

**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**

- 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<sup>ii</sup> (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)
<b>Total DROP Impact ((a) + (b) + (c) + (d) + (e))</b>	<b>(3,503,677)</b>

*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<sup>iii</sup>
  - 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<sup>iv</sup> (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<sup>th</sup> 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)<sup>v</sup> 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**<sup>vi</sup>

- 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 1<sup>st</sup> 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<sup>vii</sup> fees have been provided to the board as requested.
  - Consolidated Actuarial Valuation<sup>viii</sup> 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.**

  
\_\_\_\_\_  
Stephen Neddo, Chairman

Minutes approved 3/18/2021  
(date)

---

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

<sup>i</sup> MPOB Minutes – September 17, 2020

<sup>ii</sup> Wheeling Fire DROP Study 2020 Prospective

<sup>iii</sup> Drop Cost Presentation

<sup>iv</sup> Harrison v Charleston Fire Pension and Relief Fund/Motion to Intervene

<sup>v</sup> <http://www.wvlegislature.gov/WVCODE/ChapterEntire.cfm?chap=6&art=9A&section=4>

<sup>vi</sup> Executive Director’s Report

<sup>vii</sup> Investment Fee Quarterly Schedule CY2020 through 3<sup>rd</sup> Quarter

<sup>viii</sup> Pension Plan Statistics 2019