

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
BOARD OF TRUSTEES MEETING
MEETING OF DECEMBER 16, 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 10:01 a.m. by Chairman David Wyant.

Roll Call was taken.

Trustees present were:

David Wyant, Esquire, Chairman
Brittany Vascik, representing Governor *Earl Ray Tomblin*
Jeff Waybright, *representing Auditor Glen Gainer III*
Diana Stout, Esquire, *representing Treasurer John Perdue*
Jason Pizatella, *Acting Cabinet Secretary*
Andy Bird
Joseph Bunn, Esquire
Captain Michael Corsaro
Angela Crank
Andrew Richardson, Esquire
Jeffrey Vallet

Trustees not present:

D. Todd Murray
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 Kinslow, CPRB Executive Assistant
Jeaneen Legato, Esquire, CPRB General Counsel
Lenna Chambers, Esquire, Bowles Rice
Jack DeBolt, CPRB Hearing Officer
Molly Underwood-Poe, Pullin, Fowler, Flanagan, Brown & Poe
Darden Greene, CPRB Chief Financial Officer
John Beane, CPRB IT Manager

Harry Mandel, CPRB Board Actuary
Heather Drake, CPRB Administrative Assistant
Alysia Miller, CPRB Paralegal
Eric Stringer, CPRB IT Staff
Caroline Brady, CPRB PERS Assistant Manager
Melody Bailey, CPRB Actuary Assistant
Craig Slaughter, WVIMB, Executive Director
Davin White, WVEA
Andrew Wyne, Empower Retirement
Eric Sanderson, Empower Retirement
Tom Zacharias, Deloitte Consultants

Tab 1: Approval of the November 4, 2015 Meeting Minutes

Mr. Bunn made a motion to approve the minutes of the November 4, 2015 meeting of the CPRB. The motion was seconded by Mr. Vallet. 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 Jeffrey Fleck, Executive Director which included the following information:

1. Executive Director Fleck reported on the November 2015 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for November there were 119 TRS Estimates and 97 Retirements and in PERS there were 182 Estimates and 84 Retirements.
2. Executive Director Fleck announced the 2016 Board Meeting dates.
3. Executive Director Fleck introduced our new Chief Compliance Officer, Annamarie Short.
4. Executive Director Fleck reported on the Teachers' Defined Contribution (TDC) 2015 Educational Meetings. He announced there have been a total of 100 meetings, with 1,039 in attendance so far this year. He reported on the TDC Reality Investing statistics. He announced that TDC has a total of 4,589 participants and \$413,435,183 in total assets.
5. Executive Director Fleck reported on all of the Delinquent Employers with the Board.

David Stover arrived to the meeting at 10:06 a.m.

6. Executive Director Fleck provided the Board an update of the COMPASS project;

he announced the COMPASS project is 70% complete of the overall project status. The date to go live with Phase 4a for the retirees' payroll has been postponed from January 4, 2016 to the new approximate target date of January 22, 2016. He announced we have begun a weekly newsletter to inform staff of the status of the COMPASS project.

7. Executive Director Fleck reported on the CPRB Accomplishments for 2015. He reported that the CPRB implemented the changes to retirement benefits created by the passing of Senate Bill 529. He announced this bill created a "Tier 2" for new employees hired for the first time after July 1, 2015. It requires a higher employee contribution rate (6%) in PERS, changes normal retirement age from 60 to 62, changes final average salary calculation from highest 3 years to highest 5 years, changes vesting requirements from 5 years to 10 years and requires the purchase of military service credit instead of receiving it at no cost among other changes. The ultimate savings to the State after full implementation is approximately \$55 million per year. CPRB received the GFOA Award for Excellence in Financial Reporting for our Comprehensive Annual Financial Report (CAFR) Award. We have received this award three years in a row. CPRB was audited by the Legislative Auditor in October 2014 with no significant findings. CPRB processed a record amount of retirements in FY2015; there were 1,610 that retired in PERS and 1,826 that retired in TRS for a total of 3,436 retirements. We expect to continue to see an increase as the "Baby Boomer" generation reaches retirement age. CPRB continued implementation of a state-of-the-art, web-based computer system designed specifically for public pension plans (COMPASS system). This new system will allow our customers the ability to access self-service features and information on their retirement account 24 hours a day, 7 days a week and will allow the CPRB to provide more efficient, accurate and cost effective service to our customers. The first phase of the system is scheduled to go live in January 2016 and will affect retiree payroll and retiree self-service. The second phase, which will affect current employees and employers, is scheduled to go live at the beginning of 2017. There are 20 CPRB employees that are certified in the Certificate of Achievement in Public Plan Policy (CAPP) program. The TRS Plan is funded the best it has ever been at over 66%; it was funded at 9% in 1991. It has been discussed

