benefits according to MPOB rules and could not recalculate even though they were sympathetic to his claim.
    - The MPOB does not have the information on how these other benefits Mr. Harrison claims were done differently.
    - Ms. Talbott stated that there are provisions in the rules of the local pension board to dispute the determination of the actual disability, but not for a review and recalculation of the benefits.
    - Judge Bloom of Kanawha County has issued a scheduling order for the local pension board to provide briefs of the records that pertain to the matter and for Mr. Harrison's attorney to provide information.
    - Ms. Talbott filed a Motion to Intervene on behalf of the MPOB to review the information and hopefully shed some light on the case.

- Ms. Talbott believes that there is likely no basis for the appeal to have been filed and will file a motion to dismiss out of court upon review of the information.
- Mr. Taylor stated his concern is that Mr. Harrison's attorney is challenging Legislative Title 211, Series 1 and if it is thrown out there could be a problem with many more calculations of benefits throughout the state.
- Ms. Talbott stated that the local board has not provided any information the MPOB has asked for regarding Mr. Harrison's case such as minutes showing where Mr. Harrison's benefits were discussed during a board meeting, so she must wait to see what the briefs include.

Mr. Neddo thanked Ms. Talbott for her work on the case. Ms. Talbott left the meeting. Mr. Neddo directed everyone back to the regularly scheduled agenda items.

OLD BUSINESS

Bolton

- Workgroup on Proposed Online Benefit Calculator
  Mr. Neddo stated there was no work done and no update.

Meeting with the City of Logan Mayor and City Council

- Mr. Taylor presented, and the following items were noted:
  - Mr. Taylor and Mr. Blosser are working to schedule a meeting with the City.
  - The City Treasurer has just filed requests for 2019 funds partially.
  - Two requests have been processed, one for police and one for fire.
  - There are more funds available, but the City Treasurer has not requested those funds.

Mr. Taylor stated that he sees this as successful progress and that Mrs. Painter has been working closely with Mr. Vallet the City Treasurer.

Compliance Review Updates

- Mrs. Painter and Mr. Smith presented updates on the following with these items noted.
  - Saint Albans Fire
    - The City hired Griffith and Associates to do the recalculations and they have reached out to the CPA firm that did the recalculations for Huntington to get some insight.
    - The City formed a committee to work on the issues.

    - Best Practices determined from the information gathered from Huntington will be reported to the committee in January.
    - Ms. Painter expects an update from the City soon after.
  - South Charleston Police
    - COLAs have not been calculated and they are not using the right percentage.
    - Mr. Smith received a plan to move forward.
    - The pension secretary has been very busy with his police work so Mr. Smith and Mr. Taylor have been working on recalculations for them.
  - Williamson Fire and Williamson Police
    - Mrs. Painter has been working with Finance Director Horton on their annual report which she submitted to Bolton recently.
    - She will continue to work with them on their drawdowns and action plan.
  - Charleston Fire
    - Pensions are not being calculated in accordance with the law.
    - Overpayments and underpayments have been found.
    - The local pension board must recalculate the pensions according to the rule of law.
    - Investment policies and rules and regulations need updated.
    - Board minutes do not reflect any mention of retirements, death benefits or COLAs.
  - Charleston police
    - They are using the pension calculator to calculate pensions according to the law except for one pension.
    - Rules and regulations need updated and investment policies.
    - Minutes do not reflect approval of retirements, death benefits or COLAs.
  - Moundsville Fire
    - An action plan has been submitted addressing all the issues.
    - Chairman is not invited to meetings in advance.
    - No elections are being held.
    - The City is not contributing to the plan at $1/12^{th}$ increments
    - COLA calculations were not approved in the meeting minutes.
    - The annual report is not being filled out on an accrual basis.
    - Rules, regulations, and investment policies have been updated and submitted for review.
  - Moundsville Police
    - Submitted an action plan which includes similar items to Moundsville Fire.
    - The action plan addressed inviting the chairman and submitting detailed minutes to the municipal board for the official record.
    - The local board stated rules, regulations and investment policies will be submitted by December 31, 2020.
    - The municipal board requested to wait until after Bolton does their corrections to recalculate Survivor Benefits.

        - Their action plan does not state that they are going to go back and review and recalculate pensions, even though they agreed with the sample recalculation Mrs. Painter provided them. She will address this with them.

NEW BUSINESS

Compliance Reviews

- Mrs. Painter presented Compliance Reviews on the following with the items noted. She directed all to the Compliance Review letters provided in order to save time as opposed to reviewing each step by step.
    - Beckley Fire
        - Retirement benefits are being calculated on a pro-rated year. The code has no provision for pro-rating years to calculate pensions.
        - Pro-rating years of service will be addressed, and they will be required to review and recalculate any incorrect pensions.
        - Benefits are being paid from a City account.
        - Allocation requests are not being made monthly.
        - Updated rules and regulations must be submitted to the MPOB.
        - All noncompliance issues will be addressed in a letter from Mr. Taylor to the local board and the City.
    - Beckley Police
        - The local police pension board had the same issues as the local fire pension board.
        - Retirement benefits are being calculated on a pro-rated year which result in overpayments.
        - All noncompliance issues will be addressed in a letter from Mr. Taylor to the local board and the City.
    - Princeton Fire
        - Chairman is either not invited or does not attend board meetings.
        - Yearly elections are not being held.
        - Member contributions were not always made within five business days.
        - City contributions are not being made at least monthly.
        - COLAs are not approved and recorded in meeting minutes.
        - No errors in calculations for COLA or retirement benefits were found.
        - All noncompliance issues will be addressed in a letter from Mr. Taylor to the local board and the City.

