

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF OCTOBER 12, 2016**

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 11:20 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman
Brittany Vascik, Esquire, representing Governor *Earl Ray Tomblin*
Jeff Waybright, *representing Auditor Lisa Hopkins*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Acting Cabinet Secretary Mary Jane Pickens
Andy Bird
Joseph Bunn, Esquire
Captain Michael Corsaro
Angela Crank
Michael Haney
Joe Lynch
Mike McKown
D. Todd Murray
David Stover
Jeffrey Vallet

No Trustees were absent.

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Jeaneen Legato, Esquire, CPRB General Counsel
Lenna Chambers, Esquire, Bowles Rice
Gary Pullin, CPRB Hearing Officer
John Beane, CPRB IT Manager
Darden Greene, CPRB Chief Financial Officer
Annamarie Short, CPRB Chief Compliance Officer
Harry Mandel, CPRB Board Actuary

Melody Bailey, CPRB Actuary Assistant
Tina Baker, CPRB Internal Auditor
Heather Drake, CPRB Administrative Assistant
Alysia Miller, CPRB Paralegal
Eric Stringer, CPRB IT Staff
Caroline Brady, CPRB PERS Assistant Manager
Chris Bush, CPRB Imagining Supervisor
Craig Slaughter, Executive Director, WVIMB
Eric Sanderson, Empower Retirement
Chris Meadows, Empower Retirement
Gerald R. Stowers, Esquire, Bowles Rice
Davin White, WVEA

Tab 1: Approval of the August 31, 2016 Meeting Minutes

Mr. Bunn made a motion to approve the minutes of the August 31, 2016 meeting of the CPRB. The motion was seconded by Mr. Waybright. The motion carried unanimously.

The minutes are located behind Tab #1.

Tab 2: Reports of the Chairman and Executive Director

Chairman Wyant announced he was appointing Mike McKown to the Accounting and Investment Committee.

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

1. Executive Director Fleck reported on the August and September 2016 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and requested estimate numbers. He reported for August there were 105 TRS estimates and 386 retirements and in PERS there were 201 estimates and 129 retirements. He reported for September there were 129 TRS estimates and 170 retirements and in PERS there were 129 estimates and 88 retirements.
2. Executive Director Fleck announced the CPRB's staff member, Chris Bush was selected as Employee of the Month for October 2016 and featured in the October edition of Quotes, Notes & Anecdotes.
3. Executive Director Fleck reported on the Teachers' Defined Contribution (TDC) 2016 Educational Meetings. He announced there have been a total of 54 meetings so far this year in TDC, with 738 in attendance. He announced the TDC Reality Investing Statistics as of August 31, 2016, there were a total of 4,451 participants and \$43,293,298 in total assets.

4. Executive Director Fleck reported on the Delinquent Employers. He announced Green Acres Regional Center continues to make their contribution payments as per the agreement. The City of Thomas has caught up on their Employee Contributions, but we are still waiting for payment of their Employer Contributions. Mingo County PSD has now paid their Employee Contributions in full, but they still owe \$51,161.87 in Employer Contributions.
5. Executive Director Fleck updated the Board on the COMPASS project. He announced the COMPASS project is now 81% complete of the overall project status. He announced User Acceptance Testing (UAT) began this week and will continue until we Go-Live with Phase 4B of the project for the Active Employees. He announced the Employer Reporting is set to go live March 31, 2017.
6. Executive Director Fleck informed the Board that staff has mailed the Public Employees Retirement System (PERS) Pension Press to all PERS members with their statements. He announced this issue provided information on our COMPASS Project and the WV National Guard Military Service Credit.
7. Executive Director Fleck reviewed the CPRB's August and September 2016 financials with the Board. He announced that as of August 31, 2016, we were at 43.05% of budget and as of September 30, 2016 we were at 40.16% of budget.
8. Executive Director Fleck announced that the CPRB has won the Government Finance Officers Association (GFOA) Award again this year; this is for the year ending June 2015, for the Certificate of Achievement of Excellence in Financial Reporting (CAFR). He thanked CFO, Darden Greene, Lori Cottrill, our Financial Staff, Actuary Staff and our Internal Auditor for all of their hard work. Chairman Wyant congratulated the CPRB's staff on this award.
9. Executive Director Fleck reported on the Legislative Update. He announced the Legislative Joint Pension Committees met with Harry Mandel, Board Actuary, who presented the status of the funds or our pension plans.
10. Executive Director Fleck informed the Board of the change of the date for the November Board Meeting, from November 9, 2016 to November 16, 2016.
11. Executive Director Fleck reviewed the CPRB's second floor reconfiguration and the Build-out of the second floor offices. He announced the COMPASS Project is changing the way we function and we are having to reconfigure the office to accommodate for those changes. He announced that the construction done by the

