



# Wyoming Retirement System

*Partnering to Build Financial Security for Members and their Families*

**Mark Gordon**  
Governor

**David Swindell**  
Executive Director

## **MINUTES OF THE MAY 18 & 19, 2022 BOARD MEETING**

The Wyoming Retirement System (WRS) Board met on May 18 & 19, 2022 at the Hilton Garden Inn at 1150 N Poplar Street, Casper, Wyoming 82601.

**Board Members present:** Mr. Eric Nelson (Vice-Chair), Mr. Tim Sullivan, Mr. Mike Ceballos, Dr. Lesley Travers, Mr. John Lummis, Ms. Vicci Colgan, and Mr. Robert Leibrich (1 Vacancy).

**Board Members present remotely:** Mr. Tom Chapman (Chair), Treasurer Curt Meier, and Mr. Paul O'Brien.

**Wyoming Retirement System Staff present:** Mr. David Swindell, Mr. Sam Masoudi, Mr. Ben Brandes, Mr. Mike Bleakley, Mr. John Kreiter, Mr. Ben Bowman, Mr. Andrew Mayer, Mr. Michael Vuyk, Ms. Lori Mischan, Ms. Rachel Meeker, Ms. Laura Bartlett, Mr. Dan Paradis, Mr. Casey Rogstad, Mr. George Eason, and Mr. Ben Wisdorf.

**Wyoming Retirement System Staff present remotely:** Ms. Rachel Kelley, Ms. Shuyeh Wang Liu and Mr. Adam Waddell.

**Others in Attendance:** Mr. Douglas Brodbeck from the Wyoming Attorney General's Office, Mr. Beau Burggraaf from RVK, Inc., and Mr. Paul Wood & Mr. Thomas Lyle from Gabriel, Roeder, Smith & Company (GRS).

**Others in Attendance remotely:** Ms. Mika Malone & Mr. Nick Erickson from Meketa Investment Group (Meketa), and Mr. Lealan Miller & Ms. Abbie Belthoff from Eide Bailly.

**From the public:** Mr. Ron Sniffin.

**From the public present remotely:** Mr. Bob Symons.

**Legislative Liaisons present:** None.

**Legislative Liaisons present remotely:** Representative Bill Henderson.

**Legislative Liaisons absent:** Senator Tara Nethercott, Senator Jeff Wasserburger, and Representative Andy Schwartz.

WRS Board Chair, Mr. Chapman, called the meeting to order at 8:38 a.m. on May 18, 2022, and welcomed everyone to the May Board Meeting. Mr. Chapman then handed the meeting over to the Investment Committee Chair, Mr. Tim Sullivan.

## INVESTMENT

**Investment Committee Members present:** Mr. Tim Sullivan (Chair) and Mr. John Lummis.

**Investment Committee Members absent:** Treasurer Curt Meier.

**Investment Committee Members present remotely:** Mr. Paul O'Brien and Mr. Tom Chapman.

**Non-Committee Board Members present:** Mr. Mike Ceballos, Dr. Lesley Travers, Mr. Bob Leibrich, Ms. Vicci Colgan, and Mr. Eric Nelson.

The Investment Committee commenced at 8:40 a.m. Mr. Masoudi began the Investment Activity Team Update. The team continues to work on onboarding the Albourne risk system. Due to the recent decline in Equity markets, the portfolio fell below the minimum policy target range within Marketable Equity. On May 3, WRS increased the target to Marketable Equity by 2% through the Overlay Program. Currently, the pension fund is beating the benchmark by 1.8% over a three year timeframe and beating the benchmark year to date by 0.9%.

The Investment team went over the tactical tilts. Mr. Mayer went over the gold asset allocation and Marketable Alternatives. Mr. Mayer stated that gold holdings have reacted helpfully as inflation has risen and that central banks are going to have fund reserves likely through gold. WRS has been able to increase its exposure in TIPS and securities through its investment in Bridgewater Pure Alpha. That position amounts to a roughly 4% portfolio allocation to TIPS. The team has continued to hold a significant allocation to the directional hedge fund category rather than an allocation to long only equity over the past few years and that has helped offset the volatility seen in the market so far this year. Mr. John Kreiter went over Equity tilts within the portfolio and stated there is some bias towards higher quality stocks. During the past quarter, companies with the highest amount of debt outperformed the companies with lower debt by about 8%. Mr. Bowman went over the Fixed Income tactical tilts. The fund is overweight to Public Credit which offsets the underweight to Private Credit. There were no changes in the Fixed Income tilts, but there were some changes to the underlying positions.

