

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF SEPTEMBER 24, 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 10:05 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*
Josh Stowers, *representing Treasurer John Perdue*
Andy Bird
Joseph Bunn, Esquire
Angela Crank
Joe Lynch
D. Todd Murray
Andrew Richardson, Esquire
David Stover
Jeffrey Vallet

Trustees not present:

Captain Michael Corsaro

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
Craig Slaughter, Executive Director, WVIMB
Andrew Wyne, Great West Retirement Services, Outreach Officer
Eric Sanderson, Great West Retirement Services
Tom Zacharias, Deloitte
Arun Natesan, Deloitte
Anthony Carpenter, Gibbons & Kawash

Bob Denyer, Gibbons & Kawash
Ben Lett, LRWL
Norm Buckwalter, LRWL
Jerry McClure, Appellant
Sue Talbott, Appellant
Sherri Wong, Representing Sue Talbott
Misty Peal, WVEA
Phil Kabler, Charleston Gazette
Harry Mandel, CPRB Actuary
Melody Bailey, CPRB Actuary Analyst
Heather Drake, CPRB Administrative Assistant
Alysia Miller, CPRB Paralegal
Darden Greene, CPRB Chief Financial Officer
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 Assistant Manager

Chairman Wyant recognized and welcomed the new Board Members appointed to the CPRB by Governor Tomblin: Andy Bird, representing the Teachers Retirement System; The Honorable David “Bugs” Stover, representing the Public Employees Retirement System; and Angela Crank, representing the Teachers Defined Contribution System. Chairman Wyant announced that the Governor had also named reappointments to the Board and they are: Todd Murray, Joe Bunn, Joe Lynch, and myself (David Wyant).

Tab 1: Approval of the August 13, 2014 Meeting Minutes

Mr. Vallet made a motion to approve the August 13, 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 reported on the August 2014 Teachers’ Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for August there were 58 TRS Estimates and 261 Retirements and in PERS there were 250 Estimates and 82 Retirements.
2. Executive Director Fleck reviewed the Teachers’ Defined Contribution (TDC) 2014 Educational Meetings with the Board. He announced there have been a total of 71 meetings so far this year with 791 participants. Executive Director Fleck

reported on the TDC Reality Investing statistics. He announced that Reality Investing had a total of 4,784 participants and \$403,654,540 in total assets.

3. Executive Director Fleck reviewed the Delinquent Employers list with the Board.
4. Executive Director Fleck reviewed the Historical Data of the Public Employees Retirement System (PERS) and Teachers' Retirement System (TRS). He reported there has been an increase in retirements of 20% to 30% in both the TRS and PERS retirements over the last decade due to the baby boomers retiring.
5. Executive Director Fleck updated the Board on the Military Service Credit. He announced the CPRB sent a letter out to over 15,000 retirees informing them of the Military Service Credit. He announced that we have received 800 responses so far. He informed the Board that he would have the total number of how many will be eligible and the total Service Credit that is due so far at the November 5, 2014 Board Meeting. He announced this is going to be on-going in the future as more find out they are eligible for the Service Credit.
6. Executive Director Fleck informed the Board on the Computer Update. He announced the Computer Project was starting on phases 3 & 4. He reported that staff has been hard at work and the project is moving ahead smoothly.
7. Executive Director Fleck reported on the August 2014 CPRB Financials; he reported we are at 6.59% of budget as of August 31, 2014.
8. Executive Director Fleck reported to the Board on the Legislative Update. During the September Interims he reported to the Pension Committee on various pension issues; the Military Service Credit, FY 2014 Actual Rate of Return, IRS Normal Retirement Age Regulation Update, GASB 68 and the Teachers Outreach Meetings.

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 on the Plan's Investment Returns for the period ending July 31, 2014. Mr. Slaughter reported that Stocks were down by 1% in all of the funds.

Eric Sanderson of Great West reported the acquisition of acquiring JP Morgan's Retirement Plans Services Division had been completed in early September. Mr. Sanderson

announced Ed Murphy had been named the new President of Great West Combined Retirement Services Division. Mr. Sanderson reviewed with the Board that as of September 2, 2014 a mapping of 64.8 million dollars taken out of the John Hancock Large Cap Equity Fund and moved into a new investment option; the Fidelity New Millennium Fund had been completed. Mr. Sanderson reported as of September 23, 2014 that the Fidelity New Millennium Fund now had 64.28 million dollars and there are currently 2, 299 participants that hold a balance in that fund.

