

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF APRIL 19, 2017**

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 10:01 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman
Jason Pizatella, *representing Governor James C. Justice, II*
Jeff Waybright, *representing Auditor John B. McCuskey*
Cabinet Secretary John A. Myers
Joseph Bunn, Esquire
Captain Michael Corsaro
Michael Haney
Jeffrey Vallet

Trustees absent were:

Diana Stout, Esquire, *representing Treasurer John Perdue*
Andy Bird
Angela Crank
Joe Lynch
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
Ronda Harvey, Esquire, Bowles Rice
Sarah Korwan, CPRB Hearing Officer
Darden Greene, CPRB Chief Financial Officer
Melody Bailey, CPRB Actuary Assistant

John Beane, CPRB IT Manager
Heather Drake, CPRB Administrative Assistant
Tina Baker, CPRB Internal Auditor
Alysia Miller, CPRB Paralegal
Eric Stringer, CPRB IT Staff
Tom Sauvageot, WVIMB Investment Officer
Chris Meadows, Empower Retirement
Tom Zacharias, Deloitte
Davin White, WVEA
Phil Kabler, Gazette Mail

Tab 1: Approval of the March 8, 2017 Meeting Minutes

Mr. Pizatella made a motion to approve the minutes of the March 8, 2017 meeting of the CPRB. The motion was seconded by Mr. Vallet. 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 Jeffrey Fleck, Executive Director which included the following information:

1. Executive Director Fleck reported on the March 2017 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirements and requested estimate numbers. He reported for March there were 194 TRS estimates and 38 retirements and in PERS there were 140 estimates and 255 retirements.
2. Executive Director Fleck announced, our Board Actuary, Harry Mandel retired in February. There was an article in the April addition of Quotes, Notes & Anecdotes whereas, Harry was presented with the Distinguished West Virginian Award. The award was presented to him by Jason Pizatella from the Governor's office.
3. Executive Director Fleck reported that since Mr. Mandel has retired, we are actively accepting resumes for a new Board Actuary. He announced the Executive Director & Actuary Review Committee will be reviewing those resumes and report back to the Board on their findings.
4. Executive Director Fleck announced Annamarie Short our Chief Compliance Officer has taken another position with the Lottery Commission and we will be placing an ad in search of a new Chief Compliance Officer.
5. Executive Director Fleck reported on the Teachers' Defined Contribution (TDC) 2017 Educational Meetings. He announced there have been a total of 32 meetings so far this

year in TDC, with 382 in attendance. He announced as of March 31, 2017, there were a total of 4,386 participants and \$451,825,031 in total assets in the TDC Plan.

6. Executive Director Fleck reported on the 2017 Spring edition of the TDC Financial Footnotes.

Angela Crank arrived at 10:06 a.m.

7. Executive Director Fleck reported on the Delinquent Employers. He announced he was asked to follow-up on the Mingo County PSD who are behind on their contributions. He called J.D. Heflin, the administrator of the Mingo County PSD and informed him that we have been waiting on a payment from them since September of 2015. Mr. Heflin informed Executive Director Fleck that he has an insurance settlement and sent the CPRB a check in the amount of \$30,000.00 last week. As of today, we still have not received any money from him. Executive Director Fleck informed the Board that he would call Mr. Heflin again today and ask him why he did not send the money to the CPRB for their past due contributions which total \$51,161.87.
8. Executive Director Fleck updated the Board on the COMPASS project. He announced the COMPASS project is now 95% complete. He announced the Go- Live date is May 1, 2017.
9. Executive Director Fleck announced that Tom Zacharias, the project manager from Deloitte is here today and will talk about the COMPASS Computer System. Mr. Zacharias informed the Board that building the computer system was particularly complicated since the CPRB has nine different pension plans and every one of them are different. He informed the Board the project design and installation has been a long, stressful and complex process.

Chairman Wyant asked Mr. Zacharias if the Go-Live date was still on for May 1, 2017. Mr. Zacharias informed the Chairman and the Board that he did not anticipate any critical issues that would keep us from the May 1st Go-Live date.

