

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JUNE 6, 2018**

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, on Wednesday, June 6, 2018. The meeting was called to order at 10:05 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman

Ann Urling, *representing Governor James C. Justice, II* (Ms. Urling joined the meeting during Executive Session)

Diana Stout, Esquire, *representing Treasurer John Perdue* (Ms. Stout joined the meeting at 10:17 a.m.)

Joseph Bunn, Esquire

Captain Michael Corsaro, Vice Chairman

Cabinet Secretary John A. Myers

Bill Barker

Andy Bird

Michael Haney

Jeffrey Vallet

Trustees absent were:

Jeff Waybright, *representing Auditor John B. McCuskey*

Mike McKown

D. Todd Murray

Joe Lynch

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director

Terasa Miller, CPRB Deputy Director

Jeanee Legato, Esquire, CPRB General Counsel

Ronda Harvey, Esquire, Bowles Rice

Gary Pullin, Esquire, Pullin, Fowler, Flanagan, Poe PLLC

Tim Abraham, CPRB Chief Compliance Officer

John Galloway, CPRB Chief Financial Officer

Nancy Butcher, CPRB Executive Assistant

Heather Drake, CPRB Administrative Assistant

Ken Woodson, CPRB Actuary
Melody Bailey, CPRB Actuarial Assistant
Alysia Miller, CPRB Paralegal
John Beane, CPRB I.T. Manager
Patricia Bowgren, CPRB I.T. Staff
Tammy Patton, CPRB I.T. Staff
Caroline Brady, CPRB Employer Reporting Manager
Craig Slaughter, Executive Director, WVIMB
Chris Meadows, Empower Retirement
Marybeth Daubenspeck, Empower Retirement
Satish Lalwani, Deloitte
Chris Deweese, Deloitte

Tab 1: Approval of the April 25, 2018 Meeting Minutes

Captain Corsaro made a motion to approve the minutes of the April 25, 2018, meeting of the CPRB. The motion was seconded by Mr. Haney. The motion carried unanimously.

The minutes were located behind Tab #1 of the Board materials.

Tab 2: Reports of the Chairman and Executive Director

Chairman Wyant announced the reappointment of Joseph G. Bunn and C. Jeffrey Vallet by Governor Justice.

Mr. Jeffrey Fleck, Executive Director, gave his report to the Board which included the following information:

1. Executive Director Fleck reported on the Metric Chart. He stated that the agency has processed 90 retirement applications since May 1, 2018, and the number of days processing applications is decreasing as well as the amount of time until the first retirement check is received. He reported that 50 of the June 1, 2018, retirement applications have already been processed and that the agency continues to work with the Department of Education to prepare for the anticipated July retirements.
2. Executive Director Fleck reported that the Teachers' Defined Contribution (TDC) assets are up and anticipates 50 TDC retirements on July 1, 2018.
3. Executive Director Fleck reported on the Delinquent Employers. He announced that the Green Acres Center continues to make payments per the settlement agreement and the Town of New Haven would be current with their payments by June 10, 2018.
4. Executive Director Fleck reported that the Mission and Vision Statement was included in the board materials. He stated that staff is working on updates and recommendations

of both.

5. Executive Director Fleck gave a brief explanation of the Strategic Plan. He went through each of the goals and provided further clarification of each. He stated that he envisions a 5-year Strategic Plan to be the final product. He also introduced CPRB Senior Managers who were in attendance at the meeting.
6. Executive Director Fleck asked for approval from the Board for contract extensions for the agency financial auditor, Suttle & Stalnaker and the outside actuary, Conduent (Buck). The extensions would be under the same terms and conditions as are currently in effect.

Mr. Vallet made a motion to renew the contract with Suttle & Stalnaker. Mr. Bird seconded. Motion carried.

Mr. Vallet made a motion to renew the contract for Conduent. Mr. Bird seconded. Motion carried.

