

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF FEBRUARY 25, 2015**

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 10:07 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman
David Fletcher, *representing Auditor Glen Gainer III*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Andy Bird
Joseph Bunn, Esquire
Captain Michael Corsaro
Angela Crank
D. Todd Murray
Andrew Richardson, Esquire
Jeffrey Vallet

Trustees not present:

Joey Garcia, *representing Governor Earl Ray Tomblin*
Jason Pizatella, Esquire, *Acting Cabinet Secretary*
Joe Lynch
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 Moore, CPRB Executive Assistant
Jeaneen Legato, Esquire, CPRB General Counsel
Lenna Chambers, Esquire, Bowles Rice
Jack DeBolt, Esquire, Hearing Officer
Craig Slaughter, WVIMB, Executive Director
Andrew Wyne, Empower Retirement, Outreach Officer
Eric Sanderson, Empower Retirement
Tom Zacharias, Deloitte Consultants
Darden Greene, CPRB Chief Financial Officer

John Beane, CPRB Chief IT Officer
Steve Stockton, CPRB Chief Compliance Officer
Harry Mandel, CPRB Board Actuary
Melody Bailey, CPRB Actuary Analyst
Heather Drake, CPRB Administrative Assistant
Alysia Miller, CPRB Paralegal
Annamarie Short, CPRB Internal Auditor
Eric Stringer, CPRB IT Staff
Caroline Brady, CPRB PERS Assistant Manager
Chris Bush, CPRB Uniformed Services
Barbara Moss, CPRB TRS Assistant Manager

Tab 1: Approval of the January 14, 2015 Meeting Minutes

Mr. Vallet made a motion to approve the minutes of the January 14, 2015 meeting and the minutes of the January 21, 2015 recessed meeting 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

Chairman Wyant announced he was appointing Board Member Andy Bird to the West Virginia Investment Management Board Representatives Committee (WVIMB).

The Board then heard the report from Executive Director Jeffrey Fleck which included the following information:

1. Executive Director Fleck reported on the January 2015 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for January there were 143 TRS Estimates and 80 Retirements and in PERS there were 214 Estimates and 174 Retirements.
2. Executive Director Fleck announced that our CPRB representative, Candi Moore, who is a member of the Employee of the Month Committee, was recognized in the February 2015 Issue of the Quotes, Notes & Anecdotes. Also, he announced, was an article regarding the Baby Boomer Generation and how the CPRB has seen an increase in the number of retirements as "baby boomers" transition from the workforce to their golden years.
3. Executive Director Fleck reviewed the Teachers' Defined Contribution (TDC) 2015 Educational Meetings with the Board. He announced there have been a total of 8 meetings so far this year, with 18 participants. Executive Director Fleck reported on the TDC Reality Investing statistics. He announced that TDC has a

total of 4,721 participants and \$403,137,136 in total assets.

Acting Cabinet Secretary Jason Pizatella arrived to the meeting at 10:10 a.m.

4. Executive Director Fleck reviewed the Delinquent Employers list with the Board.
5. Executive Director Fleck reported to the Board on the Computer Update. He announced the Computer Project was at 21% of completion. He announced that Phase 4a will go live in November 2015.
6. Executive Director Fleck provided the Board an update on the OASIS/ERP new payroll system. He announced that all state employees will go from 24 pay checks to 26 pay checks per year starting this year. He announced we are waiting to go live; all of the Department of Administration employees were scheduled to go live on April 1, 2015, but it was postponed to a later date due to the new payroll system was not ready for implementation. We will keep you updated as we find out from the OASIS people.
7. Executive Director Fleck reviewed with the Board the January 2015 CPRB Financials. He announced that we are at 77% percent of budget as of January 31, 2015.
8. Executive Director Fleck reported to the Board on the Legislative update. He announced there were only 2 ½ weeks left of Legislative Session. Executive Director Fleck then reviewed the House and Senate Bills with the Board. He announced we have Bills that have already passed both Houses and are awaiting the Governor's signature. He announced that Senate Bill 529 goes before Senate Finance tomorrow; this is the Tier 2 Bill, which would have a higher contribution rate, require new hires to purchase military service credit, has a higher retirement rate, which would go from 60 years of age to 62 years of age before you can retire and teachers could purchase military service. Acting Cabinet Secretary Pizatella announced to the Board they are looking to incorporate SB 300, which is the CPRB military service credit Bill, into SB 529 and will keep the Board informed as it moves along.

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 Plan’s Investment Returns for the periods ending December 31, 2014 and January 31, 2015. Mr. Slaughter announced the stocks were down .5% in January and that it looks like we are looking toward Europe for the market to grow this year.

Eric Sanderson, Empower Retirement, reported to the Board on the TDC Investment Data as of January 31, 2015. Also, he informed the Board that the total assets ending December 31, 2014 were \$396.6 million.

