

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF SEPTEMBER 25, 2013**

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*  
Mack Parsons, *representing Auditor Glen Gainer III*  
Diana Stout, Esquire, *representing Treasurer John Perdue*  
Cabinet Secretary Ross Taylor  
Joseph Bunn, Esquire  
Captain Michael Corsaro  
Joe Lynch  
D. Todd Murray

Trustees not present:

Thomas Bradley  
Tony Payne  
Andrew Richardson, Esquire

A quorum was present.

Due notice had been posted.

Also in attendance were:

Jeffrey E. Fleck, CPRB Executive Director  
Terasa Miller, Deputy Director  
Jeaneen Legato, Esquire, CPRB General Counsel  
Candi Moore, CPRB Executive Assistant  
Lenna Chambers, Esquire, Bowles Rice  
Andrew Wyne, Great-West Retirement Services, Outreach Officer  
Amy Heyel, Vice President of Client Relations, Great West  
Eric Sanderson, Great West Regional Director  
Craig Slaughter, Executive Director, WVIMB  
Norm Buckwalter, LRWL  
Don Parr, Deloitte Consultants  
Rick Dorman, Deloitte Consultants

Harry Mandel, CPRB Actuary  
Melody Bailey, CPRB Actuary Analyst  
Darden Greene, CPRB CFO  
John Beane, CPRB Chief IT Officer  
Cindy Boyd, CPRB Computer Project Manager  
Annamarie Short, CPRB Internal Auditor  
Steve Stockton, CPRB Compliance Officer  
Alysia Miller, CPRB Paralegal  
Cindy Adkins, CPRB Office Manager  
Bill McClanahan, Office of Technology  
Chrissy Courtney, CPRB Outreach Coordinator  
Eric Stringer, CPRB IT Staff  
Deana Gose, CPRB Uniform Services Manager  
Lisa Trump, CPRB PERS Manager  
Caroline Brady, CPRB PERS Assistant Manager  
Robert Bush, CPRB Retirement Advisor  
Torrie Williams, CPRB PERS Membership

**Tab 1: Approval of the August 21, 2013 Meeting Minutes**

Mr. Garcia made a motion to approve the August 21, 2013 minutes of the CPRB. The motion was seconded by Mr. Murray. 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 2013 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported there were 120 TRS Estimates and 439 TRS Retirements for August. In PERS, there were 248 Estimates and 135 Retirements for August. Director Fleck announced that the CPRB set an all-time record for retirements processed in a month in TRS with 728 in September. The previous record was 604 retirements processed in August 2008. PERS retirements for the month of September were 119.
2. Executive Director Fleck announced to the Board that an employee of the CPRB has been named Department of Administration Employee of the Month for the month of September. Chris Barr who is a Retirement Advisor for our PERS section was chosen. You will find in your Board Books the article that Quotes, Notes & Anecdotes did on Chris.
3. Executive Director Fleck reported to the Board on the TRS Educational Seminars

that will be held throughout the State during the month of October.

4. Executive Director Fleck reported to the Board on the PERS State and Non-State Benefit Coordinator Seminars that were held on August 27, 2013 in Flatwoods.
5. Executive Director Fleck reviewed with the Board the Teachers' Defined Contribution (TDC) 2013 Educational Meetings. He announced there have been 66 meetings held so far, with 639 in attendance.
6. Executive Director Fleck reported to the Board the TDC Reality Investing statistics are in the Board book. He announced that as of September 2, 2013 there are 4,941 total participants in TDC, with \$357,594,767 in total assets.
7. Executive Director Fleck reviewed with the Board on the TDC Administrative Fee Holiday for the TDC participants.
8. Executive Director Fleck reviewed the delinquent employers list with the Board.
9. Executive Director Fleck informed the Board on the CPRB DSRS Brochures that were mailed on September 23, 2013.
10. Executive Director Fleck reported to the Board on the Computer Update; he announced that CPRB has named the new computer system, the Compass System and there have been logos created with various designs for the new system that staff are voting on. He announced those designs can be found in the board packets and Board members are welcome to vote as well.
11. Executive Director Fleck informed the Board we have an approval on our vendor from Purchasing for the new Computer system. Bowles Rice, our Outside Counsel has contacted the vendor to negotiate the contract.
12. Executive Director Fleck announced to the Board that he needs their approval for storage space for the IT Department and it will cost in the range of \$55, 000 to \$65,000 for that space.

