

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF JUNE 1, 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 10:06 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman  
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

Trustees not present:

Brittany Vascik, Esquire, *representing Governor Earl Ray Tomblin*  
David Stover  
Jeffrey Vallet

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  
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  
Craig Slaughter, Executive Director, WVIMB  
Eric Sanderson, Empower Retirement  
Andrew Wyne, Empower Retirement  
Bob Denyer, Gibbons & Kawash  
Tom Zacharias, Deloitte Consultants  
Arun Natesan, Deloitte Consultants  
Jim Wallace, TSG Consulting

**Tab 1: Approval of the April 13, 2016 Meeting Minutes**

Mr. Bunn made a motion to approve the minutes of the April 13, 2016 meeting of the CPRB. The motion was seconded by Ms. Pickens. The motion carried unanimously.

The minutes are located behind Tab #1.

**Tab 2: Reports of the Chairman and Executive Director**

1. Executive Director Fleck reported on the April 2016 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirements and requested estimate numbers. He reported for April there were 88 TRS Estimates and 28 Retirements and in PERS there were 270 Estimates and 93 Retirements.
2. 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 388 in attendance. He then reported on the TDC Reality Investing statistics. He announced that TDC has a total of 4,533 participants and \$417,327,131 in total assets.
3. Executive Director Fleck announced that Andrew Wyne of Empower Retirement has accepted another position with the 457 Retirement Plan. Executive Director Fleck thanked Andrew Wyne for his 12 years of service to the CPRB.
4. Executive Director Fleck reported on all of the Delinquent Employers. He announced Mingo County PSD has not made a payment to the CPRB in a year. At this time the Employee amount due is \$24,906.23 and the Employer amount due \$74,718.70. Executive Director Fleck announced he would personally call the Mingo County PSD and report back to the Board at the next meeting. Ms. Pickens announced she would check to see if they are BRIM insured and report back as

well.

5. Executive Director Fleck reviewed the CPRB's PERS Seminar schedule. He announced the PERS Seminars would be held here at the CPRB on July 5, 2016, July 20, 2016 and August 2, 2016.
6. Executive Director Fleck provided the Board an update of the COMPASS project. He announced the COMPASS project is now 81% complete of the overall project status. He reported that we are looking into extending our go-live date to March 2017.
7. Executive Director Fleck provided an update on the new Hearing Officers. He announced Gary Pullen is replacing Jack DeBolt as primary hearing officer with Anne Charnock and Sarah Korwan as the back-up hearing officers.
8. Executive Director Fleck reviewed the Comprehensive Annual Financial Report (CAFR). He thanked Darden Greene, CFO, the Accounting Staff, Harry Mandel and Melody Bailey of the Actuarial Staff and Gibbons and Kawash for all of their hard work on the CAFR.
9. Executive Director Fleck announced he had items for discussion during Executive Session: Bowles Rice Contract Renewal, Buck Consultants Contract Renewal, Gibbons & Kawash Change Order and Image-Serv, LLC Maintenance Agreement.
10. Executive Director Fleck reviewed the CPRB's April 2016 financials with the Board. He announced that as of April 30, 2016, we are at 106.62% of budget.
11. Executive Director Fleck reported on the Legislative Update of the Special Session. He announced that as of today's date, we still do not have a budget approved by the Legislature.

Chairman Wyant announced that he received a letter from Auditor Glen Gainer to inform us that he is resigning his position on the Board and will be retiring from State Government on May 14, 2016. Chairman Wyant informed the Board that Auditor Gainer was on this Board since about the time of Consolidation of all of the Plans. Chairman Wyant publicly thanked Auditor Gainer for his service to the Board.

Ms. Stout announced to the Board that Chuck Polen, CPRB's first Board Chairman has passed away.

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 April 30, 2016 for the Board.

Eric Sanderson, reviewed the TDC Investment Funds and Investment Performance with the Board for the period ending May 31, 2016. He announced there were 4,524 participants and \$414,516,919 in assets in TDC. He thanked Andrew Wyne for his service to Empower Retirement and wished him well with the 457 Plan.

