

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF SEPTEMBER 19, 2012**

A meeting of the West Virginia Consolidated Public Retirement Board (CPRB) of Trustees was held at the CPRB Conference Room, 4101 MacCorkle Avenue, SE, Charleston, West Virginia 25304, and was called to order at 10:03 a.m. by Chairman David Wyant.

Roll Call was taken and trustees present were:

David Wyant, Esquire, Chairman
Jeffrey Shawver, Esquire, *representing Governor Earl Ray Tomblin*
Mack Parsons, *representing Auditor Glen Gainer III*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Acting Cabinet Secretary Ross Taylor
Joseph Bunn, Esquire
Captain Michael Corsaro
Drema Evans
David Fletcher
Todd Murray
Sergeant Tony Payne
Andrew Richardson, Esquire

Trustees not present:

Thomas Bradley
Joe Lynch

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director
Terasa L. 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
Peter Markham, Esquire, Governor's Office
Kris Morton, Great West Regional Manager
Andrew Wyne, Great West Outreach Officer
Craig Slaughter, Executive Director, WV Investment Management Board
Phil Summer, TSG
Don Parr, Deloitte Consultants
Misty Peal, WVEA
Herb Lattimore, Appeal
Ed Lattimore, Appeal

J. Darden Greene, CPRB Chief Financial Officer
Steve Stockton, CPRB Chief Compliance Officer
Cindy Boyd, CPRB Project Manager
Harry Mandel, CPRB Actuary
Melody Bailey, CPRB Actuary Analyst
Cindy Adkins, CPRB Office Manager
Lisa Trump, PERS Manager
Annamarie Short, CPRB Internal Auditor
Caroline Brady, CPRB PERS Assistant Manager
Deana Gose, Uniform Services Manager
Alysia Miller, CPRB Paralegal
Eric Stringer, CPRB IT Staff
Brittany Smith, CPRB TRS Staff
Torrie Williams, CPRB PERS Staff

Tab 1: Approval of the August 8, 2012 Meeting Minutes

Mr. Fletcher made a motion to approve the August 8, 2012 minutes of the CPRB. The motion was seconded by Mr. Parsons. 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 reviewed the August 2012 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement numbers and estimates for the CPRB.
2. Executive Director Fleck announced to the Board the CPRB has received the new Code Books and one is provided to each Board member.
3. Executive Director Fleck updated the Board on the Chief IT Officer position. The position has been posted and he is receiving resumes. He announced he hopes to fill that position soon.
4. Executive Director Fleck informed the Board there is an article in Quotes, Notes & Anecdotes on the CPRB Retirement Advisors.
5. Executive Director Fleck reviewed the delinquent employers list with the Board.
6. Executive Director Fleck reviewed with the Board the TDC Educational Meetings. He announced there were a total of 67 meetings; with 26 in group attendance and 198 individual sessions.
7. Executive Director Fleck reviewed with the Board the TDC Reality Investing

statistics as of September 4, 2012. The total TDC assets are \$314,001,327 with 5,111 TDC members.

8. Executive Director Fleck reviewed with the Board the TRS and TDC Fall Outreach Schedule.
9. Executive Director Fleck reviewed with the Board the CPRB August 2012 Financials. As of August 31, 2012, we are at 9.06% of budget.
10. Executive Director Fleck informed the Board that he, Lisa Trump and Vicki Sutton attended the National Association of State Retirement System Administrators (NASRA) meeting at the Resort at Squaw Creek in Olympic Valley in California from August 4th through August 8th. He informed the Board the attendees included trustees, directors, managers and staff from various state and municipal retirement systems from across the country. There were also in attendance various associate firms and groups who provided services to public pension systems, such as actuarial, consulting and investment firms and announced it was very informative.
11. Executive Director Fleck informed the Board on the Legislative Update from the September 2012 Legislative Interims.
12. Executive Director Fleck reviewed with the Board the Legislative Auditor Report on "Re-employment after Retirement" and the response from the CPRB.
13. Executive Director Fleck reviewed with the Board Senate Concurrent Resolution No. 73, which relates to Military Service Credit for TRS, PERS, State Police and JRS.
14. Executive Director Fleck informed the Board he met with the families of the West Virginia fallen Troopers; Marshall Bailey and Michael Workman and sent condolences on behalf of the Board and the CPRB. Executive Director Fleck's report is located behind Tab 2.

Tab 3: Plans Investment Data

West Virginia Investment Management Board's (WVIMB) Executive Director Craig Slaughter reviewed with the Board the Plans Investment Returns for the month ending July 31, 2012.

Kris Morton, Great West Regional Manager, reported the TDC Investment Performance as of July 31, 2012. The Investment Data reports are located behind Tab 3.

