

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

September 22, 2022 – 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 June 16, 2022
- III. Annual Election of a Secretary/Treasurer
- IV. Old Business
 - A. Legal
 1. Beckley Fire Department Pension Board v. The Municipal Pensions Oversight Board and Chairman Civil Action No. CC-41-2022-C-185
 2. Todd Lewis Taylor v. The City of Charleston, WV Policemen’s Pension and Relief Fund
 3. Paul Harrison v. the Charleston Firefighter’s Pension and Relief Fund and West Virginia Municipal Pensions Oversight Board, Civil Action No. 22-C-357.
 - B. Fairmont Fire Department DROP Application Approval
 - C. Compliance Review Updates
 1. Recalculations
 - a. Charleston Fire
 - b. Wheeling Police
 - c. Wheeling Fire
 - d. Dunbar Fire
- V. New Business
 - A. Draft FY2022 Independent Audit
 - B. Bolton Actuarial Report Valuations (AVR)
 1. AVR changes with Pension Obligation Bond funding
 - C. P-Card Expenditures – June, July, and August 2022
 - D. Personnel
 1. Chief Financial Officer Update
 - E. Executive Director’s Report
- VI. Public Comments
- VII. Adjournment

MUNICIPAL PENSIONS OVERSIGHT BOARD

MINUTES OF MEETING

SEPTEMBER 22, 2022

The Municipal Pensions Oversight Board (MPOB) met on September 22, 2022, at 1:00 PM. The location of the meeting was held at 301 Eagle Mountain Rd. Suite 251, Charleston WV 25311. Mr. Steve Neddo welcomed everyone and called the meeting to order. Mrs. Janet Warren called the roll.

ATTENDEES

Board Members:

Travis Blosser – Absent

Jeffrey Fleck – Present

David Lanham – Present

Sarah Long – Present

Jason Matthews, Vice Chairman – Present virtual

Steve Neddo – Chairman – Present

Michael Payne – Conference call

Tom Percy – Present virtual

Craig Slaughter – Present

Staff:

Janet Warren – Administrative Assistant - Present

Les Smith, Accountant – Present

Blair Taylor, Executive Director- Present

Guest:

Jim Ritchie- Senior Consulting Actuary, Bolton – Present

Jordan Mclane – Consulting Actuary, Bolton – Present virtual

Robert Adams –BrownEdwards

Anthony – BrownEdwards

General Counsel:

Anthony Eates – Deputy Attorney General – Present

Minute taker:

Janet Warren

Approval of Minutes

Minutes¹ for the MPOB meeting on June 16, 2022, were presented for approval. Mr. Neddo asked for a motion to approve the minutes.

Motion: Motion to approve the minutes as presented; moved by Mr. David Lanham; Seconded by Mr. Craig Slaughter; Passed unanimously.

RESOLVED the minutes for the June 16, 2022, meeting, Municipal Oversight Board Meeting minutes were approved as presented.

New business:

A) Independent Audit – Draft

Mr. Les Smith presenting. Mr. Smith introduces Mr. Robert Adams and Mr. Anthony Carpenter from BrownEdwards, including that MPOB has met the deadline for the independent audit draft of September 15, 2022.

Mr. Anthony Carpenter presenting – Audit is near completion and will meet the final deadline of October 15, 2022, stating they have two deliverables to discuss (letter and financial statement). First the letter of discussion, stating there were no issues, or complications, with the independent audit. Second the Financial Statement, one significant GASB accounting standard 87 effective this year, that covering Leases. However, the change to GASB 87 does not affect the MPOB as it has what is considered a short-term lease. The Audit Report has the same result as prior reports, as it is a clean report, a clean, unmodified audit report.

Motion: Motion to accept the draft of the independent audit report; moved by Mr. Jeffrey Fleck; seconded by Mr. Craig Slaughter; Passed unanimously.

RESOLVED: The Draft of the independent audit report has been approved as presented.

Annual Election of a Secretary/Treasurer.

Mr. Steve Neddo states that the last CFO was the past Secretary/Treasurer, and a new CFO has not been hired.

Motion: Motion to table the election of a Secretary/Treasurer until a new CFO is hired; Moved by Mr. Jeffrey Fleck; Seconded by Mr. David Lanham; Passed unanimously.

RESOLVED: The election of a Secretary/Treasurer is tabled until a new CFO is hired.

Old Business:

A. Legal

1) Beckley Fire Department Pension Board vs. MPOB Civil Action No. CC-41-2022- C – 185

Mr. Anthony Eates presenting. Mr. Eates has spoken to Mr. Joshua Miller, and both agree the case is presented with factual disputes. Both, Mr. Eates and Mr. Miller, have agreed that they need a documented agreement, which will lay out stipulated facts. Both lawyers and Mr. Taylor will have to agree to presenting that fact document to the court. Mr. Eates is hopeful to have some form of agreement, on some of the facts, between all parties by the next Board meeting.