on a national level as a success story for defined benefit public pension plans. CPRB had a record number of potential retirees attend the CPRB Outreach Meetings. In PERS there were 705 and in TRS/TDC there were 891 in attendance. New accounting standards for public pensions, known as Governmental Accounting and Standards Board (GASB) 68 regulations, were fully implemented by the CPRB. This regulation requires employers to report their portion of the unfunded pension liability on their books and so we, with the assistance of our accountants, determined the amount to be allocated to over 800 participating employers. Along with other state agencies assigned to Wave 1, the CPRB transitioned its payroll for employees from 24 to 26 pay periods. We also had to change our processes to accept retirement contributions from various state agencies depending on if they are Wave 1 or Wave 2 agencies.

8. Executive Director Fleck reviewed the November 2015 CPRB Financials. He announced we are at 62% of budget and have some payment points coming up for the COMPASS Computer Project that we have allocated for this fiscal year.
9. Executive Director Fleck provided an update to the Board regarding GASB 68. He announced we have implemented all of the GASB 68 regulations.

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 the Plan's Investment Returns for the period ending October 31, 2015.

Eric Sanderson, Empower Retirement, reviewed the TDC Investment Funds for the period ending October 31, 2015.

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

Tab 4: Consideration of Current Disability Retirement Applications

Mr. Richardson reported the Disability Committee met on December 15, 2015, and the Committee makes the following recommendations to the Board:

System	Approved	Denied	Total
PERS	8	2	10
TDC	1	0	1
TRS	3	0	3
TRS (TDC Transfers)	8	0	8
TOTAL	20	2	22

Mr. Richardson 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.

Chairman Wyant moved the agenda to address Tab #6.

Tab 6: Legal Counsel Reports

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

Mr. Bunn 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 Ms. Crank. The motion carried unanimously. The Board went into Executive Session at 10:19 a.m.

Chairman Wyant reconvened the Public Session of the December 16, 2015 meeting of the CPRB from Executive Session at 10:35 a.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 reviewed the Less than Honorable Service (LTHS) case of David Smith. On November 12, 2015, this former employee of the WV Department of Natural Resources was convicted of the felony offense of misuse of a state purchasing card.

Ms. Legato recommended the Board disqualify, terminate his pension and membership in PERS and proceed with LTHS against him.

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

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Dennis E. Streets, a former Berkeley County deputy. At the September 30, 2015 Board meeting, the Board voted to terminate Mr. Streets' membership in PERS for rendering less than honorable service based upon his felony conviction for embezzlement. On November 3, 2015, Mr. Streets requested a judicial determination of the Board's decision. On November 24, 2015, Judge Yoder set aside the guilty verdict and granted defendant's motion for a new trial.

Ms. Legato recommended the Board rescind the previous motion from September 30, 2015 and await the court's decision.

Mr. Bunn made a motion the Board adopt counsel's recommendation and rescind the previous motion to proceed for Less Than Honorable Service from September 30, 2015 and await the court's decision. The motion was seconded by Captain Corsaro. The motion carried unanimously.

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.

Ms. Chambers reviewed the Administrative Appeal of Diana Williams, a TRS member. She announced the CPRB denied Ms. Williams request to retire under TRS because she remains employed by a TRS participating employer, although she now participates in TIAA-CREF. Ms. Chambers announced that an administrative hearing has been scheduled for January 14, 2016.

