

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF NOVEMBER 5, 2014**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB) Board of Trustees was held in the CPRB Conference Room at 4101 MacCorkle Avenue, SE, Charleston, West Virginia 25304, and was called to order at 10:12 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman  
David Fletcher, *representing Auditor Glen Gainer III*  
Jason Pizatella, *Acting Cabinet Secretary*  
Diana Stout, *representing Treasurer John Perdue*  
Andy Bird  
Joseph Bunn, Esquire  
Angela Crank  
Joe Lynch  
D. Todd Murray  
Andrew Richardson, Esquire  
Jeffrey Vallet

Trustees not present:

Joseph Garcia, Esquire, *representing Governor Earl Ray Tomblin*  
Captain Michael Corsaro  
David Stover

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 Moore, CPRB Executive Assistant  
Jeaneen Legato, Esquire, CPRB General Counsel  
Jack DeBolt, Esquire, Hearing Officer  
Ray Keener, Esquire, Hearing Officer  
Lenna Chambers, Esquire, Bowles Rice  
Andrew Wyne, Great West Retirement Services, Outreach Officer  
Eric Sanderson, Great West Retirement Services  
Amy Heyel, Great West Retirement  
Brittany Vascik, Governor's Office

Tom Zacharias, Deloitte  
Misty Peal, WVEA  
Harry Mandel, CPRB Actuary  
Melody Bailey, CPRB Actuary Analyst  
Heather Drake, CPRB Administrative Assistant  
Alysia Miller, CPRB Paralegal  
Darden Greene, CPRB Chief Financial Officer  
John Beane, CPRB Chief IT Officer  
Annamarie Short, CPRB Internal Auditor  
Steve Stockton, CPRB Compliance Officer  
Eric Stringer, CPRB IT Staff  
Torrie Williams, CPRB PERS Membership  
Cindy Boyd, CPRB Compass Project Manager

**Tab 1: Approval of the September 24, 2014 Meeting Minutes**

Mr. Vallet made a motion to approve the September 24, 2014 minutes of the CPRB. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

The minutes are located behind Tab 1.

**Tab 2: Reports of the Chairman and Executive Director**

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

1. Executive Director Fleck announced that during Public Employee Recognition Week CPRB t-shirts were ordered for all staff and we ordered them for our Chairman and Board Members as well.  
Chairman Wyant thanked the Executive Director and staff on behalf of the full Board for the t-shirts.
2. Executive Director Fleck reported on the September and October 2014 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for September there were 230 TRS Estimates and 658 Retirements and in PERS there were 247 Estimates and 186 Retirements. He reported for October there were 186 TRS Estimates and 289 Retirements and in PERS there were 257 Estimates and 91 Retirements.
3. Executive Director Fleck announced the CPRB has another Department of Administration Employee of the Month; Sara Poe was selected for the month of November. Acting Cabinet Secretary Pizatella came to the CPRB to award Sara with her plaque and certificates. He also announced the CPRB has 3 staff members who are eligible for the Employee of the Year award, they are: Claudia White who was the January Employee of the Month; Marie Shelton who was the July

Employee of the Month and Sara Poe who is the November Employee of the Month. The Employee of the Year ceremony will be on Tuesday, December 10, 2014 at 11:30 a.m. in the upper Rotunda at the State Capitol.

