

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF MAY 27, 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
Brittany Vascik, representing Governor *Earl Ray Tomblin*
Jeff Waybright, *representing Auditor Glen Gainer III*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Jason Pizatella, Esquire, *Acting Cabinet Secretary*
Andy Bird
Joseph Bunn, Esquire
Captain Michael Corsaro
Angela Crank
Andrew Richardson, Esquire
David Stover

Trustees not present:

Joe Lynch
D. Todd Murray
Jeffrey Vallet

A quorum was present.

Due notice had been posted.

Also in attendance were:

Terasa Miller, CPRB Deputy Director
Candi Moore, CPRB Executive Assistant
Jeaneen Legato, Esquire, CPRB General Counsel
Lenna Chambers, Esquire, Bowles Rice
Jack DeBolt, CPRB Hearing Officer
Craig Slaughter, WVIMB, Executive Director
Andrew Wyne, Empower Retirement, Outreach Officer
Mike Burroughs, Advised Assets Group/Empower Retirement
Norm Buckwalter, LRWL
Tom Zacharias, Deloitte Consultants

David Fletcher, WV Auditor's Office
Darden Greene, CPRB Chief Financial Officer
Harry Mandel, CPRB Board Actuary
Melody Bailey, CPRB Actuary Assistant
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
Barbara Moss, CPRB TRS Assistant Manager
Annamarie Short, CPRB Internal Auditor
Chris Bush, CPRB Uniformed Services

Tab 1: Approval of the April 15, 2015 Meeting Minutes

Mr. Stover made a motion to approve the minutes of the April 15, 2015 meeting of the CPRB. The motion was seconded by Mr. Bunn. 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 Deputy Director Terasa Miller in Executive Director Fleck's absence, which included the following information:

1. Deputy Director Miller reported on the April 2015 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. She reported for April there were 123 TRS Estimates and 77 Retirements and in PERS there were 288 Estimates and 130 Retirements.
2. Deputy Director Miller reviewed with the Board the PERS Retirement Seminars; she announced there is a seminar in Beckley this evening, starting at 5:00 p.m. and there will be one held here at the CPRB on Tuesday, June 2, 2015, if any of the Board Members would like to attend.
3. Deputy Director Miller provided the Board a PERS and TRS Tier II update regarding Senate Bill 529; she announced that separate brochures for the people hired before July 1, 2015 in PERS and TRS and for those people hired after July 1, 2015 for the first time will be created, and that educational webinars for PERS and TRS employers will be held during June.
4. Deputy Director Miller reported to the Board on the Teachers' Defined Contribution (TDC) 2015 Educational Meetings. She announced there have been a total of 44 meetings so far this year, with 172 in attendance. Deputy Director Miller

reported on the TDC Reality Investing statistics. She announced that TDC has a total of 4,682 participants and \$417,658,982 in total assets.

5. Deputy Director Miller reviewed the TDC Financial Footnotes with the Board for the Spring 2015 quarter.
6. Deputy Director Miller reviewed with the Board on the TDC Fund Change Update; she reported a letter has been mailed out to all TDC participants regarding the TDC Fund changes that were made at the last Board Meeting. She reported that those changes are scheduled to take place on June 22, 2015.
7. Deputy Director Miller reported to the Board on the Delinquent Employers list; she reported that Green Acres is now continuing to pay on-time.
8. Deputy Director Miller provided the Board an update on the COMPASS project; she announced the COMPASS project is 41% complete and is on budget so far. She reported to the Board that it is taking longer to get through the design sessions than Deloitte anticipated and 40 additional design sessions have been added.
9. Deputy Director Miller reported to the Board on the OASIS/ERP new payroll system. She announced that our agency is part of the Wave 1 implementation and CPRB is now live with the new leave and payroll system. She informed the Board the first pay for staff on the new payroll system will be June 12, 2015, and all State employees will go from 24 pay checks to 26 pay checks per year. She informed the Board that the CPRB has lost 4 employees within the last several weeks, and we are having a very difficult time with keeping staff due to their low pay.
10. Deputy Director Miller reviewed with the Board the April 2015 CPRB Financials. She announced that as of April 30, 2015, we are at 76.66% percent of budget.
11. Deputy Director Miller provided an update to the Board regarding GASB 68; she announced Harry Mandel, Board Actuary, and Darden Greene, CFO, have been working with Gibbons & Kawash, CPRB's auditors, to get the numbers needed for participating employers regarding GASB 68.
12. Deputy Director Miller announced to the Board that the CPRB has 3 contracts to consider renewing after discussion in Executive Session.

Chairman Wyant announced the Board would go into Executive Session now to discuss contractual and legal matters.

Captain Corsaro made a motion the Board go into Executive Session to discuss legal matters and contractual matters 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 10:19 a.m.

