

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF APRIL 15, 2015**

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 10:05 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman  
Joey Garcia, representing Governor *Earl Ray Tomblin*  
David Fletcher, *representing Auditor Glen Gainer III*  
Jason Pizatella, Esquire, *Acting Cabinet Secretary*  
Andy Bird  
Captain Michael Corsaro  
Angela Crank  
Joe Lynch  
D. Todd Murray  
Andrew Richardson, Esquire  
David Stover

Trustees not present:

Diana Stout, Esquire, *representing Treasurer John Perdue*  
Joseph Bunn, Esquire  
Jeffrey Vallet

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director  
Teresa Miller, CPRB Deputy Director  
Candi Moore, CPRB Executive Assistant  
Jeaneen Legato, Esquire, CPRB General Counsel  
Lenna Chambers, Esquire, Bowles Rice  
Craig Slaughter, WVIMB, Executive Director  
Andrew Wyne, Empower Retirement, Outreach Officer  
Eric Sanderson, Empower Retirement  
Darden Greene, CPRB Chief Financial Officer  
John Beane, CPRB Chief IT Officer

Steve Stockton, CPRB Chief Compliance Officer  
Heather Drake, CPRB Administrative Assistant  
Alysia Miller, CPRB Paralegal  
Eric Stringer, CPRB IT Staff  
Caroline Brady, CPRB PERS Assistant Manager  
Chris Bush, CPRB Uniformed Services  
Barbara Moss, CPRB TRS Assistant Manager  
Davin White, WVEA  
Phil Kabler, Charleston Gazette  
Norm Buckwalter, LRWL  
Tom Zacharias, Deloitte Consultants  
Bob Denyer, Gibbons & Kawash  
Anthony Carpenter, Gibbons & Kawash

**Tab 1: Approval of the February 25, 2015 Meeting Minutes**

Mr. Fletcher made a motion to approve the minutes of the February 25, 2015 meeting of the CPRB. The motion was seconded by Mr. Richardson. 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 reported on the February and March 2015 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for February there were 90 TRS Estimates and 65 Retirements and in PERS there were 195 Estimates and 186 Retirements. He reported for March there were 114 TRS Estimates and 102 Retirements and in PERS there were 192 Estimates and 153 Retirements.
2. Executive Director Fleck reviewed the Teachers' Defined Contribution (TDC) 2015 Educational Meetings with the Board. He announced there have been a total of 24 meetings so far this year, with 291 participants. Executive Director Fleck reported on the TDC Reality Investing statistics. He announced that TDC has a total of 4,706 participants and \$414,113,931 in total assets.
3. Executive Director Fleck reviewed the Delinquent Employers list with the Board. He announced we have notified the Auditor's Office of the delinquencies of Harpers Ferry – Bolivar PSD and Lincoln PSD.
4. Executive Director Fleck provided the Board an update on the OASIS/ERP new

payroll system. He announced that all state employees will go from 24 pay checks to 26 pay checks per year starting in June of this year. He announced all of the Department of Administration employees are on “Wave 1” and are scheduled to go live on June 12, 2015. He announced the Auditors’ Office will be here on April 30, 2015 to give a presentation to staff regarding the new payroll system and managing money.

5. Executive Director Fleck reviewed with the Board the February and March 2015 CPRB Financials. He announced that as of March 31, 2015, we are at 79.26% percent of budget.
6. Executive Director Fleck reported to the Board on the Legislative update. He reviewed with the Board on the following Bills that passed both bodies of the Legislature and were signed by the Governor:
  - SB 142 – Authorizing Department of Administration to promulgate legislative rules.
  - SB 298 – Clarifying funds with Public Employees Retirement Fund.
  - SB 299 – To clarify that duty related disability payments in State Police begins the first day of the month following CPRB approval and member termination.
  - SB 302 – To add WVMPFRS to the definition of “retirement plan” as it relates to disqualification for public retirement plan benefits; to specify that TRS participants who elected to transfer from TDC and whose benefits have been terminated for less than honorable service shall not be refunded any vested employer contributions transferred.
  - SB 342 – Clarifying scope, application and methods for corrections by CPRB.
  - SB 529 – To modify calculation of final average salary, employee contribution rate and number of months to equal a year of service credit for members of the Public Employees Retirement System who first were employed by a participating employer on or after July 1, 2015 (newer members); to modify the rate of annual and sick leave conversion for additional service credit for newer members of the Public Employees Retirement System, State Police Retirement System and Teachers

Retirement System, and to modify retirement age for newer members of the Public Employees Retirement System and the Teachers Retirement System. The bill clarifies eligibility for noncontributory and contributory military service credit and National Guard service eligibility for military service credit and eliminates applicability of the liberality clause to the retirement board's decision to grant or deny military service credit applications.

