

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF JULY 2, 2014**

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 10:04 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*  
David Fletcher, *representing Auditor Glen Gainer III*  
Donna Lipscomb-Spano, *representing Cabinet Secretary Ross Taylor*  
Diana Stout, *representing Treasurer John Perdue*  
Joseph Bunn, Esquire  
Captain Michael Corsaro  
Joe Lynch

Trustees not present:

D. Todd Murray  
Andrew Richardson, Esquire  
C. Jeffrey Vallet  
Thomas Bradley

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 Moore, CPRB Executive Assistant  
Jeaneen Legato, Esquire, CPRB General Counsel  
Jack DeBolt, Esquire, Hearing Officer  
Lenna Chambers, Esquire, Bowles Rice  
Molly Poe, Esquire, Pullin, Fowler, Flanagan, Brown & Poe  
Gary Pullin, Esquire, Pullin, Fowler, Flanagan, Brown & Poe  
Craig Slaughter, Executive Director, WVIMB  
Andrew Wyne, Great West Retirement Services, Outreach Officer

Aaron Schluep, Great West Retirement Services  
Anthony Searls, Kanawha County Commission  
Tom Zacharias, Deloitte  
Jerry McClure, Appellant  
Daniel Egnor, Appellant  
Connie Veronis, Appellant  
Charlene Rine, Appellant  
Phil Kabler, Charleston Gazette  
Harry Mandel, CPRB Actuary  
Melody Bailey, CPRB Actuary Analyst  
Heather Drake, CPRB Administrative Assistant  
Darden Greene, CPRB CFO  
John Beane, CPRB Chief IT Officer  
Annamarie Short, CPRB Internal Auditor  
Steve Stockton, CPRB Compliance Officer  
Barbara Moss, CPRB TRS Assistant Manager  
Eric Stringer, CPRB IT Staff  
Chris Bush, CPRB Uniformed Services  
Caroline Brady, CPRB PERS Manager  
Torrie Williams, CPRB PERS Membership

**Tab 1: Approval of the May 28, 2014 Meeting Minutes**

Captain Corsaro made a motion to approve the May 28, 2014 minutes of the CPRB. The motion was seconded by Mr. Fletcher. 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:

1. Executive Director Fleck announced Heather Drake, Administrative Assistant as a new employee to the CPRB and will be back-up to Candi Moore, Executive Assistant.
2. Executive Director Fleck reviewed the May 2014 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for May there were 81 TRS Estimates and 47 Retirements and in PERS there were 293 Estimates and 107 Retirements.
3. Executive Director Fleck announced the CPRB has another Department of Administration Employee of the Month; Marie Shelton was selected for the month

of July.

4. Executive Director Fleck reported on the PERS Retirement Outreach Meetings. From June 2, 2014 through June 24, 2014 there were a total of 616 in attendance and we received a 99% feedback and they were of excellent or good ratings.
5. Executive Director Fleck reviewed the Computer Update with the Board. He announced the Computer Project was almost to the completion of phase 1 and on schedule.
6. Executive Director Fleck announced Candi Moore has updated the Board Member information list and has provided one for each member.
7. Executive Director Fleck reported on the TDC Reality Investing statistics. He announced that Reality Investing had a total of 189 managed accounts with 4,843 participants and \$392,907,618 in total assets as of June 3, 2014.
8. Executive Director Fleck reviewed the Teachers' Defined Contribution (TDC) 2014 Educational Meetings. He announced there have been a total of 44 meetings so far this year with 517 participants.
9. Executive Director Fleck reviewed the delinquent employers list with the Board.
10. Executive Director Fleck announced the 2014 Fiduciary Training for Board Members and staff will take place the morning of the August 13, 2014 Board Meeting.
11. Executive Director Fleck informed the Board the Legislative Rules are out for Public Comment and if any comments are received, they will be provided.
12. Executive Director Fleck reported on the May 2014 CPRB Financials; he reported we are at 59.58% of budget and the reason we are below budget is because money is being set aside to pay for the Computer Project.
13. Executive Director Fleck informed the Board the contract for Bowles Rice is to be reviewed by the Board during Executive Session.
14. Executive Director Fleck reported to the Board that at June Interims, the Joint Committee of Pensions approved an Early Incentive Plan for Fairmont State College.
15. Executive Director Fleck announced Board members could gain access to the Secured Website through the user name and password that Candi Moore has

provided in the red folder in front of each of you.

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 with the Board the Plan's Investment Returns for May 2014.

Mr. Slaughter announced to the Board that investment returns for Fiscal Year 2014 were 16%. He informed the Board that the final number for Fiscal Year 2014 may come in at approximately 17%.

Mr. Wyne of Great West reported that the John Hancock/New Millennium fund availability will begin September 2, 2014 and notices will be sent out to all participants.

