

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INVESTMENT COMMITTEE
MEETING OF NOVEMBER 29, 2022**

A meeting of the West Virginia Consolidated Public Retirement Board's Investment Committee was held on Tuesday November 29, 2022, at the Consolidated Public Retirement Board office at 4101 MacCorkle Avenue, SE, Charleston, WV 25304. Due notice had been posted.

Call to Order

The meeting was called to order at 3:02 p.m. by Jeffrey Vallet, Chair.

Roll Call

Committee Members present:

Jeffrey Vallet, Chair
Mike McKown
Beth Morgan (via telephone)
Woodrow Brogan (via telephone)

Committee Members absent:

Rhonda Bolyard
Cabinet Secretary, Mark D. Scott

A quorum was present.

Others attending 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
John Galloway, CPRB CFO
Tom Sauvageot, Investment Officer, WVIMB
Chris Meadows, Empower (via telephone)
Don Jurgens, Empower (via telephone)
William Thornton, Empower (via telephone)
Mary Beth Daubenspeck, Empower (via telephone)
Alysia Miller, CPRB Paralegal

Item #1: Approval of Minutes

Chairman Vallet said that he would entertain a motion to approve the minutes of the August 16, 2022 Investment Committee.

Mike McKown made a motion to approve the minutes of the August 16, 2022, meeting of the Investment Committee. Woodrow Brogan seconded the motion. The motion was adopted.

Item #2: TDC Plan Investment Review – September 30, 2022

Mr. Vallet recognized William Thornton of Empower to present the TDC Investment Performance for the period ending September 30, 2022.

Mr. Thornton reviewed the US Gross Domestic Product, Consumer Price Index, and labor markets. He reported that the October numbers show that unemployment had ticked up from 3.5% to 3.7% and that 261,000 jobs were added. Mr. Thornton stated that inflation appears to be slowing down and that he expects the next interest rate increase to be 50 basis points.

Mr. Thornton discussed stock market performance stating that almost everything was down about 20 percent or more for the year. He said that for the current quarter to date, there has been some rebound with the S&P up 11%, Mid-Caps up 12%, Small Caps up 10%, and international up 17%. Mr. Thornton reported that fixed income had been historically bad in 2022 but that there had been a slight rebound in bond performance for the current quarter.

Mr. Thornton reviewed the fund balance and the fund monitoring report. He informed the Committee that the T. Rowe Price Blue Chip (Mid-Cap Blend) fund had a rough 2020 and it still has not rebounded. Mr. Thornton suggested that the Committee consider changing the fund. He said the fund could be monitored for a few more months or the process could start now. There was brief discussion among the members about Mr. Thornton's recommendation.

Jeffrey Vallet stated he would entertain a motion to authorize Mr. Thornton to look for fund alternatives.

Mike McKown made a motion to authorize Empower to present at the next Investment Committee meeting alternative fund options to replace the T. Rowe Price Blue Chip (Mid-Cap Blend) fund. Woodrow Brogan seconded the motion. The motion was adopted.

Item #3: TDC Plan Performance Insights – June 30, 2022

Jeffrey Vallet recognized Don Jurgens of Empower, to review the TDC Plan Performance Insights as of September 30, 2022.

Mr. Jurgens reported that the total plan assets were \$580,244,153 and it had 3,756 participants. He said that the average participant balance was \$153,352 and that 77.4 percent of participants were doing their own investment strategy. Mr. Jurgens reviewed cash flow, distribution activity, equity exposure, and the rate of return. He then answered questions from the committee members.

Item #4: TDC Outreach Update

Jeffrey Vallet recognized Chris Meadows of Empower to update the Committee on TDC educational outreach.

Mr. Meadows reported that he had conducted 837 educational counseling sessions and 238 distribution counseling sessions for a total of 1075 sessions year to date. He stated that during the sessions, he informed participants of new upgrades to the participant secure website which is referred to as the new empowerment experience. Mr. Meadows explained that the upgrades allow a participant to link outside accounts, such as retirement accounts, mortgages, and bank accounts, to the TDC 401a account and view them all on one website. Mr. Meadows stated that the enhancements have altered the direct deposit process by accepting information through the participant's personal account eliminating the need for a voided check and notarized form.

Item #5: TDC Weighted Average Returns

Mr. Vallet recognized Paula Van Horn, TDC Plan Manager, to review the TDC Weighted Average Returns for the quarter ending September 30, 2022.

Ms. Van Horn reported that for the third quarter the market value of the fund was \$580,382,854 and the weighted average return was minus 12 percent. She stated that there are 3,807 participants which is down 19 participants for the quarter and 128 for the year. Ms. VanHorn also noted that there is currently one fund, T Rowe Price Blue Chip Growth, on the watchlist.

Item #6: Review of IMB Defined Benefit Pension Assets – September 30, 2022

Mr. Vallet recognized Tom Sauvageot, Investment Officer for the West Virginia Investment Management Board (WVIMB) to review the defined benefit plans Investment Performance.

Mr. Sauvageot stated he agreed with much of Mr. Thornton's economic analysis and that he would not restate it. He commented that in addition to inflation on the economic side, geopolitical events such as central banks raising interest rates, the continuance of energy shocks due to the Ukraine/Russia ordeal, and heightened tensions between the US and China are all having a big impact on the markets. Mr. Sauvageot stated that for the fourth quarter the employment and GDP numbers are healthy but modest. He stated that there are signs that the interest rate increases are working, and many people expect rates to continue to increase modestly.

Mr. Sauvageot reported that the plans were down 3.7 percent for the first quarter and down about 9.2 percent for one year. He stated that the private markets had been helpful and probably cut last year's losses in half. Mr. Sauvageot informed the Committee that the IMB is currently finishing a formal asset allocation study which is done every 3 years. He stated that at the IMB's December meeting, it would be considering increasing private investments another 5 percent. Mr. Sauvageot answered questions from the committee members.

Item #7: Old Business

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

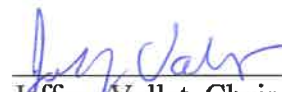
Item #8: New Business

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

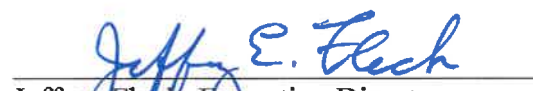
Adjournment

There being no further business, the meeting adjourned at 3:50 p.m.

Respectfully submitted,



Jeffrey Vallet, Chair



Jeffrey Fleck, Executive Director