Ms. Stout made a motion the Board approve \$70,000 for the Executive Director to utilize the storage space for the CPRB IT Department. Mr. Bunn seconded the motion. The motion carried unanimously.

13. Executive Director Fleck announced to the Board that he needs the Board's approval for the printing of the 1099R's in the amount of \$31,240.00.

Mr. Bunn made a motion the Board approve \$31,240.00 for the Executive Director to print the 1099R's. The motion was seconded by Captain Corsaro. The motion carried unanimously.

14. Executive Director Fleck reported to the Board on the August 2013 CPRB

Financials; he reported that as of August 31<sup>st</sup> we are at 10.43% of budget.

15. Executive Director Fleck reported to the Board on the July Legislative Interims. He reported the Pension Committee talked about opening up another window for the TDC participants to transfer into TRS.

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 July 2013.

Andrew Wyne, Great-West Retirement Services, reported to the Board on the TDC investments and Reality Investing. The Plan's Investment Data reports are located behind Tab 3.

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

Chairman Murray reported the Disability Committee met on September 24, 2013, and the Committee makes the following recommendations to the Board:

<b>System</b>	<b>Approved</b>	<b>Denied</b>	<b>Total</b>
<b>DSRS</b>	1 Total Duty	0	1 Total Duty
<b>PERS</b>	17	0	17
<b>St. Police Plan A</b>	1 Total Duty Effective 10/1/2013	0	1 Total Duty Effective 10/1/2013
<b>TDC</b>	1	0	1
<b>TRS</b>	1	0	1
<b>TRS/TDC Transfers</b>	2	1	3
<b>TOTAL</b>	<b>23</b>	<b>1</b>	<b>24</b>

Mr. Lynch 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 behind Tab 4.

Chairman Wyant announced he would now entertain a motion to go into Executive Session

to discuss legal and commercial competition matters.

Mr. Bunn made a motion the Board go into Executive Session to discuss legal matters and commercial competition matters as allowed by West Virginia Code § 6-9A-4. The motion was seconded by Mr. Garcia. The motion carried unanimously. The Board went into Executive Session at 10:26 a.m.

Chairman Wyant reconvened the Public Session of the September 25, 2013 meeting of the CPRB from Executive Session at 10:40 a.m. Chairman Wyant stated the Board was in Executive Session to discuss legal matters and commercial competition matters as allowed by West Virginia Code § 6-9A-4. He announced there were no decisions made during Executive Session.

### **Tab 5: Work in Progress 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 Less Than Honorable Service (LTHS) case of Brandee Phillips-Ellis of the PERS Retirement System with the Board. She reported Ms. Phillips-Ellis pled guilty to one count of Theft Concerning Programs Receiving Federal Funds. Ms. Legato recommended the Board authorize counsel to pursue termination of Brandee Phillips-Ellis from the Public Employees Retirement System for LTHS.

Captain Corsaro made a motion the Board approve the recommendation of the In-House Legal Counsel and authorize counsel to pursue termination of Brandee Phillips-Ellis from the Public Employees Retirement System for Less Than Honorable Service. The motion was seconded by Mr. Murray. The motion carried unanimously. The report of the In-House Legal Counsel is located behind Tab 5.

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

Chairman Wyant reviewed the report from Pullin, Fowler, Flanagan, Brown & Poe on the

case of Dougherty v. CPRB. He announced this case has been moved to Federal Court.

## **Tab 6: Committee Updates**

### **Accounting & Investing Committee**

Mr. Bunn announced to the Board that the A&I Committee met this morning and would like to make the following recommendations to the Board for their approval:

Mr. Bunn made a motion to transfer \$439,232,003 from the TDC Revenue Sharing Account to the CPRB Administrative Fund. The motion was seconded by Ms. Stout. There was discussion on the motion. The motion carried unanimously.

Mr. Bunn made a motion to place Heartland Value Plus Institutional Fund on a watch list, pending disclosure of information from Great West. The motion was seconded by Ms. Stout. There was discussion on the motion. The motion carried unanimously. The minutes of the A&I Committee are located behind Tab 6.

### **Actuarial Assumptions Review Committee**

Chairman Garcia reviewed the Actuarial Assumptions Review Committee meeting with the Board that was held on September 18, 2013. He announced the Committee approved the recommendations from the Board Actuary on the Actuarial Interest Rate Review for JRS, EMSRS and MPFRS and will have motions for the Board's approval.