4. Executive Director Fleck reviewed the Teachers' Retirement System (TRS) 2014 Outreach Meetings with the Board. He announced there has been total attendance of 762 who attended the retirement seminars.
5. Executive Director Fleck reviewed the Teachers' Defined Contribution (TDC) 2014 Educational Meetings with the Board. He announced there have been a total of 82 meetings so far this year with 982 participants. Executive Director Fleck reported on the TDC Reality Investing statistics. He announced that Reality Investing had a total of 4,775 participants and \$396,400,137 in total assets.
6. Executive Director Fleck reviewed the Delinquent Employers list with the Board.
7. Executive Director Fleck reported to the Board that the letters to employers informing them of the July 1, 2015 contribution rates in the Public Employees Retirement System (PERS) and Deputy Sheriffs' Retirement System (DSRS). He reported the letters stated to the employers that PERS will remain the same at 14% and DSRS will decrease from 12.5% to 12%.
8. Executive Director Fleck reported to the Board on the Legislative Audit Report. He was pleased to announce there were no findings in the Legislative Audit. Executive Director Fleck commended staff and managers for all their hard work.
9. Executive Director Fleck updated the Board on the Military Service Credit. He informed the Board after staff reviewed the responses we have received so far, there are 113 that are entitled to additional Military Service Credit. He announced to the Board that this will be on-going as more find out they are eligible for the Military Service Credit and apply. Executive Director Fleck informed the Board that he will continue to update them as we move forward with additional applications for the Military Service Credit.
10. Executive Director Fleck informed the Board on the Computer Update. He announced the Computer Project was at 11% of total completion. He announced we have completed phases 1 and 2 and are starting on the second portion of Phase 3. He reported that staff has been hard at work and the project is moving ahead on time and on budget.
11. Executive Director Fleck reported to the Board that the CPRB was awarded the

GFOA's Excellence in Financial Reporting Award on the CAFR submitted for FY2013. The CPRB has received this award for 2 years in a row. Executive Director Fleck congratulated Darden Greene, CFO and Harry Mandel, Board Actuary who have worked very hard to see that we have received this award and thanked them for all of their work in making this happen.

Chairman Wyant congratulated Darden Greene and Harry Mandel on behalf of the Board.

12. Executive Director Fleck reported to the Board on the September 2014 CPRB Financials; he reported that as of September 30, 2014, we are at 20% of budget.

13. Executive Director Fleck reported on the October Legislative Interims with the Board.

Chairman Wyant announced he is appointing Board Member, Angela Crank to the Accounting and Investment (A&I) Committee.

Mr. Bunn, Chairman of the A&I Committee welcomed Ms. Crank to the Committee.

The Reports of the Chairman and Executive Director are located behind Tab 2.

### **Tab 3: Plans Investment Data**

Chairman Wyant announced there was not a representative from the West Virginia Investment Management Board (WVIMB) with us today to report on the Plans Investment Data. He announced the Plan's Investment Returns for the periods ending August 31, 2014 and September 30, 2014 were available for review on the Board Tablets.

Eric Sanderson, Client Relations of Great West announced Ed Murphy had been named the new President of Great West Combined Retirement Services Division. Mr. Sanderson informed the Board the three divisions of Great West Financial Retirement Services of Putnam and JP Morgan's Retirement Plans Services Division had recently been rebranded under the name of Empower Retirement. He informed the Board that Empower Retirement should be completed by March 2015.

The Plan's Investment Data report is located behind Tab 3.

### **Tab 4: Consideration of Current Disability Retirement Applications**

Mr. Murray reported the Disability Committee met on November 3, 2014, and the Committee makes the following recommendations to the Board:

<b>System</b>	<b>Approved</b>	<b>Denied</b>	<b>Total</b>
<b>DSRS</b>	1 Total Duty	0	1 Total Duty
<b>PERS</b>	16	1	17
<b>TRS</b>	1	0	1
<b>TRS/TDC</b>	6	0	6
<b>Transfers</b>			
<b>TOTAL</b>	<b>24</b>	<b>1</b>	<b>25</b>

Mr. Lynch made a motion the Board accept the Disability Committee’s recommendations concerning the disability retirement applications. The motion was seconded by Mr. Bunn. The motion carried unanimously.

The disability list is located behind Tab 4.

**Tab 5: Consideration of Appeals to Hearing Officers – Jack DeBolt**

Chairman Wyant announced he would now entertain a motion to go into Executive Session to discuss medical and legal issues.

Ms. Stout made a motion the Board go into Executive Session to discuss medical and legal issues as allowed by West Virginia Code § 6-9A-4. The motion was seconded by Mr. Bunn. The motion carried unanimously. The Board went into Executive Session at 10:34 a.m.