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

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

Captain Corsaro reported the Disability Committee met on July 1, 2014, 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>	18	0	18
<b>TDC</b>	1	0	1
<b>TRS</b>	3	0	3
<b>TRS/TDC Transfers</b>	14	0	14
<b>TOTAL</b>	<b>36</b>	<b>0</b>	<b>36</b>

Mr. Fletcher made a motion the Board accept the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Lynch. The motion carried unanimously.

The disability list is located behind Tab 4.

**Tab 5: Consideration of Appeals to Hearing Officers – Jack DeBolt**

Hearing Officer DeBolt reviewed the Appeal of Daniel A. Egnor on whether or not the Applicant is entitled to a regular retirement annuity from PERS. Also, whether or not the Applicant, should he choose to withdraw his PERS contributions, would be entitled to withdraw employer contributions made on his behalf in addition to his own employee contributions. Hearing officer DeBolt recommended that the appeal of Daniel A. Egnor for an annuity from Public Employees Retirement System, be denied. It is further recommended that his request to be paid employer contributions, should he withdraw from the system, be denied.

Mr. Bunn made a motion the Board accept the Hearing Officer's recommended decision and deny the appeal of Daniel A. Egnor for an annuity from Public Employees Retirement System, and that his request to be paid employer contributions, should he withdraw from the system, also be denied. Mr. Fletcher seconded the motion. The motion carried unanimously.

Hearing Officer DeBolt reviewed with the Board the Appeal of Charlene C. Rine and Connie L. Veronis on whether or not the Applicants, or either of them, was eligible to participate in PERS from 2005 to 2013. Hearing officer DeBolt recommended that the requests of Charlene C. Rine and Connie L. Veronis to be permitted PERS participation for the period beginning June 1, 2005, be approved.

Mr. Fletcher made a motion the Board accept the Hearing Officer's recommended decision and approve the appeal of Charlene C. Rine and Connie L. Veronis for PERS participation for the period beginning June 1, 2005. Mr. Bunn seconded the motion. There was discussion on the motion. The motion carried.

The Appeals are located behind Tab 5.

**Tab 6: Work in Progress Reports from Legal Counsel**

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

Mr. Fletcher made a motion the Board go into Executive Session to discuss legal issues, contractual and personnel 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 10:36 a.m.

Chairman Wyant reconvened the Public Session of the July 2, 2014 meeting of the CPRB from Executive Session at 12:50 p.m. Chairman Wyant announced the Board was in Executive Session to discuss legal issues, contractual and personnel matters as allowed by West Virginia Code § 6-9A-4. He announced there were no decisions made during Executive Session and we will now return to Tab 6 on the Agenda, 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.

Ms. Legato reviewed the case of *Valentine v. CPRB*. Ms. Legato recommended the Board accept the settlement offer.

Captain Corsaro made a motion the Board authorize Counsel to proceed with the settlement offer in the *Valentine v. CPRB* case. The motion was seconded by Mr. Lynch. The motion carried unanimously.

Ms. Legato reviewed the LTHS case of John W. Hawkins, a former Sheriff of Barbour County and former DSRS member convicted of Mail Fraud in the US District Court for the Northern District of West Virginia. Ms. Legato recommended the Board disqualify his pension and proceed with Less Than Honorable Service against Mr. Hawkins.

Captain Corsaro made a motion the Board adopt Counsel's recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Mr. Hawkins. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

Ms. Legato reviewed the LTHS case of Charles Henning, III, a PERS member and a former Shinnston city police officer who was convicted of four felony counts of obtaining a controlled substance by Misrepresentation, Fraud, Forgery, Deception, or Subterfuge. Ms. Legato recommended the Board disqualify his pension and proceed with Less Than Honorable Service against Mr. Henning, III.

Mr. Fletcher made a motion the Board adopt Counsel's recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Charles Henning, III. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Ms. Legato reviewed the LTHS case of Sherry Lupton of Hampshire County and a TRS retiree who is guilty of Fraudulent Schemes. Ms. Legato recommended the Board disqualify her pension and proceed with Less Than Honorable Service against Ms. Lupton.

Mr. Lynch made a motion the Board adopt Counsel's recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Ms. Lupton. The motion was seconded by Mr. Garcia. The motion carried unanimously.

Ms. Legato reviewed the LTHS case of Michael Thornsby, a PERS and JRS member who is guilty of Conspiracy Against Rights of Citizens. Ms. Legato recommended the Board disqualify his pension and proceed with Less Than Honorable Service against Mr. Thornsby.

Captain Corsaro made a motion the Board adopt Counsel's recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Mr. Thornsby. The motion was seconded by Ms. Stout. Mr. Bunn recused himself from the vote. The motion carried.

Ms. Legato reviewed with the Board the Clay Hupp v. CPRB matter and the CPRB v. Benny Jones case from her report.