Chairman Wyant moved to Tab #8 Actuarial Assumptions for the Actuarial Interest Rate Review for JRS, EMSRS and MPFRS, by Board Actuary, Harry Mandel.

### **Tab #8: Actuarial Assumptions for JRS, EMSRS & MPFRS – Harry Mandel**

Mr. Mandel reviewed the 2013 Actuarial Interest Rate Review with the Board. Mr. Mandel requested the Board to approve the continuation of the 7.50% valuation interest return rate and discount assumption for all of the defined benefit plans' July 1, 2013 actuarial valuations.

Mr. Garcia announced the Actuarial Assumptions Review Committee approved the continuation of the 7.50% valuation interest return rate and discount assumption for all of the defined benefit plans' July 1, 2013 actuarial valuations and made a motion the Board to approve and adopt their recommendation. Captain Corsaro seconded the motion. There was discussion on the motion. The motion carried unanimously.

Mr. Mandel reviewed the JRS Actuarial Assumption Review with the Board. Mr. Mandel

recommends the Board adopt the changes to the Mortality and the Salary Scale as follows:

Healthy Post Retirement Mortality Recommended Assumption - The RP2000 Healthy Annuitant Table projected to 2025 by Scale BB, set forward 1 year and applied on a sex distinct basis rate. (Consistent with DSRS, EMSRS and MPFRS rate meeting actuarial standards.)

Disabled Lives Mortality - the RP2000 Healthy Annuitant Mortality Table projects to 2025 by Scale BB, set forward one year and applied on a unisex basis.

Salary Scale Recommended Assumption - Due to economic conditions and limited legislated salary changes, reduction of the assumed annual increase rate by 25 basis points from 4.5% to 4.25%. Current Assumption Salary Scale methodology to continue unchanged except for replacing the current 4.5% rate with 4.25%. in JRS.

Mr. Garcia made a motion the Board adopt the Board Actuary's recommendations to the JRS Mortality and Salary Scale. The motion was seconded by Mr. Bunn. The motion carried unanimously.

Mr. Mandel reviewed the EMSRS Actuarial Assumption Review with the Board. Mr. Mandel recommends the Board adopt the changes for the following in EMSRS:

Healthy Life Mortality – RP2000 non-annuitants table projects to 2020 by scale BB. Inactive mortality RP2000 Healthy Annuitant Table projected to 2025 by Scale BB with separate rates for males and females.

Disability Retirees Mortality Rates Recommended Assumption – The RP2000 Healthy Annuitants Table projected to 2025 by Scale BB with a Set Forward of one year and applied as distinct male and female rates. (DSRS based tables.)

Salary Scale Recommended Assumption – A reduction of 25 basis points at each age reflecting ongoing depressed economic conditions.

Payroll Growth Rate Recommended Assumption – No change. Rate remains at 3.0% annually for total payroll.

Withdrawal Rates Recommended Assumption – (Rates generally exceed DSRS rates.) Adjustment is toward DSRS rates by reducing current assumption rates by .0100 at each age.

Disability Rates Recommended Assumption – EMSRS disability provisions are similar to those in PERS. PERS assumed rates were adopted for the current assumption for EMSRS for legislative fiscal note analysis.

Marriage Rate and Composition Recommended Assumption – No changes. 80% married at death with males 3 years older than spouse.

Causes of Death for Death Benefits Recommended Assumption – No changes. Deaths

from active employment are duty related 25% of the time.

Accrual of Future Service Recommended Assumption – No changes. All active members are assumed to work full time.

Noncontributory Service Credits for Military Service and Unused Leave at Retirement Recommended Assumption – No changes. Additional 7% contributory service for males and 1.75% for females. (There is no experience in EMSRS on which to base a change in assumptions.)

Retirement Rates Recommended Assumption – No changes. Assumption reflects the fact that health care premium coverage subsidies are not available to members retiring early providing an incentive to remain employed unless other medical coverage is available. It is assumed that 30% will retire in the year they first become eligible for unreduced benefits. In subsequent years, 20% are assumed to retire each year through age 64. At age 65 or after, 100% are assumed to retire during the year.

Plan Contributions Recommended Assumption – No changes. Contributions are assumed to be deposited on an average of half way through the plan year.

Mr. Garcia made a motion the Board adopt the Board Actuary's recommendations as presented to the Board. Mr. Lynch seconded the motion. The motion carried unanimously.

