WYOMING RETIREMENT SYSTEM (WRS) BOARD POLICY MANUAL

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THE INVESTMENT "OUTCOMES"

This policy defines the desired outcome of the investment program for the investment of funds for the legislatively created defined benefit plans. It will be the Board's responsibility to carry out the following duties with the assistance of staff:

RETURN OBJECTIVE

Based on actuarial assumptions adopted by the Board effective 2/22/2013, it is estimated that the portfolio must generate the compound annual return on invested assets shown in Appendix I in order for WRS to accumulate the assets needed to meet benefit obligations.

INVESTMENT PHILOSOPHY & CORE BELIEFS

WRS' investment philosophy is based upon a set of factors that have a widely accepted theoretical basis.

1. The Board recognizes that strategic asset allocation has the most significant impact on investment results and will develop and maintain a strategic asset allocation that strives to optimally fulfill investment objectives.

    - Strategic asset allocation sets the amount of resources (risk) spent on each asset class.
    - Strategic allocation determines downside risk and portfolio volatility.

2. Some markets are efficient while others are less so, or inefficient. As such, investment strategies will reflect a mix of active and passive investments.
3. Costs have a meaningful impact on returns. Investment strategies will utilize the most cost effective approaches.
4. Performance measurement and monitoring activities provide an assessment of the success of WRS investment strategies and implementation of those strategies. Clear benchmarks will be selected for each investment strategy.
5. Use of tactical or Risk Overlays adjusts the portfolio (based on fundamental and/or economic theory), making tilts explicit versus implicit.

6. WRS believes the fund should be invested for the future and not rely solely on historical investment data to structure the portfolio. There is value in forecasting and making an effort to determine the most critical factors that will affect assets and liabilities in the coming years. This forecasting will be part of the discussion and asset allocation process.
7. Diversification is critical because the future is unknown.
8. WRS believes that, over the long term, there is a relationship between the level of investment risk taken and the rate of expected investment return. It believes the assumption of a moderate level of risk is reasonable and justified to enhance potential long-term returns, understanding that it will produce a wider range of expected returns than more conservative asset mixes.

STRATEGIC ASSET ALLOCATION (SAA)

It will be the Board's responsibility to carry out the following duties in consultation with staff and the external investment consultant:

1. Develop a Return Objective (RO) with a goal to:

    a. Keep contribution rates reasonably level over long periods of time subject to and recognizing that changes made in the law, actuarial assumptions and benefit levels will impact contribution rates.
    b. Adequately fund aggregate liabilities.

2. Establish a Strategic Asset Allocation that is expected to meet the RO while minimizing the impact of the fund's volatility on the contribution rate. Secondary considerations include, but are not limited to, the expected rate of return for each asset class, the expected risk of each asset class, the correlation between rates of return among the asset classes, liquidity of the fund, and the investment objectives and risk constraints of the fund.

3. Monitor costs associated with the efficient implementation of the Strategic Asset Allocation through the use of internal and external resources.

The Board has adopted the SAA as shown in Appendix I. This table outlines the Board authorized Strategic Asset Allocation investment categories and the Strategic Asset Allocation weights which will be used to measure performance. This asset allocation is expected to fulfill WRS' need to meet its Return Objective. These are strategic allocations. As investments in non-public markets can take some time to implement, the Board recognizes that this asset allocation is a long term goal, and that short term positions may represent an intermediate point in the process of attaining these targets.

TACTICAL ASSET ALLOCATION (TAA)

The Board has granted the Chief Investment Officer (CIO), subject to approval by the Executive Director, the authority for establishing the Tactical (sub-asset class) Asset Allocation (TAA) of the portfolio within broad ranges approved by the Board. The CIO will make Tactical Asset

Allocation decisions away from the Target Asset Allocation only in consultation with the external investment consultant and Executive Director and with approval from the Executive Director that the change is in compliance with the Board's policy. Occasionally, the CIO may elect to deviate from the allowed allocation bands by +/- 10% in a particular asset class. If this occurs, the Executive Director must approve the deviation and the variance must not last for more than one year. The minimum and maximum allocations are meant to serve as guidelines for allowing the assets to fluctuate before the CIO must consider re-allocation of assets from one asset class to another and to allow for tactical asset allocation, when deemed appropriate.

Based on a variety of considerations, the Board has selected the Tactical Asset Allocation ranges that are allowable. These ranges are outlined in the table shown in Appendix I.

COMPONENTS OF INVESTMENT RETURN:

The approved Strategic Asset Allocation categories and their Tactical Asset Allocation sub-sectors are:

1. TACTICAL CASH

2. FIXED INCOME

Fixed Income may include the following sub-asset classes among others, and may at times include exposure to any such sub asset class opportunistically:

a. U.S. Treasury and non-U.S. Government bonds

This sub-asset class is designed to provide a source of current income and to reduce overall fund volatility. It addition, investments in this category will maintain the highest correlation with the value of the plan liabilities. Investments in this category may include, but are not limited to, U.S. Treasuries, agencies and highly rated securities issued by other non-U.S. sovereign nations.

b. Investment Grade bonds

This sub-asset class is expected to generate current income and have limited risk of principal loss. Bonds in this category will be issued by corporations with strong balance sheets and adequate debt coverage ratios. The rating agencies will generally rate securities in this category at BBB or better.

c. High Yield bonds

This sub-asset class seeks to provide capital appreciation within the portfolio through investment in below investment grade debt instruments and debt considered to be "opportunistic" in nature. Generally, it is expected that securities in this asset class will be in "current pay" status with superior coupon cash flow because of the lower credit quality bias. Investments in this portfolio may include non-investment grade debt of both U.S. and non-U.S. issuers.

d. Mortgages

This sub-asset class will generally consist of securities that represent an interest in a pool of mortgage loans. These instruments may be issued by a wide variety of financial institutions, including several government sponsored agencies. While they usually have some income producing features, mortgages contain prepayment risk thus making cash flows less predictable than other fixed income securities.

e. Emerging Market debt

This sub-asset class encompasses bonds issued by less developed countries. It does not include borrowing from government, supranational organization such as the IMF, or private sources, though emerging market loans that are securitized and issued to the markets would be included. Emerging market debt tends to have a lower credit rating than other sovereign debt because of the increased economic and political risks. For these reasons this sub-sector will generally have higher coupons and higher potential capital appreciation than other sub-sectors of fixed income.

f. TIPS

This sub-asset class is designed to provide a source of current income to the portfolio, while providing a hedge for the inflation sensitivity of the system's liabilities. TIPS are fully guaranteed by the full faith and credit of the U.S. government and are highly liquid. Additionally, the specific guidelines for the TIPS portfolio allows for the inclusion of a small portion (a maximum of 10%) of non-guaranteed securities that must also be structured to provide inflation protection but may be of agency quality or corporates of AAA or AA credit quality. Other instruments which are allowable holdings may include international inflation protected securities, nominal treasuries, swaps, forward contracts, and inflation futures.

3. EQUITY

a. Domestic Equity

This sub-asset class seeks to provide a combination of long-term capital appreciation and dividend income that in aggregate is expected to exceed the rate of inflation. It is expected that investments in this class will perform well during periods of rising economic growth. Investments in this sub-asset class may include a variety of U.S. stock investments with varying characteristics related to market capitalization and investment style, including long/short hedged equity.

b. International Equity - Developed Markets

Like the Domestic Equity sub-asset class, International Equity – Developed Markets seeks to provide long-term capital appreciation and dividend income that in aggregate are expected to exceed the rate of inflation. Investments in this category will be made through a diverse group of strategies varying in size, investment style, and exposure to opportunities in a large group of developed countries. It is expected that investments in this sub-asset class will perform well during periods of rising economic growth; however, because of the non-US nature of these investments, they will also include non-dollar currency exposure not found within the US equity portfolio. This currency exposure during periods of dollar weakness will improve this portfolio's performance, and to the contrary, during periods of dollar strength it is more likely that these investments will lag the US equity sub-asset class

c. Emerging Markets

This sub-asset class seeks to provide long-term capital appreciation in excess of inflation primarily through non-U.S. equity investments in countries outside of those included in the MSCI EM Index.

4. MARKETABLE ALTERNATIVES

The purpose of employing Marketable Alternatives is to provide incremental diversification with the goal of targeting opportunistic investments and attractive risk adjusted strategies. .

a. Absolute Return

This sub-asset class provides diversification to the total portfolio and strives to reduce total fund volatility. This area will include investments in a group of skill-based managers using a variety of strategies such as: Global Macro, Long/Short Equity (net exposure <50%), Managed Futures, Event Driven Risk Arbitrage, Market Neutral, and Dedicated Short Bias. Please see Appendix IV for detailed descriptions of the strategies. At any given point in time, the number of managers and types of investments and strategies being utilized may include the entire universe of available investment options. In addition, a variety of marketable alternative strategies may be utilized within this sub-asset class including, but not limited to hedged equity, convertible arbitrage, event driven, relative value, global fixed income/currencies, managed futures, and commodities.

b. Opportunistic/Directional

This sub-asset class provides exposure to investment opportunities that will not typically be targeted by traditional managers. These funds will typically have a higher risk/return profile than more heavily hedged funds such as market neutral funds. Fund strategies in this subclass may include: Long/Short (net exposure>50%), Multi-strategy, Distressed Equity, Activist Equity and Convertible Arbitrage.

c. Enhanced Fixed Income

This sub-asset class provides exposure to fixed income investments that will not typically be targeted by traditional managers, such as marketable distressed fixed income securities. Fund strategies in this subclass may include: Distressed Credit and Fixed Income Arbitrage.

d. Global Asset Allocation (GAA)

This sub-asset class represents a diversifying core liquid asset allocation approach designed to generate an asymmetric return profile and limit exposure to drawdowns. Portfolios have the ability to depart from traditional benchmark constraints and express "best ideas" across a global opportunity set. This strategy provides a more timely exploitation of market opportunities with both top-down asset class selection and security selection. These multi-asset strategies are a core allocation that improves the risk balance for the entire portfolio by providing meaningful exposures to risks under-represented in traditional allocations. Portfolios can be designed around different benchmarks and return goals. More traditional allocations tend to have a traditional 60% global stocks/40% global bonds benchmark. Strategies include dynamic allocation funds and risk parity.

5. PRIVATE MARKETS

a. Private Real Assets

This sub-asset class is expected to perform well in periods of rising inflation. There are several types of real asset investments that may be included in this sub-asset type. The most common are outlined below and comprise our blended benchmark. However, from time to time other real assets may be identified that do not fit nicely into one of these buckets. In these instances it is expected that the investment will be assessed based upon its risk, return, and diversification characteristics relative to the buckets identified and only made if it is expected that the asset improves the overall risk adjusted return of the portfolio.

1) *Infrastructure*: The infrastructure portfolio will be comprised primarily of investments in public assets which enjoy semi-monopoly positions such as toll roads, electricity generators and distributors, seaports and airports, pipelines, rail links, royalties, public/private partnerships and similar assets. The primary investment vehicle is expected to be commingled funds. The long run objective of this asset class is to provide returns in excess of investment grade bonds with volatility substantially less than the equity markets.

2) *Natural Resources/Commodities*: would be expected to provide superior returns during periods of unexpected inflation. Investments in this category might include a variety of derivative instruments including futures, total return swaps, options, and

forward contracts, as this is how most commodities exposure is obtained. It is also possible that this category might include limited partnerships and/or commodity trading advisors (CTAs) who seek exposure to various types of commodities and commodity-related investments, including oil, gas, and other energy investments.

b. Private Real Estate

Private real estate is expected to provide a relatively high level of income and provide diversification to the overall fund. Real estate includes real estate investment trusts (REITS), opportunistic real estate funds, and direct real estate holdings.

c. Distressed/Private debt

This sub-asset class is expected to generate high returns with commensurately high risk. Generally, private investments are long term and illiquid in nature.

Private debt would be expected to provide equity-like returns by purchasing debt securities to gain controlling interest in companies at a significant discount to fair value. Investments include debt instruments of U.S. and international companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments and bank loans. Equity exposure is acceptable in this sub-asset class as debt positions are often converted to equity during the bankruptcy reorganization process.

d. Private Equity

This sub-asset class is expected to generate high returns with commensurately high risk. Generally, private investments are long term and illiquid in nature.

Private Equity would be expected to provide high real returns over long periods of time while providing additional diversification to the fund even though it is understood that the diversification benefit is likely due to the lack of market pricing on these investments as opposed to a "true" diversification characteristic of these investments. Investments in this category are expected to be very illiquid and long term in nature. Investments in this category include corporate buyout, venture capital, and opportunistic/special situations. These opportunities may be identified domestically or on a global basis.