Chairman Wyant reconvened the Public Session of the November 5, 2014 meeting of the CPRB from Executive Session at 10:57 a.m. Chairman Wyant announced the Board was in Executive Session to discuss medical and legal issues as allowed by West Virginia Code § 6-9A-4. He announced there were no decisions made during Executive Session and we will now return to Tab #5 on the Agenda, Consideration of Appeals to the Hearing Officers.

**Consideration of Appeals to Hearing Officer – Jack DeBolt**

Hearing Officer DeBolt reviewed with the Board the Appeal of Vickie L. Hanson on whether or not the Applicant is totally and probably permanently incapacitated for employment within the meaning of and the character of proof required by §5-10-25 of the West Virginia Code and

§162-2-2.3.2.a of the Code of State Rules.

Hearing officer DeBolt recommended the request of Vickie L. Hanson, for disability retirement benefits from the Public Employees Retirement System, be denied.

Acting Cabinet Secretary Pizatella made a motion the Board accept the Hearing Officer's Recommended Decision and deny the appeal of Vickie L. Hanson. Mr. Fletcher seconded the motion. The motion carried unanimously.

Hearing Officer DeBolt announced a typographical error on the first page of the Recommended Decision of Freddie T. Hardee. He informed the Board the date of April 1, 2012 in the Decision should read as April 1, 2014.

Hearing Officer DeBolt then reviewed with the Board the Appeal of Freddie T. Hardee on whether or not a member of PERS is entitled to effectively commence a deferred retirement annuity from PERS when otherwise eligible, but before actually applying therefor.

Hearing officer DeBolt recommended the request of Freddie T. Hardee, to effectively commence his PERS annuity prior to his application therefor, be denied.

Mr. Vallet made a motion the Board accept the Hearing Officer's Recommended Decision and deny the appeal of Freddie T. Hardee. Ms. Crank seconded the motion. The motion carried unanimously.

#### **Consideration of Appeals to Hearing Officer – Ray Keener**

Hearing Officer Keener reviewed with the Board the Appeal of Robert G. Everly on whether or not the Applicant is physically or mentally totally and probably permanently incapacitated for employment within the meaning of and within the character of proof required by §5-10-25 of the West Virginia Code.

Hearing Officer Keener recommended the request of Robert G. Everly, for disability retirement benefits from the Public Employees Retirement System, be denied.

Mr. Richardson made a motion the Board accept the Hearing Officer's Recommended Decision and deny the appeal of Robert G. Everly. Mr. Lynch seconded the motion. The motion carried unanimously.

The Appeals are located behind Tab 5.

#### **Tab 6: Legal Counsel Reports**

In-House Legal Counsel, Jeaneen Legato 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 reviewed the case of the Mingo County Commission and Sheria Maynard with the Board. Ms. Legato announced that on September 18, 2014, the Commission, by counsel, Anne Lambright, filed a *Petition for Appeal* in the Circuit Court of Mingo County. On October 6, 2014, we filed the *Administrative Record*. Ms. Legato reported to the Board that a hearing has been scheduled on this case for December 4, 2014 at 1:30p.m.

Ms. Legato reviewed the case of *Joseph Talbot v. CPRB* with the Board. Ms. Legato announced to the Board that on October 23, 2014 opposing counsel filed a *Petition for Appeal* in the Circuit Court of Webster County; the case has been assigned to Judge Alsop.

Ms. Legato reviewed with the Board the LTHS case of Michael Thornsbury. Ms. Legato informed the Board that on October 28, 2014 we filed a *Motion for Appointment of a Guardian ad Litem*. She announced that the Court has appointed Mr. Guy Bucci as Mr. Thornsbury's Guardian ad Litem. Judge Bailey also stated in the Order that Mr. Thornsbury shall be responsible for all fees and costs incurred by Mr. Bucci.

