

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF JULY 20, 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 10:02 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*

Diana Stout, Esquire, *representing Treasurer John Perdue*

Gale Given, *representing Acting Cabinet Secretary Mary Jane Pickens*

Michael Haney

Joe Lynch

Jeffrey Vallet

Trustees not present:

Jeff Waybright, *representing Auditor Lisa Hopkins*

Joseph Bunn, Esquire

Andy Bird

Captain Michael Corsaro

Angela Crank

Mike McKown

D. Todd Murray

David Stover

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director

Terasa Miller, CPRB Deputy Director

Candi Kinslow, CPRB Executive Assistant

Jeaneen Legato, Esquire, CPRB General Counsel

Lenna Chambers, Esquire, Bowles Rice

Anne Charnock, Hearing Officer

The Honorable Gaston Caperton

Chuck Smith

Debbie Wyant

Craig Slaughter, Executive Director, WVIMB

Eric Sanderson, Empower Retirement

Chris Meadows, Empower Retirement

Tom Zacharias, Deloitte Consultants
Diane Holley Brown, Department of Administration
Hannah King, Department of Administration
Jessica Chambers, Department of Administration
Marc A. Monteleone, Esquire, Bowles Rice
Chris Ade, Lord Abbett
Norm Buckwalter, LRWL
John Beane, CPRB Chief 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
Chrissy Courtney, CPRB Outreach Coordinator
Patricia Bowgren, CPRB Communications
Susan Estep, CPRB Annuity & Loan Manager
Diana Davis, CPRB Retirement Payroll
Diana Lunsford, CPRB, Retired
Gary Shively, CPRB, Retired

Tab 1: Approval of the June 1, 2016 Meeting Minutes

Mr. Lynch made a motion to approve the minutes of the June 1, 2016 meeting of the CPRB. The motion was seconded by Mr. Haney. The motion carried unanimously.

The minutes are located behind Tab #1.

Tab 2: Reports of the Chairman and Executive Director

Chairman Wyant announced today is a special day. It has been 25 years this month since the Consolidated Public Retirement Board has been in place and working. He announced it was the idea of the 31st Governor of West Virginia, Gaston Caperton who promulgated the Bill to consolidate the plans and was passed by the Legislature. Chairman Wyant announced 25 years ago the administration of the different plans were Ad Hoc with different rules and systems. He announced Governor Caperton had the idea to coordinate and to consolidate so we would have organization within this very important part of State Government. He announced when we started as the CPRB, we were 9% funded in the Teachers' Retirement System and now TRS is 67% funded. Chairman Wyant thanked and congratulated the present Board Members and also the previous Board Members for enforcing and following the fiduciary rules that they need to follow to protect the Board's assets and to protect the participants. Chairman Wyant wanted to thank the

Legislature and all of the Governors from Gaston Caperton to the present for their guidance of the CPRB. Chairman Wyant then acknowledged and thanked staff for all of their hard work in keeping things running through the years. He asked Executive Director Fleck to identify the members of staff who have been working for 25 years at the CPRB.

Executive Director Fleck announced CPRB still has five original employees that have been here since 1991, they are: Susan Estep, Gary Shively, Diana Lunsford and Theresa Kline. He then announced, the CPRB also has one original Board Member: Chairman Wyant who was on the Board when it became consolidated in 1991.

Board Member Joseph Bunn arrived at 10:06 a.m.

Executive Director Fleck announced he wanted to recognize and thank staff who have contributed to the 25th Anniversary celebration, they are: Patricia Bowgren, for designing the beautiful commemorative 25th Anniversary banner and Melody Bailey, who baked and decorated the 25th Anniversary cake with the same design as the banner. Executive Director Fleck then announced he wanted to recognize and thank all of the current employees and all of the employees that we have had for the past 25 years who have helped us to get to the point that we are today.

Chairman Wyant announced that he was honored and privileged to recognize and honor the 31st Governor of the State of West Virginia, The Honorable Gaston Caperton. He is here today with us in commemoration of the 25 years of the consolidation of the Retirement Board and without his ideas and foresight, this Board would not be here today. Chairman Wyant asked Governor Caperton if he would stand and be recognized.

The Honorable Gaston Caperton thanked Chairman Wyant for the leadership he has provided to the Board and stated that what the CPRB is doing today means so much to the people that have worked in State government and to their families, the CPRB's professionalism brings security and comfort to all of them. He announced the whole state has to thank Chairman Wyant for all of the dedicated work he is doing and he encouraged the Board to continue to do the great work they are doing. He then thanked Chairman Wyant and the Board for allowing him to be a part of the celebration and to be a part of the success that the Consolidated Public Retirement Board is having and what it means for the people who benefit from the CPRB. He announced, the people in this state have worked hard and need to have the program that the CPRB has made to be such a success.

