

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JANUARY 16, 2013**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB) of Trustees was held at the CPRB Conference Room, 4101 MacCorkle Avenue, SE, Charleston, West Virginia 25304, and was called to order at 10:02 a.m. by Chairman David Wyant.

Roll Call was taken and trustees present were:

David Wyant, Esquire, Chairman
Joseph Garcia, Esquire, *representing Governor Earl Ray Tomblin*
Mack Parsons, *representing Auditor Glen Gainer III*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Cabinet Secretary Ross Taylor
Joseph Bunn, Esquire
Captain Michael Corsaro
Drema Evans
D. Todd Murray
Andrew Richardson, Esquire

Trustees not present:

Thomas Bradley
Joe Lynch
Tony Payne

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director
Terasa L. Miller, CPRB Deputy Director
Candi Moore, CPRB Executive Assistant
Jeaneen Legato, Esquire, CPRB General Counsel
Lenna Chambers, Esquire, Bowles Rice
Jack DeBolt, Esquire, Hearing Officer
Anne Charnock, Esquire, Hearing Officer
David Driscoll, Buck Consultants
Kris Morton, Great West Regional Manager
Andrew Wyne, Great West Outreach Officer
Craig Slaughter, Executive Director, WV Investment Management Board
Misty Peal, WVEA
Ernestine Fox, Appellant
John Beane, CPRB Chief I.T. Officer
J. Darden Greene, CPRB Chief Financial Officer
Steve Stockton, CPRB Chief Compliance Officer

Cindy Boyd, CPRB Project Manager
Harry Mandel, CPRB Actuary
Melody Bailey, CPRB Actuary Analyst
Shawna Carson, CPRB IT Staff
Lisa Trump, CPRB PERS Manager
Annamarie Short, CPRB Internal Auditor
Caroline Brady, CPRB PERS Assistant Manager
Deana Gose, CPRB Uniform Services Manager
Alysia Miller, CPRB Paralegal
Eric Stringer, CPRB IT Staff
Brittany Smith, CPRB TRS Staff
Torrie Williams, CPRB PERS Staff

Tab 1: Approval of the December 12, 2012 Meeting Minutes

Mr. Richardson made a motion to approve the December 12, 2012 minutes 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 Executive Director Jeffrey Fleck which included the following information:

1. Executive Director Fleck reviewed the December 2012 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement numbers and estimates for the CPRB.
2. Executive Director Fleck reported to the Board the CPRB retirement numbers for calendar year 2012:
 - o TRS Estimates - 1,872
 - o TRS Retirements - 1,766
 - o PERS Estimates - 2,865
 - o PERS Retirements - 1,346
3. Executive Director Fleck reported on the status of the Computer Project Request for Proposal (RFP) with the Board. The RFP Evaluation Committee is currently evaluating the proposals and will score the technical portion. Bill McClanahan, from the Office of Technology, is also on the Evaluation Committee. Director Fleck informed the Board the vendors will be doing demonstrations the week of February 4, 2013, and the Evaluation Committee and key staff will be doing site visits the week of February 11, 2013.
4. Executive Director Fleck informed the Board the 1099Rs are scheduled to be

mailed out on January 25, 2013.

5. Executive Director Fleck informed the Board the CPRB mailed letters to the Deputy Sheriff Retirement System (DSRS) employers informing them of the 13.0% employer contribution rate for the upcoming fiscal year.
6. Executive Director Fleck informed the Board that letters were mailed to all Municipal Police Officers and Firefighters Retirement System (MPFRS) employers informing them of the potential employer contribution rate of 10.5% if MPFRS does not have 100 members by January 1, 2014.
7. Executive Director Fleck reviewed the delinquent employers list with the Board.
8. Executive Director Fleck reviewed the Fiscal Year 2012 State Police Disability Experience Annual Report with the Board.
9. Executive Director Fleck announced Great West, Teachers' Defined Contribution Retirement System (TDC) Third Party Administrator, met their goal of a total of 100 TDC Educational meetings with 1,052 people in attendance during calendar year of 2012.
10. Executive Director Fleck reviewed with the Board the TDC Reality Investing. He announced that as of December 31, 2012 there are 5,070 TDC members with total assets of \$322,869,996.
11. Executive Director Fleck reviewed with the Board the TDC Financial Footnotes explaining the Administrative Fee Holiday and the Reality Investing Fee Holiday.
12. Executive Director Fleck reported to the Board regarding the changes in the IRS Tax Table for our retirees.
13. Executive Director Fleck reviewed with the Board the December 2012 Financials. He announced that as of December 31, 2012, we are at 28.50% of budget.
14. Executive Director Fleck reviewed with the Board Legislative updates. He provided the Interim Pension Committee with a spreadsheet of Retirees by State. The spreadsheet shows what states West Virginia retirees live in and how many live in each state. Executive Director Fleck's report is located behind Tab 2.

