

**MINUTES OF THE
WV CONSOLIDATED PUBLIC RETIREMENT BOARD
INVESTMENT COMMITTEE
MEETING OF May 16, 2023**

A meeting of the West Virginia Consolidated Public Retirement Board's Investment Committee was held on Tuesday May 16, 2023, at the Consolidated Public Retirement Board office at 601 57th Street SE, Charleston, WV 25304. Due notice has been posted.

Call to Order

The meeting was called to order at 3:01 p.m. by Jeffrey Vallet, Chair.

Roll Call

Committee Members present:

Jeffrey Vallet, Chair
Cabinet Secretary, Mark D. Scott
Mike McKown
Beth Morgan (*via telephone*)

Committee Members absent:

Woodrow Brogan
Rhonda Bolyard

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
Chris Meadows, Empower
Don Jurgens, Empower
William Thornton, Empower
Tom Sauvageot, WVIMB

Item #1: Approval of Minutes

Chairman Vallet said that he would entertain a motion to approve the minutes of the March 14, 2023 Investment Committee.

Mike McKown made a motion to approve the minutes of the March 14, 2023 meeting of the Investment Committee. Mark Scott seconded the motion. The motion was adopted.

Item #2: TDC Plan Investment Review – December 31, 2022- (Bill Thornton-Empower)

Mr. Vallet recognized Bill Thornton of Empower to present the TDC Investment Performance report for the period ending March 31, 2023. He reviewed the US Markets, Global Markets, and labor markets.

Mr. Thornton stated that it's been a good quarter and a change compared to the first three quarters of last year. He reported that the first quarter GDP estimate was a 1.1 percent increase, which may be a little optimistic because inventories have pulled back in the first quarter. Mr. Thornton stated that inflation has been the big issue for the last several months, but that many believe we have seen the worst of it. He noted labor numbers are still strong at 3.4% and recently added another 253,000 jobs in April. Regarding returns, Mr. Thornton reported that the S&P 500 has had back-to-back quarters at a positive 7.5 percent. He explained that growth came roaring back and outperformed value. He expects the Fed will pause the interest rate increases for a while. Next Mr. Thornton reviewed the Funds ' performance. He said that most of the funds performed as expected apart from the Carillon Scout Mid Cap fund which surprisingly had a rough quarter. Mr. Thornton also noted that the Western Asset Core Plus Bond A which was discussed last time has improved and is now in the top third of the category.

He answered questions from the Committee members regarding the timeline for the completion of the fund change authorized at the previous meeting.

Item #3: TDC Annual Plan Review – March 31,2023 (Don Jurgens-Empower)

Jeffrey Vallet recognized Don Jurgens of Empower, to review the TDC Annual Plan Performance Review as of March 31, 2023.

Mr. Jurgens reported that the total plan assets were \$633,091,682 and it had 3,701 participants. He said that the average participant balance was \$169,907 and that 77 percent of participants were doing their own investment strategy. He also 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- Chris Meadows- Empower)

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

Mr. Meadows reported that he had conducted 291 educational counseling sessions and 66 distribution counseling sessions for a total of 357 sessions for the first quarter. He stated that averages out to about 28 meetings per week and that 82 percent of the meetings focused on education while 18 percent focused on distribution. Mr. Meadows reviewed the 2023 Outlook plan and stated that there is a 90 percent retention rate which highlights the success of the outreach program. Finally, he mentioned financial education, strategic/direct Campaigns and Retirement Readiness Review all help drive participant meetings, engagement, and preparedness for retirement.

Item #5: TDC Weighted Average Returns- (Paula Vanhorn)

Mr. Vallet recognized Paula Vanhorn, TDC Plan Manager, to review the TDC Weighted Average Returns for the quarter ending March 31, 2023.

Ms. Vanhorn reported that for the fourth quarter the market value of the fund was \$633,261,099 and the weighted average return was 21.48 percent. She stated that there are 3,739 participants, which is down 23 participants for the quarter and 128 for the year.

Item #6: Defined Benefit Pension Assets – March 31, 2023- (Tom Sauvageot-WVIMB)

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 reported that it's been a grinding market and stated that were relatively flat at 5.3 percent for the fiscal year to date. He informed the Committee that he had some concern about the banking situation and if it is an isolated event on the two largest Regional

Banks and the large credit squeeze. He stated that with the Fed taking a pause now to see if inflation rates are still higher than the target, it takes time to see any changes and we must be patient because, moves they make now don't generally make an impact until further down the road. Mr.Sauvageot noted that short term rates have raised 500 basis points. He informed the committee that right now one of the bigger risks in the current markets now is the downturn in Commercial Real Estate. Mr. Sauvageot noted that the fed taking immediate action did help calm the market.

Mr. Savauvageot offered to answer 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 3:41 p.m.

Respectfully submitted,



Jeffrey Vallet, Chair



Jeffrey Fleck, Executive Director