Chairman Wyant thanked Governor Caperton for coming, for the kind words and for having the foresight in consolidating the Retirement Board.

Chairman Wyant announced we have a commemorative cake, prepared by Melody Bailey and we will take a few minutes so that everyone can enjoy the celebration and cake.

At 10:15 a.m., Chairman Wyant, the Board, Governor Caperton, guests and staff took a short break to enjoy the cake that was provided; and to take photographs to commemorate the 25th Anniversary of the Consolidated Public Retirement Board.

Chairman Wyant called the meeting back to order at 10:21 a.m. He announced we will now return to Tab #2 on the Agenda; Reports of the Chairman and Executive Director.

Reports of the Chairman and Executive Director

1. Executive Director Fleck reported on the May and June 2016 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and requested estimate numbers. He reported for May there were 80 TRS estimates and 38 retirements and in PERS there were 253 estimates and 51 retirements. He reported for June there were 70 TRS estimates and 55 retirements and in PERS there were 121 estimates and 133 retirements.
2. Executive Director Fleck announced we have already addressed the 25th Anniversary. He announced he had gone back and reviewed the first set of minutes of the consolidation of the Board. He informed the Board that the first meeting of a full Consolidated Retirement Board was in July 1991, which included five retirement plans: Teachers Defined Contribution (TDC), Teachers' Retirement System (TRS), Public Employees Retirement System (PERS), Deputy Sheriff Retirement System (DRRS) and State Trooper Plan A.
3. Executive Director Fleck reported on the Teachers' Defined Contribution (TDC) 2016 Educational Meetings. He announced there have been a total of 40 meetings so far this year, with 468 in attendance. He then reported on the TDC Reality Investing statistics. He announced that TDC has a total of 4,513 participants and \$422,899,088 in total assets.
4. Executive Director Fleck reviewed the Summer Edition of the 2016 TDC Financial Footnotes.
5. Executive Director Fleck reported on all of the Delinquent Employers. He announced that the Mingo County PSD has paid the employee contributions in full

and we are now waiting on the employer contributions from them. He announced we are working with the City of Thomas to collect delinquent contributions from them.

6. Executive Director Fleck provided the Board an update of the COMPASS project. He announced the COMPASS project is now 84% complete of the overall project status. He reported that we are looking into extending our go-live date to March 2017. He announced there would be change orders for Deloitte Consulting and LRWL that would need to be addressed by the Computer System Update Committee during Committee reports.
7. Executive Director Fleck announced we have a contract renewal that needs the Boards approval. It is for InRule Technology, Incorporated and is for the annual software maintenance update agreement for \$66,717.00.

Mr. Bunn made a motion to approve the contract renewal for InRule Technology, Incorporated, for the annual software maintenance update agreement for \$66,717.00. The motion was seconded by Mr. Vallet. The motion carried unanimously.

8. Executive Director Fleck announced that in the July edition of Quotes, Notes and Antidotes there was an article on the PERS Seminars that are scheduled to take place here at the CPRB. He informed the Board that Chrissy Courtney will do the presentations at the seminars for the potential retirees. Executive Director Fleck then announced we were going to video record the presentation of the seminars and have them on our website to help those who live far away and cannot attend.
9. Executive Director Fleck announced there is a contract extension for the Gibbons & Kawash contract. He announced the board does not need to take action at this time; Gibbons & Kawash are continuing to work on FY 2016 and with the scope of governmental changes, they have asked for an extension through October 31, 2016 as their contract ends on September 1, 2016. Executive Director Fleck announced once their contract expires, we will then go through Purchasing for a Request for Quote (RFQ), because they have decided not to renew.
10. Executive Director Fleck reviewed the CPRB's May and June 2016 financials with the Board. He announced that as of June 30, 2016, we are at 99.42% of budget.
11. Executive Director Fleck reported on the Legislative Session Update. He announced that we have received information from the Legislature on what they will be studying during the interims: The Finance Committee will be reviewing

our retirement plans funding formulas for abilities to refinance, rebalance and recommend changes to save resources. He then announced the Pension Committee is looking for potential improvements to pensions for retired Teachers and Public Employees.

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 May 31, 2016 for the Board.

Eric Sanderson, reviewed the TDC Investment Funds and Investment Performance with the Board for the period ending May 31, 2016. Mr. Sanderson introduced Chris Meadows who will be replacing Andrew Wyne as the key Retirement Plan Counselor. Mr. Sanderson informed the Board that there will be an article in the Financial Footnotes about Mr. Meadows.

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

Tab 4: Consideration of Current Disability Retirement Applications

Mr. Lynch reported the Disability Committee met on July 19, 2016. The Committee approved and makes the following recommendations to the Board for their approval:

System	Approved	Denied	Total
DSRS	1 Total Duty	0	1 Total Duty
PERS	15	2	17
TDC	3	0	3
TRS	2	0	2
TRS (TDC Transfers)	9	0	9
TOTAL	30	2	32

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 Ms. Stout. The motion carried unanimously.