6. OVERLAY

The overlay program is an overarching approach to total plan portfolio management using systems and analysis to operate an array of investments to achieve a desired effect of portfolio rebalancing, risk management, and tactical flexibility (including cash flow management). Asset allocation is a key component of an overlay program that consists of investment decisions, tactical expression of asset class opportunities that arise through an investment cycle and risk management. Additionally, an overlay program's allocation expresses the logistical aspects of portfolio management, i.e. rebalancing and cash flow management. The use of an overlay manager to adjust any under or over exposure of an asset class to its strategic allocation should, under normal circumstances, keep the portfolio within the minimum and maximum allocations of each class. The CIO will review the asset allocation levels and the overlay positions regularly and report to the Board. Should the value of an asset class exceed the minimum or maximum range of the policy before the adjustments by the overlay, the CIO may rebalance the portfolio by moving assets either into or out of the identified asset class by half of the deviation from target to restore the asset class allocation to within guidelines. At all times the cost, timeliness and liquidity of the rebalancing shall be a consideration. The CIO shall report to the Board any rebalancing actions taken.

Periodically payroll needs require the liquidation of assets from the portfolio. The CIO shall identify the most appropriate asset to liquidate to provide the cash needed. The CIO shall report to the Board any liquidation action taken.

PERFORMANCE OBJECTIVES

WRS' success in achieving the Return Objective (RO) shown in Appendix I will be evaluated over reasonably long time periods (5 to 10 years). The reason for the long-term focus on this objective is to preclude the temptation to overreact to events in the marketplace that have no relevance in long-term asset/liability management. The resulting dilemma is the conflicting need to evaluate investment policy implementation decisions over shorter time frames while maintaining the longer-term focus necessary to manage and measure the fund's performance relative to the RO.

To address this problem, the Board evaluates performance relative to SAA and TAA benchmarks which help to evaluate the Board's broad asset allocation decisions and the staff and external investment consultant's tactical and implementation decisions.

The Strategic Asset Allocation measures the broad investment opportunities of each asset class in which WRS has chosen to invest.

The Tactical Asset Allocation represents decisions made by the CIO to tactically deviate from the midpoint of the SAA within each sub-asset class. The returns of the tactical benchmarks are determined based upon the actual weight of the asset class multiplied by the appropriate benchmark.

The SAA and TAA benchmarks are used in the following manner to evaluate decisions made by the Board and the CIO:

- Board Decisions - The value added through Board policy decisions is measured by the difference between the Strategic Asset Allocation return and the RO. This difference captures the value added by the Board through their broad asset allocation decisions relative to the required rate of return objective necessary to meet the actuarial assumptions. A SAA return greater than the RO reflects value added through Board decisions. A SAA return less than the RO reflects losses or shortfalls in performance in funding the liabilities of the system. These policy decisions are measured over long periods of time (5-10 years).

- CIO Decisions - There are two components to decisions made by the CIO that are monitored by the Board on an ongoing basis. These include 1) Tactical Asset Allocation decisions made by the CIO with the approval of the Executive Director and, 2) implementation decisions which include manager hiring and termination decisions made by the CIO with the approval of the Executive Director.

Tactical Decisions are sub-asset class allocation choices made by the CIO with the approval of the Executive Director to deviate from the Strategic Asset Allocation weight. The value added through these decisions to overweight or underweight these sub-asset classes is measured by the difference between the TAA benchmark return and the SAA benchmark return. This difference captures the value added by the CIO through sub-asset class Tactical decisions relative to the Board's broad asset allocation decisions. Tactical Asset Allocation returns greater than the Strategic Asset Allocation returns reflects value added through the sub-asset class allocation decisions. Tactical Asset Allocation returns less than the Strategic Asset Allocation returns reflect losses to the fund's performance based upon tactical decisions. Tactical decisions should be measured over all periods of time, with majority weight placed on outcomes that have occurred over a market cycle (5-7 years).

Implementation Decisions are money manager selection choices made by the CIO with the approval of the Executive Director. The value added through these manager selection decisions is measured by the difference between the actual portfolio return and the Tactical Asset Allocation return. This difference captures the value added through these manager hiring decisions. An actual portfolio return greater than the TAA benchmark return reflects value added through these manager selection decisions. An actual portfolio return less than the TAA benchmark return reflects losses to the fund's performance based upon implementation decisions. Implementation decisions should be measured over all periods of time, with a majority weight placed on outcomes that have occurred over a market cycle (5-7 years).

The Board receives performance information on a quarterly basis to help ensure adequate monitoring of the fund's overall performance objectives.

At the broad asset class level, Strategic and Tactical benchmarks have been established to measure Board, tactical, and implementation decisions. At the manager level, performance is measured against appropriate benchmarks for each particular investment mandate. Investment guidelines have been established for each manager outlining specific expectations for each portfolio. In addition, many managers are employed with performance-based fee structures which help to align the managers' interests with the total fund's objectives.

MANAGER ASSET POLICY

WRS has adopted the following general policies to be used in limiting exposure to any single manager or product. The Board may override these policies under special circumstances:

1. The maximum allocation to a single active manager in its own investment products is 15%. This implies that a single active manager could manage up to 15% of the aggregate market value of the Fund. The maximum allocation to a single passive manager in its own products is 25%. This implies that a single passive manager could manage up to 25% of the aggregate market value of the Fund. In the event that an investment manager is used for both active and passive mandates, the maximum exposure for that manager is 25% of the aggregate market value of the Fund with no more than 15% of the aggregate market value of the Fund allocated to active strategies.

The maximum allocation to a single active management product is 10%. This limitation applies to any non-index investment product. Therefore, the WRS portfolio will not account for greater than 10% of an investment manager's investment product when hiring an investment manager. This will be monitored over time to make sure that changes to assets under management within the investment manager's product do not result in the WRS portfolio growing to more than 10% of the asset base in the manager's product.

INVESTMENT MANAGER GENERAL GUIDELINES

Scope

1. The manager shall have full discretion to direct and manage the investment and reinvestment of assets in accordance with this document, applicable federal and state statutes and regulations, and the executed contract. Guidelines will be detailed in each individual manager contract.

2. The manager will adhere to the style concepts and the investment principles that were in use at the time WRS appointed the firm to manage WRS assets.

Proxy voting is a function and duty of the investment manager which shall be executed in accordance with WRS guidelines.

Communication

The firm must provide notification to WRS within two (2) days of any changes in the firm's organizational relationships, professional staff, or services that impact or could be reasonably expected to impact the service of the account.

Derivatives Policy

A derivative is a security or contractual agreement which derives its value from some underlying security, commodity, currency or index. WRS's investment managers may be permitted to use derivative instruments as set forth in each Investment Management Agreement (IMA) or other investment contract to control portfolio risk, implement asset allocation changes in a cost-effective manner or reduce transaction costs or taxes. WRS's exposure to economic risk through the use of derivatives must be consistent with Wyoming law, this Investment Policy and the individual manager's specific investment guidelines.

Where appropriate, investment managers may be given permission to use derivative securities for the following reasons:

- *Hedging.* To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers may be permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures.
- *Creation of Market Exposures.* Investment managers may be permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.
- *Management of Country and Asset Allocation Exposure.* Managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes may be permitted to use derivative contracts for these purposes.

The types of derivatives that a separate account manager may employ shall be identified in WRS's contracts with those managers. Managers shall notify the CIO and obtain approval prior to modifying the types of derivatives used for a particular investment strategy.

Managers are specifically prohibited from using derivative or synthetic securities that expose WRS to potentially high price volatility or are either speculative or leveraged, or whose marketability may become severely limited.

Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties contracting directly with WRS must have commercial paper credit ratings of at least "A2" or its equivalent by at least one nationally recognized rating agency at the time the related derivative is entered into. If the term of the derivative contract exceeds one year, an analysis shall be conducted to determine the counterparty's long-term rating and risk exposure. Documentation relating to each derivative shall require that upon the downgrade to a specified level or withdrawal of the rating of such counterparty, the CIO or an external manager acting on behalf of WRS, as applicable, may elect to terminate the derivative or to cause the related counterparty to collateralize its obligations under such derivative with cash or securities acceptable to WRS. Counterparty exposure should be evaluated with respect to concentration and diversification.

Ineligible Investments

No transactions shall be approved which are prohibited by law, including any federal law or Wyoming Statute.

Additionally, unless specifically approved by the CIO and the Executive Director or elsewhere in this Investment Policy, the following securities or strategies shall not be purchased for or employed by the Plans and Trust:

- Derivative instruments except as permitted in the Derivatives Policy or as specifically provided in the investment management agreement ("IMA") for a particular external investment manager that is approved by the Executive Director and the CIO.
- Non-taxable municipal securities, unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.

Liquidity Requirements

External investment managers will be given adequate notice of WRS' cash needs and an estimation of liquidity requirements. External investment managers will be expected to manage their funds to provide for anticipated withdrawals without impairing the investment process.

Commingled Funds

Mutual funds and other types of commingled investment vehicles (such as commingled investment funds ("CIFs"), private equity funds, hedge funds, and ETFs), can provide lower costs and better diversification than can be obtained with a separately managed fund pursuing the same investment objectives. However, mutual funds and commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. WRS is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds. Therefore, mutual funds and commingled investment vehicles shall be exempt from the policies and restrictions specified herein but shall otherwise satisfy all requirements imposed by law.

REVIEW PROCESS

- On a quarterly basis, the CIO will review and report to the Board the actual results achieved to determine whether the managers have performed in accordance with this Investment Policy and the return objectives as set forth herein.
- Annually, the Board will review the asset allocation guidelines and make any necessary Strategic Asset Allocation changes.
- Annually, the Board will review each asset class, its role in the portfolio, the strategic objectives and any planned changes for the asset class.
- Annually, the CIO, in conjunction with the external investment consultant, will perform a comprehensive review of the suitability of its managers.

- The Board through the investment committee will periodically invite managers to Board and/or Investment Committee meetings, where they will have the opportunity to review their approach, results, and perceptions of the market.
- The Board, the CIO, the Executive Director and external investment consultant will monitor the portfolio on an ongoing basis for the purpose of determining whether any ad hoc meetings are required. Such situation might occur, for example, in the event of a dramatic market move, or if disturbing news were to emerge with respect to an investment manager.
- The Board will monitor performance through periodic reports that will allow assessment of Strategic Asset Allocation decisions, Tactical Asset Allocation decisions, and implementation decisions.
- All performance shall be calculated using time-weighted rate of return methodology.
    1. Not less than quarterly, the CIO will submit a report to the Board addressing WRS' success or lack thereof in accomplishing the investment "outcomes" based on the benchmarks described within this policy at the total fund level and asset class levels. This report will also include a summary of due diligence meetings held throughout the quarter, and will also provide the Board with a brief commentary by the CIO and/or external investment consultant which summarizes their thoughts on the market and key strategic decisions made in the quarter along with justification for those decisions.
    2. Not less often than every five years, a formal asset/liability study will be conducted. In the interim, the CIO shall submit an opinion to the Board on an annual basis, at the first board meeting following the beginning of the new fiscal year that addresses the continued prudence of the current asset mix in achieving the RO.

PROXY VOTING REQUIREMENTS:

The Investment Managers shall:

Vote all common stocks in the portfolio in accordance with policies to protect the financial interest of WRS participants and report semi-annually (reflecting votes cast through June and December of each year) to the Executive Director and CIO including:

A. Affirmation that all stock holdings with votes due had, in fact, been voted.
B. A description of any proposed changes in proxy voting policies or procedures.
C. Confirmation that all votes cast were consistent with established policy.
D. An explanation of any votes not cast or of any votes cast that were not consistent with established policy.
E. A summary listing of all votes cast.

STATUTORY AND REGULATORY COMPLIANCE

Each investment manager, trustee, consultant or other agent of WRS is strictly responsible for compliance with all relevant statutory and regulatory requirements as those requirements pertain to their duties and responsibilities as fiduciaries.

