

**MINUTES OF THE  
WV CONSOLIDATED PUBLIC RETIREMENT BOARD  
BOARD OF TRUSTEES MEETING  
MEETING OF SEPTEMBER 30, 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 10:02 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*  
Andy Bird  
Angela Crank  
D. Todd Murray  
Andrew Richardson, Esquire  
Jeffrey Vallet

Trustees not present:

Acting Cabinet Secretary Jason Pizatella  
Joseph Bunn, Esquire  
Captain Michael Corsaro  
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  
Tom Sauvageot, Investment Officer, WVIMB  
Andrew Wyne, Empower Retirement  
Tom Zacharias, Deloitte Consultants

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  
Barbara Moss, CPRB TRS Assistant Manager  
Darden Greene, CPRB Chief Financial Officer  
John Beane, CPRB IT Manager  
Harry Mandel, CPRB Board Actuary  
Annamarie Short, CPRB Internal Auditor  
Davin White, WVEA

**Tab 1: Approval of the August 26, 2015 Meeting Minutes**

Mr. Vallet made a motion to approve the minutes of the August 26, 2015 meeting of the CPRB. The motion was seconded by Mr. Richardson. The motion carried unanimously.

The minutes are located behind Tab # 1.

*Acting Cabinet Secretary Jason Pizatella arrived to the meeting at 10:04 a.m.*

**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 August 2015 Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) retirement and estimate numbers. He reported for August there were 119 TRS Estimates and 375 Retirements and in PERS there were 232 Estimates and 84 Retirements.
2. Executive Director Fleck reported on the Teachers' Defined Contribution (TDC) 2015 Educational Meetings. He announced there have been a total of 69 meetings, with 771 in attendance so far this year. He reported on the TDC Reality Investing statistics. He announced that TDC has a total of 4,613 participants and \$405,244,615 in total assets.
3. Executive Director Fleck reported on the Delinquent Employers list.
4. Executive Director Fleck provided the Board an update of the COMPASS project; he announced the COMPASS project is 61% complete of the overall project status and should go live this year with Phase 4a for the retirees; currently the project is in the design stages for Phase 4b for the current employees and employers and that Phase is scheduled to go live next year.
5. Executive Director Fleck reported on the TDC 25% Service Purchase option. He

announced we provided cost to 975 people and of those 975 people, 311 or 32% of those who had requested cost have purchased the service credit.

He announced the CPRB also held webinars to educate the employers on the recent Tier II Legislation. He announced that in TRS there were 86 active employers of which 80 registered, but only 58 participated, for a total of 67%. In PERS State there are 128 active employers, 62 registered and 49 participated, for a total of 38%. In PERS Non-State there are 545 active employers, of which 218 registered and 149 participated, for a total of 27%. He announced that we have also made the webinar available on the website to continue to educate the employers and employees on the Tier I and Tier II Legislation. It is the intent to ensure that the employers know that all employees that are hired after July 1, 2015, for the first time will go into the Tier II Plan.

6. Executive Director Fleck reviewed the TDC Financial Footnotes for the fall of 2015.
7. Executive Director Fleck reviewed the August 2015 CPRB Financials; he announced that as of August 31, 2015, we are at 38.82% percent of our budget.
8. Executive Director Fleck announced to the Board that the CPRB is in need of a larger facility and we are looking into building expansion with the Real Estate Division. We have been in this building for over 8 years; we have had to hire more staff and are outgrowing our space. We are exploring all options for potential expansion.
9. Executive Director Fleck reviewed the Legislative Update. He announced it was requested by the Legislative Auditor to explore the impact of the OASIS conversion of moving from 24 to 26 pay periods for state employees on retirement benefits. We base the final average salary on the highest 36 months' pay, and because with 26 pay periods, there are months where there are three paychecks or three pay-periods in that month. What happens is when you take the highest consecutive 36 months, it actually accrues 79 pay-periods so there is an extra pay period included. Our Actuary, Harry Mandel priced that as an additional \$200 per employee on their overall final average salary. The actuarial cost for the entire employee base comes up to a 22.5 million dollar increase in retirement benefits. We will be working with the Legislature on potential solutions for this situation and

Director Fleck will continue to keep the Board updated as we look for potential solutions.

