

| WEST VIRGINIA |

BOARD OF TREASURY INVESTMENTS

Board of Treasury Quarterly Meeting Minutes Thursday, August 10, 2023

The quarterly meeting of the West Virginia Board of Treasury Investments was held on Thursday, August 10, 2023, in the Treasurer's Conference Room, 315 70th Street, SE, Charleston, West Virginia. Keith Peck recorded the minutes.

ATTENDEES

Board Members Present:

Riley Moore, Committee Chair, via telephone
Anoop Bhasin, Proxy for Dave Hardy
Lisa Hopkins
Mark Mangano
Patrick Smith

BTI/ STO Staff Present:

Denise Baker
Steve Bohman
Jamie Chambers
Shana Clay, via telephone
Diane Holcomb, via telephone
Kara Hughes
Lindsay Marchio
Keith Peck
Karl Shanholtzer

Others Present:

Jeff Boucek, Segal Marco Advisors
Alan Peak, Segal Marco Advisors, via telephone
Keith Reynolds, Segal Marco Advisors

Jeff Kent, Maher Duessel, via telephone
Samantha Strejcek, Maher Duessel, via telephone

Maxwell Anthony, Sterling Capital
Peter Brown, Sterling Capital
Austin Dunlap, Sterling Capital

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AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the April 27, 2023 Board Meeting
- IV. Executive Director’s Report
- V. Reports
 - a. Audit Committee
 - i. Report
 - b. Investment Committee
 - i. Report
 - c. Personnel and Governance Committee
 - i. Report
- VI. Election of Officers
- VII. Old Business
- VIII. New Business
- IX. Next Board Meeting - (Tentatively Tuesday, October 31, 2023)
- X. Adjourn

MINUTES

- I. Call to Order

Riley Moore, Committee Chair, called the meeting to order at 12:01 p.m.

- II. Roll Call – Declare Quorum

A silent roll call was taken and a quorum declared.

- III. Approval of Minutes of the April 27, 2023 Board Meeting - **Tab 1**

Lisa Hopkins moved to approve the April 27, 2023, minutes as printed. Patrick Smith seconded. Motion carried unanimously.

- IV. Executive Director’s Report – **Kara – Tab 2**

Kara Hughes summarized the Executive Director’s Report, a copy of which is attached and made a part hereof. As of June 30, 2023, Assets Under Management (“AUM”)

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were just shy of \$11 billion dollars. The simple money market yield for the West Virginia Money Market Pool as of June 30, 2023, was 5.28%. The Pool's return was ranked first out of a universe of 239 prime funds investing a total of \$915 billion. The West Virginia Government Money Market Pool posted a 5.04% simple money market return as of June 30th. The Short Term Bond Pool posted a 1.749% twelve month rolling return for the period ended June 30, 2023. Kara also announced S&P's re-affirmation of the BTI's AAAM rating which was received in March 2023. Kara summarized the BTI achievements for the past quarter and highlighted the BTI being awarded the GFOA's Certificate of Achievement for Excellence in Financial Reporting. The BTI was also recognized on a national stage at the Crane Money Fund Symposium and NAST Treasury Management Symposium for its performance and for its transparency with participants during the 2023 banking crisis.

There is no Board action necessary for this agenda item.

V. Reports

The chair moved to the next order of business regarding Committee Reports.

a. Audit Committee

Lisa Hopkins, Committee Chair, presented the Audit Committee Report. The Audit Committee met on Thursday, August 11, 2022. Actions taken were to:

- 1) Approve the April 27, 2023, Audit Committee Minutes
- 2) Review the June 30, 2023, Operating Report
- 3) Review the Budget to Actual Report for the quarter ended June 30, 2023
- 4) Recommend the Board approve the FY 2025 preliminary appropriation request and authorize staff to make necessary adjustments to comply with directives from the State Budget Office
- 5) Recommend the Board authorize staff to submit a Supplemental Appropriation Request for FY 2024 to pay for Bank Costs in the current fiscal year
- 6) Ratify the Purchasing Card Activity for the quarter ended June 30, 2023
- 7) Recommend the Board allow staff to e-mail the audited June 30, 2023, financial statements to board members and if no issues, authorize approval of financial statements.
- 8) Approve the Internal Audit Report and Annual Audit Plan for FY 2024

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Lisa Hopkins moved that the Board accept the Audit Committee Report. Mark Mangano seconded. Motion carried unanimously.