APPENDIX I – Adopted December 4, 2009, Revised: April 22, 2011; May 25, 2012; February 22, 2013, February 28, 2014, May 22, 2014, February 25, 2015, February 25, 2016, February 16, 2017

Return Objective: **7.75%** net of expenses

Asset Class	Strategic Asset Allocation Weight	Tactical Asset Allocation Range [1]	Asset Class Benchmark Index
Tactical Cash	**0.0%**	**0.0% - 5.0%**	**Barclays Short Treasury - Unhedged**
Fixed Income	**20.0%**	**15.0% - 25.0%**	**Blended Benchmark**
Core Plus	7.5%	+ / - 7.0%	Barclays Multiverse (hedged)
US Government Debt	10.0%	+ / - 7.0%	Barclays Government
Opportunistic Credit	2.5%	2.5% - 9.0%	
Equity	**45.0%**	**40.0%-50.0%**	**Blended Benchmark**
Domestic Equity	22.5%	+ / - 10.0%	Russell 3000
International Developed Equity	17.5%	+ / - 10.0%	MSCI EAFE IMI, Net Dividend (70% hedged)
Emerging Markets Equity	5.0%	+ / - 10.0%	MSCI EM IMI, Net Dividend
Marketable Alternatives	**17.5%**	**12.5% - 22.5%**	**HFRI FoF Index**
Opportunistic/Directional		0.0%-10.0%	
Absolute Return		5%-15.0%	
Enhanced Fixed Income		0.0%-10.0%	
Global Asset Alloc. (GAA)		2.5%-12.0%	
Private Markets	**17.5%** [2]	**12.5% - 24.0%**	**Vintage Year Blend**
Private Real Assets (Natural Resources, Infrastructure)		0.0%-7.5%	
Real Estate		2.5%-7.5%	
Private Debt		2.5%-7.5%	
Private Equity (buyout, venture, distressed)		2.5%-12.5%	

(1) Current exposure for Fixed Income, Marketable Alternatives, and Private Markets. Long-term exposure to Equity.

(2) Tactical Asset Allocation Range is based on percentage of total assets.

(3) Represents long-term target for Private Markets and the subcategories. The short-term target for Private Markets is 13.5%with a short term range of 8.5%-18.5%. The 4% excess exposure between the long-term and short-term target for Private Markets will be invested in Equity which is the most comparable asset class. The Private Markets and Equity Tactical Asset Allocation ranges will be adjusted proportionally (e.g. the short term Equity Strategic Asset Allocation Target will be 49.0% with a Tactical Asset Allocation range of 44.0%-54.0%). There are no short term targets for Private Markets' subcategories.

APPENDIX II – Adopted October 15, 2010, Revised: August 21, 2013

Wyoming Retirement System

DEFINED BENEFIT PLAN LIQUIDITY POLICY

A. Objectives

The liquidity policy is intended to provide limitations on less liquid assets so as to ensure adequate liquidity for plan needs. Adequate liquidity is defined primarily as the amount necessary to meet the immediate obligations for plan benefits and operation. Secondarily, adequate liquidity should be maintained to accommodate rebalancing and reallocation during most economic environments.

B. Limitations

- **Minimum current liquidity –** At least 30% of the current market value of the plan should be in assets or collective investment vehicles that can be liquidated at fair market value within 30 days.

- **Maximum private investments –** New investments in private markets (investment terms greater than or equal to five (5) years) shall not be made that would cause allocation to exceed the following limits:

  1. **Invested Capital –**

Private Debt	> 10% of Total Fund AUM
Private Equity	> 10% of Total Fund AUM
Infrastructure/Real Estate/Other	> 10% of Total Fund AUM

  2. **Committed Capital –** Market value of invested capital plus total value of future commitments should not exceed:

Private Debt	>15% of Total Fund AUM
Private Equity	>15% of Total Fund AUM
Infrastructure/Real Estate/Other	>15% of Total Fund AUM

- **Monitoring –**

Ongoing – liquidity schedule will be determined for all potential investment disciplines by the CIO. Compliance with stated limitations will be confirmed prior to further commitments to private investments.

Annual – A liquidity study will be constructed by the CIO and Investment Consultant for presentation to the Board at least annually. This study will identify allocation of assets by their defined liquidity provisions and confirm compliance with this policy.

APPENDIX III – Adopted December 3, 2010

Wyoming Retirement System

SECURITIES LITIGATION

The Wyoming Retirement Board (Board) owes a fiduciary responsibility to the members and retirees of the Wyoming Retirement System (WRS) to manage System assets. That responsibility includes the duty to evaluate and monitor securities class actions in which WRS may be a member of the class. The Board recognizes that resources devoted to securities class actions may reduce resources needed to satisfy other fiduciary duties. The Board thereby delegates to the Executive Director of WRS the responsibility to monitor and evaluate potential actions and recommend to the Board class actions in which the probable benefits to the System outweigh the costs, both financial and otherwise, of participating in the action. In appropriate cases, the Board will direct WRS to take reasonable steps to reduce attorney's fees awards, increase class recoveries, obtain monetary recoveries from individual corporate wrongdoers and achieve appropriate corporate governance.

In order to adequately monitor and evaluate potential class actions, the Executive Director of WRS may exercise discretion to retain one or more experienced outside service providers to monitor class action filings and to estimate losses incurred by the System. The Executive Director of WRS may, with approval from the Wyoming Attorney General, retain one or more private law firms to advise and/or represent the Board in class action matters.

WRS Legal Counsel, in conjunction with retained outside counsel, shall monitor all cases determined to have merit and in which it is estimated that the System has sustained a loss. Active monitoring shall include periodic status reports to the Board, coordination with class counsel and participation in significant motions and settlement discussions.

The Executive Director of WRS may, with approval from the Wyoming Attorney General and in coordination with WRS Legal Counsel and retained outside counsel, seek lead plaintiff status in cases determined to have significant merit and in which it is estimated that the System has sustained a loss.

WRS Legal Counsel shall report to the Board at least on a quarterly basis the status of cases under active monitoring and cases in which WRS has been named lead plaintiff.

APPENDIX IV – Adopted May 22, 2014

Marketable Alternative Fund Strategy Descriptions

Long/Short Funds
Long/short equity funds typically invest in both long and short sides of equity and credit markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations. Managers typically have the flexibility to shift from value to growth; small to medium to large capitalization stocks; and net long to net short. Managers can also trade equity futures and options as well as equity related securities and debt or build portfolios that are more concentrated than traditional long-only equity funds.

Global Macro Funds
Global macro funds typically focus on identifying extreme price valuations and leverage is often applied on the anticipated price movements in equity, currency, interest rate and commodity markets. Managers typically employ a top-down global approach to concentrate on forecasting how political trends and global macroeconomic events affect the valuation of financial instruments. Profits can be made by correctly anticipating price movements in global markets and having the flexibility to use a broad investment mandate, with the ability to hold positions in practically any market with any instrument. These approaches may be systematic trend following models, or discretionary.

Multi-Strategy Funds
Multi-strategy funds typically are characterized by their ability to allocate capital based on perceived opportunities among several hedge fund strategies. Through the diversification of capital, managers seek to deliver consistently positive returns regardless of the directional movement in equity, interest rate or currency markets. The added diversification benefits may reduce the risk profile and help to smooth returns, reduce volatility and decrease asset-class and single-strategy risks. Strategies adopted in a multi-strategy fund may include, but are not limited to, convertible bond arbitrage, equity long/short, statistical arbitrage and merger arbitrage.

Managed futures funds
Managed futures funds (often referred to as CTAs or Commodity Trading Advisors) typically focus on investing in listed bond, equity, commodity futures and currency markets, globally. Managers tend to employ systematic trading programs that largely rely upon historical price data and market trends. A significant amount of leverage may be employed since the strategy involves the use of futures contracts. CTAs tend not to have a particular bias towards being net long or net short any particular market.

Event Driven Distressed Funds
These funds typically invest across the capital structure of companies subject to financial or operational distress or bankruptcy proceedings. Such securities often trade at discounts to intrinsic value due to difficulties in assessing their proper value, lack of research coverage, or an inability of traditional investors to continue holding them. This strategy is generally long-biased in nature, but managers may take outright long, hedged or outright short positions. Distressed managers typically attempt to profit on the issuer's ability to improve its operation or the success of the bankruptcy process that ultimately leads to an exit strategy.

Fixed Income Arbitrage Funds
Fixed income arbitrage funds typically attempt to generate profits by exploiting inefficiencies and price anomalies between related fixed income securities. Funds often seek to limit volatility by hedging out exposure to the market and interest rate risk. Strategies may include leveraging long and short positions in

similar fixed income securities that are related either mathematically or economically. The sector includes credit yield curve relative value trading involving interest rate swaps, government securities and futures; volatility trading involving options; and mortgage-backed securities arbitrage (the mortgage-backed market is primarily U.S.-based and over-the-counter).

Risk Arbitrage Funds

Risk arbitrage event driven hedge funds typically attempt to capture the spreads in merger or acquisition transactions involving public companies after the terms of the transaction have been announced. The spread is the difference between the transaction bid and the trading price. Typically, the target stock trades at a discount to the bid in order to account for the risk of the transaction failing to close. In a cash deal, the manager will typically purchase the stock of the target and tender it for the offer price at closing. In a fixed exchange ratio stock merger, one would go long the target stock and short the acquirer's stock according to the merger ratio, in order to isolate the spread and hedge out market risk. The principal risk is usually deal risk, should the deal fail to close.

Equity Market Neutral Funds

Equity market neutral funds typically take both long and short positions in stocks while seeking to reduce exposure to the systematic risk of the market (i.e., a beta of zero is desired). Equity market neutral funds typically seek to exploit investment opportunities unique to a specific group of stocks, while maintaining a neutral exposure to broad groups of stocks defined for example by sector, industry, market capitalization, country, or region. The index has a number of subsectors including statistical arbitrage, quantitative long/short, fundamental long/short and index arbitrage. Managers often apply leverage to enhance returns.

Dedicated Short Bias Funds

Dedicated short bias funds typically take more short positions than long positions and earn returns by maintaining net short exposure in long and short equities. Detailed individual company research typically forms the core alpha generation driver of dedicated short bias managers, and a focus on companies with weak cash flow generation is common. To affect the short sale, the manager typically borrows the stock from a counterparty and sells it in the market. Short positions are sometimes implemented by selling forward. Risk management often consists of offsetting long positions and stop-loss strategies.

Convertible Arbitrage Funds

Convertible arbitrage funds typically aim to profit from the purchase of convertible securities and the subsequent shorting of the corresponding stock when there is a pricing error made in the conversion factor of the security. Managers of convertible arbitrage funds typically build long positions of convertible and other equity hybrid securities and then hedge the equity component of the long securities positions by shorting the underlying stock or options. The number of shares sold short usually reflects a delta neutral or market neutral ratio. As a result, under normal market conditions, the arbitrageur generally expects the combined position to be insensitive to fluctuations in the price of the underlying stock.

Risk Parity Funds

Risk parity is a portfolio construction methodology that is based on allocating risk as opposed to allocating capital in order to achieve a risk-balanced portfolio. The idea is to attempt to equalize the contribution to total portfolio risk from all asset classes, based on market, or beta exposures. Therefore no single asset class should dominate total portfolio risk. Leverage is often employed to generate an attractive return, meaning notional exposure is higher than 100%. The levered portfolio is constructed with larger weights to less risky asset classes and the expected return per unit of risk is similar across asset classes. An allocation to risk parity can serve several purposes in a portfolio, including correlation benefits, improving the consistency of returns and as substitutes for traditional stock and/or fixed income allocations. Risk parity strategies have less exposure to equity market drawdowns by reducing dominance of equity risk in total portfolio volatility.

WRS GOVERNANCE POLICY

POLICY TYPE: OUTCOMES

POLICY TITLE: *457 DEFERRED COMPENSATION* PLAN INVESTMENT POLICY AND GUIDING PRINCIPLES

Adopted December 4, 2009
Revised February 19, 2010
Revised December 3, 2010
Revised May 17, 2013
Revised February 25, 2016 to take effect October 1, 2016

THE INVESTMENT "OUTCOMES"

The Wyoming Retirement System 457(b) Deferred Compensation Plan (in this policy referred to as the "Plan") is an Internal Revenue Code Section 457 defined contribution plan administered by Wyoming Retirement System. The plan was established by the Wyoming State Treasurer's Office in 1979 and transferred to the Wyoming Retirement System ("WRS") on July 1, 2001 to provide supplemental retirement benefits through participating employers. The Plan is a voluntary participant-directed defined contribution plan.

This policy governs the investment options offered under the Plan sponsored by the Wyoming Retirement System. The objective of the Plan is to provide employees with an adequate source of replacement income for retirement from accumulated employee contributions, employer matching contributions and investment returns.

The purpose of this policy is to set forth guiding principles, investment objectives and policy guidelines applicable to the Plan assets. The policy outlines the following components:

- Define the objectives and the Board's core beliefs for the Plan
- Define the roles of those responsible for the Plan's investments
- Establish the investment options allowed under the Plan
- Establish investment performance standards and the objectives for monitoring and evaluating performance of investment options

The underlying objective of the policy is to provide Plan participants a range of investment options that represent varying degrees of risk and return. This statement of policy will be reviewed on a periodic basis by the Board and may be modified from time to time.

