

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JANUARY 25, 2017**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB) Board of Trustees was held at the Department of Environmental Protection (DEP) Building, 601 57th Street, SE, Charleston, West Virginia 25304, in the Canaan Valley Conference Room and was called to order at 10:03 a.m., by Vice Chairman Michael Corsaro.

Roll Call was taken.

Trustees present were:

Captain Michael Corsaro, Vice Chairman
Jason Pizatella, *representing Governor James C. Justice, II*
Lisa Hopkins, *representing Auditor John B. McCuskey*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Cabinet Secretary John A. Myers
Andy Bird
Joseph Bunn, Esquire
David Wyant, Esquire, *via telephone*
Angela Crank
Michael Haney
Joe Lynch
Mike McKown
David Stover
Jeffrey Vallet

Trustees absent were:

D. Todd Murray

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Candi Kinslow, CPRB Executive Assistant
Jeaneen Legato, Esquire, CPRB General Counsel
Lenna Chambers, Esquire, Bowles Rice, Outside Counsel
Ronda Harvey, Esquire, Bowles Rice
Gary Pullin, CPRB Hearing Officer

Darden Greene, CPRB Chief Financial Officer
Melody Bailey, CPRB Actuary Assistant
Heather Drake, CPRB Administrative Assistant
Eric Stringer, CPRB IT Staff
Craig Slaughter, Executive Director, WVIMB
Eric Sanderson, Empower Retirement
Chris Meadows, Empower Retirement
David Driscoll, Buck Consultants
Troy Jaros, Buck Consultants
Adrienne S. Vance, Appellant
Hollis C. Vance, Husband of Appellant

Tab 1: Approval of the December 21, 2016 Meeting Minutes

Mr. Vallet made a motion to approve the minutes of the December 21, 2016 meeting of the CPRB. The motion was seconded by Mr. Stover. The motion carried unanimously.

The minutes are located behind Tab #1.

Tab 2: Reports of the Chairman and Executive Director

Vice Chairman Corsaro welcomed the members of the new administration to the Board: Governor James C. Justice, II, with Jason Pizatella, representing Governor Justice; Cabinet Secretary, John A. Myers; State Auditor, John B. McCuskey, with Lisa Hopkins representing Auditor McCuskey; and State Treasurer, John Perdue, with Diana Stout representing Treasurer Perdue.

Vice Chairman Corsaro then announced that our Board Actuary, Harry Mandel is retiring. We will have our Executive Director and Actuary Review Committee pursue candidates to fill his position and to report back to the Board.

The Board then heard the report from Jeffrey Fleck, Executive Director, which included the following information:

1. Executive Director Fleck reported on the December 2016 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for December there were 67 TRS estimates and 48 retirements and in PERS there were 203 estimates and 107 retirements.
2. Executive Director Fleck reported on the Teachers' Defined Contribution (TDC) 2017 Educational Meetings. He announced there have been a total of 4 meetings so far this year in TDC, with 16 in attendance. He announced as of December 31,

2016, in the TDC Empower Retirement Advisory Services Statistics there were a total of 4,426 participants and \$435,368,427 in total assets.

3. Executive Director Fleck reported on the Delinquent Employers. He announced that Green Acres Regional Center continues to make their contribution payments as per the agreement and are on time. Mingo County PSD are current with their payments so far. We contacted the Auditor's office on October 21, 2106 regarding the \$51,161.87 that Mingo County PSD owes the CPRB and our In-House Counsel, Jeaneen Legato has sent a letter informing them if we do not receive a payment for the \$51,161.87 we will be forced to pursue legal action.
4. Executive Director Fleck updated the Board on the COMPASS project. He announced the COMPASS project is now 89% complete of the overall project status. The User Acceptance Testing (UAT) will continue until we Go-Live with Phase 4B of the project for the Active Employees. The Employer Reporting is still set to go live March 31, 2017.
5. Executive Director Fleck reviewed the December 2016 financials with the Board. He announced that as of December 31, 2016, we are at 45.34% of budget.
6. Executive Director Fleck informed the Board that it is time again to fill out and submit the Ethics Financial Statement. He informed the Members that it must be submitted by February 1, 2017. Candi has placed a copy of the website address at the Board table for each of you to take with you today.
7. Executive Director Fleck reviewed the CPRB's second floor reconfiguration and the build-out of the second floor offices. He announced almost all of the cubicles have been replaced with the new ones and Bossie Electric has already constructed most of the new offices. He informed the Board that we will be moving our displaced staff back to the CPRB next week from the DEP Building.
8. Executive Director Fleck informed the Members that the March 8, 2017 Board Meeting will be held at the CPRB in our Board conference room as usual.
9. Executive Director Fleck reported on the Legislative Update. He announced that 2017 Legislative Session starts in two weeks, February 8, 2017 and is going to be a very busy Session for the CPRB.
10. Executive Director Fleck announced the 1099 R's will go out on January 31, 2017 to all retirees. He announced this is the first time they will be generated from our new COMPASS Computer System.