Ms. Legato reviewed the LTHS case of Steven R. Malay. He is a former Fayette County school bus driver who entered a guilty plea and was adjudged guilty of the felony offense of Sexual Abuse by a Parent, Guardian, Custodian, or Person in Position of Trust. Judge Hatcher sentenced him to 10 to 20 years in prison. Ms. Legato recommended the Board disqualify his Membership in TRS and proceed with Less Than Honorable Service against Mr. Malay.

Mr. Richardson made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Mr. Malay. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

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

#### **Work in Progress Reports from Outside Legal Counsel – Lenna Chambers**

Outside Legal Counsel, Lenna Chambers, reported to the Board on all pending legal

matters before the Circuit Court, Supreme Court, U.S. District Court, U.S. Bankruptcy Courts and Administrative and QDRO matters.

Outside Counsel, Lenna Chambers reviewed with the Board the matter of W.Va. Investment Management Board, et. al., v. the Variable Annuity Life Insurance Company of America. Ms. Chambers announced we are now waiting for a decision from the Supreme Court on this case.

Ms. Chambers reviewed the case of James Owens v. CPRB. Ms. Chambers announced the opposing counsel has filed a motion to withdraw the appeal.

Ms. Chambers reported to the Board that the settlement has been paid in the matter of the Keith Wood, et. al. v. CPRB case and this case has now been formally dismissed.

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

Director Fleck reported to the Board on the report from Pullin, Fowler, Flanagan, Brown & Poe on the case of Cheryl Dougherty, et al. v. CPRB et al. Director Fleck announced in the update from Pullin, Fowler, Flanagan, Brown & Poe; pursuant to discussions within, we are no longer joining in on the Investment Management Board's *Petition for Writ of Mandamus* that case.

The report from Pullin, Fowler, Flanagan, Brown & Poe is located behind Tab #6.

## **Tab 7: Committee Updates**

### **Accounting and Investing Committee**

Chairman Bunn announced to the Board, the Accounting and Investment Committee met this morning. Chairman Bunn informed the Board the TDC Revenue Sharing Account Fund has a surplus of \$441,957.36. He reported the A&I Committee recommends that the Board approve the funds to be transferred from the TDC Revenue Sharing Account into the CPRB Administrative General Fund for the proportional share of administrative costs.

Mr. Bunn made a motion the Board approve the surplus amount of \$441,957.36 to be transferred from the TDC Revenue Sharing Account to the CPRB Administrative General Fund. The motion was seconded by Mr. Richardson. There was discussion on the motion. The motion



carried unanimously.

Mr. Bunn announced to the Board the A&I Committee will be continuing to watch the Pimco Total Return Fund, Heartland Value Plus, and the Sentinel Small Cap Fund. He announced no action has been taken by the Committee at this time and the Committee will continue to watch these funds and report to the Full Board at a later date if action will be needed by the Board.

Mr. Bunn announced to the Board the Fidelity New Millennium Fund did replace the Hancock Large Cap Equity Fund on September 2, 2014.

The minutes of the A & I Committee are located behind Tab #7.

**Tab 8: EMSRS July 1, 2014 Actuarial Valuations – Harry Mandel, Board Actuary**

Harry Mandel, Board Actuary, reviewed the July 1, 2014 Valuations on the Emergency Medical Services Retirement System (EMSRS) with the Board.

Mr. Mandel recommended the Board accept the July 1, 2014 Actuarial Valuation for the Emergency Medical Services Retirement System (EMSRS) as reported.

Mr. Lynch made a motion the Board adopt the recommendation of the Board Actuary and accept the July 1, 2014 Actuarial Valuation for the Emergency Medical Services Retirement System (EMSRS). The motion was seconded by Mr. Fletcher. The motion carried unanimously.

Mr. Mandel recommended the Board authorize and maintain the EMSRS Employer Contribution rate 10.5% of payroll for FY2016, commencing on July 1, 2015.