RETURN OBJECTIVE

It is the Board's intent to make available an array of investment options that satisfy the following criteria: (i) each is diversified within itself; (ii) each has materially different risk and return and/or style characteristics; (iii) each, in combination with the other available investment options, must contribute to the diversification opportunities of a participant's Plan account portfolio and (iv) the available investment options, in the aggregate, must enable participants to achieve a Plan account portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for participants. In pursuit of this objective, the Board approves the use of investment option structures that are comprised of either single or multiple underlying investment managers. For purposes of the policy, any references to investment managers within the allowed investment options shall be considered to include multiple and individual investment managers and investment products such as passive index funds.

CORE BELIEFS

The Board believes participants should bear the cost of offering the Plan and, to the extent practical, costs should be equitably distributed among participants. Further, the administrative costs of offering the plan should be funded primarily through an explicit administrative fee, instead of rebates from mutual fund fees. To that end, the Board believes in offering the least expensive share class of a chosen investment offering when possible. Costs have a meaningful impact on returns. Investment strategies will utilize the most cost effective approaches.

The Board believes that to optimize retirement outcomes, a high participation rate is sought through which participant contributions, employer matching, and investment results, in combination, contribute adequately to financial security for those participating in the Plan. The Board will emphasize participant outcomes and investment choice therefore the Plan shall offer a multi-tiered menu of investment options to support all investor types in progressing toward their retirement goals.

The Board will support these beliefs through education initiatives and plan design measures as well as periodic monitoring.

INVESTMENT PHILOSOPHY

The Board does not expect to be reactive to short-term investment developments. Furthermore, the Board recognizes that the accumulation of wealth for eventual retirement benefit payout is long-term in nature and that investment competence must be measured over a complete market cycle (generally three to five years, although possibly longer or shorter depending on the specific market environment). The Board, Executive Director, and/or CIO nevertheless, may act on interim qualitative judgments. Qualitative criteria include, but are not limited to:

- Fundamental changes in a manager's investment philosophy,
- Changes in a manager's organizational structure, financial condition (including any significant changes in total assets under management),
- Changes in key personnel, and
- Changes, relative to their peers, in the manager's fee structure.

BOARD RESPONSIBILITIES

The Board shall perform all duties necessary to administer the Plan, which have not been delegated to the Executive Director and/or the CIO. Specifically, the Board's responsibilities include the following duties:

- Review the Deferred Compensation Plan Investment Policy at least annually and make modifications as necessary.
- Determine the allowable asset classifications provided later in this policy.
- Monitor and evaluate investment performance at least annually and on an ongoing basis.
- Monitor and evaluate Plan participation rates, participant savings rates, income replacement ratios, investment outcomes and other relevant measures.
- Respond to recommendations from the Deferred Compensation Plan Committee regarding participant fees or other matters.
- Determine through periodic review whether an action of participant re-enrollment to the default investment option, concurrent with other Plan changes, supports the goal of improving participant outcomes.

The Board has delegated to the CIO, subject to approval by the Executive Director, the following authority:

- Determine the number of investment options offered in the Deferred Compensation Plan.
- Determine the underlying structure of investment options including the decision to use a single manager or multiple investment managers for specific asset class exposure.
- Select and/or replace underlying professional and investment funds within each investment option and, should an associated like fund-to-fund mapping be needed, determine the mapping strategy.
- Negotiate and monitor investment expenses.
- Determine the benchmarks used in evaluation of investment options.
- Establish and maintain a rebalancing policy for multi-manager investment options.
- Select and/or replace the service provider for the Self-Directed Brokerage Account.
- In the event that an investment is not in mutual or commingled funds, select professional investment managers.
- Report to the participants, at least quarterly, the investment option performance.
- Promote communication and education to help participants understand the objectives of each investment option so that they may make investment decisions aligned with their objectives.
- To assist in this process, the CIO, subject to approval by the Executive Director, may retain an investment consultant.

The CIO will report to the Board in a timely manner changes made to the offerings in the Plan.

CONSULTANT'S RESPONSIBILITIES

Any Investment Consultant engaged by WRS shall be responsible to:

- Make recommendations to the Board, CIO, and/or the Executive Director regarding:

    - The investment policy;
    - The selection and termination of investment options or investment managers, or both, as may be necessary;
    - Investment and other fees. This responsibility includes monitoring fees for each investment option to ensure competitive pricing in the context of industry standards for applicable asset class, and style of management.
    - Benchmarks for evaluating the investment options and the underlying manager and fund performance.
- Make recommendations regarding the selection and retention of mutual fund and/or qualified investment managers, and assist in the oversight of existing managers in both actively managed funds and in mutual funds, including monitoring changes in personnel, ownership and the investment process.
- Prepare a quarterly performance report including performance attribution of the managers and total assets, including adherence to investment style and discipline.
- Provide topical research and education on investment subjects that are relevant.

INVESTMENT OPTIONS

Participants have the responsibility to direct the investment of the assets allocated to their accounts. By virtue of such direction, a participant determines the amount of risk the participant is willing to accept. The managers of an investment option offered in the Plan are responsible for the specific composition of each fund under its management.

An appropriate range of investment options will be offered within the Plan. The range will span the risk/return spectrum to allow participants to construct portfolios consistent with their unique circumstances, goals, objectives, time horizons and risk tolerance. The plan offers three tiers of investment options to meet various participant investment objectives. Described below are the various types of investment options that may be offered under the Plan. Further, provided in Appendix A are the manager structures (single or multi-manager) as allowed by the Board, for each of the investment options.

Tier 1: Target Date Retirement Investment Options. A series of diversified portfolios designed to simplify the asset allocation process for participants and to provide an option to accumulate wealth based on their expected retirement/separation date through a single investment option. These portfolios are systematically diversified and have different reward and risk characteristics based on the targeted maturity date of the portfolio. The date in each fund name represents the approximate year the participant is anticipated to begin withdrawing their account assets, and is referred to as the "target date." As a fund's target date approaches, the allocation to the underlying investment strategies automatically shifts to a more conservative mix in order to preserve the accumulated balance.

Tier 2: Single- or Multi-Manager Investment Options. Each offers a broadly diversified, investment using either a single underlying investment manager or a combination of multiple underlying investment managers (aka multi-manager funds) targeting a specific asset class or sub-asset class.

As markets move over time, the actual asset mix of an investment option constructed of multiple underlying investment managers may diverge from the target allocation; as such, a rebalancing policy shall be maintained and periodically reviewed for these types of investment options.

Tier 3: Self-Directed Brokerage Account ("SDBA"). An account option offered to participants seeking access to a larger universe of mutual funds to pursue their retirement objectives. Participants make their own investment decisions and have full discretion over the investment options available to them through the selected brokerage service provider. Participants assume all additional fees and responsibility for their investment decisions in the SDBA. Participant investment elections through the SDBA option will be subject to the Investment Guidelines provided by the brokerage account provider.

Participant investment elections through the SDBA are not otherwise covered under this Policy.

PERFORMANCE MEASUREMENT

The standards by which the performance of each such investment option, either single or multi-manager, will be measured are included in Appendix A. Performance will be measured over a complete market cycle.

The performance of the Plan's investment options will be monitored on an ongoing basis. A number of factors may contribute to under- or over-performance at any given time – market dynamics, investment skill, and/or pure chance. Given this uncertainty, it is generally unwise to mandate termination purely for lagging performance at any specific point in time. The Board's expectation is for active strategies to outperform over the relevant fund benchmark on an after-fee basis and for passive strategies to track the relevant benchmark on a before-fee basis. It is generally expected however that managers whose performance lags that expectation over an extended period of time, such as a full market cycle, or lags expectations significantly over shorter time periods will be closely monitored by the consultant and staff with regular reports, to the Board.

Additionally, certain qualitative factors such as deviation from stated style, turnover of key personnel, change of ownership, litigation, or changes in fees may also be cause for close monitoring and possibly termination regardless of performance results.

PROXY VOTING REQUIREMENTS

The CIO, subject to approval by the Executive Director, shall vote all mutual fund proxy statements for mutual funds held by Plan participants in order to represent the best financial interest of participants.

DEFAULT INVESTMENTS

Any participant who enrolls, but fails to make an investment selection, will be defaulted into a target dated fund according to age based on a retirement age of 65.

ADMINISTRATIVE ACCOUNT

The policy of the Board is to maintain an administrative account balance in accordance with W.S. 9-3-507(c). The balance should not be less than an amount sufficient to meet the annual administrative expenses of the Plan, and maintain an upper limit equal to approximately two years of administrative expenses. If the balance grows beyond the upper limit, the Board may reduce administrative fees or, if a permanent reduction is not sustainable, authorize a fee holiday, rebate or take other action that the Board believes is appropriate considering all relevant facts and circumstances. The account balance is reviewed in conjunction with WRS' annual audit and the Board reviews administrative fees at least every other year. There are many different and sometimes unanticipated factors involved in the expenses and administrative revenue of the Plan. While the account's lower limit is expressed in statute, it is acceptable for the administrative account balance to range above the specified upper limit provided the Board is made aware of and supports the variance.

Adopted 2-25-2016 effective 10-1-2016

Appendix A

Investment Option Offerings and Performance Expectations

Appendix A lists the approved plan investment options offered within the Tier 1, Tier 2 and Tier 3 lineup which consists of Target Retirement Date Options, Single or Multi-Manager Investment Options, and Self-Directed Brokerage Account and the requirements for evaluating performance of these options. A description of the objectives for each multi-manager option allowed is provided following the performance table.

Investment Options	Performance Expectation versus Market Indices	Performance Expectation versus Universe of Peers
Tier One – Target Retirement Date Options		
Target Date Funds The Target Date Fund approach provides a series of investment funds that are systematically diversified and have different reward and risk characteristics based on the targeted maturity date of the fund, which is expected to coincide with the approximate retirement date of the participant. Generally the funds with longer dated maturities will be more aggressively allocated to equities, and will be managed over time to become more conservative as the maturity date nears. The Retirement Fund, which is intended for post-retirement participants, will continue to maintain an exposure to equity markets in order to provide some level of inflation protection in retirement. Single or Multi-Manager	Total annualized return tracks hypothetical indexed portfolios of similar allocations, gross of fees, with minimal variance	Target Date Funds will be compared to a national universe of Target Date funds with similar maturity dates. Due to differences in asset allocation, and structure of the underlying investments (active vs. passive, value vs. growth, etc…), this peer group analysis is less meaningful than with Tier 2 fund options.

Investment Options	Performance Expectation versus Market Indices	Performance Expectation versus Universe of Peers
Tier Two – Asset Class Investment Options		
Capital Preservation Option	**Benchmark:** Total annualized return of the underlying assets, measured on a market value basis, exceeds the Barclays Stable Income Market Index ("SIMI") or other relevant benchmark over a full market cycle. Volatility and other risk measures, on a market value basis, should be measured against the Barclays SIMI or other relevant benchmark(s).	**Peer Universe:** Total return on a book value basis or if applicable, a market value basis, that is favorable in a universe of peer stable value separate accounts or similar duration cash or fixed income funds.
Fixed Income Option	**Benchmark: T**otal annualized return exceeds the Barclays Aggregate Index over a full market cycle. If an index strategy is chosen for all or a portion of the option structure, total annualized returns of that allocation should track the Barclays Aggregate Index (gross of fees) with minimal variance. Volatility and other risk measures should be measured against the Barclays Aggregate Index or other relevant benchmark(s).	**Peer Universe:** Total return which ranks above the 50th percentile in a universe of other core or core-plus bond funds
Real Assets Option	**Benchmark:** If an active strategy is chosen, total annualized return exceeds the Barclay's Capital US TIPS: 1-10 Year and/or other relevant inflation benchmark over a full market cycle. If an index strategy is chosen for all or a portion of the option structure, total annualized return of that allocation should track the appropriate benchmark (gross of fees) with minimal variance. Volatility and other risk measures should be measured against the Barclay's Capital US TIPS: 1-10 Year Index or other relevant inflation benchmark(s).	**Peer Universe:** None Applicable

Large Cap U.S. Equity Option	**Benchmark:** If an active strategy is chosen, total annualized return exceeds the S&P 500 Index over a full market cycle. If an index strategy is chosen for all or a portion of the option, total annualized return of that allocation should track the S&P 500 Index (gross of fees) with minimal variance. Volatility and other risk measures should be measured against the S&P 500 Index or other relevant benchmark(s).	**Peer Universe:** Total return which ranks above the 50th percentile in a universe of other large cap core funds
Small / Mid-Cap U.S. Equity Option	**Benchmark:** If an active strategy is chosen, total annualized return exceeds the Russell 2500 Index over a full market cycle. If an index strategy is chosen for all or a portion of the option, total annualized return of that allocation should track the Russell 2500 Index (gross of fees) with minimal variance. Volatility and other risk measures should be measured against the Russell 2500 Index or other relevant benchmark(s).	**Peer Universe:** Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style
International Equity Option	**Benchmark: T**otal annualized return exceeds the MSCI ACWI Ex-U.S. IMI (net) Index over a full market cycle. If an index strategy is chosen for all or a portion of the option, total annualized return of that allocation should track the MSCI ACWI Ex-U.S. IMI (net) (gross of fees). Volatility and other risk measures should be measured against the MSCI ACWI Ex-U.S. IMI (net) Index or other relevant benchmark(s).	**Peer Universe:** Total return which ranks above the 50th percentile in a universe of other international core funds

<u>The objective for each asset class investment option described above in Tier 2 as allowed by the Board follows.</u>

<u>WRS Large Cap U.S. Equity Fund</u>

The Large Cap U.S. Equity Fund seeks primarily to provide long-term capital appreciation and income secondarily by investing in domestic stocks with market capitalizations that are in-line with stocks found in the Russell 1000 Index. The underlying investment manager(s) at times may invest in non-U.S. stocks but it is anticipated that this exposure will remain a small percentage of the portfolio overall. The total portfolio may consist of actively managed strategies which include value, growth, and core investment styles, as well as a passively managed index strategies which closely track the S&P 500 Index. The investments should exhibit characteristics, including price/earnings and price/book ratios that are in-line with the Russell 1000 Index.

