

# 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 18<sup>th</sup> 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<sup>i</sup> 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<sup>ii</sup> 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**<sup>iii</sup>

- 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**<sup>iv</sup>

- 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**<sup>v</sup>

- 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<sup>vi</sup>**

- 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<sup>vii</sup> and MPOB Procedural Rule Title 211, Series 3 Exempt Purchasing<sup>viii</sup>. 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<sup>ix</sup>**

- 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 been 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 9<sup>th</sup> 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.



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Stephen Neddo, Chairman

Minutes approved

9/17/2020  
(date)

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<sup>i</sup>Experience Study Report 2020

<sup>ii</sup>Asset Smoothing Method Section of Actuarial Methods Recommendation Report

<sup>iii</sup>Survivor Benefit Calculator for Trustees

<sup>iv</sup>Scope and Fee Quote Online Benefit Calculator

<sup>v</sup>Beckley Police DROP Study 2020 Prospective Revised to Incorporate Provisions of HB4601

<sup>vi</sup>Compliance Review Letters FY19: St. Albans Police; South Charleston Fire & Police; Williamson Fire & Police

<sup>vii</sup>Legislative Rule Exempt Purchasing

<sup>viii</sup>Procedural Rule Exempt Purchasing

<sup>ix</sup>Pcard Expenditures for March, April, and May