Chairman Wyant reconvened the Public Session of the May 27, 2015 meeting of the CPRB from Executive Session at 10:50 a.m. Chairman Wyant announced the Board was in Executive Session to discuss legal matters and contractual matters 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 #2 on the Agenda, Reports of the Chairman and Executive Director.

Deputy Director Miller reviewed with the Board the contract renewal for the Bowles Rice Law Firm, CPRB's Outside Legal Counsel. She announced the extension would be for one year, from September 1, 2015 through August 31, 2016, with 3 hourly rate change proposals of an additional \$10.00 per hour for Lenna Chambers, Melody Simpson and Thomas Heywood.

Captain Corsaro made a motion to extend the Bowles Rice Contract for one year with the new hourly rates. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Deputy Director Miller reviewed with the Board the contract renewal for Buck Consultants, LLC. She announced this contract expires on June 30, 2015; there are no proposed increases in rates and it is for the Actuarial Valuations of 5 of our plans, the Annual Investment Return Projections and the PERS Experience Study.

Mr. Richardson made a motion the Board renew the Buck Consultants contract for one year. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Deputy Director Miller reviewed with the Board the contract renewal for Gibbons & Kawash Certified Public Accountants; she announced they are our external financial auditors. Ms. Miller announced to the Board that this contract expires on September 1, 2015 and when this was bid, they had included an increase in their bid for auditing services for FY 2015.

Mr. Bunn made a motion the Board extend the Gibbons & Kawash Certified Public Accountants contract for one year at the FY 2015 rates proposed. The motion was seconded by Ms. Stout. The motion carried unanimously.

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

Chairman Wyant announced he would like to welcome Mr. Jeff Waybright, representing Auditor Glen Gainer, to the Board. Mr. Waybright is taking Mack Parsons place, who retired earlier this year.

Tab 3: Plans Investment Data

Craig Slaughter, Executive Director of the West Virginia Investment Management Board (WVIMB), reviewed with the Board the Plan’s Investment Returns for the period ending March 31, 2015. Mr. Slaughter announced the investments for March 2015 were down, April was good, but May was down as well.

Andrew Wyne, Empower Retirement, reported to the Board that overall the TDC Investment Funds performed very well in the first quarter, except for Hartland Value Plus and Fidelity New Millennium. He announced that the Scout Mid Cap and PIMCO are still on the watch list.

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

Tab 4: Consideration of Current Disability Retirement Applications

Captain Corsaro reported the Disability Committee met on May 26, 2015, and the Committee makes the following recommendations to the Board:

System	Approved	Denied	Total
PERS	20*	0	20*
TDC	4	1	5

TRS	1	0	1
TRS (TDC Transfers)	7	0	7
TOTAL	32	1	33

* 20 to be approved which includes Mr. Timothy Creeger with a first year annual re-certification to be by a CPRB Board physician at the CPRB's expense.

Mr. Bunn 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.

Captain Corsaro announced the Committee recommends the Board terminate the TRS Disability of David Farra, effective June 1, 2015 for failure to comply with medical recertification as required by WV Code §18-7A-25.

Mr. Richardson made the motion the Board terminate the TRS Disability of David Farra, effective June 1, 2015 for failure to comply with medical recertification as required by WV Code §18-7A-25. The motion was seconded by Mr. Stover. There was discussion on the motion. The motion carried unanimously.

The disability list is located behind Tab 4.

Tab 5: Consideration of Appeals to Hearing Officer – Jack DeBolt

Hearing Officer Jack DeBolt reviewed the appeal of Elizabeth G. Hacker to the Board as to whether or not the Applicant is entitled to have her regular retirement annuity effectively commence on October 1, 2014, as opposed to November 1, 2014.

Hearing Officer DeBolt recommended that the request of Elizabeth G. Hacker to have her annuity effectively commence October 1, 2014 be denied.

Mr. Bunn made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Elizabeth G. Hacker. Captain Corsaro seconded the motion. The motion carried unanimously.

The Appeal is located behind Tab 5.

Tab 6: 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 the 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. During the April 2015 Board meeting, the Board moved to disqualify him from participating in PERS due to LTHS. Mr. Grimmatt, by counsel, Paul Strobel, has requested a judicial determination of the Board's decision. On Friday, May 22, 2015, a petition was filed in the Circuit Court of Kanawha County. Attorney Paul Strobel filed a petition too. Our case is assigned to Judge Bloom.

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.

Ms. Chambers reviewed and updated the Board on the case of W.Va. Investment Management Board, et. al., v. the Variable Annuity Life Insurance Company of America. Ms. Chambers announced that Mediation was on Friday, May 22, 2015 in Business Court, Judge Rowe was the Mediator.