b. Investment Committee

Anoop Bhasin, proxy for Committee Chair Dave Hardy, presented the Investment Committee Report. The Investment Committee met on Thursday, August 10, 2023. Actions taken were to:

- 1) Approve the April 27, 2023, Investment Committee Minutes
- 2) Recommended the Board approve closing the Bank Pool and funds be transferred back to State Participation in the WV Money Market Pool
- 3) Recommended the Board approve the current *Investment Policy Statement*, inclusive of the list of authorized investment types in Appendix A of the *Policy*, the individual pool investment policies in Appendices C-1 and C-2 of the *Policy*, the revisions to the individual pool and account policies in Appendices C-3 through C-7 of the *Policy*, and the list of NRSRO's in section IV; sub-section H of the *Policy*
- 4) Recommended the Board approve investment in the Federated Hermes Government Obligations Fund, Federated Hermes Institutional Prime Value Obligations Fund, Federated Hermes Institutional Prime Obligations Fund, Federated Hermes Treasury Obligations Fund, and the Invesco Government and Agency Fund
- 5) Approve the Authorized Primary Dealer list and the BTI's current investment managers to be authorized brokers for the BTI.

Anoop Bhasin moved that the Board approve the Investment Committee Report. Patrick Smith seconded. Motion carried unanimously.

c. Personnel and Governance Committee

Riley Moore, Committee Chair, presented the Personnel & Governance Committee Report. The Personnel and Governance Committee met on Thursday, August 10, 2022. Actions taken were to:

- 1) Approve the Minutes of the April 27, 2023, Personnel and Governance Committee Meeting
- 2) Recommend the Board approve the modifications to the BTI Bylaws effective immediately

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Lisa Hopkins moved that the Board approve the Personnel & Governance Committee Report. Patrick Smith seconded. Motion carried unanimously.

VI. Election of Officers – Kara

- Vice Chairman

Mark Mangano moved to nominate Dave Hardy as Vice Chairman. Nomination carried unanimously.

- Secretary

Anoop Bhasin moved to nominate Mark Mangano as Secretary. Nomination carried unanimously.

VII. Old Business

There was no old business.

VIII. New Business

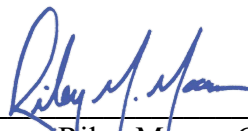
There was no new business.

IX. Next Board Meeting - (Tentatively Tuesday, October 31, 2023)

X. Adjourn

There being no further business to bring before the Committee, Lisa Hopkins moved to adjourn. Patrick Smith seconded. Meeting adjourned at 12:09 p.m.

Approved by: _____


Riley Moore, Committee Chair

Minutes approved: 11/8/23

(Date)

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Audit Committee Meeting Minutes Thursday, August 10, 2023

The quarterly Audit Committee meeting of the West Virginia Board of Treasury Investments was held on Thursday, August 10, 2023, in the Treasurer's Conference Room, 315 70th Street, SE, Charleston, West Virginia. Keith Peck recorded the minutes.

ATTENDEES

Board Members Present:

Lisa Hopkins, Committee Chair
Anoop Bhasin, Proxy for Dave Hardy
Mark Mangano
Riley Moore, via telephone
Patrick Smith

BTI/ STO Staff Present:

Denise Baker
Steve Bohman
Jamie Chambers
Shana Clay, via telephone
Diane Holcomb, via telephone
Kara Hughes
Lindsay Marchio
Keith Peck
Karl Shanholtzer

Others Present:

Jeff Boucek, Segal Marco Advisors
Alan Peak, Segal Marco Advisors, via telephone
Keith Reynolds, Segal Marco Advisors

Jeff Kent, Maher Duessel, via telephone
Samantha Strejcek, Maher Duessel, via telephone

Maxwell Anthony, Sterling Capital
Peter Brown, Sterling Capital
Austin Dunlap, Sterling Capital

Matthew Puzzini, previous intern with BTI, via telephone

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BOARD OF TREASURY INVESTMENTS

AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the April 27, 2023 Meeting
- IV. Review the June 30, 2023 Operating Report
- V. Review the Budget to Actual Report for the quarter ended June 30, 2023
- VI. Review and approve the FY 2025 Appropriation Request
- VII. Ratify the Purchasing Card Activity for the quarter ended June 30, 2023
- VIII. Review and approval of the June 30, 2023 Financial Statements and external audit update
- IX. Review the Internal Audit report and approve the Internal Audit Charter and FY 2024 Audit Plan
- X. Old Business
- XI. New Business
- XII. Next Board Meeting (Tentatively Tuesday, October 31, 2023)
- XIII. Adjourn

MINUTES

- I. Call to Order

Lisa Hopkins, Committee Chair, called the Audit Committee meeting to order at 10:10 a.m.