<u>WRS International Equity Fund</u>

The International Equity Fund seeks primarily to provide long-term capital appreciation investing and income secondarily by investing in a diversified mix of foreign stocks of developed and emerging market countries with market capitalizations diversified across the size spectrum (Large, Mid, and Small capitalizations). The underlying investment manager(s) at times may invest in domestic stocks but it is anticipated that this exposure will remain a small percentage of the portfolio overall. The total portfolio may consist of actively managed strategies which include value, growth, and core investment styles, as well as a passively managed index strategies which closely track the MSCI ACW Ex-U.S. IMI Index. The investments should exhibit characteristics, including price/earnings and price/book ratios that are in-line with the MSCI ACW Ex- U.S. IMI Index.

<u>WRS Small/Mid Cap U.S. Equity Fund</u>

The Small/Mid Cap U.S. Equity Fund seeks primarily to provide long-term capital appreciation and income secondarily by investing in a diversified mix of domestic stocks with market capitalizations that are in-line with stocks found in Russell 2500 Index. The underlying investment manager(s) at times may invest in non-U.S. stocks but it is anticipated that this exposure will remain a small percentage of the portfolio overall. The total portfolio may consist of actively managed strategies which include value, growth, and core investment styles, as well as a passively managed index strategies which closely track the Russell 2500 Index. The investments should exhibit characteristics, including price/earnings and price/book ratios that are in-line with the Russell 2500 Index.

<u>WRS Fixed Income Fund</u>

The Fixed Income Fund seeks primarily to provide long-term capital preservation, generate income and modest capital appreciation by investing in a diversified portfolio of fixed income securities that have characteristics in-line with the Barclays U.S. Aggregate Bond Index. The portfolio may consist of actively managed strategies which include corporate, high yield, international and other credit sectors, as well as passively managed index strategies which closely track the Barclays U.S. Aggregate Bond Index.

WRS Real Assets Fund

The Real Return / Inflation Fund seeks primarily to provide broad market exposure to real assets, Treasury Inflation Protected Securities (TIPS) and to produce a return over a market cycle that exceeds the rate of inflation, as defined by the Consumer Price Index (CPI). The portfolio may be comprised of a basket of “real return” oriented funds investing in asset classes such as commodities, real estate investment trusts (REITs), natural resource stocks and TIPS.

WRS Capital Preservation Fund

The Capital Preservation Fund seeks primarily to provide current income and capital preservation through investment in high quality, short- to intermediate-term fixed income securities. The portfolio may be comprised of government, corporate, agency backed mortgage-backed securities, money market instruments (U.S. Treasury bills, notes and bonds), repurchases agreements and bank deposits. The fund has the ability to implement a “wrap” contract through third-party insurance companies to enhance return stability and participant withdrawal capacity. The investments should exhibit characteristics similar to that of a high quality short to intermediate term benchmark such as the Barclays U.S. 1-3 Year Government/Credit Index, Barclays Stable Income Market Index, or other appropriate benchmark.

Tier Three – Self-Directed Brokerage Account
Self-Directed Brokerage Account ("SDBA") – This option gives participants seeking greater investment flexibility access to a brokerage window. Participants may elect to allocate all of their Plan assets to this option subject to limitation by the recordkeeper to pay for Plan administrative fees and related expenses. Participants electing to invest all or a portion of their assets through the SDBA will have new and/or ongoing contributions initially invested in a sweep money market fund or equivalent as determined by the SDBA. The participant is solely responsible for their investment activity and investments within the SDBA. The investment types allowed in the SDBA include all available mutual funds on the selected brokerage platform. Investment in individual public and preferred stock, bonds, options, futures and other financial derivatives are not permitted. **Participants investing through the SDBA do so at their own risk. The Board and WRS staff are not responsible for monitoring or evaluation of any SDBA investments.**

WRS GOVERNANCE POLICY

POLICY TYPE: OUTCOMES

POLICY TITLE: *MEMBER BENEFITS*

Adopted February 19, 2010
Revised February 25, 2015
Revised May 26, 2016

The "outcomes" to be achieved through the benefits administered by WRS consist of:

Plan Design

1. To maintain a benefit plan structure which is internally equitable and consistent with the goal of allowing Wyoming's career public employees to maintain a reasonable standard of living throughout the tenure of their retirement.

2. To encourage education regarding funding a successful retirement, including education on employer pensions, Social Security, the WRS Deferred Compensation Plan and personal savings. All members should be encouraged to participate in supplemental savings programs for retirement.

3. To be responsive to plan design changes and to the needs of employers, retirees, and active members. The Board will also be attentive to how plan design changes may impact the financial strength of that plan. Any benefit increases should be built into the funding mechanism of the plan or paid for in advance. Before any plan design changes are made, WRS should have the opportunity to thoroughly review and study proposed changes and make recommendations.

4. The Board recognizes increasing the employee contribution rate, as opposed to the employer rate, is not as strong a funding mechanism for either base benefits or COLAs, because members may elect to take refunds of their contributions.

Preventing Unfunded Liabilities

1. The WRS shall seek to provide for a fully funded system. The policy of WRS is to seek funding sufficient to offset any unfunded liability resulting from benefit increases not consistently funded through contributions or investment earnings.

2. Linking COLAs to adequate funding limits the growth of unfunded liabilities.

3. Review plan design and consider changes in benefits to address unfunded liabilities.

Cost of Living Adjustments (COLA) Policy

1. The Board acknowledges that employees and retirees face an uncertain economic future due to the effects of inflation on their retirement income. In addition, employees and retirees must spend, save, and invest with a clear understanding that initial benefits will erode over time due to the effects of inflation and the employer sponsored defined benefit plan alone will not be sufficient to completely address the challenge of maintaining purchasing power into the member's retirement years.

2. The Board acknowledges only the legislature may approve benefit changes, including COLAs, and that no changes shall be recommended to the legislature by the Board unless the system's actuary provides an opinion that the actuarial funded ratio of the plan can reasonably be expected to remain at 100% plus an additional percentage the Board determines is reasonably necessary to withstand market fluctuations throughout the life of the benefit change.

3. The Board acknowledges that it is responsible for reviewing actuarial valuations, projection studies and other financial data and making recommendations to the legislature regarding benefit changes, including COLAs, for any of the plans administered by the Board provided statutory requirements are met. Pursuant to W.S. 9-3-454, the Board shall consider the following when analyzing potential benefit increases:

   a. The relationship of the current actuarial value to current market value of assets;

   b. The interest and principal payments toward the unfunded liability over the full applicable term of the benefit increase;

   c. Current and expected actuarial funded ratios with and without the increase;

   d. A review of assumptions made in determining funded ratios and a review of anticipated funded ratios with differing investment return assumptions and/or other assumptions deemed critical by the Board;

   e. The appropriate level of actuarial funding ratio above 100% needed to buffer the plan from adverse experience;

   f. Impact to the normal cost, accrued liability and the annual required contribution for the current year and for a projection period of the plan's amortization period;

   g. Risk factors that could contribute to the funding status of the plan declining after any benefits have been changed.

4. The Board supports providing COLAs and other postretirement benefit enhancements from plan assets, in an amount not to exceed applicable statutory limitations and not more than that which would allow for the retention of the COLA Margin over the estimated life of the benefit change, provided system funding, contribution and margin requirements are met. The

Board has adopted eligibility criteria for recommending a COLA in any plan administered by the Board:

  a. The Board will consider whether the plan's Actuarially Determined Contribution (ADC) level is currently being met and whether it is likely to continue to be met. If not, a COLA should not be granted.

  b. In order for the Board to consider recommending a COLA for a particular plan, the plan must be projected to continue to be 100% funded, plus a margin for adverse experience (COLA Margin), for each of the next 15 years following implementation of the adjustment. (15 years is deemed to be the life of the COLA). The COLA Margin is the additional funded ratio (the ratio of the actuarial value of assets to the accrued liability) necessary to keep the plan's funded ratio above 100%. The COLA Margin for each separate plan shall be calculated annually.

  c. The Board can consider whether the current contribution level is predicted to pay the plan's normal cost rate plus the amortization of the unfunded actuarial accrued liability (after the granting of the COLA) as a level percentage of pay over the number of years specified in the most recent actuarial valuation.

5. The Board supports the legislature providing ad hoc COLAs (which are not funded through the relative contribution rate of a particular plan) as individual appropriations allow. Any ad hoc COLA award funded by the legislature must be fully paid for and result in no increase in a particular plan's unfunded liability.

Member Services:

1. To ensure members receive high quality service, including accurate and timely information from WRS staff.

   a. To enhance service to all members.

   b. To provide training programs to address the needs of members of all ages.

Communications:

1. To provide members with access to information about benefits administered by WRS in a cost effective and timely manner.

2. To ensure that members receive appropriate and timely updates on plan changes.

Administration:

1. To ensure that benefit recipients receive their payments in timely manner.

2. To ensure the security and accuracy of member records.

3. To administer the various programs in as cost effective manner as feasible.

WRS GOVERNANCE POLICY

POLICY TYPE: OUTCOMES

POLICY TITLE: *LEGISLATION*

Adopted April 16, 2010
Revised May 26, 2016

While the mission and primary responsibility of WRS is providing benefits to members and their beneficiaries, and defraying reasonable expenses of administering the System, legislation and legislative activities pertaining to providing benefits to members and to the System may necessitate involvement by WRS, the Executive Director and Board members.

WRS: Executive policy prohibits employees of state agencies from advocating for or against legislation related to their positions; therefore the Executive Director's role with respect to proposed legislation will be limited to providing information to the Legislature as requested or as is otherwise warranted in his or her official capacity as a public official. The Executive Director shall:

1. Review all proposed legislation which impacts programs administered by WRS and provide comments to the Board to keep them informed of legislative activity;

2. Provide technical comments and other factual information to the Legislature and to the appropriate legislative committees, as requested.

3. Explain the impacts proposed legislation would have on WRS or its members, including fiscal impacts and any difficulties WRS might have in carrying out the proposed legislation.

Board Members: WRS Board members may take positions on proposed legislation affecting any aspect of the responsibilities and duties of WRS in accordance with their statutory and fiduciary obligations and code of conduct.

WRS GOVERNANCE POLICY

POLICY TYPE: OUTCOMES

POLICY TITLE: ***ACTUARIAL CONDITION***

Adopted April 16, 2010

The “outcomes” to be maintained from an actuarial standpoint are as follows:

To collect contributions based on contribution rates that have been determined by a qualified actuary based on assumptions, which are reasonable in relation to long-term plan experience for each of the legislatively created retirement plans. The contribution rates so determined are intended to remain relatively level as a percent of payroll from generation to generation and comply with standards promulgated by the American Academy of Actuaries and Governmental Accounting Standards Board.

Evidence of actuarial soundness shall be verified through:

1. An annual actuarial valuation, prepared by an actuary, of the assets, liabilities and funding requirements of all legislatively created plans in the WRS.

    a. Each actuarial valuation report will also include a gain/loss analysis by source. This analysis will look at the gain or loss on the accrued liability by each major assumption. Then, at the time of the full experience study, the findings of each year's gain or loss by decrement will be factored into the recommendations for the valuation assumptions.

2. A full experience study, conducted at least once every five (5) years, of the mortality, service and other experience of the members, retirees and beneficiaries of WRS in order to update the actuarial assumptions used in the annual actuarial valuation study.

