

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF JULY 10, 2013**

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 10:12 a.m. by Chairman David Wyant.

Roll Call was taken.

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  
Drema Evans  
Joe Lynch  
D. Todd Murray  
Tony Payne

Trustees not present:

Thomas Bradley  
Captain Michael Corsaro  
Andrew Richardson, Esquire

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director  
Terasa Miller, Deputy Director  
Jeaneen Legato, Esquire, CPRB General Counsel  
Candi Moore, CPRB Executive Assistant  
Lenna Chambers, Esquire, Bowles Rice  
Jack DeBolt, Esquire, Hearing Officer  
Anne Charnock, Esquire, Hearing Officer  
Amy Heyel, Great-West Retirement Services, Vice President Client Relations  
Andrew Wyne, Great-West Retirement Services, Outreach Officer  
Craig Slaughter, Executive Director, WVIMB  
Norm Buckwalter, LRWL  
David Mullins, Department of Administration  
Anthony Carpenter, Gibbons & Kawash  
Bob Denyer, Gibbons & Kawash  
Judy King, Appellant  
Bill Kinney, Self

Harry Mandel, CPRB Actuary  
Melody Bailey, CPRB Actuary Analyst  
Darden Greene, CPRB CFO  
John Beane, CPRB Chief IT Officer  
Cindy Boyd, CPRB Computer Project Manager  
Annamarie Short, CPRB Internal Auditor  
Steve Stockton, CPRB Compliance Officer  
Alysia Miller, CPRB Paralegal  
Cindy Adkins, CPRB Office Manager  
Bill McClanahan, Office of Technology  
Chrissy Courtney, CPRB Outreach Coordinator  
Eric Stringer, CPRB IT Staff  
Deana Gose, CPRB Uniform Services Manager  
Lisa Trump, CPRB PERS Manager  
Caroline Brady, CPRB PERS Assistant Manager  
Torrrie Williams, CPRB PERS Membership

**Tab 1: Approval of the May 15, 2013 Meeting Minutes**

Mr. Bunn made a motion to approve the May 15, 2013 minutes of the CPRB. The motion was seconded by Mr. Payne. 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:

Eric Stringer, CPRB IT Staff gave the Board a presentation on how to use the new Board Book Tablets/E-readers.

1. Executive Director Fleck reviewed the May and June 2013 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported there were 88 TRS Estimates for May and 155 TRS Estimates for June. There were 41 TRS Retirements for May and 33 TRS Retirements for April. In PERS, there were 253 Estimates for May and 205 Estimates for June. PERS had 107 Retirements for May and 99 for June.
2. Executive Director Fleck announced to the Board that the CPRB has another Employee of the Month. David McCauley is the Employee of the Month for June 2013.
3. Executive Director Fleck reported to the Board on the PERS Educational Seminars throughout the State. He reported the seminars were held during the month of June and reported there were 530 in attendance and 411 surveys were completed.
4. Executive Director Fleck reported to the Board there will be a PERS Benefit

Coordinator Seminar held on August 27, 2013 in Flatwoods.

5. Executive Director Fleck reviewed with the Board the Teachers' Defined Contribution (TDC) 2013 Educational Meetings. He announced there have been 50 meetings held so far, with 472 in attendance.
6. Executive Director Fleck reported to the Board the TDC Reality Investing statistics are in the Board book. He announced that as of June 2, 2013 there are 5,002 total participants in TDC, with \$350,386,206 in total assets.
7. Executive Director Fleck reviewed with the Board on the TDC Administrative Fee Holiday for the TDC participants.
8. Executive Director Fleck reviewed the delinquent employers list with the Board. He reported to the Board that the Town of Pratt Water Work's is current on their monthly payments. The people of the Town of Pratt voted on June 11, 2013 to allow the West Virginia American Water to take over their waterworks. West Virginia Water will take over, and the acquisition should be complete sometime in December 2013. At that time, it is expected PERS will be paid the total delinquent amount owed.
9. Executive Director Fleck reported to the Board on the changes being made in financial reporting requirements pursuant to GASB 67 and 68; he reported there will be changes on how they report liabilities. Executive Director Fleck informed the Board that Mr. Bob Denyer is here to speak to the Board on the GASB changes. Mr. Denyer reviewed the changes on how GASB will be reporting on 67 and 68 and what will be needed.