11. Executive Director Fleck announced he would like to publicly thank our Board Actuary, Harry Mandel for all that he has done for this Board and for the CPRB. He announced Harry has been our Actuary since 2001, he will be missed and we would like to wish him the very best in his retirement.

The Report of the Executive Director is located behind Tab #2.

Tab 3: Plans Investment Data

Craig Slaughter, Executive Director of the West Virginia Investment Management Board (WVIMB) reviewed the Plan’s Investment Returns for December 31, 2016.

Chris Meadows of Empower Retirement informed the Board that Amy Heyel will be presenting the Annual Plan for the Teachers Defined Contribution System (TDC), during the March 8, 2017 Board Meeting. He announced that Michael Burroughs of Empower Retirement will also be in attendance for the presentation.

The Plan’s Investment Data reports are located behind Tab #3.

Tab 4: Consideration of Current Disability Retirement Applications

Mr. Lynch reported the Disability Committee met on January 24, 2017. The Committee approved the staff’s recommendations and made the following recommendations to the Board for their approval.

System	Approved	Denied	Total
WVSP Plan B	1 – Total Duty	0	1 – Total Duty
PERS	16	1	17
TRS (TDC Transfers)	7	0	7
TOTAL	24	1	25

Ms. Crank made a motion the Board accept and approve the Disability Committee’s recommendations concerning the disability retirement applications. The motion was seconded by Mr. Haney. The motion carried unanimously.

The Disability list is located behind Tab #4.

Tab 5: Consideration of Appeal to Hearing Officer – Gary Pullin

Hearing Officer Pullin reviewed the appeal of Randall W. Myers, a member of the Teachers Retirement System. The issue presented in this matter is whether or not a member of the Teachers Retirement System is entitled to have the monetary value attributable to the use of an employer owned vehicle considered to be supplemental salary in addition to the wages he/she receives and, therefore, part of his/her gross salary for calculation of the employer and employee contributions to his/her retirement annuity.

Hearing Officer Pullin recommended that the request of Randall W. Myers to reverse the action of the Consolidated Public Retirement Board taken on June 3, 2016, be denied for the reasons set forth in the January 6, 2017 Recommended Decision of the Hearing Officer.

Mr. Stover made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Randall W. Myers. Mr. Lynch seconded the motion. There was discussion on the motion. The motion carried unanimously.

Hearing Officer Pullin reviewed the appeal of Carolyn G. E. Stanley. The issue presented in this matter is whether West Virginia Code §18-7A-1 et. seq., authorizes an annuitant to change his/her choice of benefit option from a joint and survivor annuity to a straight life annuity if the annuitant believes the named beneficiary to the annuitant's joint and survivor annuity has perpetrated fraud against the annuitant.

Hearing Officer Pullin recommended that the request of Carolyn G. E. Stanley to change her annuity option from a 50% Joint and Survivor Annuity to a Straight Live Annuity be denied for the reasons set forth in the December 19, 2016 Recommended Decision of the Hearing Officer.

Mr. Bunn made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Carolyn G. E. Stanley. Mr. Vallet seconded the motion. There was discussion on the motion. Mr. Bunn suggested that staff look into possible language that would change the code section to protect the Members from fraud. The motion carried unanimously.

Hearing Officer Pullin reviewed the appeal of Adrienne S. Vance. The issue presented in this matter is if an individual with less than ten (10) years of credited service and receiving a disability retirement annuity returns to substantial gainful employment, is that individual, upon termination of that substantial gainful employment, entitled to continue to receive ten (10) years

of credited service as provided for in West Virginia Code §5-10-25 (b).

Hearing Officer Pullin recommended that the request of Adrienne S. Vance to have her current retirement annuity based upon ten (10) or more years of credited service be denied for the reasons set forth in the December 27, 2016 Recommended Decision of the Hearing Officer.