landlord to the second floor offices would be \$59,900. The cost presented to us from Capitol Business Interiors for new cubicles will be \$288,213.89. Executive Director Fleck recommended the Board approve the second floor reconfiguration and the build-out of the second floor offices.

Mr. Vallet made a motion the Board approve the expenditure for the offices, conference room and cubicles for the second floor reconfiguration. The motion was seconded by Mr. Bunn. There was discussion on the motion. Captain Corsaro and Mr. Stover voted against the motion. The motion carried.

12. Executive Director Fleck reviewed the WV Consolidated Public Retirement Board Dependent Child Scholarship Policy that is in the Statute for children of a diseased Uniform Services Member and suggested clarifying language. He recommended the Board approve the WV Consolidated Public Retirement Board Dependent Child Scholarship Policy.

Captain Corsaro made a motion the Board approve the WV Consolidated Public Retirement Board Dependent Child Scholarship Policy. The motion was seconded by Ms. Stout. There was discussion on the motion.

Mr. Bunn made a motion to amend the language under paragraph 6 of the Dependent Child Scholarship Policy to read as “reasonable performance and progress”. The motion was seconded by Mr. McKown. The motion carried unanimously.

Ms. Vascik made a motion to amend the language under paragraph 7 of the Dependent Child Scholarship Policy to be consistent with paragraph 6 and read as “reasonable performance and progress”. The motion was seconded by Mr. Bunn. The motion carried unanimously.

Chairman Wyant announced we now have the amended motion before the Board to adopt the Dependent Child Scholarship Policy as amended. The motion carried unanimously.

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 August 31, 2016 for the Board.

Eric Sanderson, of Empower Retirement informed the Board that the post-card that was sent out to all participants in the TDC Plan, introducing Chris Meadows as the new Educational Representative was a great success. Mr. Sanderson announced that a letter will be sent out to all TDC Participants, notifying them of the replacement of the PIMCO Total Return Fund with the Western Asset Core Plus Bond Class A Fund.

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 October 11, 2016. The Committee approved and makes the following recommendations to the Board for their approval:

System	Approved	Denied	Total
EMSRS	1- Non-Duty	0	1- Non-Duty
PERS	8	3	11
TDC	1	0	1
TRS (TDC Transfers)	2	3	5
TOTAL	12	6	18

Mr. Bunn made a motion the Board accept and approve the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Captain Corsaro. 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 Carl B. Shultz. The issue presented in this matter is whether the West Virginia Code §5-10-24 authorizes an annuitant upon the death of his spouse, to change his/her choice of benefits option from a joint and survivor annuity to a straight life annuity.

Hearing Officer Pullin recommended that the request of Carl B. Shultz to change his annuity option from Option B to a straight life annuity, be denied.

Captain Corsaro made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Carl B. Shultz. Mr. Lynch seconded the motion. The motion carried unanimously.

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

Tab 6: Legal Counsel Reports

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

Ms. Vascik made a motion the Board go into Executive Session to discuss legal matters as allowed by West Virginia Code §6-9A-4. The motion was seconded by Ms. Stout. The motion carried unanimously. The Board went into Executive Session at 12:09 p.m.

Chairman Wyant reconvened the Public Session of the October 12, 2016 meeting of the CPRB from Executive Session at 12:45 p.m. Chairman Wyant announced the Board was in Executive Session to discuss legal matters as allowed by West Virginia Code §6-9A-4. He announced there were no decisions made during Executive Session.

Chairman Wyant moved the agenda to address Tab #7, Committee Reports.

Tab 7: Committee Reports

Accounting and Investment Committee

Mr. Bunn announced the A& I Committee met this morning. Mr. Bunn reviewed the Request for Quotation (RFQ) to perform the Fiscal Year 2016 Financial Audit. He announced at this time two vendors have submitted bids for requested services.