- SB 584 – Transferring Cedar Lakes Camp and Conference Center to private, nonstick, not-for-profit corporation. Passed but Vetoed by the Governor on 4/3/2015.
  - HB 2139 – To Restart expired provisions that allow retired teachers to be employed as substitutes in areas of critical need and shortage for substitutes beyond the 140 day post-retirement employment limit.
  - HB 2505 – To clarify that members of DSRS, MPFRS and EMSRS first employed in covered employment shall participate in only one retirement system administered by CPRB.
  - HB 2507 – To modify the definition of “member” in MPFRS to be consistent with §8-22-20.
7. Executive Director Fleck announced to the Board that the CPRB was awarded the Governmental Financial Officer's Association's (GOFA) Excellence in Financial Reporting Award for the Comprehensive Annual Financial Report (CAFR) for the Fiscal Years Ending June 30, 2013 and June 30, 2014.

Mr. Stover asked Director Fleck if there was a Fiscal Note on SB529. Director Fleck replied yes, there was a Fiscal Note on that Bill. He announced our Actuary, Harry Mandel prepared a Fiscal Note on SB529 and this Bill will save the State \$53,432,000 per year once all employees are in Tier 2.

Executive Director Fleck announced to the Board, there was also a last minute addition to SB529 by the Legislature pertaining to teachers. In 2008 they were permitted to transfer from TDC to TRS and 15,000 teachers took advantage of that transfer. Also, they had the option to purchase the additional 25% of service, but not many took advantage of that option in 2008. The Legislature made an addition to SB529 that opened a window for teachers who transferred and who requested the estimate back in 2008, to purchase that additional 25% of service. The deadline for

them to request the estimate is today, and prior to this meeting today, we have received over 1,000 requests by teachers for estimates to see how much it would cost them to purchase the 25%.

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 with the Board on the Plan's Investment Returns for the period ending March 31, 2015. Mr. Slaughter announced that March was a bad month with only a 2% return on investments; he cautioned everyone that it is going to be a tough 2 years ahead.

Eric Sanderson from Empower Retirement, reported to the Board on the TDC Investment Data as of February 27, 2015. Mr. Sanderson announced that as of the end of March 2015, there are a total of 4,692 participants in TDC, with a balance of \$405,859,595.50 in total assets. Mr. Sanderson then reviewed the Fee Holiday that was offered to the TDC participants during 2013 and 2014 with the Board.

Executive Director Fleck announced he wanted to update the Board on the TDC Fund Changes. He announced, as you may recall the A& I Committee had made some Fund changes and replaced the Heartland Value Plus Fund Class Institutional with the DFA U.S. Targeted Value Portfolio Class R1 Fund, and the Sentinel Small Company Fund Class 1 was replaced with the T. Rowe Price Diversified Small Company Growth Fund. Director Fleck announced to the Board that these changes that the Board approved last month are in process of being made and the goal date for the transfer of those funds will be June 22, 2015.

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

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

Mr. Murray reported the Disability Committee met on April 14, 2015, and the Committee makes the following recommendations to the Board:

<b>System</b>	<b>Approved</b>	<b>Denied</b>	<b>Total</b>
<b>EMSRS</b>	1-Total Duty	1	2
<b>PERS</b>	17	0	17
<b>TDC</b>	3	0	3
<b>TRS</b>	2	1	3
<b>TRS (TDC Transfers)</b>	13	0	3
<b>TOTAL</b>	<b>36</b>	<b>2</b>	<b>38</b>

Captain Corsaro made a motion the Board accept the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Mr. Murray made a motion to discontinue Jerry A. Lowe's PERS disability annuity effective May 1, 2015 until he complies with submission of a physician's report stating he remains disabled. If an appropriate medical re-certification form is received within 1 year, staff will be authorized to reinstate his annuity, effective the first day of the month following receipt. If refusal continues for 1 year, his annuity shall be terminated. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

The disability list is located behind Tab 4.

Chairman Wyant moved the agenda to address Tab # 7.

