

| WEST VIRGINIA |

BOARD OF TREASURY INVESTMENTS

Board of Treasury Quarterly Meeting Minutes Tuesday, October 31, 2023

The quarterly meeting of the West Virginia Board of Treasury Investments was held on Tuesday, October 31, 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
Dave Hardy
Lisa Hopkins
Mark Mangano
Patrick Smith, via telephone

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:

Anoop Bhasin, Department of Revenue

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

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BOARD OF TREASURY INVESTMENTS

AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the August 10, 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. Old Business
- VII. New Business
- VIII. Next Board Meeting - (Tentatively Thursday, January 25, 2024)
- IX. Adjourn

MINUTES

I. Call to Order

Riley Moore, Committee Chair, called the meeting to order at 11:06 a.m.

II. Roll Call – Declare Quorum

A silent roll call was taken and a quorum declared.

III. Approval of Minutes of the August 10, 2023 Board Meeting– **Tab 1**

Lisa Hopkins moved to approve the August 10, 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.

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Kara stated the BTI continues to see an uptick in state agency and local government investments. At the end of FY 2023, state agency investments with the BTI increased \$1.6B year-over-year, while investments from local governments increased \$293M. The main attraction was BTI's favorable rates where money market funds are paying above 5%.

At the recent UBS due diligence meeting, the firm provided an update on both the Fitch US downgrade and money market reform. On August 1st, Fitch Ratings downgraded the Long-Term Foreign-Currency Issuer Default Rating (IDR) for U.S. Treasuries to AA+ from AAA. The short-term rating of F-1+ has **not** been affected by the Fitch decision. Overall, UBS believes this downgrade presents no issue in the money market space. In addition, there has been no indication from governing authorities that they will implement versions of the new SEC money market fund rules. During the 2020 turmoil, state investment pools maintained stable flows and adequate liquidity which supports both GASB and credit rating agencies viewpoint. The BTI will continue to monitor money market reform impact on the Consolidated Fund.

Kara concluded her report with an update on BTI projects for the upcoming quarter. Anticipated projects include two due diligence reviews scheduled with Federated Hermes Investors and Sterling Capital, and staff will complete the Annual Comprehensive Financial Report for submission to the GFOA. Staff will also continue the implementation of ICS/CDARS and establishment of the new Participant Directed Account.

There was 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 Tuesday, October 31, 2023. Actions taken were to:

- 1) Approve the August 10, 2023, Audit Committee Minutes
- 2) Review the September 30, 2023, Operating Report
- 3) Review the quarter ended September 30, 2023, Budget to Actual Report
- 4) Review and approve the June 30, 2023, Annual Comprehensive Financial Report (ACFR) to authorize release of the FY 2023 ACFR and approve staff to submit the ACFR to the GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting

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- 5) Ratify the Purchasing Card Activity for the quarter ended September 30, 2023
- 7) Approve the Internal Audit Report

Dave Hardy moved that the Board accept the Audit Committee Report. Mark Mangano seconded. Motion carried unanimously.

b. Investment Committee

Dave Hardy, Committee Chair, presented the Investment Committee Report. The Investment Committee met on Tuesday, October 31, 2023. Actions taken were to:

- 1) Approve the August 10, 2023, Investment Committee Minutes
- 2) Review the quarter ended September 30, 2023, Loan Pool Report
- 3) Review the Contracts Report
- 4) Review and approve creation of a Participant Directed Account for the Banking Services Division
- 5) Review the draft Proxy Voting Policy
- 5) Review the Due Diligence Report for UBS Global Asset Management
- 6) Review the Investment Consultant Report for the quarter ended September 30, 2023

Mark Mangano moved that the Board approve the Investment Committee Report. Lisa Hopkins 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 Tuesday, October 31, 2023. Actions taken were to:

- 1) Approve the August 10, 2023 Personnel and Governance Committee Minutes

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

VI. Old Business

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There was no old business.