3. An actuarial review of the actuarial valuation study conducted to produce an opinion as to the reasonableness of cost methods, valuation results, and statutory contribution rates. This review should be conducted by an independent actuary at least once every five (5) years.

WRS GOVERNANCE POLICY

POLICY TYPE: OUTCOMES

POLICY TITLE: *RULEMAKING*

Adopted April 16, 2010

The “outcomes” to be achieved through the benefits administered by WRS consist of:

Pursuant to W.S. § 9-3-409, the Board shall adopt rules and regulations that are necessary and appropriate to implement statutes and to provide members with adequate notice of statutory benefit provisions. The Board will ensure that the rules are current and relevant for the operation of the WRS.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *GOVERNING APPROACH*

Adopted April 16, 2010

The Board's governing approach emphasizes: (1) outward vision rather than an internal preoccupation, (2) encouragement of diversity in viewpoints, (3) strategic leadership, (4) clear distinction of Board and Executive Director roles and responsibilities, (5) collective decisions, (6) adherence to policies and procedures that represent best practices for governmental pension plans and (7) being proactive.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board may use the expertise of individual members to enhance the ability of the Board as a body, rather than to substitute the individual's judgments for the Board's values.

2. The Board will focus chiefly on intended long term impacts to members and beneficiaries, not on the administrative or programmatic means of attaining those objectives.

3. The Board will direct, control, and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the organization and achieving organizational excellence. The Board will delegate to the Executive Director the administrative and programmatic means of attaining those objectives.

4. The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability.

5. Continual Board education and development will include orientation of new Board members in the governance process and periodic discussion of process improvement.

6. The Board will be accountable to members and beneficiaries for competent, conscientious and effective accomplishment of its obligations as a public trust. It will allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling its commitments.

Board members are dedicated to promoting and protecting the benefits and general well-being of all members of WRS, and, accordingly, adhere to the following guidelines:

1. Honor and support the mission of WRS.

2. Deliberate in a proactive manner, in order to anticipate and prepare for change.

3. Encourage and respect diversity of opinions during deliberations, but speak with one voice once decisions are made.

4. Ensure that WRS initiatives are charted through collective Board action.

5. Conduct business in a courteous and professional manner toward fellow Board members, WRS members and staff.

6. Identify, and bring to the Board for discussion, items of concerns from members.

7. Follow Robert’s Rules of Order for conduct at Board and Committee meetings.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *BOARD RESPONSIBILITIES*

Adopted April 16, 2010

The Board is responsible for the performance of WRS and to ensure that it occurs. The Board's specific responsibilities related governance and management shall be:

1. To provide a link between WRS and its members and beneficiaries.

2. To adopt written governing policies that address:

    a. Outcomes: Policies that achieve the optimum results for members and beneficiaries at a reasonable cost.

    b. Executive Limitations: Policies that provide constraints on executive authority and establish the prudence and ethical boundaries within which all executive activity and decisions must take place.

    c. Governance Process*:* Policies specifying how the Board conceives, carries out, and monitors its own work.

    d. Board-Executive Director Relationship*:* Policies defining how responsibilities are delegated and how its proper use is monitored; the Executive Director's role, authority, and accountability.

    e. Continual evaluation of the Executive Director's performance.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *BOARD TRAVEL AND EDUCATION*

Adopted April 16, 2010
Revised May 26, 2016

Board Member Education:

1. The Board is charged with a fiduciary duty to the members and beneficiaries of the WRS. The Board recognizes that duty and realizes the complexity and diversity of the issues relating to pension plans.

2. Each member of the Board has an ongoing obligation to participate in education opportunities that will increase the understanding of issues relating to pension plans.

    a. WRS will provide as part of its budget request to the legislature an amount to cover the travel expenses of each Board Member for one or more educational opportunity per year.

    b. Board members are encouraged to participate in at least one educational opportunity each year. If the opportunity arises for additional educational opportunities the member shall request permission from the Board Chairman who will consult with the Executive Director on the availability of funds.

3. Conferences sponsored by independent organizations and associations take precedence over those that are industry-sponsored.

4. Members of the Board will act in an ethical manner while representing WRS at these educational forums and will abide by all provisions of the Board Code of Conduct.

5. Each member will provide the other members of the Board with relevant educational materials from the conference and a summary of the member’s experience and findings after the Member returns from the conference.

6. Any out of country travel request will need to be approved by the Board Chairman, who will consult with the Executive Director on the availability of funds.

7. The Executive Director will provide a list of available educational opportunities in January of each year and update the list as other opportunities appear.

8. Board members will be reimbursed for travel pursuant to provisions in W.S. § 9-3-102 (e) and the Wyoming Auditor’s Office, Travel Reimbursement and Instruction Forms.

New Board Member Orientation:

Effective orientation of new Board members is essential to the Board's ability to maintain integrity of the system and to fulfill the fiduciary duties of managing such a system. To that end there shall be a new Board member orientation in conjunction with the first Board meeting following the appointment of new Board members.

New Board members shall attend an orientation seminar covering: History & Overview, Governance, Fiduciary/Legal/Legislative, Actuarial Matters, Investments and Agency Administration. At the orientation the new Board members shall receive a Board member handbook containing the following items:

1. Relevant Wyoming statutes, including:

    a. The Wyoming Retirement Act;

    b. The deferred compensation statutes;

    c. The Wyoming State Highway Patrol, Game and Fish Warden and Criminal Investigator Retirement Act;

    d. The Wyoming Judicial Retirement Act;

    e. The Firemen Pension and Death Benefits provisions;

    f. The Firemen's Pension Account Reform Act of 1981; and

    g. The Government Ethics Statute

    h. The Volunteer Fire Fighter & Emergency Medical Technician Pension Fund

2. The Governor's Executive Order on Ethics No. 97-4.

3. The Rules and Regulations of the Wyoming Retirement System.

4. The WRS Policy Manual.

5. A list of upcoming, recommended educational opportunities.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *OFFICERS, TERM OF OFFICE, DUTIES*

Adopted April 16, 2010
Revised February 16, 2012
Revised May 26, 2016

Organization – Each year the Board will elect from its membership a Chair and a Vice Chair. Pursuant to W.S. § 9-3-406(a), the WRS Executive Director shall serve as the Secretary of the Board.

Terms of Office – Terms of office for the Chair and Vice Chair shall be for one year from the date elected or until a successor is chosen.

Eligibility for Office – Candidates for Chair or Vice Chair should have served at least one full year as a member of the Board and have at least one year remaining on his or her term.

Procedure for Electing Officers – Board Officers will be elected annually at the August meeting or as soon as possible thereafter. Nominations will be taken from the floor for the position of Chair. Nominations will then be taken from the floor for the position of Vice Chair. Upon the close of nominations, a vote will be taken. A majority vote of the Board is required for electing officers.

Duties of the Chair – The primary duty of the Chair is to ensure the integrity of the Board's process and, secondarily, the occasional representation of the Board to outside parties. The Chair is the only member authorized to speak for the Board, other than in rare and specifically authorized instances.

1. The Chair is to assure that the Board operates consistent with its own policies and rules and in accordance with a good faith interpretation of all state and federal laws.

    a. Deliberations will be timely, fair, orderly and thorough; but also efficient, limited in time and kept to the point.

    b. Robert's Rules of Order are observed except where the Board has superseded them.

2. The authority of the Chair consists of making decisions, which fall within topics covered by Board policies on Governance Process and Board-Executive Director Relationship, with the exception of: (a) employment or termination of an Executive Director, and (b) where the Board specifically delegates portions of this authority to others. The Chair is authorized to use any reasonable interpretation of the provisions in these policies. The

Chair shall report to the full Board any actions that he or she has taken pursuant to this policy.

a. The Chair shall preside over Board meetings with all the commonly accepted authority of that position (e.g., ruling, recognizing).

b. The Chair will welcome input from fellow Board members regarding the Board's agenda for each meeting.

c. The Chair has no authority to make decisions about policies created by the Board within Outcomes and Executive Limitations policy areas. Therefore, the Chair has no authority to supervise or direct the Executive Director.

d. The Chair may represent the Board to outside parties in announcing Board stated positions and in stating Chair decisions and interpretations within the area delegated to her or him.

e. The Chair may also:

    i. Convene meetings of the Board as prescribed in W.S. § 16-4-404(b).

    ii. When required, certify any actions taken by the Board.

    iii. Name Board members to committees and appoint the chair of each committee.

    iv. The Chair may delegate this authority but remains accountable for its use.

Duties of the Vice-Chair

1. Assume and perform the duties of the Board Chair in the event the Board Chair is unable to fulfill the duties of the position due to absence; and

2. Perform other duties assigned to him or her by the Board.

3. At all times be familiar with the role and responsibility of the Chair.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *ATTENDANCE AT MEETINGS*

Adopted April 16, 2010
Revised May 26, 2016

Board Meetings:

1. Board meetings shall be held at least quarterly, and according to an annual schedule adopted by the Board.

    a. Timely notice of Board meetings shall be provided to the public, in accordance with W.S. § 16-4-404.

    b. The annual schedule may be modified by the Board as necessary, however, timely notice of such change must be provided to Board members and the public in accordance with W.S. § 16-4-404.

    c. Pursuant to W.S. § 16-4-403 all meetings of the Board are public meetings, open to the public at all times, except when the Board enters into executive session pursuant to W.S. § 16-4-405.

    d. All action by the Board must take place during a properly noticed public meeting.

Quorum and Voting:

1. A majority of Board members serving on the Board is a quorum for a Board meeting.

2. Board members should attend at least 75% of the regularly scheduled Board meetings.

3. Each Board member is entitled to one vote on the Board. Board members may vote by proxy. Proxies should be for a specific purpose and should be in writing. The Treasurer may appoint a designee at any time.

4. If a Board member is unable to attend a meeting of the Board or a committee, the Board member shall notify the Executive Director and Board Chair as soon as possible to help ensure that a quorum will be achieved. If personal attendance is impractical, a Board member may attend Board meetings or Committee meetings via telecommunications. Any member attending a Board or Committee meeting via telecommunications shall be allowed to vote as if they were attending in person.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: ***BOARD CODE OF CONDUCT***

Adopted April 16, 2010
Revised May 26, 2016

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly:

1. Pursuant to the Wyoming Constitution, "all monies from any source paid into any public employee retirement system created by the laws of this state shall be used only for the benefit of the members, retirees and beneficiaries of that system, including the payment of system administrative costs." WYO. CONST. art. 19, § 11.

2. Board members and staff must, at all times, abide by the provisions of Wyoming's ethics law at W.S. §§ 9-13-101 *et seq*. and the Governors' Executive Order on Ethics No. 1997-4 or any superseding law.

3. Board members have a duty of loyalty to the members, which supersedes loyalties to staff, other organizations, and any personal interest.

4. Board members must avoid conflict of interest with respect to their fiduciary responsibility.

    a. There will be no self-dealing or business by a Board member and the organization. No Board member or employee of the Wyoming Retirement System shall receive any gain, political contribution, or profit from any funds or transaction of the Wyoming Retirement System, except benefits from interest in investments or benefits common to all members, if entitled thereto.

    b. When the Board is to decide upon an issue, about which a Board member has a personal, unavoidable conflict of interest, that member shall disclose the conflict to the Board and absent herself or himself from both the vote and the deliberation.

    c. Board members will not use their Board position to obtain employment in the organization for themselves and their family members. A Board member wishing to apply for employment with the Wyoming Retirement System should resign from the board prior to seeking employment with the Wyoming Retirement System.

    d. If a former Board member or former employee of the Wyoming Retirement System is employed by a current system service provider, it shall not impact the Board's business relationship with that firm provided no conflict of interest exists and no violation of law occurs as a result of such employment.

5. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.

    a. Board member interaction with the Executive Director or staff must recognize the lack of authority vested in individuals, except when explicitly authorized by the Board, or as otherwise provided in Board policies.

    b. Board member interaction with public, press, or other entities must recognize the same limitation and the inability of any Board member, unless specifically authorized, to speak for the Board, except to repeat explicitly stated Board decisions.

    c. Board members will not advise System members, beneficiaries or others regarding individual benefit amounts. However, Board members will be proactive in bringing members' concerns to the Board.

6. Board members and staff will respect the confidentiality appropriate to issues of a sensitive nature.

7. Board members will be properly prepared for Board deliberation.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *BOARD COMMITTEES' ROLE*

Adopted April 16, 2010

Board committees are to help the Board do its job. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation.

1. Committee work can only take place when a quorum of the committee is present. A majority of the committee members constitutes a quorum.

2. All members of the Retirement Board shall be notified as to the time and place of all committee meetings. Retirement Board members may attend any committee meetings regardless of whether or not they are a member of the committee. However, only committee members may vote on any action before the committee.