Tab 4: Consideration of Current Disability Retirement Applications

Chairman Evans reported the Disability Committee met on September 18, 2012 and makes the following recommendations to the full Board:

System	Approved	Denied	Total
EMSRS	1	0	1
PERS	10	7	17
TDC	5	0	5
TRS	4	0	4
TDC/TRS	11	1	12
TOTAL	31	8	39

Captain Corsaro made a motion the Board accept the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Fletcher. The motion carried unanimously. The disability list is behind Tab 4.

Tab 5: Consideration of Appeals to Hearing Officers - Jack DeBolt

Hearing Officer DeBolt addressed the appeal of Ted Cheatham, Herbert Lattimore, Jr., and John Fernatt on whether or not the Applicants are entitled to military service credit in PERS and, if so, the amount thereof. It is recommended by Hearing Officer DeBolt that the request of Cheatham, Lattimore and Fernatt for certain military service credit in the Public Employees Retirement System be denied.

Mr. Bunn made a motion to adopt the recommendation of Hearing Officer DeBolt and deny the appeals of Cheatham, Lattimore and Fernatt for certain military service credit in PERS. The motion was seconded by Mr. Fletcher. Acting Cabinet Secretary Taylor recused himself from the vote. There was discussion on the motion and the motion carried unanimously.

Hearing Officer DeBolt addressed the appeal of Ronald Garlow on whether or not the Applicant is entitled to military service credit in TRS and, if so, how much. It is recommended by Hearing Officer DeBolt the request of Ronald Garlow for military service credit in TRS be denied.

Mr. Bunn made a motion to adopt the recommendation of Hearing Officer DeBolt and deny the appeal of Ronald Garlow for military service credit in TRS. The motion was seconded by Sargent Payne. There was discussion on the motion and the motion carried unanimously. The Recommended Decisions from the Hearing Officers are behind Tab 5.

Tab 6: Work in Progress Reports from Legal Counsel

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

The Chairman reconvened the Public Session of the September 19, 2012 meeting of the CPRB from Executive Session at 12:05 p.m. Chairman Wyant stated the Board was in Executive Session to discuss commercial competition, contractual matters and legal matters as allowed by West Virginia Code § 6-9A-4. He announced there were no decisions made during Executive Session. The Board will return to Tab 6, Work in Progress Reports from Legal Counsel.

The Chairman announced the In-House Legal Counsel's, Jeaneen Legato, contract is up for renewal.

Mr. Shawver made a motion to renew Ms. Legato's contract for three (3) years. Mr. Richardson seconded the motion. The motion carried unanimously.

Mr. Fletcher made a motion the Board approve a change order to the Gibbons & Kawash financial audit contract to include a Comprehensive Annual Financial Report (CAFR) portion. The change order is for the amount of \$7,000. Ms. Evans seconded the motion. The motion carried unanimously.

Work in Progress Reports from Legal Counsel

In-House Legal Counsel, Jeaneen Legato, presented her report with the Board on all pending legal matters. She reported on all current Administrative, Circuit Court, Supreme Court and Less Than Honorable Service cases.

Ms. Legato reviewed with the Board the Town of Pratt Water Works delinquency in paying employee and employer retirement contributions. She announced we have collected \$5,000 from the Kanawha County Commission and \$1,300 from Pratt Water Works toward this debt. Negotiations have been discussed with the Town of Pratt, Town of Pratt Water Works, Mayor of Pratt and Kanawha County Commission. She recommended the Board authorize the Chairman or Executive Director the discretion to enter into a settlement agreement for a monthly payment in addition to their regular contributions with the Town of Pratt Water Works in lieu of filing a civil action in this case, and the terms of the agreement to be set forth in writing and be signed by the Chairman or Executive Director.

Mr. Bunn made a motion to authorize Director Fleck to execute a settlement agreement with the Town of Pratt as to the payment of the funds owed to the Board following the modification of the settlement agreement consistent with the discussion the Board had in Executive Session. Mr. Richardson seconded the motion. The motion carried unanimously. The report of In-House Legal Counsel is 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.

Ms. Chambers reported that Ronald McKown's attorney has proposed a settlement to the Board and asked if there was interest. None was heard.

Ms. Chambers also reported that the plaintiffs in the Huffman, et al. case (Mountain Line) have asked if the Board would like to propose any settlement in said case. None was heard.

Ms. Chambers requested the Board grant Bowles Rice the authority to submit to the IRS a Voluntary Correction Program (VCP) filing to propose corrections under the Employee Plans Compliance Resolution System (EPCRS) per discussion in Executive Session regarding the Harrison County Emergency Squad's participation in the Emergency Medical Services Retirement System (EMSRS).

Mr. Fletcher made a motion to authorize Bowles Rice to file the VCP with the IRS with the information discussed in Executive Session. The motion was seconded by Mr. Shawver. There was discussion on the motion and the motion carried unanimously.

Mr. Bunn made a motion for Bowles Rice to enter into agreements with third parties related to the previous matter, wherein the Board will agree to toll the statute of limitations so long as the other party refrains from filing suit against the Board until the IRS determination is rendered. Mr. Fletcher seconded the motion. The motion carried unanimously. The report of Outside Counsel is behind Tab 6.