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 February 24, 2015, and the Committee makes the following recommendations to the Board:

System	Approved	Denied	Total
DSRS	0	1	1
PERS	13	3	16
TDC	6	0	6
TRS	1	0	1
TRS (TDC Transfers)	6	1	7
TOTAL	26	5	31

Mr. Bunn made a motion the Board accept the Disability Committee’s recommendations concerning the disability retirement applications. The motion was seconded by Captain Corsaro. 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 with the Board the Appeal of Linda M. Jeffers on whether or

not the Applicant is entitled to convert unused annual and sick leave to additional service credit in the Teachers Retirement System.

Hearing officer DeBolt recommended the request of Linda M. Jeffers, for conversion of unused annual and sick leave to additional service credit, be denied.

Captain Corsaro made a motion the Board accept the Hearing Officer's Recommended Decision and deny the appeal of Linda M. Jeffers for conversion of unused annual and sick leave to additional service credit. Mr. Richardson seconded the motion. The motion carried unanimously.

The Appeals are 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.

Mr. Fletcher made a motion the Board go into Executive Session to discuss legal matters as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Vallet. The motion carried unanimously. The Board went into Executive Session at 10:27 a.m.

Chairman Wyant reconvened the Public Session of the February 25, 2015 meeting of the CPRB from Executive Session at 11:17 p.m. Chairman Wyant announced the Board was in Executive Session to discuss legal matters as allowed by West Virginia Code §6-9A-4. He announced there were no decisions made during Executive Session and will now return to Tab #6 on the Agenda, 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 gave an update on the case of the Mingo County Commission and Sheria Maynard v. CPRB. Ms. Legato announced to the Board that we have received a Circuit Court Order since the last Board Meeting. On February 2, 2015 the Circuit Court ruled that Ms. Maynard should be responsible for paying the employer and employee contributions and interest in order to

purchase the service credit she is requesting. This board earlier ruled that the Mingo County Commission should be responsible for the employer share and the interest. The Circuit Court Reversed in part and Affirmed in part, the Administrative Final Order of the Board and said that Ms. Maynard should be responsible for the full price. Ms. Legato announced that we have until March 4, 2015 to file a Notice of Appeal. A copy of the Circuit Court's Order is behind Tab A of my report. Ms. Legato announced to the Board that her recommendation would be not to appeal the Court's Decision.

Chairman Wyant asked if there was a motion from the Board on the case of the Mingo County Commission and Sheria Maynard v. CPRB and if the Board wanted to file a Notice of Appeal in this case. No motion was heard.

Ms. Legato gave an update on the pending Less than Honorable Service (LTHS) case of Michael Thornsbury. Ms. Legato announced that yesterday Judge Bailey, Kanawha County, held a status conference regarding the Michael Thornsbury case in her chambers and issued a Scheduling Order and announced the case will be decided on the basis of briefs. The parties will have the option of presenting Oral Argument, after the Briefs are submitted.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Kermit Miller with the Board. On October 3 2014, this former PERS member and DMV employee entered a guilty plea to the federal felony offense of Conspiracy to Defraud in Connection with Identification Documents.

Ms. Legato recommended the Board disqualify and terminate the pension and Mr. Miller's membership in PERS and proceed with LTHS against him.

Acting Cabinet Secretary Pizatella made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with LTHS proceedings against Mr. Miller and to terminate his retirement benefits in PERS. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Jon Girod with the Board. On October 15, 2014, this former PERS member and DHHR employee entered a guilty plea to the federal felony offense of Bribery/False Claims/Conspiracy for Medical Care in the Circuit Court of Braxton County, WV.

Ms. Legato recommended the Board disqualify and terminate the pension and Mr. Girod's

membership in PERS and proceed with LTHS against him.

Mr. Bunn made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with LTHS proceedings against Mr. Girod and to terminate his retirement benefits in PERS. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Krysten Fetcko with the Board. On September 5, 2014, this former TRS member and guidance counselor at Ritchie Elementary School in Wheeling, WV entered a guilty plea to the federal felony offense of Aiding & Abetting the Distribution of a Controlled Substance (oxycodone).

Ms. Legato recommended the Board disqualify and terminate the pension and Ms. Fetcko's membership in TRS and proceed with LTHS against her.

Captain Corsaro made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with LTHS proceedings against Ms. Fetcko and to terminate her retirement benefits in TRS. The motion was seconded by Mr. Richardson. There was discussion on the motion. The Board voted on the motion. The motion carried. Mr. Bunn voted no.

Ms. Legato reviewed with the Board an update on the case of Michael Whalen v. CPRB. Ms. Legato informed that the Board filed a regular Petition for Appeal with the West Virginia Supreme Court in addition to the Writ of Prohibition. Judge Nibert scheduled a hearing on the Motion of Stay for January 30, 2015 at 10:30 a.m. On December 12, 2014, the *Petition for Appeal* was filed with the Supreme Court. On December 29, 2014, Mr. Whalen's counsel filed a response with the Supreme Court to our *Writ of Prohibition*. On February 4, 2015, the Supreme Court entered a Rule to Show Cause directing Respondent Whalen to show cause why the writ should not be awarded, and the Court further scheduled this matter for a Rule 19 Argument on Tuesday, April 7, 2015. We have a Brief due with respect to the regular appeal on March 16, 2015.