Mr. Vallet made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Adrienne S. Vance. Ms. Crank seconded the motion. The motion carried unanimously.

The Consideration of the Appeals to the Hearing Officer are located behind Tab #5.

Vice Chairman Corsaro announced he was moving the agenda around to address Tab # 8, Valuations and Recommended Employer Contribution Rates, presented by David Driscoll of Buck Consultants.

Tab 8: Valuations & Recommended Employer Contribution Rates – David Driscoll, Buck Consultants

David Driscoll of Buck Consultants introduced Troy Jaros and announced to the Board that he and Mr. Jaros have been assigned to work with the CPRB on actuary matters until the CPRB hires an actuary to replace Harry Mandel.

Mr. Driscoll announced he would be reviewing the Valuations and Recommended Employer Contribution Rates for 5 retirement systems for the Board.

Mr. Driscoll reviewed the results from the July 1, 2016 Valuation and Recommended Employer Contribution rate in the 5 retirement systems as shown below:

PERS

Mr. Driscoll recommended the Board lower the employer contribution rate to 11% in the Public Employees Retirement System (PERS), effective July 1, 2017.

Ms. Stout made a motion the Board accept the recommendation from Mr. Driscoll of Buck Consultants and lower the employer contribution rate to 11% in the Public Employees Retirement System (PERS), effective July 1, 2017. The motion was seconded by Mr. Bunn. The motion carried unanimously.

Ms. Stout made a motion the Board accept the Valuation in the Public Employees Retirement System (PERS) as presented by Buck Consultants. The motion was seconded by Mr.

Haney. The motion carried unanimously.

TRS

Mr. Jaros of Buck Consultants reviewed the results from the July 1, 2016 Valuation in the Teachers Retirement System (TRS) and recommended its acceptance.

Ms. Stout made a motion the Board accept the Valuation in the Teachers Retirement System (TRS) as presented by Buck Consultants. The motion was seconded by Ms. Crank. The motion carried unanimously.

Department of Public Safety Death, Disability and Retirement System (Plan A)

Mr. Driscoll reviewed the July 1, 2016 Valuation of the Department of Public Safety Death, Disability and Retirement System (Plan A).

Ms. Stout made a motion the Board accept the Valuation of the Department of Public Safety Death, Disability and Retirement System (Plan A). The motion was seconded by Ms. Crank. The motion carried unanimously.

West Virginia State Police Retirement System (Plan B)

Mr. Driscoll reviewed the July 1, 2016 Valuation of the West Virginia State Police Retirement System (Plan B).

Ms. Stout made a motion the Board accept the July 1, 2016 Valuation of the West Virginia State Police (Plan B). The motion was seconded by Mr. Bunn. The motion carried unanimously.

Ms. Stout made a motion the Board change the State Contribution Rate from 12% to 14%, effective July 1, 2017. The motion was seconded by Ms. Crank. The motion carried unanimously.

Judges Retirement System (JRS)

Mr. Driscoll reviewed the July 1, 2016 Valuation of the Judges Retirement System (JRS).

Ms. Stout made a motion the Board accept the July 1, 2016 Valuation of the Judges Retirement System (JRS), and that the Board set the Employee Contribution Rate at 7% and to continue the State Contribution Rate at the present level, effective July 1, 2017. The motion was seconded by Mr. Stover. The motion carried unanimously.

Vice Chairman Corsaro announced the Board will now take a ten (10) minute break. The Board stood in recess at 11:36 a.m.

Vice Chairman Corsaro called the Wednesday, January 25, 2017 Board Meeting back to order at 11:47 a.m. He announced we will now address Tab #9 on the agenda, the July 1, 2016 Actuarial Interest Rate Study by Buck Consultants.

Tab 9: Actuarial Interest Rate Study – David Driscoll, Buck Consultants

Mr. Driscoll reviewed the July 1, 2016 Actuarial Interest Rate Study that Buck Consultants had prepared for all of the West Virginia CPRB Retirement Plans. He announced that no action was needed by the Board.

Tab 10: Valuations & Recommended Employer Contribution Rates – Harry Mandel, Board Actuary. Presented by Melody Bailey, Actuarial Analyst

Melody Bailey, Actuarial Analyst for the CPRB announced she was presenting the Valuations and Recommended Employer Contribution Rates in the absence of Board Actuary, Harry Mandel. She announced Mr. Mandel makes the following recommendations:

DSRS

Ms. Bailey reviewed the July 1, 2016 Deputy Sheriff Retirement System (DSRS) Actuarial Valuation results.