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

Executive Director Fleck reviewed the report from Shuman, McCuskey & Slicer on the case of Manuel Cartelle v. City of Beckley and CPRB. He announced that Mr. Cartelle's attorney, Matthew Criswell has petitioned the Court to withdraw as counsel from this case. He then announced as a result, we have filed a Motion to Stay Discovery and for Protective Order to preclude the CPRB from being required to engage in further discovery.

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

Molly Underwood-Poe reviewed the report from Pullin, Fowler, Flanagan, Brown & Poe on the case of Prestine Warren. v. CPRB et al.

Ms. Underwood-Poe announced the CPRB did not verify the incorrect information received from the funeral home regarding Ms. Warren's mortality. Ms. Underwood-Poe reported Ms. Warren is demanding \$10,000; however, she announced, the case can be settled for \$5,000.

Ms. Underwood-Poe recommended the Board give permission to counsel to proceed in the settlement of this case for \$5,000.

Mr. Richardson made a motion the Board adopt counsel's recommendation and give permission to counsel to settle this case for \$5,000. The motion was seconded by Mr. Bird. The motion carried unanimously.

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

Chairman Wyant moved the agenda back to address Tab #5.

Tab 5: Consideration of Appeals to Hearing Officer – Jack DeBolt

Hearing Officer Jack DeBolt reviewed the appeal of Maureen Barbe, as to whether or not the Applicant is eligible to purchase the twenty-five percent TDC service credit not provided by her when she transferred into TRS.

Hearing Officer DeBolt recommended that the request of Maureen Barbe to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS be denied.

Mr. Vallet made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Maureen Barbe. Mr. Stover seconded the motion. There was discussion on the motion. The motion carried unanimously.

Hearing Officer Jack DeBolt reviewed the appeal of Joshua D. Brumfield, as to whether or not the Applicant is eligible to purchase the twenty-five percent of his TDC service credit not purchased by him when he transferred into TRS.

Hearing Officer DeBolt recommended that the request of Joshua D. Brumfield to purchase the twenty-five percent of his TDC service credit not purchased by him when he transferred into TRS be denied.

Captain Corsaro made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Joshua D. Brumfield. Mr. Richardson seconded the motion. There was discussion on the motion. The motion carried unanimously.

Hearing Officer Jack DeBolt reviewed the appeal of Tonya Casto, as to whether or not the Applicant is eligible to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS.

Hearing Officer DeBolt recommended that the request of Tonya Casto to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS be denied.

Mr. Vallet made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Tonya Casto. Mr. Stover seconded the motion. There was discussion on the motion. Chairman Wyant asked for a show of hands in favor and in opposition to the motion. There were 2 in favor of the motion and 8 against the motion. The motion failed.

Mr. Richardson made a motion to grant the appeal of Tonya Casto and to direct In-House Counsel, Jeaneen Legato to prepare the Final Order consistent with the appropriate interest. Mr. Stover seconded the motion. There was discussion on the motion. Chairman Wyant asked for a show of hands in favor and in opposition to the motion. There were 7 in favor of the motion and 3 against the motion. The motion carried.

Hearing Officer Jack DeBolt reviewed the appeal of Sheila Cross and Thomas E. Pennington, as to whether or not the Applicants are eligible to purchase the twenty-five percent of their TDC service credit not purchased by them when they transferred into TRS.

Hearing Officer DeBolt recommended that the request of Sheila Cross and Thomas E. Pennington to purchase the twenty-five percent of their TDC service credit not purchased by them when they transferred into TRS be denied.

Mr. Bunn made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Sheila Cross and Thomas E. Pennington. Mr. Richardson seconded the motion. There was discussion on the motion. The motion carried unanimously.

Hearing Officer Jack DeBolt reviewed the appeal of Tracy L. Harlan, as to whether or not the Applicant is eligible to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS.