The Plan's Investment Data report is located behind Tab 3.

Tab 4: Consideration of Current Disability Retirement Applications

Mr. Murray reported the Disability Committee met on September 23, 2014, and the Committee makes the following recommendations to the Board:

System	Approved	Denied	Total
DSRS	1 Total Duty	0	1 Total Duty
PERS	10	3	13
TDC	4	0	4
TRS	2	1	3
TRS/TDC Transfers	5	0	5
TOTAL	22	4	26

Mr. Lynch made a motion the Board accept the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Bunn. 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 on the Appeal of Joseph B. Talbott on whether or not the Applicant (now his estate) is entitled to be paid the early-retirement incentive portion of his Teachers Retirement System annuity while serving in the Legislature.

Hearing officer DeBolt recommended the request of Joseph B. Talbott, revived and continued

by his Estate, to be paid the early-retirement incentive portion of his annuity during periods when he served in elected public office, be denied.

Mr. Richardson announced he was recusing himself from the vote on the Joseph B. Talbott appeal. Chairman Wyant so noted.

Mr. Vallet made a motion the Board accept the Hearing Officer's Recommended Decision and deny the appeal of Joseph B. Talbott. Mr. Bunn seconded the motion. Mr. Richardson recused himself from the vote. There was discussion on the motion. The motion carried.

The Appeals are located behind Tab 5.

Chairman Wyant moved the agenda around to address Tab # 8.

Tab 8: FY2014 Audit Status Update – Gibbons & Kawash

Mr. Bob Denyer, of Gibbons & Kawash reviewed with the Board on the current status of FY2014 Financial Audit. He announced he would have the completed audit for the Board by the November 5, 2014 Board meeting.

Ms. Lipscomb-Spano asked if the Financial Audit would meet the CAFR deadline. Darden Greene, CFO, announced he had been in contact with FARS and everyone is working with them on meeting the CAFR deadline.

Chairman Wyant moved the agenda to address Tab # 6, Legal Counsel Reports.

Tab 6: Legal Counsel Reports

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

Mr. Bunn made a motion the Board go into Executive Session to discuss legal matters and a contractual matter 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 10:43 a.m.

Chairman Wyant reconvened the Public Session of the September 24, 2014 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 a contractual matter 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.

Captain Corsaro arrived to the meeting at 11:20 a.m.

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 LTHS case of Tracie Dennis; the former Director of the Office of Operations at the Charleston Convention and Visitor’s Bureau, entered a guilty plea and was adjudged guilty of the felony offense of embezzlement. Ms. Legato recommended the Board disqualify her pension and proceed with Less Than Honorable Service against Ms. Dennis.

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

Ms. Legato reviewed the LTHS case of Johnathon Kirk, a former Mercer County teacher who pled guilty to the felony offenses of Sexual Abuse in the First Degree, Distribution to a Minor of Obscene Material, Sexual Abuse by a Guardian or Custodian and Soliciting a Minor via Computer. Ms. Legato recommended the Board disqualify his pension and proceed with Less Than Honorable Service against Mr. Kirk.

Mr. Bunn made a motion the Board adopt counsel’s recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Mr. Kirk. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Ms. Legato reviewed the LTHS case of Jason Marple, a former Harrison County Sheriff Process Server who pled guilty to the felony offenses of Aiding and Abetting, Distribution of Oxycodone within 1000 feet of a Protected Location and Possession of a Firearm in Furtherance of a Drug Trafficking Crime. Ms. Legato recommended the Board disqualify his pension and proceed with Less Than Honorable Service against Mr. Marple.

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

Ms. Legato reviewed the LTHS case of Billy Ramsey, a former teacher at the Boone County Career & Technical Center who entered a plea of guilty to the felony offense of Grand Larceny. Ms. Legato recommended the Board disqualify his pension and proceed with Less Than Honorable Service against Mr. Ramsey.