Executive Director Fleck then asked John Beane, CPRB's I.T. Manager to speak on the progress of the Computer System. Mr. Beane announced this project has literally touched everyone in this building. He thanked all of the staff for working so hard, the team-leads and the Office of Technology.

Executive Director Fleck thanked John Beane for managing the project.

Chairman Wyant thanked everyone for all of their hard work on the project.

10. Executive Director Fleck reviewed the cost points for the COMPASS System. He announced, the total cost of the computer system is \$34.9 million and to date we have paid Deloitte \$17.3 million for the COMPASS project. We have a \$8.7 million-dollar payment due in May and \$1.5 million due in July. In 2018, we will pay \$7.1 million, with the final payment of approximately \$230,000 due in May 2019.
11. Executive Director Fleck reviewed the March 2017 financials with the Board. He announced that as of March 31, 2017, we are at 43.05% of budget.
12. Director Fleck reviewed an article from the Hill Report regarding West Virginia pensions. He announced it was a very positive article about West Virginia. It was titled: "Public Pensions Matter – Just ask Michigan and West Virginia". He announced the TDC to TRS merger was a positive move for the teachers' pensions.
13. Executive Director Fleck announced Mrs. Kinslow has placed an updated Board Member sheet at the table. He asked Board members to look it over and let Mrs. Kinslow know if you have any changes that need to be made.
14. Executive Director Fleck reported on the Legislative Update. He reviewed the list of bills that were reported during the Legislative Session. He reported that all of our bills passed both Houses. Two of the three bills that the Board approved had all passed and were awaiting the Governor's signature and one has already been signed by the Governor.

The Report of the Executive Director is located behind Tab #2.

Tab 3: Plans Investment Data

Tom Sauvageot, Investment Officer of the West Virginia Investment Management Board (WVIMB) reviewed the Plan's Investment Returns for February 28, 2017. He announced that plan returns were up and the five-year mark return was up 8.4%.

Chris Meadows of Empower Retirement reviewed the TDC Investment Funds and Investment Performance with the Board for the period ending March 31, 2017. He announced he is reaching out to new participants through a new website.

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

Mike McKown arrived at 10:26 a.m.

Tab 4: Consideration of Current Disability Retirement Applications

Captain Corsaro reported the Disability Committee met on April 18, 2017. The Committee approved the staff's recommendations and made the following recommendations to the Board for their approval.

System	Approved	Denied	Total
PERS	10	2	12
TRS	1	0	1
TRS (TDC Transfers)	10	0	10
TOTAL	21	2	23

Mr. Haney made a motion the Board accept and approve the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Ms. Crank. The motion carried unanimously.

The Disability list is located behind Tab #4.

Tab 5: Consideration of Appeals to the Hearing Officer

Chairman Wyant announced he would entertain a motion to go into Executive Session to discuss a medical and legal matter.

Mr. Bunn made a motion the Board go into Executive Session to discuss a medical and legal matter as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Waybright. The motion carried unanimously. The Board went into Executive Session at 10:31 a.m.

Chairman Wyant reconvened the Public Session of the April 19, 2017 meeting of the CPRB from Executive Session at 10:49 a.m. Chairman Wyant announced the Board was in Executive Session to discuss a medical and legal matter as allowed by West Virginia Code §6-9A-4. He announced there were no decisions made during Executive Session.

Chairman Wyant announced, we will now return to Tab# 5 on the Agenda, Consideration of Appeals to the Hearing Officer, Sarah Korwan.

Consideration of Appeal to the Hearing Officer – Sarah Korwan

Hearing Officer Korwan reviewed the appeal of Ronald W. Mason. The issue presented in this matter is whether the Applicant’s medical condition renders him totally disabled resulting in the Applicant’s inability, on a probable permanent basis, to perform the essential duties of a law-enforcement officer, and which impairment precludes the employee from engaging in other types of non-law-enforcement employment within the meaning of WV Code 15-2A-2(25).

Hearing Officer Korwan recommended that the request of Ronald W. Mason for total duty disability, be denied for the reasons set forth in the March 20, 2017 Recommended Decision of the Hearing Officer.