Chairman Wyant reviewed with the Board the status reports from the Board of Risk and Insurance Management (BRIM) Counsel that are located behind Tab 6 regarding the cases of Dawn Colette Bland v. State of West Virginia and Cheryl Dougherty v. Ramona Cerra, et al.

Chairman Wyant reminded the Board that several meetings ago, there was discussion on how to provide participating entities information regarding the preliminary employer contribution rates and how we can get that information to them earlier for budgetary consideration.

Mr. Richardson made a motion to allow the disclosure of preliminary employer contribution rates to participating entities. The motion was seconded by Ms. Evans. The motion carried unanimously.

Tab 7: Committee Updates

Actuarial Assumption Review Committee:

Chairman Shawver reported the Actuarial Assumption Review Committee met on September 6, 2012. Board Actuary, Harry Mandel, reviewed with the Committee the recommendations regarding the Annual Actuarial Interest Rate and the 2012 Deputy Sheriff Retirement System (DSRS), State Police Plan A and State Police Plan B Experience Study. Chairman Shawver requested Mr. Mandel review the recommendations with the full Board.

Chairman Wyant announced he would then move the agenda from the Committee Updates

to Tab 8, Annual Actuarial Interest Rate Review by Mr. Mandel.

Tab 8: Annual Actuarial Interest Rate Review – Harry Mandel

Board Actuary, Harry Mandel, reviewed the Annual Actuarial Interest Rate with the Board and recommended the Board approve the continuation of the 7.5% actuarial valuation interest return rate and discount assumptions for all defined benefit plans administered by the Board for the July 1, 2012 actuarial valuations.

Mr. Shawver made a motion the Board accept the recommendation by the Board Actuary and approve the continuation of the 7.5% actuarial valuation interest return rate and discount assumptions for all defined benefit plans administered by the Board for the July 1, 2012 actuarial valuations. The motion was seconded by Captain Corsaro. The motion carried unanimously. The Annual Actuarial Interest Rate Review is located behind Tab 8.

Tab 9: 2012 DSRS, Plan A and Plan B Experience Study – Harry Mandel

Board Actuary, Harry Mandel, reviewed and explained the 2012 Law Enforcement (DSRS, State Police Plan A and State Police Plan B) Experience Study with the Board and requested the Board approve the assumptions as presented.

Mr. Shawver made a motion the Board accept the recommended assumptions in its entirety as set forth by the 2012 Law Enforcement Experience Study and as presented by the Board Actuary. The motion was seconded by Mr. Richardson. The motion carried unanimously. The 2012 DSRS, State Police Plan A and State Police Plan B Experience Study is located behind Tab 9.

Chairman Wyant announced we will now return to Tab 7, Committee Updates.

Computer Systems Update Committee

Chairman Fletcher reviewed the Computer Committee minutes of June 27, 2012 with the Board. He announced the Computer Committee met again on September 19, 2012 and reviewed the Computer Request for Proposal (RFP). He announced the RFP is ready with a small change to be made to the IT and system support.

Chairman Fletcher made a motion the Board approve the Computer RFP with the technical corrections and to give the Executive Director approval to sign the RFP and submit it to the Division of Purchasing. Mr. Bunn seconded the motion. The motion carried unanimously. The Committee Updates are located behind Tab 7.

Chairman Wyant announced we will now move to Tab 10, 2013 Proposed Legislation and asked Deputy Director Terasa Miller to review the proposed legislation to the Board.

Tab 10: 2013 Proposed Legislation

Deputy Director Miller reviewed the 2013 proposed legislation relating to delinquent retirement contributions regarding successor liability, which would apply to all of the plans the CPRB administers.

Ms. Evans made a motion to approve and submit the legislation to the Legislature as presented by Deputy Director Miller. The motion was seconded by Mr. Fletcher. There was discussion on the motion.

Mr. Shawver asked if there should be a presumption of liability in the statute. Mr. Bunn suggested adopting a statute where CPRB could have an automatic lien against the employer who did not pay their contributions to the Board, similar to that of counties and real property. Ms. Miller announced that staff could make those changes and bring it back to the Board.

Ms. Evans announced she would like to withdraw her motion and Mr. Fletcher withdrew his second of the motion.

Chairman Wyant announced the Board will hold over the 2013 Proposed Legislation until the next Board Meeting so staff could make the proposed changes and the Board can review those changes requested. The 2013 Proposed Legislation is located behind Tab 10.

Tab 11: Other, Old Business

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

Tab 12: Other, New Business

Chairman Wyant announced he would like to thank Mr. Shawver for his participation, help and assistance with the Board and wished him good luck on all of his future endeavors.

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

Chairman Wyant adjourned the September 19, 2012 public meeting of the West Virginia Consolidated Public Retirement Board at 1:50 p.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board