Mr. Vallet made a motion the Board adopt counsel's recommendation and authorize counsel to proceed with Less Than Honorable Service proceedings against Mr. Ramsey. The motion was seconded by Mr. Richardson. The motion carried unanimously.

Ms. Legato reviewed with the Board on the case of Estate of Thomas Eschbacher v. CPRB. Ms. Legato recommended the Board proceed with an Interpleader Action in the Circuit Court of Kanawha County.

Mr. Fletcher made a motion the Board authorize counsel to proceed with an Interpleader Action in the Circuit Court of Kanawha County on the case of Estate of Thomas Eschbacher v. CPRB. The motion was seconded by Mr. Lynch. The motion carried unanimously.

Ms. Legato reviewed the Administrative case of Manuel Cartelle with the Board. Ms. Legato announced to the Board that a *Notice of Intent to Institute Civil Action* has been received from his attorney. Ms. Legato informed the Board she has contacted Executive Director Chuck Jones at BRIM and he informed us that he will notify us with any further developments.

Ms. Legato reviewed with the Board the Clay Hupp v. CPRB matter. Ms. Legato informed the Board the Supreme Court of Appeals entered an Order refusing the petition for rehearing.

Ms. Legato reviewed the case of Arden J. Curry, II v. CPRB with the Board. Ms. Legato announced to the Board that the Circuit Court had entered a *Scheduling Order*; the opposing counsel's brief is due on or before December 1, 2014.

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

Work in Progress Reports from Outside Legal Counsel – Lenna Chambers

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 reviewed with the Board on the matter of W.Va. Investment Management Board, et. al., v. the Variable Annuity Life Insurance Company of America. Ms. Chambers announced this case has been set for oral argument at the Supreme Court on Tuesday, September 30, 2014.

Ms. Chambers reported to the Board that the settlement had been paid in the matter of the Keith Wood, et. al. v. CPRB and the case has now been formally dismissed. Ms. Chambers announced after letters were sent out staff found there had been some individuals who are eligible for Title 32 National Guard Credit as a result of the prior decision.

Ms. Chambers recommended the Board pay the period of armed conflict retroactively, with interest to those individuals covered under Title 32 National Guard Service Credit.

Mr. Bunn made a motion the Board adopt counsel's recommendation and pay the period of armed conflict retroactively, with interest to those individuals covered under Title 32 National Guard Service Credit. The motion was seconded by Mr. Fletcher. The motion carried unanimously.

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

Chairman Wyant reported to the Board on 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.

Tab 7: Committee Updates

Internal Audit Committee

Donna Lipscomb-Spano announced to the Board, the Internal Audit Committee met on Monday, September 22, 2014. Ms. Lipscomb-Spano reviewed a report prepared by the State Auditor's office regarding the City of Mullens. Ms. Lipscomb-Spano announced the Committee

had also reviewed a report on reinstatements and reported that no action needed to be taken by the Board on that report.

The minutes of the A & I Committee are located behind Tab #7.

Actuarial Assumptions Review Committee

Chairman Garcia announced to the Board the Actuarial Assumptions Review Committee met on Thursday, September 11, 2014 and reviewed the 2014 Actuarial Interest Rate Review for all of the CPRB Plans and was presented by Harry Mandel, Board Actuary.

Mr. Garcia announced the Actuarial Assumptions Review Committee is requesting the Boards approval on the continuation of the 7.50% Valuation Interest Return Rate and Discount Assumption for all of the Defined Benefit Plans' July 1, 2014 Actuarial Valuations.

Mr. Fletcher made a motion the Board adopt the recommendation of the Actuarial Assumptions Review Committee and approve the continuation of the 7.50% Valuation Interest Return Rate and Discount Assumption for all of the Defined Benefit Plans' July 1, 2014 Actuarial Valuations. The motion was seconded by Ms. Lipscomb-Spano. The motion carried unanimously.

The minutes of the Actuarial Assumptions Review Committee are located behind Tab #7.

Chairman Wyant moved the agenda to address Tab #9, DSRS July 1, 2014 Actuarial Valuations.