- II. Roll Call – Declare Quorum

A silent roll call was taken, and a quorum was declared.

- III. Approval of Minutes of the April 27, 2023 Meeting – **Tab 3**

Patrick Smith moved to approve the April 27, 2023, Audit Committee Minutes as printed. Mark Mangano seconded. Motion carried unanimously.

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IV. Review the June 30, 2023 Operating Report – Karl – Tab 4

Karl Shanholtzer presented the BTI's Operating Report for June 30, 2023. A copy of the Operating Report is attached and made a part hereof. Total assets under management at quarter end were the highest asset level ever at \$10,975,194,000. Fiscal year-to-date earnings were the most income ever earned at \$389,889,000. Net Assets of the Consolidated Fund increased \$428.1 million over the quarter ended June 30, 2023. This net increase was composed of increases in the amounts invested in the WV Money Market Pool (\$380.0 million) and WV Government Money Market Pool (\$93.7 million). Offsetting these increases were decreases in the amounts invested in the WV Short Term Bond Pool (\$0.1 million), State Loan Pool (\$6.5 million) and Municipal Bond Commission Account (\$39.0 million).

There was no Board action necessary for this agenda item

V. Review the Budget to Actual Report for the quarter ended June 30, 2023 - Kara - Tab 5

Kara Hughes presented a summary of the Budget to Actual Report for the quarter ended June 30, 2023. A copy of the Budget to Actual Report for the quarter ended June 30, 2023, is attached and made a part hereof. Kara stated that the BTI is under budget for the quarter ended June 30, 2023, by \$412,876.89. All Administrative Expense line items are under budget. Lisa Hopkins commended BTI management for their fiscal responsibility and being consistently below budget.

There was no Board action necessary for this agenda item.

VI. Review and approve the FY 2025 Appropriation Request – Kara - Tab 6

Kara Hughes presented the FY 2025 Appropriation Request. As part of the annual budget process, agencies are required to submit their appropriation requests to the State Budget Office. The appropriation request for fiscal year 2025 is required to be submitted to the State Budget Office in early September 2023. For fiscal year 2025, the BTI is requesting an increase in appropriation for the following line items:

- (1) Bank Costs (Object Code 3263) – Requesting an increase of \$2M due to the significant increase in assets under management (“AUM”) since the BTI's origination in 2005. The Bank Cost line item represents costs related to Investment Manager, Consultant, Custodian, S&P Rating, and Bloomberg fees. These items are pass-through costs based upon contract specifications. Investment Manager fees and custodian fees represent the bulk of Bank Costs and are based upon the market value of assets under management. With AUM increasing by over 112%

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from fiscal year 2019, the BTI's costs have increased to the point where the current appropriation level for object code 3263 is insufficient to cover costs. As of June 30, 2023, the BTI had \$25,043 in unexpended and unencumbered funds in this object code. To ensure the BTI will have adequate expenditure authority staff is requesting the Special Revenue Appropriated amount for Bank Costs increase \$2M to \$5,499,640. Additionally, the BTI will likely submit a mid-year supplemental appropriation/improvement request for the 3263 object code to ensure sufficient appropriations to cover increased expenditure levels.

(2) Payroll Reimbursement (Object Code 1202) – Requesting an increase of \$125K to account for the following:

*Across the board pay increases mandated during the 2023 Legislative Session

*Planning for upcoming retirements and the increased cost of replacing employees.

Lisa Hopkins commented it was expected there would be expenditure increases based on the current economic climate. Mark Mangano moved to recommend the Board approve the FY 2025 preliminary appropriation request and authorize staff to make necessary adjustments to comply with directives from the State Budget Office. Patrick Smith seconded. Motion carried unanimously.

Patrick Smith moved to recommend the Board authorize staff to submit a Supplemental Appropriation Request for FY 2024 to pay for Bank Costs in the current fiscal year. Mark Mangano seconded. Motion carried unanimously.