Mr. Garcia made a motion to allow Director Fleck to work with Buck Consultants to perform a "dress rehearsal" using July 1, 2012 numbers and determine the impact of the GASB 67 and 68 changes. Mr. Bunn seconded the motion. There was discussion on the motion. Chairman Wyant asked the Board Actuary, Harry Mandel if he had any idea of the costs for this "dress rehearsal"; Mr. Mandel informed the Chairman he did not know yet.

Mr. Garcia withdrew his motion. Mr. Bunn withdrew his second.

Mr. Garcia made a motion the Board allow Director Fleck a limit of \$50,000 to work with Buck Consultants. Ms. Stout seconded the motion. The motion carried unanimously.

10. Executive Director Fleck reported to the Board that the CPRB sent out a letter to all participating employers regarding the rights under the Uniformed Services

Employment and Reemployment Rights Act (USERRA) of 1994 regarding pension benefits with the CPRB.

11. Executive Director Fleck reported to the Board on the May and June 2013 CPRB Financials; he reported that as of June 30<sup>th</sup> we are at 58.5% of budget.
12. Executive Director Fleck reported to the Board that the June Legislative Interims were held in Wheeling.
13. Executive Director Fleck reported to the Board on the status of retaining a Disability Fraud Investigator. He reported that we spoke to other states and received information from them; we met with officials from the WV Insurance Commissioner's Fraud Unit and discussed the idea of a "Tip Hot-line" and were informed this was a good place to start. He announced to the Board that Staff recommends 1<sup>st</sup>: To implement a toll free tip line that could be used to discover a wide array of cases of non-compliance (i.e. work after regular retirement issues, employer violations, etc.). Issues not related to disability retirement could be referred to staff for further research or employer could be queried for more information as needed. 2<sup>nd</sup>: Review tips on a case-by-case basis and if regarding disability retirement, first recommend that member be re-evaluated by a Board Doctor at the Board's expense and follow up thereafter. Also, staff is looking into the option of utilizing a Disability Claims Management Provider, which would provide more consistent results.

Mr. Garcia asked Executive Director Fleck to have staff draft a rule and bring it back to the Board to consider.

Ms. Evans made a motion the Board give staff approval to pursue a tip-line. The motion was seconded by Mr. Lynch. The motion carried unanimously.

Chairman Wyant instructed staff to propose procedures for the tip-line for PERS and TRS, or any other system we have that does not have a procedure and bring those procedures back to the Board for review and approval. Chairman Wyant asked the Board if anyone opposed these instructions to staff. No objection was heard. The Reports of the Chairman and Executive Director are 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 the plans investment returns for April and May 2013.

Andrew Wyne, Great-West Retirement Services, reported to the Board on the TDC investments and Reality Investing. The Plans Investment Data reports are located behind Tab 3.

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

Chairman Evans reported the Disability Committee met on July 9, 2013, and the Committee makes the following recommendations to the Board:

<b>System</b>	<b>Approved</b>	<b>Denied</b>	<b>Total</b>
<b>PERS</b>	25	2	27
<b>State Police, Plan B</b>	1 - total duty		1 – total duty
<b>TDC</b>	4	0	4
<b>TRS</b>	5	0	5
<b>TRS/TDC Transfers</b>	18	1	19
<b>TOTAL</b>	<b>53</b>	<b>3</b>	<b>56</b>

Mr. Lynch made a motion the Board accept the Disability Committee’s recommendations concerning the disability retirement applications. The motion was seconded by Mr. Parsons. The motion carried unanimously. The disability list is behind Tab 4.

**Tab 5: Consideration of Appeals from Hearing Officers - Jack DeBolt**

Secretary Taylor made a motion the Board go into Executive Session to discuss contractual issues, legal matters, medical issues, commercial competition matters and personnel matters as allowed by West Virginia Code § 6-9A-4. The motion was seconded by Ms. Evans. The motion carried unanimously. The Board went into Executive Session at 11:12 a.m.

Chairman Wyant reconvened the Public Session of the July 10, 2013 meeting of the CPRB from Executive Session at 12:40 p.m. Chairman Wyant stated the Board was in Executive Session to discuss contractual issues, legal matters, medical issues, commercial competition matters and personnel matters 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: Consideration of Appeals from the Hearing Officer.

Hearing Officer Charnock addressed the appeal of Melanie Kessler on whether or not the Board properly sought repayment of the September 2012 TRS disability annuity benefit payment made to the Applicant and recommended her appeal be denied and the Board's decision requiring repayment should be affirmed.