VII. New Business

There was no new business.

VIII. Next Board Meeting - (Tentatively Thursday, January 25, 2024)

IX. Adjourn

There being no further business to bring before the Committee, Lisa Hopkins moved to adjourn. Dave Hardy seconded. Meeting adjourned at 11:12 a.m.

Approved by:  _____
Riley Moore, Chair

Minutes approved: February 1, 2024
(Date)

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Audit Committee Meeting Minutes Tuesday, October 31, 2023

The quarterly Audit Committee meeting of the West Virginia Board of Treasury Investments was held on Tuesday, October 31, 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
Dave Hardy
Mark Mangano
Riley Moore, via telephone
Patrick Smith, via telephone

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:

Anoop Bhasin, Department of Revenue

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

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BOARD OF TREASURY INVESTMENTS

AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the August 10, 2023 Meeting
- IV. Review the September 30, 2023 Operating Report
- V. Review the Budget to Actual Report for the quarter ended September 30, 2023
- VI. Review and approve the June 30, 2023 Annual Comprehensive Financial Report
- VII. Ratify the Purchasing Card Activity for the quarter ended September 30, 2023
- VIII. Review the Internal Audit Report
- IX. Old Business
- X. New Business
- XI. Next Board Meeting (Tentatively Thursday, January 25, 2024)
- XII. Adjourn

MINUTES

- I. Call to Order

Lisa Hopkins, Committee Chair, called the Audit Committee meeting to order at 10:02 a.m.

- II. Roll Call – Declare Quorum

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

- III. Approval of Minutes of the August 10, 2023 Meeting – **Tab 3**

Mark Mangano moved to approve the August 10, 2023, Audit Committee Minutes as printed. Patrick Smith seconded. Motion carried unanimously.

- IV. Review the September 30, 2023 Operating Report – **Karl – Tab 4**

Karl Shanholtzer presented the BTI's Operating Report for September 30, 2023. A copy of the Operating Report is attached and made a part hereof. Total assets under management at quarter end were \$11,199,548,000. Fiscal year-to-date earnings were

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\$149,470,000. Net Assets of the Consolidated Fund increased \$224.3 million over the quarter ended September 30, 2023. This net increase was composed of increases in the amounts invested in the WV Money Market Pool (\$200.9 million), WV Government Money Market Pool (\$42.6 million), and State Loan Pool (\$2.0 million). Offsetting these increases was a decrease in the amount invested in the WV Short Term Bond Pool (\$19.7 million). The WV Bank Pool account decreased by \$65 thousand, and the EDA-AW Account decreased by \$1.5 million as both accounts were closed during the month of September 2023. The School Fund account was little changed over the quarter.

There was no Board action necessary for this agenda item.

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

Kara Hughes presented a summary of the Budget to Actual Report for the quarter ended September 30, 2023. A copy of the Budget to Actual Report for the quarter ended September 30, 2023, is attached and made a part hereof. Kara stated that the BTI was under budget for the quarter ended September 30, 2023, by \$1,195,191. All Administrative Expense line items were under budget. The majority of expenses this quarter were normal and recurring and included payments to the investment advisors, custodian, investment consultant, Bloomberg, and State Street Global (PAM accounting system). Other items to highlight this quarter included payments for BTI's proportionate share of computer software and equipment costs provided by the STO's IT department. These include the Microsoft Enterprise Agreement which covers all Microsoft products (e.g. Windows, Office, etc.) and developmental tools such as flowcharting as well as Microsoft Teams telephone migration and remote connect software.

There was no Board action necessary for this agenda item.