VII. Ratify the Purchasing Card Activity for the quarter ended June 30, 2023 – Denise - Tab 7

According to P-card policies and procedures, if a spending unit is a board, a written report of Purchasing Card transactions must be provided to Board members to be approved or ratified at regularly scheduled meetings. Denise Baker provided a summary of the BTI Purchasing Card activity for the quarter ended June 30, 2023. The total amount of P-card transactions for the quarter ended June 30, 2023, was \$6,094.05.

Lisa Hopkins abstained from voting since the Auditor's Office administers the Purchasing Card program. Mark Mangano moved to recommend the Board ratify the Purchasing Card activity for the quarter ended June 30, 2023. Patrick Smith seconded. Motion carried unanimously.

VIII. Review and approval of the June 30, 2023 Financial Statements and external audit update – Karl Shanholtzer & Maher Duessel, Jeff Kent - Tab 8

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Jeff Kent, Partner at Maher Duessel (“MD”), and Samantha Strejeck, Senior Manager, presented an overview of the June 30, 2023, financial statements and external audit update. Jeff provided an overview of the audit process and timing for the fiscal year 2023 audit. The reports that will be issued include the Financial Statements and Communication to Those Charged with Governance. Jeff reviewed the contents of the Communications to Those Charged with Governance and provided a summary of results for the financial statement audit. The reports issued by MD include an Independent Auditor’s Report and the Report on Internal Control Over Financial Reporting and Compliance. The Independent Auditor’s Report will be unmodified and the Report on Internal Control contains no reportable conditions. MD will also issue a report on the performance of Agreed Upon Procedures. There were no exceptions of relevance noted on any of the testing completed while performing the external audit and Agreed Upon Procedures.

Karl Shanholtzer provided an update on the Annual Comprehensive Financial Report (ACFR). The ACFR is largely complete and will be distributed with changes around the time of the next October 2023 BTI Board Meeting. The BTI also received the Certificate of Achievement for Excellence in Financial Reporting for the June 30, 2022 ACFR. Kara commended Karl and the rest of the BTI staff for their prompt responses regarding audit requests from Maher Duessel.

Mark Mangano moved to recommend the Board allow staff to e-mail the audited June 30, 2023, financial statements to Board members and authorized approval of the June 30, 2023, financial statements. Patrick Smith seconded. Motion carried unanimously.

IX. Review the Internal Audit report and approve the Internal Audit Charter and FY 2024 Audit Plan – **Jamie Chambers - Tab 9**

Jamie Chambers presented the Internal Audit Report. Jamie began with a summary of the steps she has taken to become familiar with the BTI, its practices, and the role of the internal audit function at BTI. During an internal audit review of the Audit Committee Charter for the BTI, it was found that no changes appear to be necessary to the Charter for FY 2024. During a review of files and setup of the Internal Audit function for BTI, it was noted that BTI does not have an Internal Audit Charter. An Internal Audit Charter provides a blueprint of how the Internal Audit function will operate. It also provides the audit committee, management, external auditors, or other external parties a better understanding of the IA function, standards followed, and how the internal audit function remains independent from operations/day-to-day activities. Jamie summarized what the Internal Audit Charter would include and provided the Board with a proposed Internal Audit Charter. Lisa Hopkins asked if the Internal Audit Charter was something Jamie had encountered in other places, and Jamie responded that the proposed Internal Audit Charter is a recommendation from the Institute of Internal Auditors and also something she had drafted during her previous employment.

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at the Department of Environmental Protection and Department of Administrative Services. Patrick Smith commented he completed research comparing the proposed draft charter to the model draft charter proved by the Institute of Internal Auditors. In his research, he found that the proposed Internal Audit Charter complies with the model charter provided by the Institute of Internal Auditors.

Patrick Smith recommended the Board approve the Internal Audit Charter for FY 2024. Mark Mangano seconded. Motion carried unanimously.

The Risk Assessment was performed and updated by Internal Audit to assist in developing the Audit Plan for FY 2024. The Risk Assessment is used to ensure that all potential audit areas were identified and analyzed based on defined risk factors. Auditable areas were identified and ranked based on the following risk factors:

- 1) Quality of internal control structure identified by Management and Internal Audit
- 2) Complexity of the process
- 3) Organizational or operational changes since the previous internal audit
- 4) Impact that external forces have on the process
- 5) Financial statement materiality

Patrick Smith moved to recommend the Board approve the Annual Audit Plan for FY 2024. Mark Mangano seconded. Motion carried unanimously.