**Tab 7: Audit of Financial Statements – Gibbons & Kawash – Bob Denyer**

Mr. Bob Denyer of Gibbons & Kawash reviewed the audit of the financial statements for the year ending June 30, 2014. Mr. Denyer reported to the Board the due date deadline for the CAFR had been extended to February 23, 2015. Mr. Denyer announced that Darden Greene, CFO has submitted the CAFR by the extended due date. Mr. Denyer announced they have been working on the GASB 68 allocations of last year's liabilities and pension obligations to all of the employer entities; a target date to have those numbers to employers is June 30, 2015.

Chairman Wyant moved the agenda to address Tab # 5.

### **Tab 5: Legal Counsel Reports**

Chairman Wyant announced he would now entertain a motion to go into Executive Session to discuss legal matters, contractual matters and commercial competition.

*Diana Stout, Esquire arrived to the meeting at 10:32 a.m.*

Mr. Fletcher made a motion the Board go into Executive Session to discuss legal matters, contractual matters and commercial competition as allowed by West Virginia Code §6-9A-4. Executive Director Fleck requested that Teresa Miller, Deputy Director; Norm Buckwalter, Computer Project Manager and Tom Zacharias, Deloitte Consultant remain for Executive Session. The motion was seconded by Mr. Lynch. The motion carried unanimously. The Board went into Executive Session at 10:27 a.m.

Chairman Wyant reconvened the Public Session of the April 15, 2015 meeting of the CPRB from Executive Session at 12:25 p.m. Chairman Wyant announced the Board was in Executive Session to discuss legal matters, contractual matters and commercial competition 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, Legal Counsel Reports.

### **Work in Progress Reports from 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 reviewed the case of the Cynthia Ringel-Williams v. CPRB. Ms. Legato reviewed the Court Order Affirming the Boards Final Order. Ms. Ringel-Williams has appealed the decision. Ms. Legato announced that the brief from opposing counsel is due June 29, 2015 and that our brief is due on August 13, 2015 or within forty five days after the filing of opposing counsel.

Ms. Legato gave the Board an update on the case of the Mingo County Commission and

Sheria Maynard v. CPRB. Ms. Legato announced to the Board that on April 1, 2015 the Court granted our motion and issued an Amended Final Order.

Ms. Legato reviewed with the Board on the update on the case of Joseph Talbot v. CPRB. Ms. Legato announced that on April 6, 2015, the Court heard Oral Argument. Ms. Legato announced the Court has not yet issued a ruling on this case.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Rex Tony with the Board. On January 6, 2014, this TRS member and former bus driver entered a guilty plea to the Federal Felony Offense of Sexual Abuse in the First Degree in the Circuit Court of Lincoln County.

Ms. Legato recommended the Board disqualify and terminate the pension and Mr. Tony's membership in TRS and proceed with LTHS against him.

Captain Corsaro made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with LTHS proceedings against Mr. Tony and to disqualify and terminate his retirement benefits in TRS. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Russell Grimmatt with the Board. On December 3, 2014, this PERS member and former Logan County Assessor entered a guilty plea of guilty to the Federal Felony Offense of Structuring in the United States Southern District Court.

Ms. Legato recommended the Board disqualify and terminate the pension and Mr. Grimmatt's membership in PERS and proceed with LTHS against him.

Mr. Richardson made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with LTHS proceedings against Mr. Grimmatt and to disqualify and terminate his retirement benefits in PERS. The motion was seconded by Mr. Murray. The motion carried unanimously.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Gerald Bonnell with the Board. On March 20, 2015, this PERS member and former road crew supervisor for the City of Salem entered a plea of guilty to the Felony Offense of Conspiracy to Commit Possession of



Telecommunication Devise by Inmate in the Circuit Court of Harrison County.

Ms. Legato recommended the Board disqualify and terminate the pension and Mr. Bonnell's membership in PERS and proceed with LTHS against him.

Mr. Murray made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with LTHS proceedings against Mr. Bonnell and to disqualify and terminate his retirement benefits in PERS. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Ms. Legato reviewed with the Board an update on the case of Michael Whalen v. CPRB. Ms. Legato informed the Board that the Supreme Court heard oral argument on Tuesday, April 7, 2015. Ms. Legato announced that the Supreme Court granted our Writ of Prohibition and has dismissed the case.