Tab 9: DSRS July 1, 2014 Actuarial Valuations – Harry Mandel, Board Actuary

Harry Mandel, Board Actuary, reviewed the DSRS Valuations with the Board.

- I. The July 1, 2014 DSRS Actuarial Valuation is completed in-house by CPRB staff.
 - a. Actuarial Assumptions are those approved by the Board effective from July 1, 2012.
 - b. The Board has approved a continuation of the 7.5% interest return rate for all plans.
 - c. Fee deposit estimate was reviewed and maintained a \$535,000.
 - i. Fee Deposits for FY2014 equaled \$554,000.

- ii. Average for FY2010 thru FY2014 of \$537,400.
- II. There were no changes in retirement benefit provision first recognized this year.
- III. Overview of DSRS experience for year and impact on the valuation results.
 - a. Actuarial Calculated net return rate on assets was 17.8%.
 - i. 10.3% return above the 7.5% actuarial assumed interest rate.
 - ii. Actuarial gain on assets estimated at \$14.2 million.
 - b. IMB reported return rate of 17.9% prior to administrative expenses.
 - c. Average pay per member increased at 2.15% indicating pay increases below the salary scale assumption contributing to gains for the year.
 - d. Plan payroll growth for year of 3.4% was below the 5.0% expected growth rate reflecting current economic conditions.
 - e. The employer Normal Cost requirement decreased from 4.39% of payroll to 4.32% reflecting the actuarial gains for the year.
- IV. Overview of Attachment: "July 1, 2014 Actuarial Valuation."
 - a. July 1, 2014 results with comparison to and changes from July 1, 2013.
 - i. Actuarial Accrued Liability of \$180,677,000 is funded by \$162,748,000 of assets.
 - ii. For 2013 the AAL was \$169,260,000 with \$135,756,000 of assets.
 - b. Funding Percentage increased due primarily to investment gains.
 - i. July 1, 2014 at 90.1% (\$17,929,000 UAAL).
 - ii. July 1, 2013 at 80.2% (\$30,504,000 UAAL).
 - c. Expected contributions for FY2015 meets the funding policy target contribution (ARC) based on level percentage of payroll funding by \$2,683,000.
 - i. Required contribution of \$3,681,000 for FY2015.
 - ii. Expected contribution of \$6,364,000 equals 12.5% of payroll plus \$535,000 in fee deposits.
 - iii. Preferred level dollar funding target is \$4,048,000 and is met by the Expected Contribution by \$2,316,000.

Mr. Mandel recommended the Board accept the July 1, 2014 Actuarial Valuation for the Deputy Sheriff's Retirement System (DSRS).

Mr. Murray made a motion the Board adopt the recommendation of the Board Actuary and

accept the July 1, 2014 Actuarial Valuation for the Deputy Sheriff's Retirement System DSRS. The motion was seconded by Captain Corsaro. The motion carried unanimously.

Mr. Mandel reviewed the current employer contribution rate with the Board.

- V. Current Contribution rate of 12.5% of pay plus fees is sufficient to meet the ARC under the current funding policy.
 - a. Contributions are expected to be excess of the ARC on a level percentage of pay funding basis.
 - b. Contributions are expected to be in excess of the preferred level dollar funding basis.
 - c. Employer contributions rate of 12.5% meets the calculated ARC for FY2015 under the preferred level dollar funding alternative of 8.9% of payroll.
 - d. Current statutes limit the employer contribution percentage to 13.0% of payroll.
 - e. The Board Actuary recommends a reduction in the employer contribution rate from 12.5% to 12% of pay effective July 1, 2015 for FY2016.

Mr. Mandel recommended the Board authorize a reduction of the current 12.5% employer contribution rate to 12.0% effective July 1, 2015.

Mr. Fletcher made a motion the Board adopt the recommendation by the Board Actuary, Harry Mandel and authorize a reduction of the current 12.5% employer contribution rate to 12.0% effective July 1, 2015. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Tab 10: Other, Old Business

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

Tab 11: Other, New Business

Chairman Wyant announced that he would entertain a motion to modify the contract with LRWL regarding project management duties.