For June 2023, Jamie completed a Review of Month End Trial Balance and Financials and Income Distribution Testing. There were no issues noted during the testing. Committee members commended Jamie for all the work she completed since starting her new position.

X. Old Business

There was no old business.

XI. New Business

There was no new business.

XII. Next Board Meeting (Tentatively Tuesday, October 31, 2023)

XIII. Adjourn

There being no further business to bring before the Committee, Patrick Smith moved to adjourn. Mark Mangano seconded. The meeting adjourned at 10:37 a.m.

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Approved by:

Lisa Hopkins, Committee Chair

Minutes approved: November 8, 2023

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Investment Committee Meeting Minutes Thursday, August 10, 2023

The quarterly Investment Committee meeting of the West Virginia Board of Treasury Investments was held on Thursday, August 10, 2023, in the Treasurer's Conference Room, 315 70th Street, SE, Charleston, West Virginia. Keith Peck recorded the minutes.

ATTENDEES

Board Members Present:

Anoop Bhasin, Proxy for Committee Chair Dave Hardy
Lisa Hopkins
Mark Mangano
Riley Moore, via telephone
Patrick Smith

BTI/ STO Staff Present:

Denise Baker
Steve Bohman
Jamie Chambers
Shana Clay, via telephone
Diane Holcomb, via telephone
Kara Hughes
Lindsay Marchio
Keith Peck
Karl Shanholtzer

Others Present:

Jeff Boucek, Segal Marco Advisors
Alan Peak, Segal Marco Advisors, via telephone
Keith Reynolds, Segal Marco Advisors

Jeff Kent, Maher Duessel, via telephone
Samantha Strejcek, Maher Duessel, via telephone

Maxwell Anthony, Sterling Capital
Peter Brown, Sterling Capital
Austin Dunlap, Sterling Capital
Alex Harshberger, Sterling Capital

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AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the April 27, 2023 Board Meeting
- IV. Review the Loan Pool Report
- V. Review the Contracts report and take action if necessary
- VI. Review and approve closing the Bank Pool
- VII. Annual review and approval of Investment Policy and Money Market/Fixed Income funds
- VIII. Annual review and approval of Primary Dealer List
- IX. Proxy Voting training and timeline
- X. Report on Sterling Capital Performance and take corrective action if necessary
- XI. Review Investment Consultant Report and take corrective action if necessary - Quarter Ended June 30, 2023
- XII. Old Business
- XIII. New Business
- XIV. Next Board Meeting (Tentatively Tuesday, October 31, 2023)
- XV. Adjourn

MINUTES

- I. Call to Order

Anoop Bhasin, proxy for Committee Chair Dave Hardy, called the Investment Committee meeting to order at 10:37a.m.

- II. Roll Call – Declare Quorum

A silent roll call was taken, and a quorum declared.

- III. Approval of Minutes of the April 27, 2023 Board Meeting – Tab 10

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Mark Mangano moved to approve the April 27, 2023, Investment Committee minutes as printed. Patrick Smith seconded. Motion carried unanimously.

IV. Review the Loan Pool Report – Denise – Tab 11

Denise Baker provided an overview of the Loan Pool Report as of June 30, 2023. Denise reported the Net Asset Value of the State Loan Pool as of June 30, 2023, as follows:

<u>Type</u>	<u>Net Asset Value</u>
WVEDA Revolving Broadband Loan	\$17,324,114.35
Dreyfus Government Cash Management	<u>\$68,545.06</u>
Total	\$17,392,659.41

There was one new draw for the quarter:

05/04/2023 CityNet, LLC Traditional BLINS \$267,943.20

As of June 30, 2023, the WVBTI exposure to the Broadband Loan program is \$49,601,130.63. For these debt obligations, the outstanding loan balance is \$17,324,114.35.

There was also a release of funds received May 17, 2023, on the Digital Connections Inc. Traditional BLINS account for \$32,673.00.

The Revolving Broadband Loan rate resets quarterly. The interest rate reset on July 1, 2023, to 2.28%. Due to a 1.00% statutory cap on annual increases in the Broadband Loan rate, the rate will not increase for the remainder of fiscal year 2024.