The Report of the Executive Director is located behind Tab # 2.

**Tab 3: Plans Investment Data**

Tom Sauvageot, Investment Officer of the West Virginia Investment Management Board (WVIMB), reviewed with the Board the Plan's Investment Returns for the period ending July 31, 2015.

Andrew Wyne, Empower Retirement, reviewed the TDC Investment Funds for the Board.

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 September 29, 2015, and the Committee makes the following recommendations to the Board:

<b>System</b>	<b>Approved</b>	<b>Denied</b>	<b>Total</b>
<b>PERS</b>	15	1	16
<b>TRS</b>	3	0	3
<b>TRS (TDC Transfers)</b>	4	0	4
<b>TOTAL</b>	<b>22</b>	<b>1</b>	<b>23</b>

Mr. Richardson made a motion the Board accept the Disability Committee's recommendations concerning the disability retirement applications. The motion was seconded by Mr. Vallet. The motion carried unanimously.

The disability list is located behind Tab # 4.

*Captain Corsaro arrived to the meeting at 10:19 a.m.*

### **Tab 5: Legal Counsel Reports**

Chairman Wyant announced that pursuant to Board practice, he would now entertain a motion to go into Executive Session to discuss legal and contractual matters.

Mr. Murray made a motion the Board go into Executive Session to discuss legal and contractual matters as allowed by West Virginia Code §6-9A-4. The motion was seconded by Mr. Waybright. The motion carried unanimously. The Board went into Executive Session at 10:21 a.m.

Chairman Wyant reconvened the Public Session of the September 30, 2015 meeting of the CPRB from Executive Session at 10:56 a.m. Chairman Wyant announced the Board was in Executive Session to discuss legal and contractual matters 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 #5 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 case of Bruce E. Adkins v. CPRB. She reported that on September 17, 2015, Judge Bailey entered a Final Order Affirming the Board's Final Order.

Ms. Legato reviewed the case of Lewis, Corbin et al v. CPRB. She reported that on September 8, 2015, Judge Webster entered an Order Rescinding the Court's Final Order and Entering an Amended Final Order, Reversing & Remanding the Decisions of the West Virginia Consolidated Public Retirement Board.

Ms. Legato reviewed the case of Russell Grimmatt v. CPRB. Ms. Legato announced Oral Argument was held on September 10, 2015, at which time Judge Bloom ruled in Mr. Grimmatt's favor and directed opposing counsel to prepare the Order. Mr. Grimmatt was a Logan County

Assessor who was convicted of Structuring. Judge Bloom in an Order that was entered on September 28, 2015, found that the felony conviction was not related to his office.

Ms. Legato informed the Board, if they would like to appeal Judge Bloom's decision, an appeal must be filed by October 28, 2015.

Chairman Wyant asked the Board if they wanted to take any action regarding the Russell Grimmatt case. None was heard.

Ms. Legato gave an update on the case of *Arden Curry, II v. CPRB*. Ms. Legato informed the Board a Rule 20 Oral Argument was held September 2, 2015.

Ms. Legato reviewed the Less than Honorable Service (LTHS) case of Dennis E. Streets with the Board. She announced that Mr. Streets is a DSRS retiree with 32.5 years of service credit. On October 23, 2014, a two count Indictment alleging felony Embezzlement and Fraudulent Scheme was filed in Berkeley County Circuit Court. Mr. Streets stole several fire arms from the Berkeley County Sheriff's Department evidence room, valued at \$5,745.00, which had been placed under his care by virtue of his employment. Mr. Streets then sold the guns to a local store. On August 28, 2015, a jury returned a guilty verdict on the charge of felony Embezzlement. On September 10, 2015, an Order of Conviction upon a Trial by Jury was filed in Berkeley County Circuit Court. His sentencing is set for October 29, 2015.