2) Todd Lewis Taylor v. The City of South Charleston, WV Policemen's Pension and Relief fund – Judge Webster

- No update

3) Paul Harrison v. The Charleston Firefighter's Pension and Relief Fund and West Virginia Municipal Pensions Oversight Board, civil Action No. 22-C-357

- No update

B. Fairmont Fire Department DROP Application Approval

Mr. Jim Ritchie presenting. The Bolton analysis shows a slight gain to the plan. In looking at the plan, the conclusion is that it would be cheaper for the member to take the lower lump sum than it would be to take the higher benefit. Members, while in the DROP, continue to make contributions to the drop, but will not draw from those contributions which creates a slight savings.

Mr. Blair Taylor states that Fairmont has proposed a 5-year period. Fairmont is choosing a 3-year scenario, July 2022 to September 2025, also limiting the number of employees joining

to three current members per year, adding a fourth if the Chief wishes to join. During the proposed period, there are 15 eligible firefighters for the DROP.

Concern are as follows:

Mr. Jeffrey Fleck - Are they legally allowed to limit the number of members? Does the plan violate the Equal Protection Clause [of the U.S. Constitution]?

Mr. Steve Neddo - How are they are choosing which members are allowed to join the plan?

Mr. Jason Matthews – The city is deciding the number of members joining, and they are not allowing any additional members to join.

Total number of members this would affect would be around 15 members.

The board would like more clarification, on the legality of limiting the members allowed to join.

Questions:

Is Fairmont legally allowed to limit the number of members joining?

How are the members being chosen?

Mr. Blair Taylor and Mr. Fleck cite 8-22-25A:

§8-22-25A. DEFERRED RETIREMENT OPTION PLANS; AUTHORIZATION; REQUIREMENTS; LIMITATIONS.

(b)(1) The governing bodies of municipalities participating in policemen's and firemen's pension and relief funds pursuant to §8-22-16 through §8-22-28 of this code, are authorized to voluntarily offer DROPs. A participating municipality may design and establish a DROP to best meet the municipality's needs so long as the DROP complies with federal law, the requirements set forth in this section and be approved by the Municipal Pensions Oversight Board.

(2) Prior to approval by the Municipal Pensions Oversight Board, a municipality shall submit a proposed DROP to the board for analysis by the qualified actuary retained or employed by the board. The actuary shall examine the plan and, in light of the elements of the DROP and the actuarial projections of the impact of the DROP on the affected pension and relief fund, advise the board of the anticipated impact on the municipal pension and relief fund. The board shall seek to approve only those DROPs which, in the best judgment of the actuary, are designed to have no negative impact on the member's pension and relief fund. The submitting municipality shall reimburse the board for actuarial costs of analyzing the plan.

(c) To be eligible to enter a DROP, the member of the policemen's or firemen's pension and relief fund must be in active employment and an active member of his or her pension and relief fund for at least six months beyond attaining eligibility for regular retirement as provided in §8-22-25 of this code and have received a satisfactory performance evaluation within the prior 12 months....

MOTION: Motion to table the request pending further clarification from Fairmont before a decision on approving the City of Fairmont's DROP application. Moved by Mr. Jeffrey Fleck; Seconded by David Lanham; Passed unanimously.

C. Compliance Review Updates

Mr. Blair Taylor presenting.

Charleston Fire – Recalculations are moving slowly. There are meetings, ongoing, with the staff of PERS to help with one of the concerns for firefighters who were previously employed as City paramedics who participated in the state’s PERS plan prior to participating in the Charleston Firemen’s Pension.

Dunbar Fire – MPOB ordered Dunbar to recalculate their Pension Plans, and with the help of Mr. Matthews, Dunbar is now moving forward with the recalculations. Dunbar have found old financial records that have been turned over to their CPAs, who are currently working on their recalculations.

Mr. David Lanham excuses himself from the discussion of Wheeling Police and Wheeling Fire recalculations.

Wheeling Police and Wheeling Fire – Mr. Blair Taylor has spoken to the Wheeling Police Pension Secretary, and states that the CPA firm, working on the recalculations, are nearing completion of the recalculations for both Wheeling Police, and Wheeling Fire.

**Mr. David Lanham returns*

New Business:

A) Draft FY2022 Independent Audit

Covered at the beginning of the meeting and noted above.

B) Bolton Actuarial Report Valuations (AVR)

Mr. Jim Ritchie presenting.

Participant count is about the same, a small drop in the active count, as expected. Payees are up nominal. Returns from July 1, 2021 are good but will see a downward trend when the results from July 1, 2022 are completed next year. Conservations plans are evaluated on the 2022 year, they show the losses to date.

