

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INVESTMENT COMMITTEE
MEETING OF AUGUST 15, 2023**

A meeting of the West Virginia Consolidated Public Retirement Board's Investment Committee was held on Tuesday, August 15, 2023 at the Consolidated Public Retirement Board office at 601 57th Street, SE, Charleston, WV 25304. Due notice had been posted.

Call to Order.

The meeting was called to order at 2:41p.m. by Jeffrey Vallet, Chair.

Roll call.

Committee Members present:

Jeffrey Vallet, Chairman
Cabinet Secretary Mark D. Scott (*via telephone*)
Mike McKown
Rhonda Bolyard

Committee Members absent:

Beth Morgan

A quorum was present.

Others participating in person were:

Jeffrey E. Fleck, CPRB Executive Director
Terasa Miller, CPRB Deputy Director
Kim Pauley, CPRB Executive Assistant
Paula Van Horn, CPRB TDC Manager
Elizabeth Cooper, CPRB CFO
Craig Slaughter, Investment Officer, WVIMB
Chris Meadows, Empower
Don Jurgens, Empower(*via telephone*)
William Thornton, Empower(*via telephone*)

Item #1: Approval of Minutes

Chairman Vallet said that he would entertain a motion to approve the minutes of the May 16, 2023 Investment Committee.

Mr. McKown made a motion to approve the minutes of the May 16, 2023 meeting of the Investment Committee. Mr. Scott seconded the motion. The motion was adopted.

Item #2: TDC 2nd Quarter Plan Investment Review 6/30/23 – Bill Thornton Empower

Mr. Vallet recognized William Thornton to give the TDC Investment Performance for the period ending June 30, 2023. Mr. Thornton reviewed the US Markets, Global Markets, Historic Stock and Bond Plot, and labor market.

Mr. Thornton stated that inflation has been the big issue for the last eighteen months, but he noted we are moving away from inflation and hoping to see the soft landing that the FED has tried to engineer. He was happy to report that S&P was 8.7 small cap and midcap was up four to five percent with a solid quarter. He stated that the GDP in the 1ST quarter was 2.0 – and the start to the 2nd quarter's first estimate was 2.4. Mr. Thornton stated that inflation has been the big issue for the last eighteen months. He noted that employment numbers are strong and the numbers on the labor side are very good. He noted that with everything he reads and has seen he expects inflation to subside a little. Mr. Thornton noted that if we see a slowdown or a recession, he doesn't anticipate it to be severe or lengthy.

Mr. Thornton reviewed the fund balance and the fund monitoring report. He informed the Committee that the fund line up has held up relatively well. He noted that the Carillon Scout mid cap is underperforming and has traditionally been on the growth side but has transitioned to the value side of the blend category. He stated they will continue to monitor this fund. Mr. Thornton then offered to answer questions from the Committee members.

Item #3: Investment Policy Statement- William Thornton -Empower

Mr. Vallet recognized Don Jurgens and William Thornton of Empower to give an overview of the Investment Policy Statement. He noted there were a couple of changes to discuss. On pages six and seven there are a few things that need to be amended. CPRB needs to choose to call this an informal or formal review. On page 6 section 3B it is referred to as an informal review and on page 7 section 3D it is referred to as a formal review. He also noted that on page 10 attachment B a few name changes need to be updated.

Chairman Vallet said that he would entertain a motion to approve and amend the Investment Policy Statement to reflect that it is an informal review and to amend the changes to the names and classifications.

Mr. McKown made a motion to approve and amend the Investment Policy Statement to reflect that it is an informal review and to amend the changes to the names and classifications.

Mr. Scott seconded the motion. The motion was adopted.

Item #4: TDC Plan Performance Insights – June 30, 2023 -Don Jurgens- Empower

Mr. Vallet recognized Don Jurgens of Empower, to review the TDC Plan Performance Insights ending June 30, 2023. Mr. Jurgens reported that the plan balance was \$658,663,567 with 3,668 participants. He said that the average participant balance was \$179,570 and 76.6 percent of participants are doing their own investment strategy. He also reviewed the year-to-date participant activity, the distribution activity, the equity exposure, the rate of return and the plan insights by age. He then answered questions from the committee members.

Item #5: TDC Outreach Update- Chris Meadows- Empower

Mr. Vallet recognized Chris Meadows of Empower Retirement. Mr. Meadows gave the Educational Meetings report. He reported that since the last committee meeting, he had conducted 525 educational counselling sessions and 168 distribution counseling sessions for a total of 693 virtual sessions for a total of 749 for the year. He added that his Net Promoter Score (NPS) was 100. Mr. Meadows also said that 76 percent of his sessions are related to education and 24 percent are related to distribution. He then answered questions from the Committee members.

Item #6: Review of IMB Defined Benefit Pension Assets 6-30-23 – Craig Slaughter

Mr. Vallet recognized Craig Slaughter, Investment Officer of the West Virginia Investment Management Board (WVIMB), who gave a review of the Plan Investments for the period ending June 30, 2023. Mr. Slaughter commented that the 8.4% investment return was driven by US equity and

that it was a pleasant surprise and it clearly beat the 7.25 that we needed. He added that US stocks were up 6 % in June and International stocks were up 4%. Mr. Slaughter noted that any fund with private markets will have lower return and we fall into that category. He said that the US equity market has been driven lately by seven stocks lately referred to as the magnificent seven. He stated that those seven stocks were up 64% this month and the rest of the market was up 3%. He stated that we may see a soft landing with the potential for inflation rates to come down and a reduction in interest rates.

He then answered questions from the committee members.

Item #7: TDC Q2 Weighted Average Returns- Paula Van Horn

Mr. Vallet recognized Paula Van Horn, TDC Manager, to review the TDC Weighted Average Returns for the quarter ending June 30, 2023. Ms. Van Horn reported that the market value of the fund was \$663,298,800, the plan participants were 3,708 and the Weighted Average Return was 21.01 percent. She went on to say that the prior quarter weighted average return was 21.48 %, the prior year weighted average return was -40.21 %. Ms. Van Horn noted that we have one fund on watch. She then answered questions from the committee members.

Item #8: Investment Policy Statement with changes- Paula Van Horn

Mr. Vallet recognized Paula Van Horn, TDC Manager, to review the Investment Policy Statement Ms. Van Horn reported that we have already discussed amending it when it was discussed by Bill Thornton with Empower reviewed item # 3 and it was voted on by the Committee and adopted.

Item #9: Old Business

Mr. Vallet inquired as to old business. There was none.

Item #10: New Business

Mr. Vallet inquired as to new business. There was none.

Adjournment

There being no further business before the committee, the meeting adjourned at 3:15 p.m.

Respectfully submitted,



Jeffrey Vallet, Chairman



Jeffrey Fleck, Executive Director