Karl provided a comment about a group of telecoms that receive RDOF grants, called the Coalition of RDOF Winners, who are now lobbying the FCC to ease up on their requirements because of increases in operational costs. If not granted relief, it is possible some of these entities will abandon their loan commitments and take the financial penalty which would cause the potential for some losses in the RDOF program. This is not to say that West Virginia RDOF winners are members of the Coalition or that there are West Virginia providers experiencing issues in meeting their obligations, just that this is something we need to keep an eye on. Kara commented that since \$50 million dollars are committed with a total of \$80 million dollars available this is something that the BTI will continue to monitor.

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There was no Board action necessary for this agenda item.

V. Review the Contracts report and take action if necessary – Kara – Tab 12

Kara Hughes presented the Contracts report. There were two contracts up for renewal: (1) Sterling Capital Management, LLC, and (2) Thomson Reuters Tax and Accounting.

There was no Board action necessary for this agenda item.

VI. Review and approve closing the Bank Pool – Kara – Tab 13

Kara Hughes summarized the reasons for requesting to close the Bank Pool. The WV Board of Treasury Investments established the Bank Pool on July 26, 2007, to allow approved State Depositories the opportunity to invest state funds via certificates of deposit (“CDs”). By accessing funds through the WV CD Auction Program, financial institutions could re-invest in the West Virginia communities they serve. During its sixteen years of operation, the WV CD Auction Program invested over \$2.4B in statewide banks earning approximately \$15.6M in interest.

Over the past several years, interest in the program has declined significantly. The last bid received on a CD was February 2022. Staff are recommending the close of the Bank Pool for the following reasons:

- 1) The increasing costs of funds for banks makes the program no longer attractive. In order for the BTI to offer the program, the source of funds for the auction originate from State Participation in the WV Money Market Pool (“WVMM”). To fulfill our fiduciary responsibility, the minimum rate set for banks has to be competitive to the return offered for the WVMM Pool. As short-term rates have steadily increased, the cost for banks to participate in the program have increased.
- 2) While the Bank Pool is not complicated, it does require monthly staff time to post activity, follow up on issues, prepare monthly closes and reconcile balances. Additionally, the Banking Services Division of the STO must invest time to ensure funds are properly collateralized.

Lisa Hopkins recommended the Board approve closing the Bank Pool and funds be transferred back to State Participation in the WV Money Market Pool. Patrick Smith seconded. Motion carried unanimously.

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VII. Annual review and approval of Investment Policy and Money Market/Fixed Income funds – Karl - Tab 14

Karl Shanholtzer presented the annual review of the Investment Policy and Money Market/Fixed Income funds. West Virginia State Code §12-6C-9 requires the Board, at each annual meeting, adopt, review, modify, or cancel the investment policy of each fund or pool created. The code also requires that the Board review the list of authorized investment types at the annual meeting. The BTI maintains the required investment policies for the pools and accounts in Appendix C of the *Investment Policy Statement* and the list of authorized investment types in Appendix A of the *Investment Policy Statement*.

Staff have reviewed the current *Investment Policy Statement* and appendices and have the following recommended changes:

- 1) Modify Appendix C-3: *Investment Guidelines – West Virginia Short Term Bond Pool* to increase maximum permissible allocation to BBB rated securities from 20% to 30%. Pete Brown, portfolio manager for the Short Term Bond Pool, discussed their rationale for the request. The rationale for the increase is that the BBB universe, as a share of the total investment grade market, has grown substantially in recent years and Sterling Capital anticipates that this trend will continue. Credit metrics for single-A rated securities have deteriorated faster than those for BBB securities in recent years and it appears that fewer corporate management teams value a single-A rating over a BBB rating. Corporate management teams have demonstrated a desire over this period to defend investment grade ratings (BBB and above) given the higher funding costs tied to a move into the high yield markets. Staff have reviewed this recommendation with Segal Marco and both are supportive of this change.
- 2) Modify Appendix C-4: *Investment Guidelines – State Loan Pool* to increase the maximum allocation to money market funds from 20% to 100%. The State Loan Pool utilizes a money market fund to temporarily park funds for loan payments and loan draws. At current loan levels, it is possible for routine loan transactions to exceed the maximum amount permissible for investments in money market funds.
- 3) Strike Appendix C-5: *Investment Guidelines – West Virginia Bank Pool* – With the Board approving the closure of the West Virginia Bank Pool, these investment guidelines are no longer be necessary.
- 4) Renumber the following appendices to reflect the removal of Appendix C-5:
 - a. Appendix C-6 to Appendix C-5
 - b. Appendix C-7 to Appendix C-6
 - c. Appendix C-8 to Appendix C-7

Lisa Hopkins recommended the Board approve the current *Investment Policy Statement*, inclusive of the list of authorized investment types in Appendix A of the *Policy*, the individual pool investment policies in Appendices C-1 and C-2 of the

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Policy, the revisions to the individual pool and account policies in Appendices C-3 through C-7 of the *Policy*, and the list of NRSRO's in section IV; sub-section H of the *Policy*. Patrick Smith seconded. Motion carried unanimously.