3. Each committee meeting agenda is set by the committee chair in conjunction with appropriate staff.

Board Committees are as follows:

1. Audit

2. 457 Deferred Compensation

3. Investments

4. Legislative and Benefits

5. Governance and Strategic Planning

Each Committee established by the Board shall operate pursuant to a charter adopted by the Board.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: ***AUDIT COMMITTEE CHARTER***

Adopted April 16, 2010
Revised November 18, 2015
Revised May 26, 2016

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1. There shall be an Audit Committee composed of no more than five (5) members appointed by the Board Chair. The Board Chair may serve as one of the voting members of the Committee.

2. The Committee will meet on call by either the Committee Chair or the Executive Director. The Committee shall meet at least three times each year.

3. The Board has established the Audit Committee to assist the Board in fulfilling its fiduciary responsibilities as they relate to accounting policies and financial reporting, the system of internal controls, the *Standards of Professional and Ethical Conduct*, the internal audit process, and the practices of the Internal Audit Manager.

4. The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility.

5. The Audit Committee will:
   a. Meet at least three times per year;

   b. At least annually, meet separately with each of the following:

      i. the Executive Director;
      ii. the Internal Audit Manager;
      iii. the Deputy Director/CFO; and
      iv. the General Counsel;

      and afford a private audience with each when requested.

6. The Audit Committee will, in consultation with the Executive Director:

   a. Recommend accounting policies to the Board for approval;

   b. Review the design and effectiveness of WRS's internal controls;

   c. Meet at least annually with the Internal Audit Manager, and with WRS management, to discuss the effectiveness of WRS's internal controls;

d. Periodically review the *Standards of Professional and Ethical Conduct* and recommend changes to the Board;

e. Ensure that WRS has adequate policies or procedures in place for monitoring employee reporting of any conduct or transaction that may be in violation of the *Standards of Professional and Ethical Conduct*; and

f. Review Trustee and employee compliance with their respective *Standards of Professional and Ethical Conduct.*

7. With respect to the independent auditor chosen by the Audit Committee, the Committee will:

    a. Meet with the Independent Auditor, the Internal Audit Manager, and the Deputy Director/CFO to review the scope, objectives and timing of the external audit and to coordinate efforts;

    b. Meet with the Independent Auditor and the Deputy Director/CFO to discuss WRS's *Comprehensive Annual Financial Report* and the Independent Auditor's report and Management's response thereto prior to the release to the public.

    c. Meet no less than one time per year with the Independent Auditor separately without Management, and afford the Independent Auditor a private audience when requested;

    d. Recommend the *Comprehensive Annual Financial Report* to the Board for approval;

8. With respect to the Internal Audit Manager, the Audit Committee will,

    a. Review the Internal Audit Manager's risk assessment as part of the development of the internal audit plan.

    b. With the input of the Executive Director, review and approve the Internal Audit Manager's internal audit plan, including internal audit objectives, timing, scope, and budget.

    c. Receive progress reports on the internal audit process;

    d. Review with Management and the Internal Audit Manager:
        i. Internal Audit reports and Management's responses thereto; and
        ii. Any changes required in the scope of their internal audits;

    e. Annually provide input into the Executive Director's annual performance evaluation of the Internal Audit Manager;

f. Monitor that the Internal Audit Manager has access to all necessary documents, information and systems in the organization;

g. Review the adequacy of resources made available to the Internal Audit Manager, including staffing, compensation, and operating budgets; and

h. Review the effectiveness of the Internal Audit Department's operations, including compliance with the *Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing*.

9. The Audit Committee has the authority to retain outside consultants and advisors. In doing so, the Audit Committee will review the independence of such consultants and advisors.

10. The Audit Committee will:

    a. Serve as a vehicle for communication between the Board, the Independent Auditor, the Internal Audit Manager and Management concerning audit issues;

    b. Review the findings or comments of any regulatory agencies concerning financial information or internal controls of WRS;

    c. Review any changes in accounting practices or policies, and the financial impact thereof, and review any accruals, provisions, estimates or management programs and policies that may have a significant effect on the financial statements of WRS;

11. The Audit Committee will

    a. Review and approve meeting minutes, if taken;

    b. Report to the Board on its activities after each meeting; and

    c. Submit an annual report of the Committee's activities to the Board.

12. This charter will be reviewed at least every five years.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *457 DEFERRED COMPENSATION PLAN COMMITTEE CHARTER*
Adopted April 16, 2010

1. There shall be a Deferred Compensation Committee composed of no more than five (5) members appointed by the Board Chair. The Board Chair may serve as one of the voting members of the Committee.

2. The Committee will meet on call by either the Committee Chair or the Executive Director. The Committee shall meet at least three times each year. Topics for the meeting agenda will be approved by the Committee Chair or the Executive Director.

3. The Committee shall fulfill the responsibilities assigned by both the 457 Deferred Compensation Plan Investments Policy and Plan Document. The Committee will review the Deferred Compensation Investment Policy and the Deferred Compensation Committee Charter periodically and bring recommended changes to the Board.

4. The Committee will evaluate the amount of reserves held by the Plan in conjunction with administrative fees charged to participants at least every other year. Reserves are needed to provide financial stability and to avoid unplanned increases in administrative fees.

5. The purposes of the Deferred Compensation Committee shall be to make recommendations to the Board regarding:

    a. The amount of administrative fees charged to participants.

    b. The investment options offered to participants and the Deferred Compensation Plan Investment Policy, unless they are assigned to other committees or to the Executive Director and/or CIO by the Board. The Committee may delegate investment-related recommendations to the Investment Committee, the CIO and/or the Executive Director.

    c. Changes to the Plan Document.

    d. Legislative proposals pertaining to the Plan. The Committee may delegate legislative issues to the Legislative and Benefits Committee.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: ***INVESTMENT COMMITTEE CHARTER***

Adopted February 19, 2010

1. There shall be an Investment Committee composed of no more than five (5) members appointed by the Board Chair. The Board Chair may serve as one of the voting members of the Committee.

2. The Committee will meet on call by either the Committee Chair or the Executive Director, but not less than on a quarterly basis. Topics for the meeting agenda will be approved by the Committee Chair or the Executive Director.

3. The purpose of the Committee is to ensure that WRS assets are effectively managed in accordance with the laws of the State of Wyoming and policies adopted by the Board. To accomplish its purpose the Committee shall have the following responsibilities:

    a. To review and propose investment policies and procedures for recommendation to the Board for adoption.

    b. To review and propose the target asset allocation for recommendation to the Board for adoption.

    c. To review all investment proposals for approval or rejection, unless they are assigned to other committees or the Executive Director by the Board.

    d. To oversee all phases of the investment program and recommend to the Board any changes that need to be made to the investment program.

    e. To report its activities and make recommendations to the Board following each committee meeting.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *LEGISLATIVE AND BENEFITS COMMITTEE CHARTER*
Adopted February 19, 2010
Revised May 26, 2016

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1. There shall be a Legislative and Benefits Committee composed of no more than five (5) members appointed by the Board Chair. The Board Chair may serve as one of the voting members of the committee**.**

2. The Committee will meet on call by either the Committee Chair or the Executive Director. The Committee shall meet at least three times each year.

3. The Committee shall recommend to the Board for approval a spokesperson to present and support the Board's defined and adopted positions on legislative issues.

4. The purposes of the Committee shall be:

    a. To preview legislative proposals that will impact WRS and its members and beneficiaries.

    b. To suggest and develop legislative proposals for the benefit of WRS and its members and beneficiaries.

    c. To make recommendations to the Board for initiating or supporting legislative proposals or for opposing proposed legislation.

    d. To review and monitor enacted legislation relating to the Retirement System and its members and beneficiaries. It shall be the ongoing responsibility of the Committee:

        i. To see that such legislation is properly incorporated into Retirement System policies and procedures; and

        ii. To monitor the effect of such legislation as it relates to its members and beneficiaries.

    e. To monitor and recommend to the Board all other actions with respect to benefits, including levels of service, member communications, and all other questions relating to the design and administration of WRS' benefits structure.

f. In consultation with the CIO, to review and recommend to the Board all actions with respect to the interest rate for member accounts as set forth in W.S. § 9-3-402(a)(xii).

g. In consultation with the Executive Director, the CIO, the investment consultant and the actuary, to review, monitor and make recommendations to the Board regarding necessary changes to the employer and employee contribution rates.

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *GOVERNANCE AND STRATEGIC PLANNING COMMITTEE CHARTER*

Adopted April 16, 2010

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1. There shall be Governance and Strategic Planning Committee composed of not more than five (5) members appointed by the Board Chair. The Board Chair may serve as one of the voting members of the committee.

2. The Committee will meet on call by either the Committee Chair or the Executive Director.

3. The purposes of the Governance and Strategic Planning Committee are to support the Board in the implementation of sound Board governance policies and practices that enhance good, fair and open decision making. The Committee also assists the Board with its responsibilities for the organization's mission, vision and strategic direction. To accomplish its purpose the responsibilities of the Committee shall be:

    a. To oversee the Board's policy manual by developing processes to ensure policies are current and that the Board's actions are compliant with such policies.

    b. To review the overall effectiveness of the Board and recommend improvements if warranted.

    c. If necessary, to recommend changes in the structure of the Board meetings and the preparation of materials and records of Board actions.

    d. To recommend the roles and responsibilities of the various committees of the Board.

    e. To review and recommend to the Board the delegation of authority to the Executive Officer as necessary.

    f. Develop and recommend to the Board for its approval an annual evaluation process for the Board and its committees, and oversee this evaluation process.

    g. Making recommendations to the Board related to WRS's mission, vision, strategic initiatives, and services.

    h. Periodically reviewing the mission, vision and strategic plan, and recommending changes to the Board

WRS GOVERNANCE POLICY

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: *BOARD SELF EVALUATION*

Adopted April 16, 2010

The Retirement Board will evaluate its own performance at least annually taking whatever action is necessary to govern with excellence. The annual evaluation shall include a self-evaluation and also a confidential evaluation by members of the staff and others with direct knowledge of Board activities. The Governance and Strategic Planning Committee shall be responsible for overseeing the implementation of this policy, including the creation of forms or other documents for the evaluation.

WRS GOVERNANCE POLICY

POLICY TYPE: BOARD-EXECUTIVE DIRECTOR RELATIONSHIP

POLICY TITLE: *DELEGATION TO THE EXECUTIVE DIRECTOR*

Adopted April 16, 2010
Revised May 26, 2016

The Executive Director is hired by the Board and serves at the Board's discretion. The Board's official connection to the operational organization, its achievements, challenges and conduct will be through the Executive Director. The Board's responsibility is to establish policy. The implementation of the Board's policies is delegated to the Executive Director.

Accordingly:

1. All Board authority delegated to the WRS staff is delegated through the Executive Director, so that all authority and accountability of the staff – as far as the Board is concerned – is considered to be the authority and accountability of the Executive Director.

2. Outcome policies direct the Executive Director to achieve certain results; Executive Director Limitation policies constrain the Executive Director to achieve certain results; Executive Director Limitation policies constrain the Executive Director to act according to law and within acceptable boundaries of prudence and ethics.

3. With respect to Outcomes and Executive Director Limitations, the Executive Director is authorized to establish all further policies, make all decisions, take all actions and develop all activities as long as they are consistent with a reasonable interpretation of the Board's policies.

4. The Board may change its policies, thereby shifting the boundary between Board and Executive Director. Consequently, the Board may change the latitude of the choice given to the Executive Director, but so long as any particular delegation is in place, the Board and it members will respect said delegation. This does not prevent the Board from obtaining information in the delegated areas.

5. No Board member or officer has authority over the Executive Director, except Board committees working within the scope of their respective charters.

WRS GOVERNANCE POLICY

POLICY TYPE: BOARD-EXECUTIVE DIRECTOR RELATIONSHIP

POLICY TITLE: *EXECUTIVE DIRECTOR'S JOB DESCRIPTION*
Adopted April 16, 2010

As the Board's primary link to the operating organization, the Executive Director is accountable for all organizational performance and exercises all authority transmitted into the organization by the Board.

The Executive Director's broad job responsibilities are:

1. Organizational accomplishment of Board policies on Outcomes.

2. Organizational operation within the boundaries of prudence and ethics established in Board policies on Executive Director Limitations.

3. Service as Secretary to the Board and maintaining an accurate record of its proceedings.

WRS GOVERNANCE POLICY

POLICY TYPE: BOARD-EXECUTIVE DIRECTOR RELATIONSHIP

POLICY TITLE: *EXECUTIVE DIRECTOR EVALUATION*

Adopted April 16, 2010

Evaluation of the Executive Director will be conducted by the Board. The Board will develop the evaluation instrument to be used in conducting the Board's annual evaluation of the Executive Director and the methodology to be used in administering the evaluation and reporting the results. The evaluation shall include a self-evaluation by the Executive Director and a confidential evaluation by members of the staff and others with direct knowledge of the Executive Director's activities.