Ms. Legato recommended to the Board that Mr. Street's membership in the Deputy Sheriff's Retirement System be terminated on the basis of Less Than Honorable Service.

Mr. Murray made a motion the Board adopt counsel's recommendation terminate Mr. Street's membership in the Deputy Sheriff's Retirement System and authorize counsel to proceed with LTHS proceedings against Dennis Streets. The motion was seconded by Mr. Richardson. The motion carried unanimously.

The report of the In-House Legal Counsel is located behind Tab # 5.

#### **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 announced to the Board that there were no changes on any of her cases to report since the last Board Meeting.

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

Executive Director Fleck reviewed the report from Pullin, Fowler, Flanagan, Brown & Poe on the case of Cheryl Dougherty, et al. v. CPRB et al. He reported there are 2,409 potential class members that have been identified for settlement purposes. There is a hearing for a class settlement on October 29, 2015. Notices of the litigation and the settlement were mailed to these individuals on August 24, 2015. The potential class members have thirty days to opt-in or opt-out of the settlement.

The report from Pullin, Fowler, Flanagan, Brown & Poe is located behind Tab #5.

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 the motion to dismiss us from this case has been unsuccessful. He reported to the Board that the trial date in this case has been set for March 7, 2016. The City of Beckley and the Plaintiff are asking for more time for Discovery. Mrs. Cartelle is insisting that the CPRB not be released from this case.

The report from Shuman, McCuskey & Slicer is located behind Tab # 5.

#### **Tab 6: Committee Updates**

##### **Actuarial Assumptions Review Committee**

Ms. Vascik announced the Actuarial Assumptions Review Committee met on September 28, 2015 and reviewed the Annual Interest Rate Review and also the PERS Experience Study that were presented by Harry Mandel, Board Actuary.

Ms. Vascik announced the Actuarial Assumptions Review Committee requests the Board approve the continuation of the 7.50% valuation interest return rate and discount assumption for all

defined benefit plans, based on the July 1, 2015 actuarial valuations that were presented to the Committee by Harry Mandel, Board Actuary.

Mr. Richardson made a motion the Board approve the continuation of the 7.50% valuation interest return rate and discount assumption for all defined benefit plans, based on the July 1, 2015 actuarial valuations presented by Harry Mandel, Board Actuary. The motion was seconded by Mr. Vallet. The motion carried unanimously.

Ms. Vascik announced the Actuarial Assumptions Review Committee requests the Board approve the PERS Experience Study to be applied for completing the PERS Actuarial Valuation for July 1, 2015, that was recommended by Harry Mandel, Board Actuary.

Mr. Richardson made a motion the Board approve the PERS Experience Study to be applied for completing the PERS Actuarial Valuation for July 1, 2015. The motion was seconded by Captain Corsaro. There was discussion on the Motion. Chairman Wyant directed that Mr. Mandel and staff present a report in the board books, on the board tablets and to the Board in the future. After other discussion and clarification, the motion carried unanimously.

The minutes of the Actuarial Assumptions Review Committee are located behind Tab # 6.

**Tab 7: Other, Old Business**

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

**Tab 8: Other, New Business**

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

Chairman Wyant announced the Great West/Empower contract is up for renewal for one year, with the same terms and conditions.

Ms. Crank made a motion to renew the Great West/Empower contract with the same terms and conditions for one year. Mr. Waybright seconded the motion. The motion carried unanimously.

Mr. Richardson requested that staff place all of the documents that are to come before the Board or any Committee Meetings on the secured website so the Board Members can review them




before the meetings. There was no opposition to this request.

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

Chairman Wyant adjourned the September 30, 2015 meeting of the West Virginia Consolidated Public Retirement Board (CPRB) at 11:22 a.m.

  
\_\_\_\_\_  
David Wyant, Chairman  
Consolidated Public Retirement Board

  
\_\_\_\_\_  
Jeffrey E. Fleck, Executive Director  
Consolidated Public Retirement Board