Mr. Bunn reviewed both vendors: Suttle & Stalnaker, PLLC/Williams & Keepers, LLC and Gibbons & Kawash, P.C/BDO, LLP with the Committee. Mr. Bunn announced that the cost from both vendors for services would be for the first year and 3 subsequent renewal options (4 years total). The bids are as follows: Suttle & Stalnaker, PLLC/Williams & Keepers, LLC, bid \$1,155,750.00 and Gibbons & Kawash, P.C/BDO, LLP bid \$1,344,870.00.

Mr. Bunn announced the A& I Committee recommend the Board award the contract to Suttle & Stalnaker, PLLC/Williams & Keepers, LLC, in the amount of \$1,155,750.00, for four

years.

Mr. Vallet made a motion the Board adopt the A&I Committee's recommendation to award the contract to Suttle & Stalnaker, PLLC/Williams & Keepers, LLC, in the amount of \$1,155,750.00, for four years. Mr. Stover seconded the motion. There was discussion on the motion. The motion carried unanimously.

Chairman Wyant stated his objection to using RFQ's in professional contracts, and stated that in his opinion the Board needed to get away from this practice and by statute, we do not have to follow Purchasing if we choose not to and they are wrong on this particular issue. Chairman Wyant directed the A&I Committee to look into using Request for Proposals (RFP's) versus Request for Quotations (RFQ's) in the future, when dealing with professional contracts and report back to the Board.

Mr. Bunn reviewed the TDC Administrative Expenses for FY2016. Mr. Bunn announced the A&I Committee recommends the Board approve the transfer of \$391,122.19 from the TDC Revenue Sharing Account to the CPRB Administrative Fund.

Ms. Crank made a motion the Board approve the transfer of \$391,122.19 from the TDC Revenue Sharing Account to the CPRB Administrative Fund. The motion was seconded by Mr. Vallet. The motion carried unanimously.

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

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

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 updated the Board on the case of Kimberly Jones Fouche, a PERS disability case. Ms. Legato announced on October 6, 2016, Judge Bloom Ordered that the case be remanded so that the Board could have Ms. Fouche evaluated with respect to all of her alleged physical and mental ailments.

Ms. Legato updated the Board on the Less than Honorable Service (LTHS) case of Gerald Bonnell. On March 20, 2015, this PERS Member and former City of Salem road crew supervisor who was convicted of the Felony Offence of Conspiracy to Commit Possession of a telecommunication device by an inmate. She announced on September 1, 2016, Judge Tabit entered a Final Order granting the petition of the CPRB to terminate Mr. Bonnell's membership in the Public Employees Retirement System (PERS) for Less Than Honorable Services.

Ms. Legato updated the Board on the Less than Honorable Service (LTHS) case of William R. Smallwood. On January 14, 2016, this former DOH employee and PERS member was Adjudged Guilty of Felony Embezzlement stemming from his public employment as a storekeeper. She announced on September 21, 2016, Judge Stucky entered an Order granting the Petition and terminating Mr. Smallwood's membership for Less than Honorable Service (LTHS).

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Alan K. Robinson, Jr. She announced on September 14, 2016, this former TRS member and former teacher at Sherman High School in Boone County was sentenced to one-to-five years in prison for the Felony Offense of First Degree Sexual Abuse. The victim was one of his students.

Ms. Legato recommended the Board disqualify, terminate his pension and membership in TRS and proceed with LTHS against him.

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

Ms. Legato updated the Board on the case of *Rex Toney v. CPRB*. She announced opposing counsel filed a Petition for Appeal with the West Virginia Supreme Court. 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 *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 July 20, 2016, the Supreme Court entered a Scheduling Order. The CPRB's brief was filed on October 7, 2016 and Mr. Hunting's brief is due on November 21, 2016.

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 raised the ongoing case of IMB and CPRB v. VALIC. Gerald Stowers of Bowles Rice reported on the case status and that the trial scheduled for September 19, 2016, has been continued until January 18, 2016.

Ms. Chambers reviewed the case of Allen E. Tackett v. CPRB. She announced the Court affirmed the Board's Final Order denying the Petitioner's request for additional military service credit and attorneys' fees.

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

Chairman Wyant moved the agenda back to address Tab #7, Committee Reports.

Tab 7: Committee Reports

Actuarial Assumptions Review Committee

Ms. Vascik announced the Actuarial Assumptions Review Committee met on October 6, 2016, and reviewed the Annual Interest Rate Review and the TRS Experience Study, presented by Harry Mandel, Board Actuary.