Mr. Haney made a motion the Board accept the July 1, 2016 Actuarial Valuation results for the Deputy Sheriff Retirement System (DSRS). The motion was seconded by Mr. Stover. The motion carried unanimously.

Mr. Vallet made a motion the Board continue the current Employer Contribution Rate at 12%, effective July 1, 2017 for the Deputy Sheriff Retirement System (DSRS). The motion was seconded by Ms. Crank. The motion carried unanimously.

EMSRS

Ms. Bailey reviewed the July 1, 2016 Emergency Medical Services Retirement System (EMSRS) Actuarial Valuation results.

Mr. Lynch made a motion the Board accept the July 1, 2016 Actuarial Valuation for funding of the Emergency Medical Services Retirement System (EMSRS). The motion was seconded by Mr. Haney. The motion carried unanimously.

Mr. Lynch made a motion the Board maintain the Employer Contribution Rate at 10.5%

of payroll for FY2018, commencing on July 1, 2017. The motion was seconded by Mr. Bird. The motion carried unanimously.

MPFRS

Ms. Bailey reviewed the July 1, 2016 Municipal Police and Fire Retirement System (MPFRS) Actuarial Valuation results.

Mr. Stover made a motion the Board accept the July 1, 2016 Actuarial Valuation for funding of the Municipal Police and Fire Retirement System (MPFRS). The motion was seconded by Ms. Crank. The motion carried unanimously.

Mr. Stover made a motion the Board accept the recommendation to maintain the Member and Employer Contribution Rates at 8.5% of payroll for FY2018. The motion was seconded by Mr. Vallet. The motion carried unanimously.

**Tab 11: Actuarial Factors for Plan Administration – Harry Mandel, Board Actuary.
Presented by Melody Bailey, Actuarial Analyst**

Ms. Bailey reviewed the Actuarial Factors for Plan Administration for Calendar Year 2017 from Harry Mandel, Board Actuary and announced that Mr. Mandel recommends the Board adopt the recommendations as presented and approve the extension of the 2016 Actuarial Assumptions for daily administration to 2017 without modifications for the eight (8) Defined Benefit Plans as detailed.

Mr. Bunn made a motion the Board approve the extension of the 2016 Actuarial Assumptions for daily administration to 2017 without modifications for the eight (8) Defined Benefit Plans. The motion was seconded by Ms. Crank. The motion carried unanimously.

Vice Chairman Corsaro moved the agenda back to address Tab #6, Legal Counsel Reports.

Tab 6: Legal Counsel Reports

Report of In-House Legal Counsel – Jeaneen Legato

Jeaneen Legato, In-House Legal Counsel, presented her report to the Board on all pending legal matters. She reported on all current Administrative, Circuit Court, Supreme Court and Less than Honorable Service (LTHS) cases.

Ms. Legato updated the Board on the case of Ronald J. Hicks v. CPRB. She announced we are waiting for Judge Stucky to approve and sign the Settlement Agreement and Dismissal Order that was submitted to the Court on this matter.

Ms. Legato updated the Board on the LTHS case of Michael Thornsbury. She announced we are still waiting on a ruling on this case from Judge Bailey.

Ms. Legato updated the Board on the LTHS case of Mark Cowden. She announced on October 17, 2016, this DSRS retiree was convicted of one federal felony count of Deprivation of Rights while acting under color of law.

During the November 16, 2016 Board meeting, the Board voted to terminate Mr. Cowden's DSRS membership for rendering *Less Than Honorable Service*. She announced by letter dated November 30, 2016 (received December 6, 2016), Mr. Cowden, by counsel, Michael Edward Nogay, requested a Judicial Determination of the Board's decision. On December 22, 2016, we filed a *Petition for a Judicial Determination of Less Than Honorable Service* in the Circuit Court of Kanawha County. The case has been assigned to Judge Kaufman.

Ms. Legato updated the Board on the LTHS case of Rex Toney, a TRS member and former Lincoln County school bus driver who entered a plea of guilty to the felony offense of *Sexual Abuse in the First Degree*. She announced that on August 5, 2016, opposing counsel filed a *Motion to Extend Time for Filing of Petitioner's Brief and Appendix*. On August 8, 2016, opposing counsel filed a *Petitioner's Brief*. On September 13, 2016, we filed a brief in opposition to the petition for appeal.