Ms. Chambers reviewed the case of Charles McCormick v. CPRB. Ms. Chambers announced an administrative hearing was scheduled for April 28, 2015, and postponed at the request of the Applicant until May 28, 2015.

Ms. Chambers reviewed and updated the Board on the case of Thomas Rhodes v. CPRB. Ms. Chambers announced an administrative hearing is scheduled for June 9, 2015.

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

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

Chairman Wyant directed Ms. Miller to look into why we have not been released from this case and report back to the Board why the settlement agreement has not been signed.

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

Deputy Director Miller reviewed with the Board the report from Shuman, McCuskey & Slicer on the case of Manuel Cartelle v. City of Beckley and CPRB. Deputy Director Miller announced to the Board that mediation has been set for July 10, 2015, and staff will be attending.

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

Tab 7: Committee Updates

Accounting & Investment Committee

Mr. Bunn, Chairman of the Accounting & Investment (A & I) Committee, reviewed with the Board that last month the A & I Committee had replaced 2 funds that had been on the TDC watch list. Those 2 funds will be replaced on June 22, 2015 and TDC participants have been notified of that change.

Mr. Bunn announced to the Board that he would like to publicly recognize Andrew Wyne; we are seeing good results with participants and the meetings he is holding.

Mr. Bunn reviewed with the Board the TDC Cost Sharing of the COMPASS Project and the other expenses of the TDC Revenue Sharing account. He announced that he had asked Darden Greene, CFO, and Deputy Director Miller to develop a cash flow sheet for the A&I Committee to show the expenses. It appears it will be depleted, and a decision will need to be made in the future about the fees.

Chairman Wyant stated the COMPASS costs will not be reoccurring costs, and Mr. Bunn answered that Chairman Wyant was correct.

Deputy Director Miller announced that approximately 4% of the COMPASS charges are related to the TDC and 96% is paid for by administrative fees from the defined benefit plans.

Mr. Bunn made a motion the Board approve the TDC portion of the COMPASS project be reduced from 4.41% to 4.3% for calendar year 2015. The motion was seconded by Ms. Stout. There was discussion on the motion. The motion carried unanimously.

Actuarial Assumption Review Committee

Mr. Richardson announced that the Actuarial Assumption Review Committee met on May 20, 2015 and reviewed the 2015 PERS Mortality Rate that was presented by Harry Mandel, Board Actuary. He announced the PERS Mortality Rate is effective for GASB 67 & 68 as of June 30, 2015, and for funding purposes the effective date is July 1, 2015.

Mr. Richardson announced to the Board the Actuarial Assumption Review Committee adopted and requests the Board approve the 2015 PERS Mortality Rate that was presented on May 20, 2015 and adopt the recommendation of the Actuarial Assumption Review Committee to make adjustments to the PERS Mortality Rate to be consistent with the presentation that was made by Harry Mandel, Board Actuary. The motion was seconded by Captain Corsaro. There was discussion on the Motion. The motion carried unanimously.

Investment Management Board Representative Committee

Acting Cabinet Secretary Pizatella announced to the Board that the West Virginia Investment Management Board Representative Committee met yesterday and reviewed the applications for the representatives for the 2015 Investment Management Board.

Acting Cabinet Secretary Pizatella announced the West Virginia Investment Management Board Representative Committee approved the following applicants to be representatives for the West Virginia Investment Management Board for Fiscal Year 2016 and made a motion the Board approve:

PERS:	Patricia Hamilton
TRS:	Tony Lautar, Jr.
JRS:	Thomas W. Steptoe, Jr.
State Police Plan A:	William J. Scott
State Police Plan B:	Reginald Patterson
DSRS:	David D. Gentry
EMSRS:	Mark Kerns

Mr. Bird seconded the motion. The motion carried unanimously.

The minutes of the Committees are located behind Tab 7.

Tab 8: Actuarial Factors for Benefit Calculations in COMPASS

Mr. Mandel reviewed the Actuarial Factors for the Benefit Calculations in the COMPASS Project. He announced that he is recommending the Board approve the COMPASS Project use the PERS factor calculation technique for all of the other defined benefit plans administered by the

Board for designing the COMPASS computer system.

His recommendation is to authorize staff to work with the developers of the COMPASS computer system to use the factor calculation technique used in PERS since 2005 for all of the retirement systems.

Mr. Stover made a motion the Board accept the recommendation of the Board Actuary and use the PERS factor calculation technique for all of the retirement systems in designing the COMPASS computer system. The motion was seconded by Mr. Richardson. There was discussion on the motion. The motion carried unanimously.

Tab 9: 2016 Proposed Legislative Rules

Title 162 Series 2 - Benefit Determination and Appeal

Deputy Director Miller announced staff is requesting approval from the Board to file all of the proposed rules with the Secretary of State's Office for public comment period after approval from the Governor's Office, and is requesting permission to make any minor non-substantive changes. Any public comments will come back to the Board for their review.