VI. Review and approve the June 30, 2023 Annual Comprehensive Financial Report – Karl - Tab 6

Karl Shanholtzer presented the June 30, 2023, Annual Comprehensive Financial Report (“ACFR”) for the BTI. The ACFR expands on the regular annual financial statements, presenting a wider variety of information about the BTI and its pools. The ACFR includes the previously released audited annual financial statements and three additional sections. The basic elements of the ACFR are as follows:

- 1) Introductory Section
- 2) Financial Section

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3) Investment Section

4) Statistical Section

BTI staff have already submitted the draft to Maher Duessel and addressed all comments and questions. The BTI plans on submitting the ACFR, with the audit opinion, to the Government Finance Officers Association for consideration for the Certificate of Achievement for Excellence in Financial Reporting in November 2023. Lisa Hopkins commended staff for the timeliness in issuing the ACFR report.

Mark Mangano moved to recommend the Board authorize release of the FY 2023 ACFR and approve staff to submit the ACFR to the GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting. Patrick Smith seconded. Motion carried unanimously.

VII. Ratify the Purchasing Card Activity for the quarter ended September 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 September 30, 2023. The total amount of P-card transactions for the quarter ended September 30, 2023, was \$2,450.18.

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 September 30, 2023. Dave Hardy seconded. Motion carried unanimously.

VIII. Review the Internal Audit Report – Jamie – Tab 8

Jamie Chambers presented a review of the Internal Audit Report with a summary of significant internal audit activities completed during the first quarter of fiscal year 2024. Activities completed included BTI Internal Audit function updates, testing of portfolio compliance, routine monthly audits, S&P Surveillance Reports, Income Distribution Testing, review of Month-End Trial Balance, daily cash management testing and cash monitoring, and transaction testing. There were no significant issues noted during any of the testing performed, and there were no significant exceptions noted with the accuracy of any of the reports.

Mark Mangano recommended the Board approve the Internal Audit Report. Dave Hardy seconded. Motion passed unanimously.

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IX. Old Business

There was no old business.

X. New Business

There was no new business.

XI. Next Board Meeting (Tentatively Thursday, January 25, 2024)

XII. Adjourn

There being no further business to bring before the Committee, Dave Hardy moved to adjourn. Patrick Smith seconded. The meeting adjourned at 10:15 a.m.



Approved by: _____
Lisa Hopkins, Chair

1-26-24

Minutes approved: _____
(Date)

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Investment Committee Meeting Minutes Tuesday, October 31, 2023

The quarterly Investment Committee meeting of the West Virginia Board of Treasury Investments was held on Tuesday, October 31, 2023, in the Treasurer's Conference Room, 315 70th Street, SE, Charleston, West Virginia. Keith Peck recorded the minutes.

ATTENDEES

Board Members Present:

Dave Hardy, Committee Chair
Lisa Hopkins
Mark Mangano
Riley Moore, via telephone
Patrick Smith, via telephone

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:

Anoop Bhasin, Department of Revenue

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

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AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the August 10, 2023 Board Meeting
- IV. Review the Loan Pool Report
- V. Review the Contracts report and take action if necessary
- VI. Review and approve the Participant Directed Account Request
- VII. Review draft Proxy Voting Policy
- VIII. Due Diligence Report for UBS Global Asset Management
- IX. Review Investment Consultant Report and take corrective action if necessary - Quarter Ended September 30, 2023
- X. Old Business
- XI. New Business
- XII. Next Board Meeting (Tentatively Thursday, January 25, 2024)
- XIII. Adjourn

MINUTES

I. Call to Order

Dave Hardy, Committee Chair, called the Investment Committee meeting to order at 10:15 a.m.

II. Roll Call – Declare Quorum

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

III. Approval of Minutes of the August 10, 2023 Board Meeting – Tab 9

Lisa Hopkins moved to approve the August 10, 2023, Investment Committee minutes as printed. Mark Mangano seconded. Motion carried unanimously.