Mr. Payne made a motion the Board accept the recommendation of Hearing Officer Charnock and deny the appeal of Melanie Kessler. The motion was seconded by Mr. Lynch. The motion carried unanimously.

Hearing Officer Charnock addressed the appeal of Judith L. King on whether the Board was correct to deny Judith King's request to recalculate her share of Charles E. King, Jr.'s retirement annuity. Hearing Officer Charnock recommended that the appeal of Judith King to have Charles E. King, Jr.'s retirement annuity recalculated be denied.

Mr. Bunn made a motion the Board accept the recommendation of Hearing Officer Charnock and deny the appeal of Judith King. The motion was seconded by Mr. Lynch. The motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of Debra A. Bowles as to whether or not the Applicant is entitled to retain service credit earlier mistakenly afforded to her and to immediately commence a regular retirement annuity. It is recommended by Hearing Officer DeBolt that Debra A. Bowles be permitted, should she choose, to void the service credit reinstatement transaction but that, otherwise, her appeal be denied.

Mr. Murray made a motion to deny the appeal but allow the petitioner to withdraw her reinstatement payments. The motion was seconded by Mr. Lynch. There was discussion on the motion. The motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of Archie E. Hubbard on whether or not he is permitted to proceed in light of transferring his disability retirement to the EMSRS System. It is recommended by Hearing Officer DeBolt that Archie E. Hubbard be allowed to transfer his disability retirement to the Emergency Medical Services Retirement System.

Mr. Lynch made a motion the Board reject the recommendation of Hearing Officer DeBolt. The motion was seconded by Mr. Murray. There was a vote on the motion by raising hands. The motion failed with 5 against the motion and 4 in favor of the motion.

Chairman Wyant asked the Board if there was any other motion the Board would like to

make with regard to the Hearing Officer's recommendation.

Mr. Bunn announced he would like to make a motion that the Board modify the Hearing Officer's recommended decision and agree to the start date that has been offered by Mr. Hubbard's counsel. Chairman Wyant asked Mr. Bunn if he was asking the Board to accept the recommendation of the Hearing Officer with a start a transfer date of August 1, 2013, to which Mr. Bunn replied yes. Mr. Garcia seconded the motion. Chairman Wyant asked for a show of hands on the vote. The motion passed with 5 in favor of the motion and 4 against the motion.

Hearing Officer DeBolt addressed the appeal of Sharia Ann Maynard as to whether or not the Applicant is entitled to participate in DSRS. It is recommended by Hearing Officer DeBolt that Sharia Ann Maynard be permitted to transfer from PERS to DSRS conditioned upon any payments which may be required by such a transfer.

Mr. Murray made a motion the Board accept the recommendation of Hearing Officer DeBolt, approve the appeal of Sharia Ann Maynard and permit her to transfer from PERS to DSRS, but that she is required to pay any payments that may be required by such transfer. The motion was seconded by Mr. Payne. The motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of James N. Valentine to determine the appropriate effective date of the Applicant's State Police Plan A partial duty-related disability award. It is recommended by Hearing Officer DeBolt that the request of James N. Valentine for an earlier effective date for disability retirement benefits from the State Police Plan A be denied.

Mr. Bunn made a motion the Board accept the recommendation of Hearing Officer DeBolt and deny the appeal of James N. Valentine. The motion was seconded by Mr. Payne. The motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of Betty A. Washington as to whether or not a member of PERS who has less than two years contributing service and who withdraws from service is entitled to the payment of interest upon withdrawal of her contributions. It is recommended by Hearing Officer DeBolt that the request of Betty A. Washington for payment of interest on her PERS contributions be denied.

Mr. Payne made a motion the Board accept the recommendation of Hearing Officer DeBolt and deny the appeal of Betty A. Washington. The motion was seconded by Mr. Bunn. The motion carried unanimously. The appeals are located behind Tab 5.

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

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

Chairman Wyant announced there was no updated report from Pullin, Fowler, Flanagan, Brown & Poe on the case of Dougherty v. CPRB.

**Tab 7: Committee Updates**

**Accounting & Investing Committee**

Mr. Bunn reviewed the report of the Accounting & Investing Committee with the Board. Mr. Bunn announced he would like to make a motion the Board adopts the recommendation of the A & I Committee to continue to waive the Administrative Fees in TDC as well as the Reality Investment Fees for Fiscal Year 2014. Ms. Stout seconded the motion. The motion carried unanimously. The minutes for the A & I Committee are located behind Tab 7.