The disability list is located behind Tab #4.

Tab 5: Consideration of Appeals to the Hearing Officer – Anne Charnock

Hearing Officer Anne Charnock reviewed the request of Shannon Wilkerson. Ms. Charnock announced the issue presented in this matter is whether or not the Applicant can transfer her membership from the Teachers' Defined Contribution System to the Teachers Retirement System, although she did not timely submit a request to make this transfer.

Hearing Officer Charnock recommended that the request of Shannon Wilkerson to transfer from the Teachers' Defined Contribution System to the Teachers Retirement System be denied.

Mr. Bunn made a motion to adopt the recommendation of the Hearing Officer and to deny the appeal of Shannon Wilkerson. Mr. Lynch seconded the motion. The motion carried unanimously.

The Appeal 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 and contractual matters.

Ms. Vascik made a motion the Board go into Executive Session to discuss legal and contractual matters as allowed by West Virginia Code §6-9A-4. The motion was seconded by Ms. Stout. The motion carried unanimously. Executive Director Fleck asked Marc Monteleone of Bowles Rice to stay during Executive Session. The Board went into Executive Session at 10:41 a.m.

Chairman Wyant reconvened the Public Session of the July 20, 2016 meeting of the CPRB from Executive Session at 12:21 p.m. Chairman Wyant announced the Board was in Executive Session to discuss legal and contractual 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 back to address Tab #2, Reports of the Chairman and Executive Director.

Executive Director Fleck announced he had missed acknowledging Diana Davis during his earlier introductions for the staff with 25 years of service. He congratulated Ms. Davis for her 25 years with the CPRB.

Chairman Wyant moved the agenda back to address Tab #6, Work in Progress Reports from In-House Legal Counsel.

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 *Birdie Gandy v. CPRB*. She announced on April 27, 2016, the Board submitted a Proposed Order. She announced that on June 6, 2016, Judge Hoke entered an Order Reversing the Consolidated Public Retirement Board's Final Order, which is attached to her report. Ms. Legato provided the Board with the following options they could take: Appeal the decision to the West Virginia Supreme Court along with a motion to extend the time for filing such an appeal because we are two weeks outside the deadline; file a motion to dismiss challenging the court's jurisdiction because Ms. Gandy may be a resident of Putnam County as opposed to Lincoln County; or, the Board can do nothing and follow Judge Hoke's Order permitting Ms. Gandy to transfer from the Teachers' Defined Contribution (TDC) System back into the Teachers' Retirement System (TRS) provided she pays the costs associated with that transfer.

Chairman Wyant asked the Board if there was any action they wanted to take regarding the Birdie Gandy case. No action was taken.

Ms. Legato updated the Board on the case of *Ollie Hunting v. CPRB*. She announced this is a TRS appeal regarding the inclusion of a lump sum settlement as part of the final average salary. On December 6, 2011, Hearing Officer DeBolt presided over an administrative hearing. On January 16, 2012, he issued a *Recommended Decision* which recommended that Mr. Hunting's request be denied. The Board adopted the Recommended Decision of the Hearing Officer during the February 2012 Board Meeting. She announced that on June 6, 2016, Judge Hoke entered an

Order Reversing the Board's Final Order, which is attached to her report. Ms. Legato announced that on July 1, 2016, we filed a Petition for Appeal with the West Virginia Supreme Court of Appeals.

Chairman Wyant announced he would now entertain a motion from the Board to confirm the action of the Board's Counsel filing the Appeal, since it had to be filed when the Board was out of session.

Mr. Bunn made a motion to confirm the action of Board's Counsel filing the Appeal on behalf of the Board in the Ollie Hunting case. The motion was seconded by Ms. Stout. The motion carried unanimously.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Leonard Smith, Jr. She announced he was a former Kanawha County bus driver who Pled Guilty to Third Degree Sexual Assault and Solicitation of a Minor via the internet. She announced the Felony offenses involved a 13 year old girl who was a student on his bus route.

Ms. Legato recommended the Board disqualify and terminate Leonard Smith, Jr.'s pension and membership in the Teachers' Retirement System (TRS) and proceed with LTHS against him.

Ms. Stout made a motion for the Board to adopt counsel's recommendation to disqualify and terminate the pension and membership in the Teachers' Retirement System (TRS) of Leonard Smith, Jr., and to proceed with LTHS proceedings against him. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Ms. Legato updated the Board on the Less than Honorable Service (LTHS) case of Dennis Streets. She announced the former Berkley County deputy was convicted of Felony Embezzlement by a jury in August of 2015. She announced that during the October 2015 Board meeting, the Board passed a motion to terminate his membership for Less than Honorable Service. In November 2015, the Circuit Court set aside the conviction and granted a new trial. During the December 2015 Board meeting, the Board rescinded its prior decision to terminate him for Less than Honorable Service to await final disposition of the criminal charges. On June 3, 2016, the West Virginia Supreme Court granted the state's Writ to reinstate the criminal conviction and Reversed the lower Court's decision to grant a new trial.