Mr. Richardson made a motion the Board adopt the recommendation by the Board Actuary, Harry Mandel and maintain the EMSRS Employer Contribution rate at 10.5% of payroll for FY2016, commencing on July 1, 2015. The motion was seconded by Mr. Lynch. There was discussion on the motion. The motion carried unanimously.

**Tab 9: MPFRS July 1, 2014 Actuarial Valuations – Harry Mandel, Board Actuary**

Harry Mandel, Board Actuary, reviewed the July 1, 2014 Valuations on the Municipal Police and Fire Retirement System (MPFRS) with the Board.

Mr. Mandel recommend the Board accept the July 1, 2014 Actuarial Valuations for the Municipal Police and Fire Retirement System (MPFRS).

Mr. Vallet made a motion the Board adopt the recommendation of the Board Actuary and

accept the July 1, 2014 Actuarial Valuation for the Municipal Police and Fire Retirement System (MPFRS). The motion was seconded by Mr. Bunn. The motion carried unanimously.

Mr. Mandel recommended to the Board that based on the July 1, 2014 Actuarial Valuations for the Municipal Police and Fire Retirement System (MPFRS), the Board certifies that the 100 membership requirement has been met and MPFRS will not be merged with EMSRS.

Mr. Richardson made a motion the Board adopt the recommendation by the Board Actuary, Harry Mandel and that based on the July 1, 2014 Actuarial Valuations for the Municipal Police and Fire Retirement System (MPFRS), the Board certifies that the 100 membership requirement has been met and MPFRS will not be merged with EMSRS. The motion was seconded by Mr. Fletcher. There was discussion on the motion. The motion carried unanimously.

Mr. Mandel recommended the Board authorize and maintain the Member and Employer Contribution rates at 8.5% of payroll for FY2016.

Mr. Fletcher made a motion the Board adopt the recommendation by the Board Actuary, Harry Mandel and maintain the Member and Employer Contribution rates at 8.5% of payroll for FY2016. The motion was seconded by Mr. Bunn. The motion carried unanimously.

**Tab 10: Actuarial Valuations for GASB 67 – Harry Mandel, Board Actuary**

Harry Mandel, Board Actuary, reviewed the GASB 67 Financial Disclosures by Plan Initial Implementations as of June 30, 2014 with the Board.

Mr. Mandel recommended the GASB 67 Actuarial Reports for all plans be accepted by the Board for financial disclosure purposes.

Mr. Richardson made a motion the Board adopt the recommendation by the Board Actuary, Harry Mandel that the GASB 67 Actuarial Reports for all plans be accepted by the Board for financial disclosure purposes. The motion was seconded by Ms. Stout. There was discussion on the motion. The motion carried unanimously.

**Tab 11: Other, Old Business**

Chairman Wyant asked if there was any other old business to bring before the Board. Executive Director Fleck reminded the Board that if any Member would like to access any Board Book information from any Board Meeting, you can access it on our CPRB Board Secured Website.

Mr. Fletcher announced that Board Member, Mack Parsons who represents the State Auditor's Office will retire at the end of November. He will be missed.

Chairman Wyant asked if there was any other old business to bring before the Board. None was heard.

**Tab 12: Other, New Business**

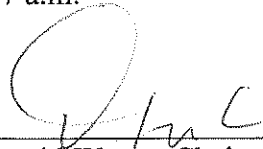
Chairman Wyant asked if there was any new business to bring before the Board.

Mr. Bunn thanked Executive Director Fleck and the CPRB staff for the t-shirts that were provided for all of the Board Members.

Chairman Wyant asked if there was any other new business to bring before the Board.

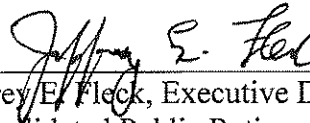
None was heard.

Chairman Wyant adjourned the November 5, 2014 meeting of the West Virginia Consolidated Public Retirement Board at 11:37 a.m.



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David Wyant, Chairman  
Consolidated Public Retirement Board



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Jeffrey E. Fleck, Executive Director  
Consolidated Public Retirement Board