Mr. Bunn made a motion the Board adopt the recommendation of the Hearing Officer and deny the appeal of Ronald W. Mason. Mr. Waybright seconded the motion. The motion carried unanimously.

Tab 6: Legal Counsel Reports

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 LTHS case of Matthew “Bo” Williams. She announced Mr. Williams is a PERS member with approximately two years of service and formerly a police officer for the City of Spencer. In October 2016, Mr. Williams unlawfully entered without breaking into the Spencer Police Department evidence room with the intent to commit a larceny. On January 18, 2017, an *Information* charging one felony count of *Entering Without Breaking* was filed in Roane County, West Virginia. A Plea Agreement in which Mr. Williams plead guilty was also filed. On April 5, 2017, Matthew Williams was adjudged guilty and sentenced to one-to-ten year’s imprisonment. However, the court granted an alternative sentence of Home Confinement.

Ms. Legato recommended the Board disqualify and terminate the PERS retirement of Matthew Williams.

Captain Corsaro made a motion the Board accept the recommendation of Counsel and

disqualify and terminate the retirement in PERS of Matthew Williams. The motion was seconded by Mr. Bunn. The motion carried unanimously.

Ms. Legato updated the Board on the case of Joseph Talbot v. CPRB. She announced on January 27, 2017, opposing counsel filed a motion in *Aid of Collection of Judgment* which requests that Petitioner be awarded interest. She announced on March 6, 2017, Judge Alsop ruled in favor of the CPRB and denied opposing counsel's request for interest. Attached to Ms. Legato's report is the Order denying Petitioner's motion in aid of collection of judgment.

Ms. Legato updated the Board on the case of Joseph Menendez v. CPRB. She announced on January 12, 2016, Judge Bailey entered an Order which reversed the Board's Final Order and granted the Petitioner's request to have his disability retirement annuity reinstated. On November 14, 2016, opposing counsel filed *Petitioner's Motion to Compel an Accounting and for Payment of Sums Due* which is a motion that challenges the Board's calculation of the Petitioner's disability annuity upon reinstatement. On December 14, 2016, we filed a response in opposition to the motion. Attached to her report was the March 6, 2017 Order denying Petitioner's Motion to Compel an Accounting and for Payment of Sums Due.

Ms. Legato updated the Board on the case of Randall Myers v. CPRB. She announced that the petitioner had until February 27, 2017, to file his petition for appeal. Mr. Myers, by counsel, David Tyson, filed a *Petition* for Appeal in the Circuit Court of Lewis County. The petition was not filed until March 1, 2017, which is outside the formal time to file and we will be filing a motion to dismiss. On March 14, 2017, we filed a motion to dismiss for lack of jurisdiction due to the petition being untimely filed. On March 31, 2017, opposing counsel filed a response to our *Motion to Dismiss*. On April 10, 2017, we filed a reply to their response. To date, the Court has not rendered a decision on the Motion.

Ms. Legato updated the Board on the LTHS case of Michael Thornsburry. She announced on February 26, 2017, Judge Bailey entered a *Final Order Granting West Virginia Consolidated Public Retirement Board's Petition to Terminate Michael Thornsburry's Retirement Benefits*. On March 20, 2017, Mr. Thornsburry, pro se, filed a Notice of Appeal with the Supreme Court of Appeals of West Virginia. On April 4, 2017, the Court entered a Scheduling Order. Mr. Thornsburry's brief is due on June 26, 2017. Our brief is due on August 10, 2017 or within forty-five days after the filing of his

brief.

Ms. Legato announced on March 24, 2017, Dreama Thornsby, former spouse of Mr. Thornsby, filed a Notice of Appeal with the Supreme Court of Appeals of West Virginia regarding the termination of her husband's pension. She is represented by attorney Mark Hobbs.

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

Report from Outside Legal Counsel – Ronda Harvey

Ms. Harvey, Outside Legal Counsel with Bowles Rice, updated the Board on the case of IMB and VALIC v. CPRB. She announced the arbitration was before the Business Court Panel of Judge Young, Judge Tabit, and Judge Wilkes. She announced that Gerry Stowers informed her that the arbitration went well and is completed and we are waiting on a decision.