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.

Outside Counsel, Lenna Chambers updated the Board on the case of Patricia Jones v Consolidated Public Retirement Board and Judy Vannoy Akers. As of the date of this report, Petitioner Jones has filed a brief in support of her appeal, to which CPRB has responded and Ms. Jones replied and Petitioner Akers has filed a brief in support of her appeal, to which CPRB responded. Petitioner Akers' reply was due February 17, 2015. The Court will then decide whether to set oral argument, request additional briefing, or rule on the basis of the written submissions.

Ms. Chambers reviewed and updated the case of Roy Edward Cool v. W.Va. Consol. Pub. Ret. Bd. She announced this case has been officially dismissed and will be removed from the docket.

Ms. Chambers reviewed and updated the case of Allen E. Tackett v. W.Va. Consol. Pub. Ret. Bd. The Petitioner does not challenge the portion of the Board's August 13, 2014 Final Order, including the determination that inactive duty training (such as weekend drills), does not constitute active duty service creditable in PERS. An Administrative Record and Index were filed on behalf of the CPRB on September 24, 2014. The parties have submitted Briefs and Proposed Orders. In his Proposed Order, Petitioner raises a new request for attorneys' fees. Ms. Chambers announced to the Board we are waiting on a ruling on this case from the Court.

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

Executive Director Fleck reviewed with the Board the report from Pullin, Fowler, Flanagan, Brown & Poe on the case of Cheryl Dougherty, et al. v. CPRB et al.

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

Executive Director Fleck reviewed with the Board the report from Shuman, McCuskey & Slicer on the case of Manuel Cartelle v. City of Beckley and CPRB. Director Fleck announced to the Board that Dwayne Cyrus, the attorney in this case will be filing a Motion to Dismiss in the coming weeks.

The report from Shuman, McCuskey & Slicer is located behind Tab #6.

Tab 7: Committee Updates

Accounting and Investing

Mr. Bunn announced to the Board, the Accounting and Investment Committee met this morning and would like to make the following recommendations to the Board:

Mr. Bunn announced the A&I Committee voted this morning to replace the Sentinel Small Cap Fund, which has been on the watch list, with the T. Rowe Price Diversified Small Cap Growth Fund. The Committee recommends the Board adopt the A&I Committee's recommendation to replace the Sentinel Small Cap Fund with the T. Rowe Price Diversified Small Cap Growth Fund.

Acting Cabinet Secretary Pizatella made a motion the Board adopt the A&I Committee's recommendation and replace the Sentinel Small Cap Fund with the T. Rowe Price Diversified Small Cap Growth Fund. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Mr. Bunn announced to the Board the A&I Committee voted to replace another fund which was on the watch list. Mr. Bunn announced the A&I Committee recommends the Board replace the Heartland Value Plus Fund with the DFA U.S. Targeted Value Portfolio Class R1 Fund.

Mr. Fletcher made a motion the Board adopt the A&I Committee's recommendation to replace the Heartland Value Plus Fund with the DFA U.S. Targeted Value Portfolio Class R1 Fund. Captain Corsaro seconded the motion. The motion carried unanimously.

Mr. Bunn announced to the Board the A&I Committee voted to place the Scout Midcap Fund on the watch list and recommends the Board's approval.

Mr. Richardson made a motion the Board adopt the A&I Committee's recommendation to move the Scout Midcap Fund to the watch list. Mr. Fletcher seconded the motion. The motion carried unanimously.

Mr. Bunn reviewed the PIMCO Total Return Fund with the Board. He announced the PIMCO Total Return Fund has been on the watch list for quite some time; the Committee evaluated it today and has decided to keep it on the watch list. We wanted to update the Board and there is no action necessary by the Board at this time.

The minutes of the A & I 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.

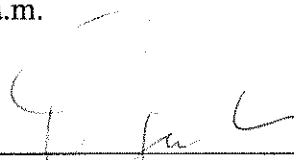
Tab 9: Other, New Business

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

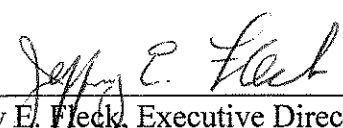
Executive Director Fleck announced that he had received communications from Gibbons and Kawash, who is our Financial Auditor regarding our Comprehensive Annual Financial Report (CAFR) for 2014. Our CAFR has been submitted to the Governmental Financial Officer's Association (GOFA).

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

Chairman Wyant adjourned the February 25, 2015 meeting of the West Virginia Consolidated Public Retirement Board at 11:34 a.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board