Deputy Director Miller reviewed the proposed changes to Series 2 with the Board and requested the Board's approval.

Mr. Richardson made a motion the Board adopt the proposed changes to Series 2 and file it with the Secretary of State's Office for public comment period, after approval from the Governor's Office and to make any minor non-substantive changes that might be necessary. Mr. Stover seconded the motion. There was discussion on the motion.

Ms. Vascik made a motion to amend the pending motion and to strike the words "such as". Ms. Stout seconded the motion. The motion carried unanimously.

Captain Corsaro made a motion to adopt the change to the Legislative Rule, Title 162 Series 2 as amended. The motion was seconded by Mr. Bunn. The motion carried unanimously.

Title 162 Series 3 - Teachers' Defined Contribution Retirement System

Deputy Director Miller reviewed the proposed changes to Series 3 with the Board and requested the Board's approval.

Mr. Bunn made a motion the Board adopt the proposed changes to Series 3 and file it with the Secretary of State's Office for public comment period, after approval from the Governor's Office and to make any minor non-substantive changes that might be necessary. Mr. Stover seconded the motion. There was discussion on the motion. The motion carried unanimously.

Title 162 Series 4 – Teachers' Retirement System

Deputy Director Miller reviewed the proposed changes to Series 4 with the Board and requested the Board's approval.

Captain Corsaro made a motion the Board adopt the proposed changes to Series 4 and file it with the Secretary of State's Office for public comment period, after approval from the Governor's Office and to make any minor non-substantive changes that might be necessary. Ms. Crank seconded the motion. There was discussion on the motion. The motion carried unanimously.

Title 162 Series 7 – Refund, Reinstatement, Retroactive Service, Loan and Correction of Error Interest Factors

Deputy Director Miller reviewed the proposed changes to Series 7 with the Board and requested the Board's approval.

Mr. Richardson made a motion the Board adopt the proposed changes to Series 7 and file it with the Secretary of State's Office for public comment period, after approval from the Governor's Office and to make any minor non-substantive changes that might be necessary. Captain Corsaro seconded the motion. There was discussion on the motion. The motion carried unanimously.

Title 162 Series 8 – Service Credit for Accrued and Unused Sick and Annual Leave

Deputy Director Miller reviewed the proposed changes to Series 8 with the Board and requested the Board's approval.

Mr. Bunn made a motion the Board adopt the proposed changes to Series 8 and file it with the Secretary of State's Office for public comment period, after approval from the Governor's Office and to make any minor non-substantive changes that might be necessary. Mr. Richardson seconded the motion. The motion carried unanimously.

Title 162 Series 9 – West Virginia State Police

Deputy Director Miller reviewed the proposed changes to Series 9 with the Board and requested the Board's approval.

Mr. Richardson made a motion the Board adopt the proposed changes to Series 9 made by staff; file it with the Secretary of State's Office for public comment period after approval from the Governor's Office. The motion was seconded by Captain Corsaro.

Mr. Richardson made a motion to amend the motion; that we delete the words "such as." under §162-9-12.1. Captain Corsaro seconded the motion to amend the motion. The motion to modify carried unanimously.

Chairman Wyant announced before us now is the motion to adopt the changes to Series 9, as amended; he asked the Board if there was any discussion on the motion. There was discussion on the motion. The motion carried unanimously.

Title 162 Series 10 – DSRS

Deputy Director Miller reviewed the proposed changes to Series 10 with the Board and requested the Board's approval.

Mr. Richardson made a motion the Board adopt the proposed changes to Series 10 made by staff; file it with the Secretary of State's Office for the public comment period after approval from the Governor's Office. The motion was seconded by Captain Corsaro.

Mr. Richardson made a motion that under §162-10-12, under 12.1 on line 2, after the words "errors or omissions," we remove the words "such as." Captain Corsaro seconded the modified motion. The modified motion carried unanimously.

Chairman Wyant announced before us now is the motion to adopt the changes to Series 10, as amended; he asked the Board if there was any discussion on the motion. The motion carried unanimously.

Tab 10: Other, Old Business

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

Deputy Director Miller announced that earlier, during the legal report on the Cheryl Dougherty case, it was asked why the settlement had not been approved by the Court. The answer is that the settlement cannot be approved until the potential class members have been identified. CPRB is in the process of producing documents for the Plaintiff's and those people have to be notified and have to decide whether or not they want to participate. The tentative date for Court approval is July 29, 2015.

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

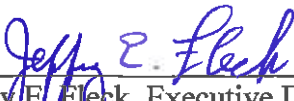
Tab 11: Other, New Business

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

Chairman Wyant adjourned the May 27, 2015 meeting of the West Virginia Consolidated Public Retirement Board (CPRB) at 12:21 p.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board