Tab 3: Plans Investment Data

West Virginia Investment Management Board's (WVIMB) Executive Director, Craig Slaughter, reviewed with the Board the Plans Investment Returns for the month of November

2012.

Kris Morton, Great West Regional Manager, reported the TDC Investment Performance as of December 31, 2012. The Investment Data reports are located behind Tab 3.

Tab 4: Consideration of Current Disability Retirement Applications

Chairman Evans reported the Disability Committee met on January 15, 2013 and makes the following recommendations to the full Board:

System	Approved	Denied	Total
PERS	10	2	12
State Police Plan A	1	0	1
TDC	1	0	1
TRS	3	0	3
TRS (TDC Transfers)	6	0	6
TOTAL	21	2	23

Ms. Evans also requested the Board approve the Partial Duty Related Disability claim of Mr. James Valentine whose Circuit Court case was remanded to the CPRB to permit the Applicant to Apply for Duty Related Disability under the State Police Plan A.

Mr. Richardson made a motion the Board accept the Disability Committee's recommendations concerning the disability retirement applications and also approve the Partial Duty Related Disability for Mr. James Valentine effective January 17, 2013. The motion was seconded by Captain Corsaro. The motion carried unanimously. The disability list is behind Tab 4.

Tab 5: Consideration of Appeals to Hearing Officers - Jack DeBolt

Mr. Bunn made a motion the Board go into Executive Session to discuss medical issues related to Appeals as allowed by West Virginia Code § 6-9A-4. The motion was seconded by Mr. Murray. The motion carried unanimously. The Board went into Executive Session at 10:19 a.m.

The Chairman reconvened the Public Session of the January 16, 2013 meeting of the CPRB from Executive Session at 10:29 a.m. Chairman Wyant stated the Board was in Executive Session to discuss medical issues related to Appeals as allowed by West Virginia Code § 6-9A-4. He announced there were no decisions made during Executive Session. The Board will return to Tab 5: Appeals from the Hearing Officers.

Hearing Officer DeBolt addressed the appeal of Brady J. English as to whether or not the Applicant is physically or mentally totally and probably permanently incapacitated for employment within the meaning of and with the character of proof required by §5-10-25 of the West Virginia Code and §162-2-3.2.a of the Code of State Rules. It is recommended by Hearing Officer DeBolt that the request of Brady J. English for disability retirement benefits from PERS be denied.

Mr. Bunn made a motion to adopt the recommendation of Hearing Officer DeBolt and deny the appeal of Brady J. English for disability retirement benefits from PERS. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of Ernestine M. Fox on whether or not the Applicant is totally and probably permanently incapacitated for employment within the meaning of and with the character of proof required by §5-10-25 of the West Virginia Code and §162-2-3.2.a of the Code of State Rules. It is recommended by Hearing Officer DeBolt the request of Ernestine M. Fox for disability retirement benefits from PERS be denied.

Captain Corsaro made a motion to adopt the recommendation of Hearing Officer DeBolt and deny the appeal of Ernestine M. Fox for disability retirement benefits from PERS. The motion was seconded by Mr. Murray. There was discussion on the motion. The motion carried unanimously with changing the typographical error on page 2 of the recommended decision of the word "tried" to "tired".

Hearing Officer DeBolt addressed the appeal of William A. McDonald and Mary M. Pappas as to whether or not each Applicant is entitled to participate in either TRS or TDC during the periods relevant to each. It is recommended by Hearing Officer DeBolt that the requests of the Applicants William A. McDonald and Mary M. Pappas to retain previously removed participation in TRS and TDC be denied.

Mr. Richardson made a motion to adopt the recommendation of Hearing Officer DeBolt and deny the appeals of William A. McDonald and Mary M. Pappas to retain previously removed participation in TRS and TDC. The motion was seconded by Captain Corsaro. There was discussion on the motion. The motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of Lisa A. Rutherford as to whether or not the Applicant is totally and probably permanently incapacitated for employment within the meaning of and with the character of proof required by §5-10-25 of the West Virginia Code and §162-2-3.2.a of the Code of State Rules. It is recommended by Hearing Officer DeBolt that the request of Lisa A. Rutherford for disability retirement benefits from PERS be denied.

Captain Corsaro made a motion to adopt the recommendation of Hearing Officer DeBolt and deny the appeal of Lisa A. Rutherford for disability retirement benefits from PERS. The motion was seconded by Ms. Evans. The motion carried unanimously.