Mr. Fletcher made a motion the Board modify the contract with LRWL regarding the project management duties. The motion was seconded by Mr. Bunn. The motion carried

Disability Committee Report
November 5, 2014

System	Last Name	First Name	Review	Approved	Board Physician	County	Service	SSD	WCD	Award Type
DSRS	Hisnam	Loralie	First Review	Yes	Dr. Jeffrey	Kanawha	1y 9m	No	No	Total Duty
DSRS Totals	1 Yes	0 No	1 Total							
PERS	Adams Sr	Jimmy	Second Review	Yes	Dr. Adams	Lincoln	10y 7m	No	No	
PERS	Adams	Kenneth	Re-application	Yes	Dr. Beckett	Logan	9y 1m	No	Yes	
PERS	Bailey	Franklin	First Review	Yes	Dr. Adams	Kanawha	30y 9m	No	Yes	
PERS	Baker	Donna	First Review	Yes	Dr. Beckett	McDowell	7y	No	Yes	
PERS	Campbell	Debra	First Review	Yes	Dr. Becker	Wayne	18y 3m	No	No	
PERS	Comstock	Sandra	First Review	Yes	Dr. Jeffrey	Kanawha	12y 3m	No	No	
PERS	Conley	Tonya	First Review	Yes	Dr. Jeffrey	Kanawha	17y	No	No	
PERS	Eaton	Ronald	First Review	Yes	Dr. Ambroz	Berkeley	15y 4m	No	No	
PERS	Fisher	Mark	First Review	Yes	Dr. Jeffrey	Mason	27y	No	No	
PERS	Kirk	Kenneth	First Review	Yes	Dr. Wilson	Raleigh	31y	No	Yes	
PERS	Legg	Rickie	First Review	Yes	Dr. Wilson	Greenbrier	17y 6m	No	No	
PERS	McCoy	Tina	First Review	Yes	Dr. Stultz	Mingo	12y 10m	Yes	No	
PERS	Rippeth	Larkin	First Review	No	Dr. Beckett	McDowell	16y 2m	No	No	
PERS	Sager	Sylvia	Second Review	Yes	Dr. Cupp	Preston	33y 6m	No	No	
PERS	Spriggs	Keith	Second Review	Yes	Dr. Ambroz	Berkeley	13y 3m	No	No	
PERS	Woods	Robert	First Review	Yes	Dr. Becker	Cabell	20y 5m	No	No	
PERS	Wray	Teresa	First Review	Yes	Dr. Adams	Mason	19y	No	No	
PERS Totals	16 Yes	1 No	17 Total							
TRS	Clonch	Charlene	First Review	Yes	Dr. Adams	Mason	22.211	Yes	No	
TRS Totals	1 Yes	0 No	1 Total							
TRS (TDC Transfer)	Baughan	Ann	First Review	Yes	Dr. Cawley & Dr. Leavitt	Wood	12.039	No	No	
TRS (TDC Transfer)	Morfield	Teena	First Review	Yes	Dr. Wilson	Mercer	13.000	No	No	
TRS (TDC Transfer)	Stephens	Steve	First Review	Yes	Dr. Ambroz	Berkeley	24.000	No	No	
TRS (TDC Transfer)	Wellman	Leslie	First Review	Yes	Dr. Becker	Cabell	13.239	Yes	No	
TRS (TDC Transfer)	Willis	Melissa	First Review	Yes	Dr. Cupp	Harrison	10.183	Yes	No	
TRS (TDC Transfer)	Wriston	Sandra	First Review	Yes	Dr. Jeffrey	Kanawha	18.758	Yes	No	
TRS (TDC Transfer) Totals	6 Yes	0 No	6 Total							

System	Approved	Denied	Total
DSRS	1 Total Duty	0	1 Total Duty
PERS	16	1	17
TRS	1	0	1
TRS (TDC Transfers)	6	0	6
Total	24	1	25

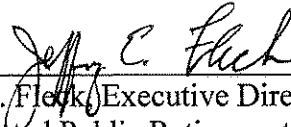
unanimously.

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

Chairman Wyant adjourned the September 24, 2014 meeting of the West Virginia Consolidated Public Retirement Board at 12:17 p.m.



David Wyant, Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board