Mr. Mandel reviewed the MPFRS Actuarial Assumption Review with the Board. Mr. Mandel recommends the Board adopt the changes for the following in MPFRS:

Summary of the Valuation Actuarial Assumption Recommended Assumptions – Recommended assumptions for completing the July 1, 2013 actuarial valuation for MPFRS. Assumptions are based largely on DSRS Experience Study completed for the July 1, 2012 DSRS Actuarial Valuation. This is due to similarities in type of employment. Assumptions are large plan based due to expected growth of the number of active members as county and city sponsors of existing local plans adopt future coverage for new hires. Plan must grow to 100 or more members by January 1, 2017 or be merged.

Interest Return and Discount Rate Recommended Assumption – Continuation of 7.5% interest return and discount rate, compounded annually. (Note – Interest and return rate assumption is subject to a separate annual experience review.)

Healthy Life Mortality Rates Recommended Assumption – Active mortality RP2000 Non-Annuitant Table projected to 2020 by Scale BB. Inactive mortality RP2000 Healthy Annuitant Table projected by 2025 by Scale BB. Both tables contain separate male and female rates. (DSRS based tables).

Disability Retirees Mortality Rates Recommended Assumption – The RP2000 Healthy



Annuitants Table projected to 2025 by Scale BB with a Set Forward of one year and applied as distinct male and female rates. (DSRS based tables)

Salary Scale Recommended Assumption – A reduction of 25 basis points at each age reflecting current depressed economic conditions.

Payroll Growth Rate Recommended Assumption – No change. Rate of 3.0% of annual payroll annually.

Withdrawal Rates Recommended Assumption – Current Assumption rates generally exceed new DSRS rates adopted in the 2012 Experience Study for DSRS. Rates are adjusted by a reduction of .0100 at each age to grade toward the DSRS assumption.

Disability Rates Recommended Assumption – Disability rates were changed to the DSRS 2012 Experience Study rates which are unisex rates.

Marriage Rate and Composition Recommended Assumption – Adjust the Current Assumption by increasing the married percentage to 90%. This is consistent with the DSRS 2012 Experience Study.

Causes of Death for Death Benefits Recommended Assumption – No change. It is assumed that 25% of active deaths are from duty related causes.

Accrual of Future Service Recommended Assumption – No change. All police and fire positions are assumed to be full-time resulting in full-time service credits.

Noncontributory Service Credits for Military Service Recommended Assumption – Military provisions vary significantly from DSRS and therefore the DSRS assumptions are not applicable to MPFRS. No change in current assumptions. Males are credited with an additional 2% of their contributory service credits while females are credited with an additional 0.5% of contributory service credits.

Retirement Rates Recommended Assumption – Adopted from the DSRS 2012 Experience Study. First year 30% rate is reduced to 20% with remaining provision unchanged. Retirement rates of 20% each year from when first eligible through age 64. At age 65 or older, 100% expected to retire in the coming year.

Plan Contributions – CPRB Initial – No change. All contributions are assumed to be deposited on an average of half way through the Plan year for interest purposes.

Mr. Garcia made a motion the Board adopt the Board Actuary's recommendations as presented to the Board for MPFRS. Captain Corsaro seconded the motion. The motion carried unanimously.

Chairman Wyant moved the agenda back to address Tab #7.

**Tab 7: GASB 67 – Harry Mandel, Board Actuary**

Harry Mandel, Board Actuary reviewed with the Board the proposed GASB 67 changes to the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS).

Mr. Mandel informed the Board they will need to address and set the member's contribution rate in the Judges Retirement System (JRS) before the January 2014 Board Meeting. He announced the member's contribution rate in JRS should be set at no less than 7% and no more than 10%.

Chairman Wyant instructed Mr. Mandel to come up with some projections and present those to the full Board.

**Tab 9: Other, Old Business**

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

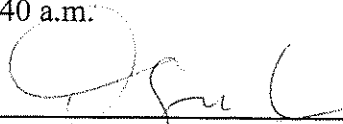
**Tab 10: Other, New Business**

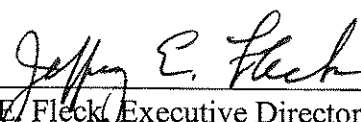
Chairman Wyant asked the Board if there was any new business to bring before the Board.

Executive Director Fleck commended the TRS staff on all of the hard work they have done regarding the record number of retirees recently.

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

Chairman Wyant adjourned the September 25, 2013 meeting of the West Virginia Consolidated Public Retirement Board at 11:40 a.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