Hearing Officer Charnock addressed the appeal of Jacqueline Zinn as to whether the Board correctly calculated Applicant's days of work and if so, whether Applicant must return excess funds paid to her. It is recommended by Hearing Officer Charnock that the request of Jacqueline Zinn's appeal should be denied and the decision of the Board that Applicant worked in excess of one hundred-forty (140) days in a fiscal year and thus must repay the excess amounts received be affirmed.

Mr. Richardson made a motion to adopt the recommendation of Hearing Officer Charnock and deny the appeal of Jacqueline Zinn and she must repay the excess amounts paid to her. The motion was seconded by Captain Corsaro. The motion carried unanimously. The Recommended Decisions from the Hearing Officers are behind Tab 5.

Chairman Wyant moved the agenda to address Tab 8: Valuations from David Driscoll with Buck Consultants.

Tab 8: Valuations – Buck Consultants, David Driscoll

Chairman Wyant announced to the Board that Dave Driscoll with Buck Consultants will present the Valuations to the Board.

Mr. Driscoll announced to the Board that Buck Consultants had completed the Valuations

as of July 1, 2012 for PERS, TRS, Department of Public Safety, Death, Disability and Retirement System (Plan A), State Police Retirement System (Plan B) and Judges Retirement System (JRS) retirement systems.

Mr. Driscoll first reviewed the Valuation for PERS with the Board.

Ms. Evans made a motion the Board accept the Valuation for PERS as presented by Buck Consultants. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Mr. Driscoll reviewed the Valuation for TRS with the Board.

Ms. Evans made a motion the Board accept the Valuation for TRS as presented by Buck Consultants. The motion was seconded by Mr. Murray. The motion carried unanimously.

Mr. Driscoll reviewed the Valuation for the Department of Public Safety, Death, Disability and Retirement System (Plan A) with the Board.

Mr. Bunn made a motion the Board accept the Valuation for the Department of Public Safety, Death, Disability and Retirement System (Plan A) as presented by Buck Consultants. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Mr. Driscoll reviewed the Valuation for the State Police Retirement System (Plan B) with the Board.

Mr. Richardson made a motion the Board accept the Valuation for the State Police Retirement System (Plan B) as presented by Buck Consultants. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Mr. Driscoll reviewed the Valuation for JRS with the Board.

Mr. Bunn made a motion the Board accept the Valuation for JRS as presented by Buck Consultants. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Discussion regarding asset smoothing occurred.

Chairman Wyant moved the agenda to address Tab 9.

Mr. Bunn departed the meeting at 11:15 a.m.

Tab 9: Recommended Employer Contribution Rates - Harry Mandel

Mr. Mandel, Board Actuary, reviewed the PERS Employer Contribution Rate with the Board. He recommended the Board increase the PERS employer contribution rate from 14.0% of gross payroll to 14.5% effective July 1, 2013.

Captain Corsaro made a motion the Board accept the recommendation from the Board Actuary and increase the PERS employer contribution rate from 14.0% of gross payroll to 14.5% effective July 1, 2013. The motion was seconded by Ms. Evans. There was discussion on the motion. The motion carried unanimously.

Mr. Bunn returned to the meeting at 11:17 a.m.

Mr. Mandel reviewed the State Police (Plan B) Employer Contribution Rate with the Board. He recommended the Board decrease the State Police (Plan B) employer contribution rate from 15.5% of payroll to 14.5% effective July 1, 2013.

Mr. Bunn made a motion the Board accept the recommendation from the Board Actuary and decrease the State Police (Plan B) employer contribution rate from 15.5% of payroll to 14.5% effective July 1, 2013. Ms. Evans seconded the motion. The motion carried unanimously.

Tab 10: Actuarial Factors for Plan Administration – Harry Mandel

Mr. Mandel reviewed the Actuarial Factors for Plan Administration with the Board as statutorily required.

In light of the current computer project, Mr. Mandel recommended the Board approve an extension of the 2012 Actuarial Assumptions for daily administration to 2013 without modifications for the following seven defined benefit plans:

- a. PERS – WV Code § 5-10-13
- b. TRS - WV Code § 18-7A-11
- c. Department of Public Safety Death, Disability and Retirement Fund (Plan A) - WV Code § 15-2-28
- d. State Police Retirement System (Plan B) - WV Code § 15-2A-4a
- e. JRS - WV Code § 51-9-3a

- f. DSRS - WV Code § 7-14D-3
- g. Emergency Medical Services Retirement System - WV Code § 16-5V-4.

Mr. Richardson made a motion the Board accept the recommendation from the Board Actuary. The motion was seconded by Captain Corsaro. There was discussion on the motion. The motion carried unanimously.