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 May 31, 2016. The Committee approved and makes the following recommendations to the Board for their approval:

<b>System</b>	<b>Approved</b>	<b>Denied</b>	<b>Total</b>
<b>DSRS</b>	1 Partial Non-Duty	0	1 Partial Non-Duty
<b>EMSRS</b>	1 Total Duty	0	1 Total Duty
<b>PERS</b>	13	6	19
<b>TDC</b>	2	0	2
<b>TRS</b>	1	0	1
<b>TRS (TDC Transfers)</b>	12	1	13
<b>TOTAL</b>	<b>30</b>	<b>7</b>	<b>37</b>

Captain Corsaro made a motion the Board accept and approve the Disability Committee’s recommendations concerning the disability retirement applications. The motion was seconded by Mr. Lynch. The motion carried unanimously.

Mr. Bunn made a motion to discontinue Stella Lewis’s PERS annuity effective July 1, 2016 until she complies with submission of a physician’s report stating she remains disabled. If an appropriate medical re-certification form is received within 1 year, staff be authorized to reinstate

her annuity effective the first day of the month following receipt. If not received within 1 year, her disability annuity shall be terminated. Captain Corsaro seconded the motion. There was discussion on the motion. The motion carried unanimously.

The disability list is located behind Tab #4.

**Tab 5: Legal Counsel Reports**

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

Mr. Waybright made a motion the Board go into Executive Session to discuss legal matters and contractual matters as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Bunn. The motion carried unanimously. The Board went into Executive Session at 10:30 a.m.

Chairman Wyant reconvened the Public Session of the June 1, 2016 meeting of the CPRB from Executive Session at 11:50 a.m. Chairman Wyant announced the Board was in Executive Session to discuss legal matters 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 reviewed the Legal Services Contract of Bowles Rice for September 1, 2016 through August 31, 2017 which included a rate increase pursuant to the agreement.

Ms. Stout made a motion to approve the Bowles Rice Contract at the same rate from the original contract, with no increase. The motion was seconded by Mr. Bird. There was discussion on the motion. Captain Corsaro announced that in no way was this a reflection on Bowles Rice this was simply a fiscal responsibility due to the budget strains in State Government. The motion carried unanimously.

Executive Director Fleck reviewed Buck Consultants Contract renewal from July 1, 2016

through June 30, 2017 for Actuarial Services under the same terms and conditions as in original contract.

Captain Corsaro made a motion to approve the Buck Consultants Contract renewal from July 1, 2016 through June 30, 2017 for Actuarial Services with the same terms and conditions. The motion was seconded by Mr. Waybright. The motion carried unanimously.

Executive Director Fleck reviewed the Gibbons & Kawash Change Order. He announced Gibbons & Kawash will have to provide an additional 960 hours of work in the amount of \$107,550.00 as a result of GASB 68.

Mr. Bunn made a motion to approve the Gibbons & Kawash Change Order in the amount of \$107,550.00. The motion was seconded by Mr. Waybright. The motion carried unanimously.

Executive Director Fleck reviewed the Request for Quote (RFQ) received from Image-Serv, LLC. He announced the maintenance and license cost of the contract would be \$56,400 this first year with the option for an additional 3 years at the same rate.

Ms. Pickens made a motion to approve the Image-Serv, LLC Contract for \$56,400 for this year with the option for an additional 3 years at the same rate. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Chairman Wyant moved the agenda back to address Tab #5, Legal Counsel Reports.

#### **Tab 5: 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 reviewed the case of Kimberly Jones Fouche, a PERS disability case. Hearing Officer DeBolt issued a Recommended Decision on March 24, 2016 which recommended that her request should be denied. By Final Order dated April 14, 2016, the Board adopted the Recommended Decision and denied her request for a PRES disability. On May 16, 2016, Dr. Fouche, pro se, filed an appeal in the Circuit Court of Kanawha County, WV (Case No. 16-AA-39). Ms. Legato announced the case had been assigned to Judge Bloom.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Eric Hodge. She announced he was a former Wayne County Assessor and PERS member who pled guilty to two felony counts of embezzlement stemming from his use of a county issued credit card for personal purchases.