Karl Shanholtzer also presented the Money Market Funds and Fixed Income Funds utilized by investment managers that require annual approval by the Board. The following is a list of money market and fixed income funds that staff are recommending be authorized for use by the BTI and its investment managers:

- 1) Federated Hermes Government Obligations Fund (GOIXX)
- 2) Federated Hermes Institutional Prime Value Obligations Fund (PVOXX)
- 3) Federated Hermes Institutional Prime Obligations Fund (POIXX)
- 4) Federated Hermes Treasury Obligations Fund (TOIXX)
- 5) Invesco Government and Agency Fund – Institutional (DGCXX)

Karl discussed the research on the sweep account options, and it was noted that while the Invesco fund and Dreyfus had been very close in performance, Invesco had pulled ahead over the last year. Based on their holdings and strategy implementation, it appeared that Invesco would be able to continue outperforming Dreyfus, although probably only by a few basis points. While the sweep account is not a significant part of the investments for the pools, certain accounts, such as the School Fund, have all their funds invested in the sweep account and would benefit more from the higher return. Lisa Hopkins recommended the Board approve investment in the Federated Hermes Government Obligations Fund, Federated Hermes Institutional Prime Value Obligations Fund, Federated Hermes Institutional Prime Obligations Fund, Federated Hermes Treasury Obligations Fund, and the Invesco Government and Agency Fund. Mark Mangano seconded. Motion carried unanimously.

VIII. Annual review and approval of Primary Dealer List – Denise – Tab 15

Denise Baker provided the annual review of the Primary Dealer List. BTI policy requires that the Board approve the Authorized Primary Dealer List annually. The approval of the Authorized Primary Dealer List operates as a formality in case the BTI were ever directed to execute a trade on an agency's behalf.

The current list of the Primary Government Securities Dealers reporting to the Government Securities Dealers Statistics Unit of the Federal Reserve Bank of New York as of June 30, 2023, was reviewed, along with changes that occurred over the past year. The BTI would also like authorization to use the BTI's current investment managers as authorized brokers for the BTI if needed.

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Lisa Hopkins moved to recommend the Board approve the Authorized Primary Dealer List and the BTI's current investment managers be authorized brokers for the BTI. Patrick Smith seconded. Motion carried unanimously.

IX. Proxy Voting training and timeline – Kara, Karl, Segal Marco – Tab 16

Kara Hughes, Karl Shanholtzer and Jeff Boucek provided a presentation regarding proxy voting as it relates to fixed income securities and how the BTI will begin addressing the requirements of House Bill (HB) 2862.

There was no Board action necessary for this agenda item.

X. Report on Sterling Capital Management Performance and take corrective action if necessary – Sterling Capital Management – Tab 17

Sterling Capital including Max Anthony, Pete Brown, and Austin Dunlap provided an overview of Sterling Capital, a portfolio review, and a market outlook.

There was no Board action necessary for this agenda item.

XI. Review Investment Consultant Report and take corrective action if necessary - Quarter Ended June 30, 2023 – Jeff Boucek – Segal Marco Advisors - Tab 18

Jeff Boucek and Keith Reynolds, representatives for Segal Marco Advisors, provided an analysis of investment performance. As of June 30, 2023, total assets in the West Virginia Board of Treasury Investments portfolio totaled \$11.0 billion. Assets in the Money Market Pool increased by \$380.7 million during the quarter. The Government Money Market Pool increased \$93.8 million and Short-Term Bond Pool assets increased \$0.3 million. The West Virginia Money Market Pool led the return of the benchmark index by 16 basis points for the quarter. Longer-term results also have the fund ahead of its benchmark for the 1, 3, and 5 year periods. The West Virginia Government Money Market Pool led the return of the benchmark by 10 basis points during the quarter. Longer-term results for the pool outpaced the benchmark for the 1, 3, and 5 year periods. The West Virginia Short Term Bond Pool led its benchmark index by 36 basis points for the quarter. Longer term results for the pool were above-benchmark for all longer time periods measured. As of June 30, 2023, there were no securities in the portfolios that did not meet the minimum credit quality restrictions contained in the Investment Policy Statement.