Hearing Officer DeBolt recommended that the request of Tracy L. Harlan to purchase the twenty-five percent of her TDC service credit not afforded to her when she transferred into TRS be denied.

Mr. Richardson made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Tracy L. Harlan. Mr. Vallet seconded the motion. There was discussion on the motion. The motion carried unanimously.

Hearing Officer Jack DeBolt reviewed the appeal of Sigal L. Kuhl, as to whether or not the Applicant is eligible to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS.

Hearing Officer DeBolt recommended that the request of Sigal L. Kuhl to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS be denied.

Captain Corsaro made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Sigal L. Kuhl. Mr. Richardson seconded the motion. There was discussion on the motion. Ms. Stout and Mr. Bunn voted against the motion. The motion carried.

Hearing Officer Jack DeBolt reviewed the appeal of Robin R. Lahita, as to whether or not the Applicant is eligible to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS.

Hearing Officer DeBolt recommended that the request of Robin R. Lahita to purchase the twenty-five percent of her TDC service credit not purchased by her when she transferred into TRS be denied.

Mr. Richardson made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Robin L. Lahita. Mr. Bunn seconded the motion. There was discussion on the motion. The motion carried unanimously.

Hearing Officer Jack DeBolt reviewed the appeal of Nancy J. Smith, as to whether or not the Applicant is eligible to purchase service credit for employment as a temporary legislative employee.

Hearing Officer DeBolt recommended that the request of Nancy J. Smith to purchase the service credit for employment as a temporary legislative employee be denied.

Captain Corsaro made a motion to adopt the recommendation of the Hearing Officer and deny the appeal of Nancy J. Smith. Mr. Richardson seconded the motion. The motion carried unanimously.

The appeals are located behind Tab #5.

Chairman Wyant moved the agenda to address Tab #7.

Tab 7: Committee Updates

Accounting and Investing Committee

Chairman Bunn announced the Accounting and Investment Committee met this morning. He reported the A&I Committee recommends that the Board approve the transfer of \$386,621.33 from the TDC Revenue Sharing Account into the CPRB Administrative General Fund for the

proportional share of administrative costs.

Mr. Bunn made a motion the Board approve the amount of \$386,621.33 to be transferred from the TDC Revenue Sharing Account to the CPRB Administrative General Fund. The motion was seconded by Ms. Crank. There was discussion on the motion. The motion carried unanimously.

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

Tab 8: MPFRS Valuation

Harry Mandel, Board Actuary, reviewed the July 1, 2015 Valuations on the Municipal Police and Fire Retirement System (MPFRS) with the Board.

Mr. Mandel recommended the Board accept the July 1, 2015 Actuarial Valuations for the Municipal Police and Fire Retirement System (MPFRS).

Captain Corsaro made a motion the Board adopt the recommendation of the Board Actuary and accept the July 1, 2015 Actuarial Valuation for the Municipal Police and Fire Retirement System (MPFRS). The motion was seconded by Mr. Richardson. The motion carried unanimously.

Mr. Mandel recommended the Board authorize and maintain the Member and Employer Contribution rates for the MPFRS at 8.5% of payroll for FY2017.

Mr. Vallet made a motion the Board adopt the recommendation by the Board Actuary, Harry Mandel and maintain the Member and Employer Contribution rates for the MPFRS at 8.5% of payroll for FY2017. The motion was seconded by Mr. Bunn. The motion carried unanimously.

The report of the Board Actuary, Harry Mandel is located behind Tab #8.

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

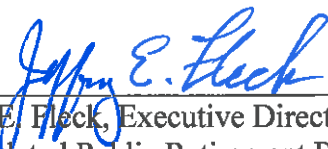
Chairman Wyant asked if there was any new business to bring before the Board. None

was heard.

Chairman Wyant adjourned the December 16, 2015 meeting of the West Virginia Consolidated Public Retirement Board (CPRB) at 11:44 a.m.



Joseph E. Bunn, Acting Chairman
Consolidated Public Retirement Board



Jeffrey E. Fleck, Executive Director
Consolidated Public Retirement Board