    - Princeton Police
        - Similar issues as Princeton Fire.
        - Chairman does not attend board meetings.

    - Member contributions should be made within five business days.
    - City contributions should be made at least monthly.
    - The need to submit updated rules and regulations.
    - No problems with any of their calculations were found.
    - All noncompliance issues will be addressed in a letter from Mr. Taylor to the local board and the City.
  - Weirton Police
    - Elections should be held annually.
    - Member contributions should be made within five business days.
    - City contributions should be made at least monthly.
    - Drawdowns should be requested monthly.
    - Retirement calculations are incorrect due to only overtime included in other remuneration; no benefits are being included.
    - No issues with COLA calculations were found.
    - Approval of COLA is not being recorded in the meeting minutes.
    - Errors were found in the annual report. Cash balances did not match the checking account statement or the investment statement. Mrs. Painter discussed these errors with the City Finance Director who stated she inherited the errors. She recommended that they make an adjustment entry during this fiscal year which should be reflected in the annual report for FY2021.
    - All noncompliance issues will be addressed in a letter from Mr. Taylor to the local board and the City.

Personnel

- Mr. Neddo asked for a motion to go into executive session. *Moved by Mr. Matthews; Seconded by Mr. Slaughter; Passed unanimously*:

> ***RESOLVED,* that the Municipal Pensions Oversight Board go into Executive Session as provided for in W.Va. §6-9A-4(b)(2)(A)[v] to discuss personnel matters.**

Mr. Neddo called for the reconvening of regular business. He stated that no decision or motions were made while in Executive Session. He asked for a motion from the Board.

Motion by Mr. Slaughter that the Executive Director's recommendation with respect to an increase in compensation, $3,000, for Michelle Painter, CFO, be approved, with a starting date of January 2, 2021. Seconded by Mr. Lanham; Passed unanimously:

***RESOLVED*, that Michelle Painter, CFO will receive an increase in annual compensation of $3,000 effective January 2, 2021.**

Mrs. Painter thanked everyone and stated she was very appreciative.

Executive Director's Report[vi]

- Mr. Taylor presented. Items noted were:
  - There are four active disability claims in process, for a total of twenty claims for the year which is about average.
  - Visits with local pension boards have been virtual and in person visits will resume as soon as possible with regard to social distancing.
  - Mr. Blosser and Mr. Taylor have determined a path forward for working with the City of Logan regarding noncompliance issues.
  - Mr. Taylor continues to work with pension secretaries on noncompliance and other issues, having had several phone conversations with many of them.
  - Website visits spiked in September likely due to allocations. Work on the website continues. The web site creator determined that previous files uploaded to the site library need to be reformatted. This is time consuming, but our hope is to have the website up during 1st quarter of 2021.
  - The Town of Belle submitted requests for 2019 and 2020 which were processed December 16, 2020.
  - Continuing to try to reach out to the City of Weston.
  - Work still continues with the City of Williamson.
  - Continuing to reach out to the City of Point Pleasant. They typically wait until February to respond. They generally claim 70-80% of their allocation.
  - Quarterly Investment[vii] fees have been provided to the board as requested.
  - Consolidated Actuarial Valuation[viii] report for the year beginning July 1, 2019 has been provided. Laminated copies will be distributed to MPOB Board Members, staff, and members of each Legislative Pensions Committee. The report shows increases in the funded ratio for almost every plan. The same few plans have had the lowest funded ratios, less than 10%, for the past few years; Dunbar Fire, South Charleston Fire, Fairmont Fire and Martinsburg Fire. We now have four Plans that are fully funded: Star City Police, Weston Police, Oak Hill Police and Welch Police. All have funded ratios over 100%. This shows we are making progress. The collective average for all plans is 28% funded and the average the previous year was 26% funded.

Mr. Taylor asked if there were any questions. He thanked the board for their time and wished everyone a merry Christmas and happy holidays.

Mr. Neddo announced that the next regular meeting of the MPOB will be held on March 18, 2021 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

- Mr. Neddo asked if there were any comments. No members of the public were in attendance.

ADJOURNMENT

- Mr. Neddo called for a motion to adjourn:

  MOTION: Moved by Mr. Slaughter; Seconded by Mr. Blosser; Passed unanimously:

  ***RESOLVED*, that the December 17, 2020 meeting of the MPOB is adjourned.**

S. Neddo

Stephen Neddo, Chairman

Minutes approved 3/18/2021
(date)

Referenced documents can be found in the Board Meeting Packet or at the link given.
[i] MPOB Minutes – September 17, 2020
[ii] Wheeling Fire DROP Study 2020 Prospective
[iii] Drop Cost Presentation
[iv] Harrison v Charleston Fire Pension and Relief Fund/Motion to Intervene
[v] http://www.wvlegislature.gov/WVCODE/ChapterEntire.cfm?chap=6&art=9A&section=4
[vi] Executive Director's Report
[vii] Investment Fee Quarterly Schedule CY2020 through 3rd Quarter
[viii] Pension Plan Statistics 2019