**Computer System Update Committee**

Chairman Wyant recused himself and passed the Chair to Vice Chair, Mr. Mack Parsons.

Ms. Stout announced to the Board that Chairman Corsaro could not be here today so she would be reporting to the Board on the Computer System Update Committee. Ms. Stout announced the Committee met and evaluated the Best and Final Offer (BAFO) cost scores. The Committee also approved the Best and Final Offer (BAFO) scores and on behalf of the Committee she would like to make the recommendation that the Board approve the highest overall scoring bidder as the winning bid with the highest score.

Mr. Garcia announced he would like to make the motion the Board accept the recommendation of the Computer System Update Committee and authorize Bowles Rice to



negotiate a contract with the highest overall scoring bidder and to waive any conflict of interest with Bowles Rice. The motion was seconded by Ms. Stout. There was discussion on the motion.

Mr. Bunn asked that we modify the motion so that it is conditioned upon Bowles Rice putting in place certain internal processes that prevent Bowles Rice attorneys, who currently handle other unrelated matters for the highest overall scoring bidder, from accessing files or materials related to the negotiations with the highest overall scoring bidder.

Mr. Garcia amended his motion to include Mr. Bunn's modifications. Ms. Stout concurred. The motion carried unanimously.

Ms. Stout announced to the Board at the last meeting there was discussion made on a cap for the LRWL Wechsler contract amendment. There was not a cap on the contract change order or amendment and Director Fleck was able to negotiate a cap for it. The rate is \$210.00 per hour, with a maximum of 8,315 hours over a period of about 48 months which will cover the implementation for phase 3 of their contract. This will be for the implementation for the software and hardware development. The maximum amount for the contract amendment will be \$1,809,186.00.

Ms. Stout announced that on behalf of the Computer System Update Committee, she would like to make a motion the Board approve the contract amendment. Mr. Garcia seconded the motion. There was discussion on the motion. The motion carried unanimously. The minutes for the Computer System Update Committee are located behind Tab 7.

Vice Chairman Parsons passed the Chair back to Chairman Wyant.

#### **Internal Audit Committee**

Chairman Taylor announced the Internal Audit Committee met on July 9, 2013. There was a Dual Military Service Credit Audit presented to the Committee. On behalf of the Internal Audit Committee, Chairman Taylor made a recommendation the Board accept management's response to the Dual Military Service Credit Audit.

Chairman Wyant asked the Board if there was a motion to accept management's response to the Dual Military Service Credit Audit.

Ms. Evans made the motion that the Board accepts the management's response to the Dual Military Service Credit Audit. Mr. Parsons seconded the motion. The motion carried. Ms. Stout voted no. The minutes for the Internal Audit Committee are located behind Tab 7.

**Tab 8: 2014 Proposed Legislative Rules**

Director Fleck reviewed with the Board the public comment period for the proposed changes for the PERS Series 5 Legislative Rule will conclude this Friday, but as of today, we have had no public comments.

**Tab 9: Other, Old Business**

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

Mr. Bunn asked various questions regarding GASB 67 and the assumed rate of return and announced he would also welcome Harry Mandel's comments. Mr. Mandel, Board Actuary explained the effects of GASB 67 and the assumed rate of returns with the board.

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

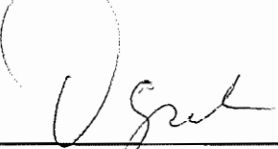
**Tab 10: Other, New Business**

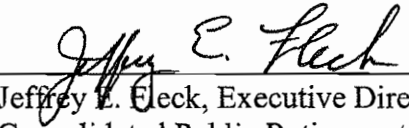
Director Fleck announced the annual Fiduciary Training for all Board Members and staff will start at 10:00 a.m. on August 21, 2013. Fiduciary Training will be presented to the Board by Tom Heywood of the Bowles Rice Law Firm. The Board meeting will start immediately after the fiduciary training at approximately 11:00 a.m.

Director Fleck announced he would like to publicly thank John Beane, Eric Stringer and Candi Moore for all of their hard work on the new Board Tablets.

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

Chairman Wyant adjourned the July 10, 2013 meeting of the West Virginia Consolidated Public Retirement Board at 1:35 p.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