Ms. Harvey updated the Board on the case of Allen E. Tackett v. CPRB. She announced on August 18, 2016, Petitioner filed a Petition for Writ of Mandamus against Judge Carrie Webster in the Supreme Court of Appeals of West Virginia, asking that the Court Order Judge Webster to issue a ruling in the case. The Court issued a Scheduling Order on August 22, 2016, requiring a response to the petition be filed by September 16, 2016, unless sooner mooted by entry of a ruling in the pending Circuit Court action. On September 16, 2016, Judge Webster entered an order denying Petitioner's appeal, and directing the parties to meet and confer on the issue of attorneys' fees. On September 26, 2016, the Supreme Court refused the Writ of Mandamus as a result of mootness. On October 14, 2016, Petitioner filed a Notice of Appeal with the Supreme Court, raising two assignments of error: (1) whether CPRB's calculation of General Tackett's military service credit must be reversed, and (2) whether General Tackett is entitled to attorneys' fees. Pursuant to a Scheduling Order issued by the Court, General Tackett filed an appeal brief and Appendix Record on January 17, 2017. We filed our response on March 3, 2017. She announced General Tackett has requested oral argument. The Supreme Court has not yet decided whether it will grant that request. Now that briefing is complete, we are awaiting further action by the Supreme Court.

Ms. Harvey updated the Board on the case of Thomas Ward v. CPRB. She announced it appears that the Petitioner actually withdrew his PERS accumulated contributions. Thus, he has no further issue. She announced attempts have been made to reach Petitioner's counsel to request that he voluntarily dismiss the matter, but were unsuccessful as he failed to return messages. On March 8, 2017,

CPRB filed a Motion to Dismiss. Judge Burnside has entered an Order requiring Petitioner to respond to the Motion by April 17, 2017. The Court also set a hearing for May 31, 2017.

Ms. Harvey updated the Board on the CPRB's administrative appeal of the Department of Natural Resources (DNR) Law Enforcement Officers, regarding whether subsistence pay was properly included as part of the individuals' pensionable compensation in PERS.

The Applicants are seeking a declaratory judgment. The parties jointly submitted stipulations to the Hearing Officer and agreed that no witness testimony was necessary. The parties also agreed to waive a hearing. The Applicants filed an Initial Brief; CPRB filed a Response and on January 27, 2017, Counsel for petitioners filed the Applicants' Reply Brief. On March 21, 2017, CPRB submitted a Supplemental Filing providing a copy of the hearing examiner's decision in another related administrative matter, *In Re: Randall W. Myers*. Lonnie Simmons then filed a reply brief on March 30, 2017. The briefing is now complete and we are awaiting a decision from the Hearing Officer.

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

Tab 7: Committee Reports

Internal Audit Committee

Chairman Myers announced the Internal Audit Committee met yesterday and approved various audits.

He reviewed the audit of the Public Employees Retirement System (PERS) Refunds that was presented by CPRB's Internal Auditor, Tina Baker and the response from Executive Director Fleck. He announced the Internal Audit Committee approved the audit and recommended the Board's approval.

Mr. Waybright made a motion the Board approve the audit of the Public Employees Retirement System (PERS) Refunds summarized by Chairman Myers. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Chairman Myers reviewed the Internal Audit Plan for 2017 that was presented by Tina Baker, Internal Auditor and recommended the Board's approval.

Captain Corsaro made a motion the Board approved the Internal Audit Plan for 2017. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Chairman Myers reviewed the audit completed by the West Virginia State Auditor's Office on the Wyoming County Board of Education and recommended the Board's approval.

Mr. Bunn made a motion the Board approve and accept the audit from the West Virginia State Auditor's Office on the Wyoming County Board of Education. The motion was seconded by Ms. Crank. The motion carried unanimously

The minutes of the Internal Audit Committee 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.

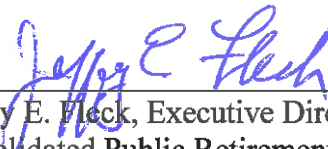
Tab 9: Other, New Business

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

Chairman Wyant adjourned the April 19, 2017 meeting of the West Virginia Consolidated Public Retirement Board (CPRB) at 11:16 a.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board