Accrued Liability is down about 4 million, smoothing method has been implemented. The Plan received big gains but are being smoothed in because known losses are coming. Actuary Value is up a little. Market Value is up a lot. Funded status increased. Unfunded liability was down. Contributions stayed relatively flat.

Discussion: Mr. Fleck raises the question: Does the employee, over 72, make the request the money or is it automatically funded? Mr. Taylor states that by law a member who did not

withdraw his/her money when they separated has to make a request and it applies without interest. Mr. Fleck questioned how the MPOB corresponds with the members that are nearing the age of 72, regarding their plan request. Mr. Taylor states that under this plan by law they must retire at age 65. When someone retires, their pension automatically begins if they have met the age of 50 and have a minimum of 20 years of service.

- *Mr. Taylor will implement training to the members of the plan that are nearing the age of retirement.*

Mr. Ritchie presenting. Discussions, questions, and answers on the Pension Obligation Bond funding issues, are as follows:

- 1) How should the funding be treated? Contribution or Transfer?
 - a. A deposit of funds from any POB sale will be treated as a Contribution in the FY in which the funds were deposited to the pension fund assets and will be applied towards the Normal Cost Contribution and any other required contributions.
- 2) When should the POBs be reflected for determining the discount rate?
 - a. The POBs will be reflected as a receivable once they are reported on an Annual Report from the pension fund.
- 3) When should the IMB investment be reflected for determining the discount rate?
 - a. IMB investment will be reflected in the AVR produced immediately after receiving notification through the submission of an Annual Report, even though the Annual Report is for the most recently complete FY while the AVR is for the period preceding the Annual Report FY.
- 4) When should the POBs Sold in 2022 be reflected for determining the amortization of the unfunded amount?
 - a. Will be included in the calculation of the required contribution for FY2024 but will not be included in the funded status as of 7-1-2022 AVR report.

7-1-2022 Valuation Reports will reflect investments with the IMB and as an Optional Funded plan, the Discount Rate will change to 7.0% for both plans. Bolton projects forward the assets based on the Annual Report provided for GASB purposes.

- Mr. Taylor sites Code 8-22-20, the law states that the Municipality is still mandated to make the normal cost, even if the plan is fully funded, regardless of the funding methodology.

C) P-Card Expenditure- June, July, and August 2022

Motion to approve the P-Card Expenditures for June, July, and August 2022; Moved by Mr. Jason Matthews; Seconded by Mr. Craig Slaughter; Passed unanimously.

RESOLVED P-Card expenditures for June, July, and August 2022 are approved as presented.

D) Personnel

- Hiring of the Chief financial Officer (CFO). Mr. Fleck presenting. Numerous interviews have been conducted. There will be an interview the following Tuesday with a new applicant.
- Introduction of newly hired Janet Warren, Administrative Assistant/Procurement Officer to the MPOB Board.

E) Executive Director's Report

Mr. Taylor presenting. Official introduction of Mrs. Warren, Administrative Assistant, to the MPOB board.

Disability requests from Policemen's and Firemen's Pension plans

- 15 Total Request – None are questionable
- 10 Active Applicants
- 5 Inactive Applicants

Mr. Taylor continues to visit with City Pension Board Trustees, City Managers, and City Trustees. Visits and the questions from the Municipality include:

- Clarksburg- DROPS, POBs and Funding methodologies have been answered directly.
- Dunbar- Working with some file issues, both parties are working together, and those issues are being worked on.

Website has been updated with GASB and Actuarial Valuations from 2017 to current. Mr. Taylor and Mrs. Warren will attend Website training in October. Mr. Taylor has completed and attended Purchasing training.

ARFP

The MPOB will put together the ARFP to present to the Board at its December Board Meeting for a reviewing actuary, required every 7 years.

- 2022 Laws and Rules of the Consolidated Public Retirement Board book have been sent to all Fire department and Police department, pension Secretaires (53 total).
- In the April 2022 board meeting, the Board requested Mr. Taylor hold Fiduciary training for his staff. Mr. Taylor request that be held until a full staff is hired so training can be completed with the staff at one time. Mr. Fleck invites the MPOB staff to attend his Fiduciary training that will be held on November 30, 2022.

Adjournment

Mr. Neddo calls for the motion to adjourn.

Motion to adjourn; Moved by Mr. Jeff Fleck; Seconded by Mr. Craig Slaughter; Passed unanimously.

Resolved, meeting for September 22, 2022, meeting of the MPOB is adjourned.

A handwritten signature in black ink, appearing to read "S. Neddo", is written over a horizontal line.

Mr. Steve Neddo, Chairman

Minutes Approved 12-15-22 (date)

Referenced documents can be found in the Board Meeting Packet.

i MPOB Minutes- June 16, 2022

ii WV MPOB Preliminary 07/1/21 Valuation results