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.

Outside Counsel, Lenna Chambers reported to the Board on the Keith Wood, et. al. v. CPRB case. She reported since the last Board meeting the case is now pending in Circuit Court on the remaining issue of attorney fees. She recommended the Board agree to the proposed settlement on the attorney fees.

Chairman Wyant asked the Board if there was any action they wanted to take in regard to the settlement of the Keith Wood, et. al. v. CPRB case.

Mr. Bunn made a motion the Board to authorize Counsel to resolve and settle the issue regarding the Keith Wood, et. al. v. CPRB case regarding the attorney fees. The motion was seconded by Ms. Stout. The motion carried unanimously.

Ms. Chambers recommended the Board approve and give Executive Director Fleck the authority to send out a letter to potential eligible retirees regarding the enhanced periods of armed conflict awarded by the Supreme Court in the Keith Wood, et. al. v. CPRB case.

Mr. Fletcher made a motion the Board approve and give Executive Director Fleck the authority to send out a letter to potential eligible retirees regarding the enhanced periods of armed conflict awarded by the Supreme Court. Mr. Bunn seconded the motion. The motion carried unanimously.

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

Ms. Molly Underwood-Poe reviewed with the Board on the case of Dougherty v. CPRB. Ms. Underwood-Poe reported that a trial date has been set for October 5, 2015 in this case.

The report from Pullin, Fowler, Flanagan, Brown & Poe is located behind Tab 6.

#### **Tab 7: Committee Updates**

##### **Executive Director & Actuary Review Committee**

Chairman Wyant reviewed with the Board the meeting of the Executive Director and



Actuary Review Committee. He announced the Committee met this morning and the evaluation of the Executive Director was positive. Chairman Wyant announced the Committee made a recommendation to increase the salary of the Executive Director by \$2,500.

Mr. Bunn made a motion the Board accept the recommendation of the Executive Director & Actuary Review Committee and increase the salary of Executive Director Fleck \$2,500. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

The minutes are located behind Tab #7.

Executive Director Fleck thanked the Board and announced that he was honored and privileged to serve as the Executive Director for the CPRB.

#### **Internal Audit Committee**

Ms. Lipscomb-Spano announced the Internal Audit Committee met on June 30, 2014. Ms. Lipscomb-Spano reviewed with the Board that the Internal Audit Committee reviewed the 2012 Metrics Report and the positive base lines going forward to compare, once the new computer system is in place. Ms. Lipscomb-Spano announced the Internal Audit Committee has joined in a new agreement with the Auditors office regarding eligibility for retirees.

Chairman Wyant announced the extension of the Bowles Rice contract for another year beginning September 1, 2014 through August 31, 2015 needs approval from the Board.

Chairman Wyant asked the Board if there is a motion to extend the contract of Bowles Rice for another year.

Mr. Fletcher made a motion the Board extend the contract of Bowles Rice for another year from September 1, 2014 through August 31, 2015. Captain Corsaro seconded the motion. The motion carried unanimously.

The minutes are located behind Tab #7.

#### **Tab 8: Cost Analysis for Additional Military Service Credits due to Supreme Court**

**Decision in Wood v. CPRB case – Harry Mandel, Board Actuary**

Harry Mandel, Board Actuary reviewed with the Board the Cost Analysis for the additional Military Service Credits due to the Supreme Court’s decision in the Keith Wood, et. al. v. CPRB case.

Chairman Wyant directed Executive Director Fleck and Deputy Director Miller to implement a tracking system to document members who apply for and receive additional Military Service Credit based on the Supreme Court ruling.

Harry Mandel announced to the Board that the projected increase in the employer contribution rate for 2016 will be 1.5% due to the Supreme Court decision. The Supreme Court decision will increase the unfunded liability by \$18,600.000 per year for 20 years, up to the year 2034.

Mr. Fletcher asked if the projected rate information will go out to all of the agencies. Executive Director Fleck informed him that the CPRB will share with the employers in a letter during the months of October and November of this year of the projected rates as has been done in past years.

Ms. Stout announced to the Board that she would like to thank Harry Mandel, Board Actuary, Melody Bailey, Actuary Analyst and the CPRB staff for all of their hard work on the Actuarial Required Contribution (ARC).

**Tab 9: Other, Old Business**

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

Executive Director Fleck announced to the Board that all of the Board Books can be seen on the secured website now. If any Board Member would like to reference any of the Board Books from our meetings, they will now be on the website.

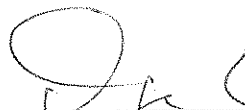
Chairman Wyant asked if there was any other old business to bring before the Board.

None was heard.

**Tab 10: Other, New Business**

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

Chairman Wyant adjourned the July 2, 2014 meeting of the West Virginia Consolidated  
Public Retirement Board at 1:25 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