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IV. Review the Loan Pool Report – Denise – Tab 10

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

<u>Type</u>	<u>Net Asset Value</u>
WVEDA Revolving Broadband Loan	\$19,299,440.85
Invesco Government Cash Management	<u>\$70,510.88</u>
Total	\$19,369,951.73

As of September 30, 2023, the WVEDA Revolving Broadband Loan program held four loan commitments in Traditional Broadband Loan Insurance (BLINS) projects and six loan commitments for Letters of Credit for federally funded broadband expansion projects. As of September 30, 2023, the WVBTI exposure to the Broadband Loan program is \$49,577,609.31. For these debt obligations, the outstanding loan balance is \$19,299,440.85.

There were three new draws for the quarter.

07/20/2023	CityNet, LLC	Traditional BLINS	\$ 186,670.37
07/20/2023	MicroLogic Inc	Traditional BLINS	\$ 529,510.82
08/09/2023	Roane County	Traditional BLINS	\$1,219,666.63

There was also a release of funds received July 24, 2023, on the Digital Connections Inc. Traditional BLINS account for \$23,521.32.

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.

There was no Board action necessary for this agenda item.

V. Review the Contracts report and take action if necessary – Kara – Tab 11

Kara Hughes presented the Contracts report. There were two contracts up for renewal: (1) Maher Duessel and (2) State Street Global Exchange (US) LLC (formerly Princeton Financial Systems). The State Street Global Exchange contract is for the BTI’s investment accounting system that is crucial for day-to-day operations in recording trade activity, portfolio accounting, pricing of securities and many other accounting processes.

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There was no Board action necessary for this agenda item.

VI. Review and approve the Participant Directed Account Request – Kara – Tab 12

Kara Hughes provided a summary of the request to open a Participant Directed Account. On September 11, 2023, the BTI received a request from the West Virginia State Treasurer's Office to open a Participant Directed Account for the Banking Services Division. Under W. Va. Code Ann. §12-1-13, the West Virginia Board of Treasury Investments, at the request of the State Treasurer, may establish within the Consolidated Fund an investment pool which will generate sufficient income to pay for all banking services and goods and services ancillary to the banking services provided to the state.

The Treasurer currently invests funds in the WV Money Market and WV Short Term Bond Pools to generate income to pay for banking services of the state. The Treasurer has requested to diversify banking services investments by investing in fully collateralized term deposits in designated state depositories. As such, the Treasurer requested that a Participant Directed Account be created within the Consolidated Fund to invest up to \$40M in variable rate bank deposits with a maximum term of one year. The deposits shall be placed via auction where interested banks can place bids for funds. Bids for funds shall be based on a spread to the effective federal funds rate as published by the Federal Reserve Bank of New York. The rate on placed funds shall reset on a monthly basis. As of August 31, 2023, the diversification into variable rate bank deposits would represent less than 6% of total funds currently invested for banking services. Lisa Hopkins asked if there were any financial issues underlying this request to open a Participant Directed Account. The Treasurer stated there were no financial issues underlying this request, and the purpose of this request to open a Participant Directed Account was to further diversify its banking services investments.

Lisa Hopkins moved to recommend the Board approve creation of a Participant Directed Account for the Banking Services Division. Mark Mangano seconded. Motion carried unanimously.

VII. Review draft Proxy Voting Policy – Karl - Tab 13

Karl Shanholtzer presented a summary of the draft Proxy Voting Policy. BTI staff and Segal Marco have developed the draft policy covering shareholder, or proxy, voting for the BTI. The draft policy addresses the following topics:

- Shareholder votes covered by policy
- Voting
- Indirect holdings
- Waiver of requirements

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- Annual report requirements

The draft Proxy Voting Policy was submitted to the Board for review and comment. Karl stated that any feedback or suggestions can be submitted to the Executive Director and Chief Financial Officer. The revised policy will be presented at the next regular board meeting in January 2024 for final approval.

There was no Board action necessary for this agenda item.

VIII. Due Diligence Report for UBS Global Asset Management – Francois Otieno – Segal Marco Advisors - Tab 14

Francois Otieno, representative with Segal Marco Advisors, provided the Due Diligence Report for UBS Global Asset Management. Segal Marco Advisors conducted the annual due diligence meeting with UBS in person on September 20, 2023, in Chicago. The following were the key topics discussed during the meeting.