Ms. Legato reviewed with the Board an update on the case of Arden Curry, II v. CPRB. Ms. Legato informed the Board that on April 8, 2015 the Supreme Court issued an Order scheduling this case for a Rule 20 Oral Argument and is set for September 2, 2015.

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

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

Lenna Chambers, Outside Legal Counsel with Bowles Rice, 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 updated the Board on the case of Patricia Jones v Consolidated Public Retirement Board and Judy Vannoy Akers. As of the date of this report, Petitioner Jones has filed a brief in support of her appeal, to which CPRB has responded and Ms. Jones replied and Petitioner Akers has filed a brief in support of her appeal, to which CPRB responded. Ms. Chambers announced Oral Argument pursuant to Rule 20 of the West Virginia Rules of Appellate Procedure has been scheduled for May 12, 2015.

Ms. Chambers reviewed and updated the case of W.Va. Investment Management Board, et.

al. v. the Variable Annuity Life Insurance Company of America. Ms. Chambers announced that Mediation has been scheduled in Business Court for May 22, 2015, with Judge Rowe as Mediator. Ms. Chambers announced to the Board that pursuant to the Judges' Mediation Order, it is necessary for a legal representative for CPRB with full authority to enter into and sign a settlement agreement and to attend the mediation.

Ms. Chambers announced it would be her recommendation that the Board authorize Executive Director Fleck to be the CPRB representative for mediation.

Acting Cabinet Secretary Pizatella made a motion the Board adopt the recommendation of counsel and authorize Executive Director Fleck to be the CPRB representative for mediation with full authority to enter into settlement negotiations. Mr. Richardson seconded the motion. The motion carried unanimously.

Ms. Chambers reviewed and updated the Board on the case of Hadden P. Garvin, Jr. v. CPRB. Ms. Chambers announced an administrative hearing has not yet been scheduled on this case.

Ms. Chambers reviewed the case of Charles McCormick v. CPRB. Ms. Chambers announced an administrative hearing has not been scheduled on this case of date.

Chairman Wyant asked the Board if there was any desire by the Board to provide any direction to staff regarding Subsistence Pay. Nothing was heard.

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

Executive Director Fleck reviewed with the Board the report from Pullin, Fowler, Flanagan, Brown & Poe on the case of Cheryl Dougherty, et al. v. CPRB et al.

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

Executive Director Fleck reviewed with the Board the report from Shuman, McCuskey & Slicer on the case of Manuel Cartelle v. City of Beckley and CPRB. Director Fleck announced to the Board that on Friday, April 17, 2015, counsel will be arguing its Motion to Dismiss.

The report from Shuman, McCuskey & Slicer is located behind Tab #6.

**Tab 6: Committee Updates**

**Computer Systems Update Committee**

Captain Corsaro announced the Computer System Update Committee met yesterday on Tuesday, April 14, 2015.

Captain Corsaro made a motion the Board award the Network Vulnerability Assessment (NVA) RFQ to Elert & Associates as the apparent low bidder in the amount of \$134,520.00, subject to affirmation that the specifications of the RFQ have been met and that there are satisfactory reference checks. The motion was seconded by Ms. Stout. The motion carried unanimously.

Captain Corsaro reviewed with the Board a proposed no-cost change order to be used to sanitize the data in the current Deloitte contract.

Mr. Fletcher made a motion the Board adopt the proposed no-cost change order to be used in the current Deloitte contract. The motion was seconded by Mr. Garcia. There was discussion on the motion. The motion carried unanimously.

The minutes of the Computer Systems Update Committee are located behind Tab #7.

**Tab 8: Other, Old Business**

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

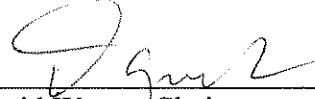
**Tab 9: Other, New Business**

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

Chairman Wyant announced he was making some Committee assignments. He announced he was removing Captain Corsaro and Mr. Murray from the Actuarial Assumptions Review Committee and appointing Mr. Richardson and Mr. Vallet to the that Committee because the Board Actuary's report will be addressing PERS members this year.

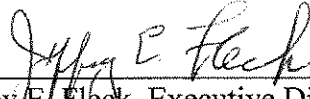
Chairman Wyant asked if there was any other new business to bring before the Board. None was heard.

Chairman Wyant adjourned the April 15, 2015 meeting of the West Virginia Consolidated Public Retirement Board at 12:41 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