Ms. Legato recommended the Board disqualify and terminate Dennis Streets pension and membership in the Deputy Sheriffs' Retirement System (DSRS) and proceed with LTHS against

him.

Mr. Bunn made a motion the Board adopt counsel's recommendation to disqualify and terminate Dennis Streets pension and membership in the Deputy Sheriffs' Retirement System (DSRS) and to proceed with LTHS proceedings against him. The motion was seconded by Mr. Haney. The motion carried unanimously.

Ms. Legato updated the Board on the case of Cindy Ringel-Williams v. CPRB. She announced this was a Teachers' Retirement System (TRS) eligibility appeal. She announced on June 3, 2016, the West Virginia Supreme Court issued a unanimous signed Opinion affirming the lower Court's Order, which affirmed the Board's Final Order, which is attached to her report.

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 the ongoing case of IMB & CPRB v. VALIC. She reported the trial has been rescheduled and will begin September 20, 2016. She informed the Board that a new mediator has been assigned; Judge Young of Wayne County and announced that mediation took place yesterday, July 19, 2016. This mediation was unsuccessful.

Ms. Chambers announced that Bowles Rice is assisting the CPRB with multiple administrative appeals by current and former Department of Natural Resources (DNR) Law Enforcement Officers, regarding whether subsistence pay was properly included as part of the individuals' pensionable compensation in PERS. She announced the Applicants are seeking a Declaratory Judgement. The parties have agreed to submit stipulations to the Hearing Officer and are in the process of preparing those.

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

Tab 7: Committee Reports

Computer System Update Committee

Ms. Stout informed the Board that the Computer System Update Committee met on Thursday, July 14, 2016, and recessed until this morning, July 20, 2016; to discuss a proposed Change Order from our vendor, Deloitte Consultants in reference to a proposed timeline change related to the COMPASS project and also discussed a proposed Change Order for extension of the LRWL Contract.

Ms. Stout made a motion the Board approve a Change Order for Deloitte Consulting in the amount of 3 million dollars; 2 million of which is to be payable upon completion of the Vender Acceptance Testing (VAT), the schedule for the contract be extended to April 30, 2017; and Executive Director be authorized to negotiate various conditions that were included in the letter to Deloitte Consulting. The motion was seconded by Ms. Vascik. The motion carried unanimously.

Ms. Stout made a motion the Board approve a Change Order for our vendor, LRWL to extend their contract to conform to the extension for the Deloitte Consulting contract, which is through March 31, 2018. The hourly rates are to stay the same and not to exceed \$498,600.00 for additional work. The motion was seconded by Ms. Vascik. There was discussion on the motion.

Mr. Bunn asked that the motion be amended to include: Subject to LRWL's acceptance and expressed provision in the contract, stating that LRWL should prepare, under the supervision of the project manager, a weekly status report based upon the findings of the weekly status meetings; and upon approval by the project manager, shall deliver that status report to Deloitte Consulting. The motion was seconded by Mr. Vallet. The amendment to the motion carried unanimously.

Chairman Wyant announced we will now vote on the original motion with the amendment. The motion carried unanimously

Internal Audit Committee

Ms. Givens, representing Acting Cabinet Secretary Pickens announced the Internal Audit Committee had met this morning at 9:00 a.m. Ms. Givens recommended the Board approve the report on the Retirement Annuity Issues Caused by Repayment of "No Hardship" Payments, presented by the CPRB Internal Auditor, Tina Baker and approved by the Committee.

Mr. Vallet made a motion the Board approve the report on the Retirement Annuity Issues Caused by Repayment of "No Hardship" Payments, presented by the CPRB's Internal Auditor. The motion was seconded by Ms. Stout. The motion carried unanimously.

Ms. Givens recommended the Board approve the Internal Audit of the Deputy Sherriff Retirement System (DSRS) Annuity Calculations, presented by Ms. Baker.

Ms. Vascik made a motion the Board approve the Internal Audit of the Deputy Sherriff Retirement System (DSRS) Annuity Calculations. The motion was seconded by Mr. Vallet. The motion carried unanimously.

The Committee Reports are located behind Tab #7.

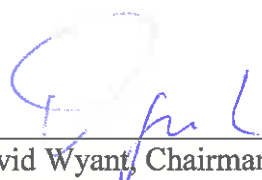
Tab 8: Other, Old Business

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.

Chairman Wyant adjourned the meeting of the West Virginia Consolidated Public Retirement Board (CPRB) on July 20, 2016 at 12:37 p.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board