- Organizational update
- Broad discussion on the economy, markets, and portfolios
- Risk management
- Compliance
- Proxy voting
- Operations overview

Francois then provided a summary of Segal Marco Advisors assessment of UBS AM across their Seven Principles framework. This assessment is contained in the UBS – Money Market Strategy Due Diligence Report (document attached hereto).

There was no Board action necessary for this agenda item.

IX. Review Investment Consultant Report and take corrective action if necessary - Quarter Ended September 30, 2023 – Jeff Boucek – Segal Marco Advisors - Tab 15

Jeff Boucek and Keith Reynolds, representatives with Segal Marco Advisors, provided a summary of the Investment Consultant Report. As of September 30, 2023, total assets in the West Virginia Board of Treasury Investments Portfolio totaled \$11.2 billion. Assets in the Money Market Pool increased \$201.6 million during the quarter. The Government Money Market Pool increased \$42.6 million, while Short-Term Bond Pool assets declined \$19.4 million due to net outflows. The West Virginia Money Market Pool led the return of the benchmark index by 19 basis points for the quarter. Longer-term results also have the fund ahead of its benchmark for the one, three, and five-year periods. The West Virginia Government Money Market Pool led the return of the benchmark by 11 basis points during the quarter. Longer-term results for the pool

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outpaced the benchmark for the one, three, and five-year periods. The West Virginia Short Term Bond Pool lagged its benchmark index by 5 basis points for the quarter. Longer term results for the pool were above-benchmark for all longer time periods measured. As of September 30, 2023, there were no securities in the portfolios that do not meet the minimum credit quality restrictions contained in the Investment Policy Statement.

There was no Board action necessary for this agenda item.

X. Old Business

There was no old business

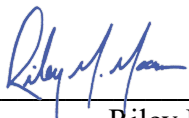
XI. New Business

There was no new business.

XII. Next Board Meeting (Tentatively Thursday, January 25, 2024)

XIII. Adjourn

There being no further business to bring before the Committee, Lisa Hopkins moved to adjourn. Mark Mangano seconded. The meeting adjourned at 11:03 a.m.

Approved by:  _____
Riley Moore, Chairman

Minutes approved: February 1, 2024
(Date)

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BOARD OF TREASURY INVESTMENTS

Personnel & Governance Committee Meeting Minutes Tuesday, October 31, 2023

The quarterly Personnel & Governance Committee meeting of the West Virginia Board of Treasury Investments was held on Tuesday, October 31, 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
Dave Hardy
Lisa Hopkins
Mark Mangano
Patrick Smith, via telephone

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:

Anoop Bhasin, Department of Revenue

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

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AGENDA

- I. Call to Order
- II. Roll Call – Declare Quorum
- III. Approval of Minutes of the August 10, 2023 Board Meeting
- IV. Old Business
- V. New Business
- VI. Next Board Meeting – (Tentatively Thursday, January 25, 2024)
- VII. Adjourn

MINUTES

I. Call to Order

Riley Moore, Committee Chair, called the meeting to order at 11:04 a.m.

II. Roll Call – Declare Quorum

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

III. Approval of Minutes of the August 10, 2023 Board Meeting – **Tab 16**

Lisa Hopkins moved to approve the August 10, 2023, Personnel and Governance Committee Minutes as printed. Mark Mangano seconded. Motion carried unanimously.

IV. Old Business

There was no old business.

V. New Business

There was no new business.

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VI. Next Board Meeting – (Tentatively Thursday, January 25, 2024)

VII. Adjourn

There being no further business to bring before the Committee, Lisa Hopkins moved to adjourn. Mark Mangano seconded. The meeting adjourned at 11:05 a.m.

Approved by:  _____
Riley Moore, Chair

Minutes approved: February 1, 2024
(Date)