7. Executive Director Fleck discussed the April and May Financials. He pointed out that the agency is below budget for this fiscal year.
8. Executive Director Fleck gave a Legislative Update. He announced that the House of Delegates has named Delegate Ray Hollen as Chair of the Pensions & Retirement Committee. Mr. Fleck said that he had met with Mr. Hollen and given him a brief explanation of CPRB and provided him with a copy of the Laws & Rules of the CPRB and the agency plan statistics sheet. Mr. Hollen is from Elizabeth, Wirt County and represents the 9th Delegate District.
9. Executive Director Fleck reported that the Agency has responded to questions from the Legislative Auditor, Aaron Allred, regarding taxable fringe benefits.
10. Executive Director Fleck updated the Board on the Alpha Technology Phone System. The switchover has taken place and Phase 3 will take place by the end of the June.
11. Executive Director Fleck recognized Notable Service and Retirements: Lori Cottrill, Manager of Accounting, was recognized during the Employee Appreciation luncheon for her 25 years of service; Theresa Kline, a PERS retirement advisor, retired June 1, 2018, with 34 years & 7 months of service and Susan Estep, Asst. Manager of Retirement, who will be retiring on July 1, 2018, with 33 years & 11 months of service. He also noted that Theresa and Susan were with the Teachers' Retirement System before the Consolidated Public Retirement Board was created.

The Reports of the Chairman and Executive Director were located behind Tab #2 of the Board

materials.

Tab 3: Plans Investment Data

Craig Slaughter, Executive Director of the West Virginia Investment Management Board (WVIMB), reviewed the Plan’s Investment Returns through April 30, 2018. The plans are up 8% and Judges plan is up to 9%.

Chris Meadows of Empower Retirement announced that he has been to 6 different counties: Berkeley, Wetzel, Wayne, Boone, Putnam and Kanawha. He visited nine schools, two BOEs and one neutral location. He counseled 30 plan participants in person and 123 plan participants over the telephone.

Marybeth Daubenspeck of Empower Retirement gave an update on staffing. She announced that they are making changes to the participant website with increased security.

The Plans Investment Data reports were located behind Tab #3 of the Board materials.

Tab 4: Consideration of Current Disability Retirement Applications

Captain Corsaro reported the Disability Committee met on June 5, 2018, and the Disability Committee approved the staff’s recommendations of disability retirement applications and made the following recommendations to the Board for their approval:

System	Approved	Denied	Total
DSRS	3	0	3
PERS	3	1	4
TDC	1	0	1
TRS	11	0	11
TOTAL	18	1	19

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 Mr. Haney. The motion carried unanimously.

The Disability information was located behind Tab #4 of the Board materials.

Tab 5: Consideration of Appeals to Hearing Officer Gary Pullin

Hearing Officer Pullin reviewed the appeal of Margaret E. Johnson, a surviving spouse of a member of PERS. The issue presented in this matter is whether the Board should refund the Applicant the amount of income taxes withheld from her monthly benefits for the period 2008 through 2012.

Hearing Officer Pullin recommended that the request of Margaret E. Johnson to have the amount of income taxes withheld from her monthly benefits for the period 2008 through 2013 be denied for the reasons set forth in the Recommended Decision of the Hearing Officer dated May 9, 2018.

Captain Corsaro made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Margaret E. Johnson. Mr. Bunn seconded the motion. The motion carried unanimously.

Hearing Officer Pullin reviewed the appeal of Deborah Boggs, a PERS member. The issue presented in this case is whether the Board should back date the effective date of her retirement to March 1, 2016.

Hearing Officer Pullin recommended that the request of Deborah Boggs to have the effective date of her retirement back dated to March 1, 2016, be denied for the reasons set forth in the Recommended Decision of the Hearing Officer dated May 9, 2018.

Mr. Bunn made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Deborah Boggs. Mr. Bird seconded the motion. The motion carried unanimously.

The Appeals for Consideration documents were located behind Tab #5.

Tab 6. Legal Counsel Reports

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

Mr. Bunn made a motion the Board go into Executive Session to discuss a legal matter, commercial competition and a personnel matter 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 10:45 a.m.

Chairman Wyant reconvened the Public Session of the June 6, 2018, meeting of the CPRB from Executive Session at 11:17 a.m.

Chairman Wyant announced the Board was in Executive Session to discuss a legal matter, commercial competition and a personnel matter as allowed by West Virginia Code §6-9A-4. He announced there were no decisions made during Executive Session.