WRS GOVERNANCE POLICY

POLICY TYPE: BOARD-EXECUTIVE DIRECTOR RELATIONSHIP

POLICY TITLE: *MONITORING EXECUTIVE DIRECTOR PERFORMANCE*
Adopted April 16, 2010
Revised May 26, 2016

Systematic and rigorous monitoring of Executive Director's job performance will be measured in accordance with the expected Executive Director performance of organizational accomplishment of Board policies on Outcomes (Purpose, Investments, 457 Deferred Compensation Plan Investments, Member Benefits, Legislation, Actuarial Condition and Rulemaking), and organizational operation within the boundaries established in Board policies on Executive Limitations (Global Executive Constraint, Treatment of Members, Treatment of Staff, Financial Condition, External Service Providers, Emergency Executive Director Succession, Communication and Support to the Board, and Investment Limitations).

Accordingly:

1. General Procedures

   a. The Board will acquire monitoring data by one or more of three methods:

      i. Internal report. Disclosure of compliance information to the Board by the Executive Director.

      ii. External report. Discovery of compliance information by a disinterested, external auditor or other consultant who reports directly to the Board regarding compliance with Board policies.

      iii. Direct Board inspection. Discovery of compliance information by Board members, a committee or the Board as a whole. This is a Board inspection of documents, activities or circumstances directed by the Board that allows a "prudent person" test of policy compliance.

   b. In every case, the standard for compliance shall be *any reasonable Executive Director interpretation* of the Board policy being monitored.

   c. All policies that instruct the Executive Director will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

Policy	*Method*	*Frequency*
Treatment of Members	*Internal*	*Annually*
Treatment of Staff	*Internal*	*Annually*

Financial Condition	*Internal*	*Annually*
Emergency Exec. Dir. Succession	*Internal*	*Annually*
Asset Protection	*Internal*	*Annually*
Communication & Support	*Internal*	*Annually*
Investment Limitations	*Internal*	*Annually*

2. Specific Procedures for Reviewing Executive Limitations

   a. Treatment of Members

      i. Annual Report made by the Executive Director, which outlines efforts to satisfy the policy requirement. The report should also cover the following areas: communications, satisfaction surveys, consumer complaints, evaluation of effectiveness of the phone system (include telephone statistics), and any other pertinent information.

   b. Treatment of Staff

      i. Annual Report made by the Executive Director that outlines efforts to satisfy policy requirement. The report should also cover the following areas: maintenance of staff grievances, turnover rate, exit surveys, and any other pertinent information.

   c. Financial Condition

      i. Annual Report by the Executive Director, which outlines efforts to satisfy policy requirements.

   d. Communication and Support to the Board

      i. Report by Executive Director at the next Board meeting if Executive Director anticipates any problem satisfying the policy requirements.

   e. Investment Limitations

      i. Exception Report by the Executive Director and/or Chief Investment Officer if policy violated along with a detailed explanation of the violation and action being proposed or taken to remedy the situation.

3. Specific Procedures for reviewing Executive Director Performance with regard to the Achievement of Outcomes Policies

   a. Investments

      i. Quarterly, the Executive Director and/or the CIO will submit a report to the Board addressing the System's success or lack thereof in accomplishing the investment “outcomes” based on the benchmarks described within this policy at the total fund level and asset class levels. This report will also include a summary of due diligence meetings held throughout the quarter, and will also provide the Board with a brief commentary by the CIO which summarizes their thoughts on the market and key strategic decisions made in the quarter along with justification for those decisions.

b. Benefits

   i. Annual Report at the February Board meeting by the Executive Director, which outlines efforts to satisfy specific policy requirements.

c. Legislation

   i. Report by the Executive Director at the next Board meeting summarizing staff response (technical and fiscal information) to proposed legislation.

d. Sound Actuarial Condition

   i. Annual Report at the May Board meeting by the Actuary.

e. Rulemaking

   i. Annual Report at February Board meeting by the Executive Director, which outlines efforts to satisfy specific policy requirements.

4. If there are activities that may have a material negative effect on these policies, then the Executive Director shall report such activities to the Board in a reasonable time frame.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: *GLOBAL EXECUTIVE CONSTRAINT*

Adopted April 16, 2010

The Executive Director shall not cause or allow any practice, activity, decision, or organizational circumstance, which is unlawful under state or federal law, imprudent, or in violation of commonly accepted business and professional ethics.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: *TREATMENT OF MEMBERS*

Adopted April 16, 2010

With respect to interactions with members and beneficiaries of the system, the Executive Director shall not cause or allow conditions, procedures, or decisions, which are unreasonable, cumbersome, undignified, or unnecessarily intrusive.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: ***TREATMENT OF STAFF***

Adopted April 16, 2010
Revised May 26, 2016

With respect to the treatment of staff, the Executive Director may not cause or allow conditions that are unfair, undignified, disorganized, or unclear.

Accordingly, without limitation by enumeration, the Executive Director shall not:

1. Discriminate against any staff member for any reason, including but not limited to expressing an ethical dissent.

2. Fail to acquaint staff with the Executive Director's interpretation of their protections under this policy.

3. Fail to follow State personnel requirements.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: *FINANCIAL CONDITION*

Adopted April 16, 2010

With respect to the actual, ongoing financial condition and activities, the Executive Director shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities established in Outcomes policies.

Accordingly, without limitation by enumeration, the Executive Director shall not:

1. Fail to settle payroll and debts in a timely manner.

2. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

3. Acquire, encumber, or dispose of real property.

4. Fail to aggressively pursue receivables after a reasonable grace period.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: ***EXTERNAL SERVICE PROVIDERS***

Adopted June 18, 2010

The Executive Director shall advise all external service providers in writing that the Board has taken the position that it is inappropriate and unethical for any outside service provider to make any political contribution or any other payment with the intent of influencing a purchasing, hiring or firing decision made at WRS and shall provide a copy of this policy to all current service providers. The Executive Director shall also notify all external service providers that a violation of this policy may lead to termination of a contract or refusal to hire. If the Executive Director has reason to believe that this policy may or will be violated by an external service provider, the Executive Director shall require the external service provider (including owners and key employees) to disclose political contributions made to any incumbent or candidate for state office in the last two years and shall provide written notice to the Board in the event the disclosure reveals any such contributions were so made**.**

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: *EMERGENCY EXECUTIVE DIRECTOR SUCCESSION*
Adopted April 16, 2010, Revised June 18, 2010

Executive Director

1. In order to protect the Board from unforeseen loss of Executive Director services, the Executive Director shall have no fewer than two other system staff members, one of which shall be the Deputy Director, knowledgeable about Board and Executive Director issues and processes.

2. In the event of a vacancy in the position of the Executive Director, the Board may employ a search firm to perform a national search for candidates to succeed the Executive Director. The Board may interview a minimum of three candidates recommended by the search firm as well as any other candidates the Board as a whole agrees to consider.

3. In the event of a vacancy in the position of Executive Director, the Board will select an Interim Executive Director responsible for carrying out the Executive Director's duties under the governance policies until such time as the Board selects a new Executive Director and that person assumes the position on a full time basis.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: ***ASSET PROTECTION***

Adopted June 18, 2010

The Executive Director shall ensure the corporate assets are protected and adequately maintained.

Accordingly, without limitation by enumeration, the Executive Director may shall:

1. Ensure WRS equipment is properly and sufficiently maintained.

2. Protect WRS, the Board, and staff from claims of liability.

3. Protect the public image and credibility of WRS, particularly from incidents that would hinder the accomplishment of its mission.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: *COMMUNICATION AND SUPPORT TO THE BOARD*
Adopted June 18, 2010

The Executive Director shall ensure the Board is informed and supported in its work.

Accordingly, without limitation by enumeration, the Executive Director shall:

1. Submit monitoring data required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored.

2. Inform the Board of relevant trends, anticipated adverse media coverage, and material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.

3. Advise the Board if, in the Executive Director's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Executive Director Relationship, particularly in the case of Board behavior, which is detrimental to the work relationship between the Board and the Executive Director.

4. Marshal for the Board as many staff and external points of view, issues, and options as needed for fully informed Board choices.

5. Present information in concise and understandable form.

6. Provide a mechanism for official Board, officer, or committee communications.

7. Report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

8. Report any actual or imminent litigation involving the System.

WRS GOVERNANCE POLICY

POLICY TYPE: EXECUTIVE DIRECTOR LIMITATIONS

POLICY TITLE: *INVESTMENT LIMITATIONS*

Adopted June 18, 2010
Revised May 26, 2016

Board hereby delegates to the Executive Director the responsibility to manage the investment program at WRS subject to the Investment Policy which consists of the Investment Outcomes Policy and this Investment Limitations Policy. Regarding limitations on delegated authority, the Executive Director shall:

1. Ensure the CIO follows the fiduciary requirements, conditions, and limitations described in W.S. §§ 9-3-401 through 9-3-452.

2. Require the CIO to invest the assets of the system in a manner that is consistent with the asset allocation mix and any strategic (within class) allocation of the portfolio as approved by the Board and set forth in the Investment Outcomes policy.

3. Have the CIO perform an asset allocation/liability study at least every 5 years and to report the results of that study to the Board.

4. Have the CIO evaluate the asset allocation mix and any strategic (with-in class) allocation of the portfolio annually and have the CIO report the results of that evaluation to the Board.

5. Have the CIO provide quarterly investment performance reports to the Board that show performance of the total fund and all underlying asset classes based on the benchmarks set forth in the Investment Outcomes Policies.

6. Permit the CIO to hire outside service providers (securities lending managers, specialty consultants, the master custodian, and external money managers, including but not limited to external money managers who may be structured as a public or private entity in the form of a partnership, limited liability company, trust, separately managed account, commingled account, or some other form of operational structure in which assets may be held by an external custodian selected and monitored by the external manager) only when the Executive Director certifies that the proposed hiring is in compliance with the Board’s Investment Policy. In the event of a hiring, the CIO shall: i) document the proposed action by describing the decision-making process, expectations, and rationale for the decision; and ii) within 14 days after the hiring decision is made, notification shall be provided to the Investment Committee informing it of the action taken.

7. Permit the CIO to terminate an outside service provider as described in paragraph 6, only when the Executive Director certifies that the proposed termination is in compliance with the Board's Investment Policy. In the event of termination, the Executive Director and the CIO must agree and the underlying reason for the proposed termination action must be documented and shared with the Appropriate Committee as soon as is practical.

8. Have the CIO monitor the performance of and hold due diligence meetings or calls with all external money managers at least annually, unless the Executive Director provides prior notice to the Board of the CIO's intention to meet less often, the Executive Director shall require the CIO to file an annual report to the Board confirming such meetings have been held or noting any exceptions if such meetings have not been held.

9. The Executive Director shall require the CIO to alter the strategic (within class) allocation to the portfolio within broad bands approved by the Board, unless the Executive Director certifies that the change is in compliance with the Board's policy.

10. Ensure the CIO uses leverage in the fund only where a specific external service provider has been given written authorization to utilize leverage by the Executive Director and the CIO, subject to written guidelines describing its use within the manager's governing contract. The use of futures to rebalance the fund and the use of futures for the equalization of cash within portfolios is not considered to be leverage.

11. Establish policies for securities lending and proxy voting that ensure the interests of the system are adequately protected.

12. Ensure WRS employees:

    a. Refrain from engaging in a personal securities transaction based on information about a company that is both material and nonpublic (also known as "insider trading")

    b. Refrain from engaging in a personal securities transaction timed to take advantage of non- public information that would favorably affect that person's personal securities transaction (also known as "front running").

13. Require the CIO to have individual investment guidelines describing investment strategies for all investment managers.

14. Administer the 457 Deferred Compensation Plan pursuant to W.S. §§ 9-3-501 through 9-3-508 (hereafter referred to as "the deferred compensation plan") by abiding to the following stipulations:

    a. The Executive Director and/or the CIO will hire, monitor, and terminate the third-party plan administrators for the deferred compensation plans under the same procedures applicable to other service providers under this Investment Limitations policy.

b. The Executive Director and/or the CIO will monitor the performance of and hold due diligence meetings with all external service providers for the deferred compensation plan annually and report the results of those meetings to the board. The CIO may delegate the due diligence meetings to appropriate WRS staff.

In the event any of the requirements described in this policy are violated, it is the responsibility of the Executive Director and/or the CIO to report the violation or exception to the Board in a timely fashion along with a detailed explanation of the violation and action being proposed or taken to remedy the situation.