Ms. Legato updated the Board on the case of Ollie Hunting v. CPRB. She announced on October 7, 2016, we filed a brief in support of our petition for appeal. On November 21, 2016, Mr. Hunting's new counsel, David Tyson, requested additional time to file a brief. On November 28, 2016, the Supreme Court entered an *Amended Scheduling Order* which gave opposing counsel until January 5, 2017 to file a response brief and we have until January 25, 2017 to file a reply brief.

The report of the In-House Legal Counsel is located behind Tab # 6.

Report from Outside Legal Counsel – Lenna Chambers

Lenna Chambers, Outside Legal Counsel with Bowles Rice, reported to the Board that this will be her last Board Meeting with the CPEB, she announced she is moving to Spain. She introduced Ronda Harvey and informed the Board that Ms. Harvey will be reporting on all outside counsel matters to the Board from now on from Bowles Rice.

Ms. Harvey, Outside Legal Counsel with Bowles Rice, updated the Board on the case of IMB and VALIC v. CPRB. She announced that the case had been scheduled to be presented to a three (3) panel judge Business Court beginning on January 18, 2017. However, the arbitration was continued because Judge Tabit, one of the resolution judges, had a death in the family.

Ms. Harvey updated the Board on the case of Patricia Jones v. CPRB. She announced that this case has been dismissed.

Ms. Harvey updated the Board on the case of Allen E. Tackett v. CPRB. She announced that the Petitioner has filed a brief in this case and we are reviewing it now.

Ms. Harvey updated the Board on the multiple DNR Law Enforcement Officers' administrative appeals. She announced the Applicants are seeking a declaratory judgment and the parties have submitted stipulations to the Hearing Officer and are in the process of submitting briefs on the legal issues.

Vice Chairman Corsaro wished Lenna safe travels on her move to Spain and thanked her for all of her work for the CPRB and the Board.

The report of Outside Legal Counsel is located behind Tab #6.

Tab 7: Committee Reports

Executive Director & Actuary Review Committee

Ms. Stout reported on behalf of Chairman Wyant, that the Executive Director & Actuary Review Committee met on November 16, 2016 and then recessed the meeting until today, January 25, 2017. She reported with there being no action taken by the Committee regarding the evaluations of the Executive Director and Board Actuary and the meeting was adjourned.

Vice Chairman Corsaro moved the agenda back to address Tab #12, 2017 Proposed Legislation.

Tab 12: 2017 Proposed Legislation

Terasa Miller, Deputy Director reviewed CPRB's 2017 Proposed Legislation and recommended the Board's approval and that staff be permitted to submit it to the Legislature.

Employer Reporting

Ms. Miller reviewed the proposed legislation for the Employer Reporting.

Ms. Hopkins made a motion the Board approve and authorize the CPRB staff to submit the proposed legislation to the Legislature. The motion was seconded by Mr. McKown. The motion carried unanimously.

MPFRS

Ms. Miller reviewed the proposed legislation for the Municipal Police Officers and Firefighters Retirement System (MPFRS).

Mr. Haney made a motion the Board approve and authorize the CPRB staff to submit the proposed legislation to the Legislature. The motion was seconded by Mr. Lynch. The motion carried unanimously.

RMD

Ms. Miller reviewed the proposed legislation for the Required Minimum Distributions (RMD).

Mr. Vallet made a motion the Board approve and authorize the CPRB staff to submit the proposed legislation to the Legislature, which addresses all nine (9) Plans the CPRB administers. The motion was seconded by Ms. Stout. There was discussion on the motion. The motion carried unanimously.

The 2017 Proposed Legislation is located behind Tab #12.

Tab 13: Other, Old Business

Vice Chairman Corsaro asked if there was any old business to bring before the Board.

None was heard.

Tab 14: Other, New Business

Vice Chairman Corsaro asked if there was any new business to bring before the Board.

Executive Director Fleck announced we have the new CPRB Plan Summary sheets ready for the Board Members and will be taking them to the House and Senate Pension Chairs at the Legislature. Mrs. Kinslow will pass them out to you today and if you need any extra, please let her know how many you need and she will provide them to you.

Vice Chairman Corsaro asked if there was any other new business to bring before the Board. None was heard.

Vice Chairman Corsaro adjourned the January 25, 2017 meeting of the West Virginia Consolidated Public Retirement Board (CPRB) at 12:26 p.m.



Michael Corsaro, Vice Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board