There was no Board action necessary for this agenda item.

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BOARD OF TREASURY INVESTMENTS

XII. Old Business

There was no old business.

XIII. New Business

There was no new business.

XIV. Next Board Meeting (Tentatively Tuesday, October 31, 2023)

XV. Adjourn

There being no further business to bring before the Committee, Lisa Hopkins moved to adjourn. Patrick Smith seconded. The meeting adjourned at 11:55 a.m.

Approved by: _____


Anoop Bhasin, proxy for Committee Chair Dave Hardy

Minutes approved: _____

11/7/23

(Date)

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BOARD OF TREASURY INVESTMENTS

Personnel & Governance Committee Meeting Minutes Thursday, August 10, 2023

The quarterly Personnel & Governance Committee meeting of the West Virginia Board of Treasury Investments was held on Thursday, August 10, 2023, in the Treasurer's Conference Room, 315 70th Street, SE, Charleston, West Virginia. Keith Peck recorded the minutes.

ATTENDEES

Board Members Present:

Riley Moore, Committee Chair, via telephone
Anoop Bhasin, Proxy for Dave Hardy
Lisa Hopkins
Mark Mangano
Patrick Smith

BTI/ STO Staff Present:

Denise Baker
Steve Bohman
Jamie Chambers
Shana Clay, via telephone
Diane Holcomb, via telephone
Kara Hughes
Lindsay Marchio
Keith Peck
Karl Shanholtzer

Others Present:

Jeff Boucek, Segal Marco Advisors
Alan Peak, Segal Marco Advisors, via telephone
Keith Reynolds, Segal Marco Advisors

Jeff Kent, Maher Duessel, via telephone
Samantha Strejcek, Maher Duessel, via telephone

Maxwell Anthony, Sterling Capital
Peter Brown, Sterling Capital
Austin Dunlap, Sterling Capital

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BOARD OF TREASURY INVESTMENTS

AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the April 27, 2023 Board Meeting
- IV. Review and approve Bylaws for HB 3146
- V. Old Business
- VI. New Business
- VII. Next Board Meeting – (Tentatively Tuesday, October 31, 2023)
- VIII. Adjourn

MINUTES

- I. Call to Order

Riley Moore, Committee Chair, called the meeting to order at 11:57 a.m.

- II. Roll Call – Declare Quorum

A silent roll call was taken, and a quorum declared.

- III. Approval of Minutes of the April 27, 2023 Board Meeting – **Tab 19**

Lisa Hopkins moved to approve the April 27, 2023, Personnel and Governance Committee Minutes as printed. Patrick Smith seconded. Motion carried unanimously.

- IV. Review and approve Bylaws for HB 3146 – **Kara - Tab 20**

Kara Hughes presented a review of Bylaws for HB 3146. During the 2023 Regular Legislative Session, House Bill 3146 was passed enacting new requirements related to holding virtual public meetings while an emergency declaration is in effect. The provisions of the bill apply to all public agencies that are subject to the Open Governmental Meetings Act. Generally, the new code establishes requirements and guidelines for meetings held during an emergency declaration including:

| WEST VIRGINIA |

BOARD OF TREASURY INVESTMENTS

- 1) Criteria for holding the virtual public meeting.
- 2) Guidelines for the conduct of the virtual meeting.
- 3) Requirements for public observation of the virtual meeting.
- 4) Requirements for public participation in the virtual meeting if members of the public are normally permitted to participate in a meeting of the public agency.
- 5) Notice requirements for virtual meetings.

In order to implement HB 3146 (effective June 7, 2023), Sections 6.1 and 6.14 of the BTI's Bylaws are required to be modified and updated. Lisa Hopkins moved to recommend the Board approve the modifications to the BTI Bylaws effective immediately. Patrick Smith seconded. Motion carried unanimously.

V. Old Business

There was no old business.

VI. New Business

There was no new business.

VII. Next Board Meeting – (Tentatively Tuesday, October 31, 2023)

VIII. Adjourn

There being no further business to bring before the Committee, Lisa Hopkins moved to adjourn. Patrick Smith seconded. The meeting adjourned at 12:00 p.m.

Approved by:  _____
Riley Moore, Committee Chair

Minutes approved: 11/8/23

(Date)