The Board Actuary also recommended initial actuarial factors for administration of MPFRS as follows to be effective January 1, 2013:

- a. Equivalence determined by applying the RP2000 Healthy Annuitant Mortality projected to 2025 by Scale BB.
- b. Equivalence determined by applying a 7.5% interest rate discount.

Mr. Bunn made a motion the Board accept the recommendation from the Board Actuary. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Chairman Wyant moved the agenda back to address Tab 6: Work in Progress Reports from the Legal Counsel.

Tab 6: Work in Progress Reports from Legal Counsel

Captain Corsaro made a motion the Board go into Executive Session to discuss a legal matter as allowed by West Virginia Code § 6-9A-4. The motion was seconded by Mr. Murray. The motion carried unanimously. The Board went into Executive Session at 11:28 a.m.

The Chairman reconvened the Public Session of the January 16, 2013 meeting of the CPRB from Executive Session at 12:24 p.m. Chairman Wyant stated the Board was in Executive Session to discuss a legal matter as allowed by West Virginia Code § 6-9A-4. He announced there were no decisions made during Executive Session. The Board will return to Tab 6: Work in Progress Reports from Legal Counsel.

Work in Progress Reports from In-House Legal Counsel – Jeaneen Legato

In-House Legal Counsel, Jeaneen Legato, presented her report with the Board on all

pending legal matters. She reported on all current Administrative, Circuit Court, Supreme Court and Less Than Honorable Service cases. The report of In-House Legal Counsel is behind Tab 6.

Mr. Bunn departed the meeting at 12:26 p.m.

Outside Legal Counsel Presentation – Lenna Chambers, Bowles Rice:

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.

Mr. Bunn returned to the meeting at 12:29 p.m.

Outside Counsel, Lenna Chambers reviewed with the Board on the case of James B. Huffman, et al v. CPRB. She announced the CPRB's Final Order was reversed and vacated by Judge Tod Kaufman and the CPRB was ordered to restore each of the Petitioners' service credits that were previously withdrawn and to make full PERS annuity benefit payments to each of the Petitioners. She announced the time for filing a notice of appeal to the Supreme Court of Appeals would be January 30, 2012.

Mr. Bunn made a motion the Board give Ms. Chambers the authority to make a motion for reconsideration on the Orders issued by Judge Kaufman on December 31, 2012, and also to have the authority to appeal the court's decision if in fact the plaintiff's or interveners move for reimbursement of attorney's fees or payment of punitive damages. Ms. Evans seconded the motion. There was discussion on the motion. Mr. Bunn requested to modify his motion to authorize Ms. Chambers to move the District Court of Kanawha County to reconsider its Orders issued on December 31, 2012, and to communicate to the Board if in fact the plaintiffs or interveners request punitive damages or attorney's fees. The modified motion was seconded by Ms. Evans. The modified motion carried unanimously. The report of Outside Counsel is behind Tab 6.

Executive Director Fleck reviewed with the Board the status report represented by Pullin, Fowler, Flanagan, Brown and Poe on the case of Dougherty v. CPRB. The report of Pullin, Fowler, Flanagan, Brown and Poe is behind Tab 6.

Tab 7: Committee Updates

Executive Director & Actuary Review Committee:

Chairman Wyant announced the Executive Director & Actuary Review Committee met today and will report back in the near future.

Chairman Wyant moved the agenda to address Tab 11: 2013 Proposed Legislation.

Tab 11: 2013 Proposed Legislation

Deputy Director Miller reviewed the 2013 proposed legislation relating to TRS with the Board.

Mr. Parsons made a motion the Board grant authority for staff to submit the proposed TRS legislation to the appropriate Legislative Committee for action. The motion was seconded by Mr. Murray. There was discussion on the motion. The motion carried unanimously.

Tab 12: Other, Old Business

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

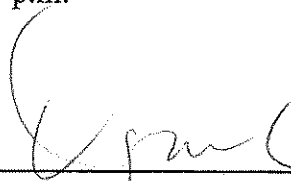
Tab 13: Other, New Business

Chairman Wyant welcomed Joseph Garcia, Esquire, with the Governor's Office to the Board.

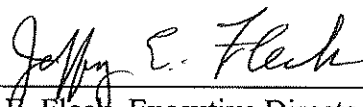
Director Fleck asked the Board if they would be interested in looking into Tablets in place of the paper board books. Captain Corsaro was interested and informed the Board the Commission on Drunk Driving Prevention uses eReaders. The Chairman announced if there was no objection from the Board, he would have the Executive Director look into the cost involved to purchase the tablets. No objection was heard.

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

Chairman Wyant adjourned the January 16, 2013 public meeting of the West Virginia Consolidated Public Retirement Board at 12:55 p.m. -



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board