Report of 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 Less than Honorable Service (LTHS) case of Steven Hull, a PERS member and former employee of the Division of Highways. She stated that on May 21, 2018, Mr. Hull entered a guilty plea to one felony count of *Mail Fraud* involving reimbursement for the submission of false invoices attached to inflated expense reports. Judge Copenhaver sentenced him to 3 years probation, a \$5,000.00 fine and ordered him to pay \$52,419.14 in restitution.

Ms. Legato recommended the Board disqualify and terminate the PERS membership of Steve Hull for LTHS.

Captain Corsaro made a motion the Board accept the recommendation of Counsel to disqualify and terminate the PERS membership of Steven Hull and to authorize counsel to proceed with LTHS proceedings against him. The motion was seconded by Mr. Vallet. The motion carried.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Joshua Nicewarner, a TRS member and former Liberty High teacher and Bridgeport High football coach. She announced on March 7, 2018, Mr. Nicewarner entered a guilty plea to 2 of 3 felony charges in the Harrison County Circuit Court. He pleaded guilty to the felony offense of *Distribution of Obscene Matter to a Minor* and the felony offense of *Solicitation of a Minor Via a Computer*.

Ms. Legato recommended the Board disqualify and terminate the PERS membership of Joshua Nicewarner for LTHS.

Mr. Bunn spoke against the recommendation. Captain Corsaro made a motion the Board accept the recommendation of Counsel to disqualify and terminate the PERS membership of Joshua Nicewarner and to authorize counsel to proceed with LTHS proceedings against him. The motion was seconded by Mr. Bird. The motion carried.

Ms. Legato updated the Board on the Randall Myers case. She reported that the West Virginia Supreme Court of Appeals dismissed the case on May 23, 2018.

She also gave an update on the VALIC case, reporting that the Court rendered a 5-0 decision in favor of the Respondent. It has yet been determined if the decision will be appealed.

The report of the In-House Legal Counsel was located behind Tab #6 of the Board materials.

Report from Outside Legal Counsel – Ronda Harvey

Ms. Harvey updated the Board on the Thomas Ward v. CPRB case. He has appealed, and the Court has entered a briefing schedule setting the deadline for Ward to file an appeal brief by June 21, 2018, and the deadline for CPRB's brief is August 6, 2018.

Ms. Harvey updated the Board on the Allen E. Tackett v. W.Va. Consol. Pub. Ret. Bd. case regarding Mr. Tackett's attorney's fees. As of this date, nothing has been filed.

The report of the Outside Legal Counsel was located behind Tab #6 of the Board materials.

Tab 7: Committee Reports

Executive Director & Actuary Review Committee

Chairman Wyant, Chair of the Executive Director and Actuary Review Committee announced the Committee met on Monday, April 30, 2108, and had recommendations to make to the Board on behalf of the Committee.

Chairman Wyant announced the EDAR Committee recommends that the Board increase the salary of the Executive Director to \$115,008.00 pending approval of the Governor.

Mr. Bunn made a motion that the Board adopt the recommendation of the Committee. Cabinet Secretary Myers seconded the motion. The motion carried unanimously.

The minutes of the Executive Director & Actuary Review Committee meeting dated March 13, 2018, were located behind Tab #7 of the Board materials.

Accounting and Investment Committee

Mr. Bunn, Chair of the Accounting and Investment Committee announced the committee met on Tuesday, June 5, 2018, and Wednesday, June 6, 2018, and had recommendations to make to the Board on behalf of the Committee.

Mr. Bunn recommended that the Board authorize CPRB Management to execute the engagement letters and audit plan with Suttle & Stalnaker.

Captain Corsaro made a motion to authorize the Agency to enter into the Agreements with Suttle & Stalnaker. Mr. Vallet seconded. Motion carried.

Mr. Bunn also announced the Committee has put Franklin Mutual Global Discovery Z on formal watch.

The minutes of the Accounting and Investment Committee meeting dated March 14, 2018, and

the Engagement Letters were located behind Tab #7 of the Board materials.

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. None was heard.

There being no further business to come before the Board, the meeting adjourned at 11:15 a.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board