Ms. Vascik announced the Actuarial Assumptions Review Committee requests the Board approve the continuation of the 7.50% valuation interest return rate and discount assumption for all defined benefit plans, based on the July 1, 2016 actuarial valuations that were presented to the

Committee by Harry Mandel, Board Actuary.

Ms. Vascik made a motion the Board adopt the continuation of the 7.50% valuation interest return rate and discount assumption for all defined benefit plans, based on the July 1, 2016 actuarial valuations presented by Harry Mandel, Board Actuary. The motion was seconded by Mr. McKown. The motion carried unanimously.

Ms. Vascik made a motion the Board authorize Buck Consultants to perform additional analysis of impact of rate on investment return of 7.0% and 7.25%. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Mr. Mandel reviewed the 2016 TRS Experience Study Summary and Recommended Assumptions with the Board.

Mr. Mandel announced that an experience study for the Teachers Retirement System (TRS) is being completed. This experience study is being completed to provide an analysis of the adequacy of current actuarial assumptions, recommend appropriate actuarial assumption changes, and to meet actuarial standards of practice. The last TRS experience study was completed in 2011.

Ms. Vascik announced the Actuarial Assumptions Review Committee requests the Board approve the TRS Experience Study, effective July 1, 2016, that was recommended by Harry Mandel, Board Actuary.

Captain Corsaro made a motion the Board approve the TRS Experience Study, effective July 1, 2016, that was recommended by Harry Mandel, Board Actuary. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Ms. Vascik announced the Actuarial Assumptions Review Committee undertook a discussion of Asset Smoothing and the effects it has on the plans.

Chairman Wyant directed the Actuarial Assumptions Review Committee to coordinate with staff to create a detailed report as to the history of the smoothing activity and whether or not to go back to the year-to-year method for the purposes of funding.

The minutes of the Actuarial Assumptions Review Committee are located behind Tab #7.

Internal Audit Committee

Acting Cabinet Secretary Pickens announced the Internal Audit Committee met yesterday and approved the Deemed Loans Audit and the 2016 Proposed Audit Plan, prepared and presented by our Internal Auditor, Tina Baker. Acting Cabinet Secretary Pickens reviewed the Internal Audit of Deemed Loans with the Board that was approved by the Internal Audit Committee and requested their approval.

Mr. Waybright made a motion the Board adopt the Internal Audit of the Deemed Loans and the action of the Internal Audit Committee. Ms. Vascik seconded the motion. The motion carried unanimously.

Acting Cabinet Secretary Pickens reviewed the 2017 Proposed Internal Audit Plan with the Board that was approved by the Internal Audit Committee and requested its approval.

Captain Corsaro made a motion the Board adopt the 2017 Proposed Internal Audit Plan and the action of the Internal Audit Committee. Ms. Stout seconded the motion. The motion carried unanimously.

The minutes of the Internal Audit Committee are located behind Tab #7.

Tab 7: Other, Old Business

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

Tab 8: Other, New Business

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

Chairman Wyant announced a letter went out to all Board Members announcing the Election of a Vice Chairman for the West Virginia Consolidated Public Retirement Board of Trustees; to replace long term Vice Chairman Glen Gainer, III.

Chairman Wyant announced he would now open the floor for nominations from the Board for Vice Chairman of the West Virginia Consolidated Public Retirement Board.

Mr. Murray nominated Captain Michael Corsaro as Vice Chairman of the Consolidated Public Retirement Board.

Chairman Wyant asked if there were any other nominations for the Vice Chairman of the

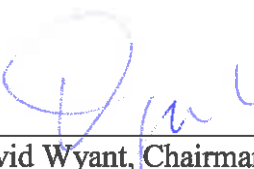
Consolidated Public Retirement Board. None were heard.

Chairman Wyant announced since there are no other nominations, the nominations were now closed.

Chairman Wyant announced a vote to approve and elect Captain Corsaro as Vice Chairman of the Consolidated Public Retirement Board. The Board voted unanimously and elected Captain Michael Corsaro as the Vice Chairman of the Consolidated Public Retirement Board.

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

Chairman Wyant adjourned the meeting of the West Virginia Consolidated Public Retirement Board (CPRB) on October 12, 2016 at 1:48 p.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board