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

Mr. Bunn made a motion the Board adopt counsel's recommendation to disqualify and terminate his pension and membership in PERS and to proceed with LTHS proceedings against Eric Hodge. The motion was seconded by Mr. Waybright. 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. Ms. Legato announced on May 19, 2016, the Court entered a Scheduling Order. Mr. Toney's brief is due on August 1, 2016. The Board's brief is due on September 15, 2016 or within forty five days after the filing of the appellant's brief.

Ms. Legato updated the Board on the Less than Honorable Service (LTHS) case of William R. Smallwood. She announced at the last meeting the Board adopted counsel's recommendation to disqualify and terminate Mr. Smallwood's pension and membership in PERS and proceeded with LTHS against him. Ms. Legato announced Mr. Smallwood's wife has requested that we wait two weeks before submitting the request so that she may hire an attorney. The Board agreed to the request to wait filing the LTHS action for two weeks.

The report of the In-House Legal Counsel is located behind Tab # 5.

#### **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 and CPRB v. VALIC*. She reported the trial had been rescheduled to begin September 19, 2016. She then reported a new mediator has

been assigned; Judge Young of Wayne County and mediation has been scheduled for July.

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 that in the next few weeks she anticipates a Status Conference will be set up with the Hearing Officer.

The report of Outside Legal Counsel is located behind Tab #5.

### **Tab 6: Committee Reports**

#### **Accounting and Investment Committee**

Mr. Bunn announced the A& I Committee met this morning. He reviewed the annual re-evaluation of TDC's share of the COMPASS costs with the Committee.

Mr. Bunn announced the Committee recommends the full Board authorize staff to amend and update the TDC Portion of COMPASS computer project expenses from 4.32% to 4.25% and permit COMPASS related invoices during the 2016 calendar year to be paid from the TDC Revenue Sharing account.

Ms. Stout made a motion the Board authorize staff to amend and update the TDC Portion of COMPASS computer project expenses from 4.32% to 4.25% and permit COMPASS related invoices during the 2016 calendar year to be paid from the TDC Revenue Sharing account. Mr. Waybright seconded the motion. The motion carried unanimously.

#### **Computer Systems Update Committee**

Captain Corsaro announced the Computer Systems Update Committee met on Friday, May 27, 2016 to discuss a proposed Change Order from our vendor, Deloitte Consultants in reference to a proposed timeline change related to the COMPASS project. He announced the Computer Systems Update Committee did not have enough information to take any action. He announced the Committee directed a letter be sent back to Deloitte Consultants to request additional information and backup to adequately make an appropriate recommendation at a further date.

#### **Investment Management Board Representative Committee**



Mr. Murray announced to the Board that the West Virginia Investment Management Board Representative Committee met yesterday and reviewed the applications for the representatives for the 2016 Investment Management Board.

Mr. Murray announced the West Virginia Investment Management Board Representative Committee approved the following applicants to be representatives for the West Virginia Investment Management Board for Fiscal Year 2016 and recommend the Board approve:

- PERS: Patricia L. Hamilton
- TRS: Tony Lautar, Jr.
- JRS: The Honorable John A. Hutchinson
- State Police Plan A: William J. Scott
- State Police Plan B: Reginald Patterson
- DSRS: David D. Gentry
- EMSRS: Mark P. Kerns

Captain Corsaro made a motion the Board approve the CPRB’s West Virginia Investment Management Board Representative Committee recommendations for the representatives to the WVIMB for Fiscal Year 2016. Mr. Bird seconded the motion. The motion carried unanimously.

The Committee Reports are located behind Tab #6.

**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. Mr. Bunn asked the Board if we needed to dissolve the Hearing Officer Search Committee.

Ms. Stout made a motion to dissolve the Hearing Officer Search Committee. The motion was seconded by Mr. Murray. Chairman Wyant thanked everyone on the Hearing Officer Search Committee. The motion carried unanimously.

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 June 1, 2016 at 12:11 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