Mr. Erickson from Meketa, discussed the 1st Quarter performance report as of March 31, 2022. Mr. O'Brien asked for Meketa to dollar weight to alpha the performance of external managers in future reports for comparison. Mr. Lummis commented on Marketable Equity performance attribution lagging versus the benchmark for the one year and two year performances. Mr. Masoudi stated that the underperformance in Marketable Equity was due to being overweight to Non-U.S. like Emerging Markets. At the end of the 1st Quarter, WRS had \$10.5 billion in assets. Total Equity in the WRS portfolio reported negative absolute returns but out-performed on a relative basis. Three asset classes have performed very well over the past year but also utilize a lagged performance period for measurement: Private Equity, Private Debt, and Private Real Assets. Mr. Chapman took a moment to thank the investment team for the tremendous growth that has occurred since 2015. Mr. Swindell provided some historical background on the investment team's changes and makeup.

The next agenda item was the asset allocation discussion. Mr. Masoudi directed the Board to review the proposed Investment Policy Statement Appendix I redline in the Investment packet and went over the proposed changes. Mr. Masoudi requested comments and questions. Mr. Lummis requested commentary about the benchmark on the Private Debt side and stated that he prefers a lower risk, private debt profile. Mr. Bowman spoke on the tailoring of the benchmark. Mr. Paul O'Brien commented on the asset allocation proposal and stated that he will vote against the asset allocation proposal and would encourage other board members to also vote against the proposal. Mr. O'Brien's concerns are liquidity, staff resources, risk, comparison to peers, and the ability fund cash calls during extended market drawdowns. Mr. O'Brien felt that the Board should hold off on approving the asset allocations at this time. Mr. Masoudi stated that no decision is still an asset allocation decision. Mr. Masoudi commented that he feels that this recommendation is in line with other peer asset allocations. According to Mr. Masoudi, Fixed Income assets are very liquid, and there are 5 years of plan payments in accessible funds to pay the pension obligations. Mr. Masoudi stated that gold has been used as a risk offsetting asset and liquid asset

for many years as well. Mr. Bowman discussed the staff asset allocation recommendation process and commented that even though there are constraints, there are resources to do the work and he believes the staff is well prepared to deal with the new proposed targets. Mr. John Lummis stated that he will abstain from the vote on asset allocation because he agrees with Mr. O'Brien that the new asset allocation increases risk and because there is not a dedicated staff person to attend to risk in a strategic manner. Mr. Lummis acknowledged the work of the staff, but would like to see risk management rules and have staff to administer those rules. Mr. Lummis stated he would also like to see more responsiveness from the staff. Ms. Colgan asked for an explanation of the process for the risk allocation and asked if the process had changed. Mr. Sullivan stated that the process had not deviated from the past. Mr. Ceballos commented that he sees the liquidity in place and that he thinks perhaps not changing the asset allocation as often could be better. Mr. Ceballos stated he is comfortable with the proposed asset allocation and believes a huge part of the success of the fund is the stability of the staff. Mr. Nelson commented on the risk playbook request by Mr. Lummis; and stated his concern of overburdening staff. Mr. Chapman commented that Mr. O'Brien and Mr. Lummis had some good points, and wondered if some of the comments potentially fall under governance and how the portfolio is intended to be managed with respect to staff and board duties. Mr. Chapman stated that the Executive Director, consultants, and staff are comfortable with the asset allocation proposal. Mr. Chapman felt that the proposed allocation is a consensus between all of the different groups.

**MOTION:** Mr. Tom Chapman motioned to accept the strategic asset allocation in Appendix I with a proposed change of making the bands consistent with a range of plus or minus 5 within the asset allocation. Second by Mr. Mike Ceballos.

Mr. Masoudi asked for clarification on the proposal to only change the asset allocation for Marketable Fixed Income, Marketable Equity and Marketable Alternatives to a range to plus or minus 5. Mr. Chapman confirmed that was his proposed change. Mr. Sullivan stated that if assets became close to being above or below the asset allocation bands, that an Investment Committee meeting could be called to address the situation. Ms. Malone stated that consistent application within Marketable Assets is reasonable. Smaller asset categories should stay in their proposed ranges if they are below a range of plus or minus 5. Mr. Lummis agreed that the Investment Committee could meet to approve asset categories being outside of the bands if necessary.

Mr. Ceballos called for the question.

Asset Allocation vote:

John Lummis - abstain

Paul O'Brien - no

Mike Ceballos - yes

Lesley Travers - yes

Tim Sullivan - yes

Tom Chapman - yes

Treasurer Meier - absent

Bob Leibrich - yes

Eric Nelson - yes

Mr. Chapman thanked everyone for the discussion and the work on the asset allocation.

After a break, Mr. Swindell introduced Mr. George Eason, the Education Manager and Mr. Doug Brodbeck from the Attorney General's office. He also announced that Mr. Jeremy Smith had been selected by the Governor's Office to fulfill the designated public education Board position vacated by Ms. Kay Watson.

The next Investment agenda item was the approval of the Investment Benchmarks. Mr. Masoudi requested the approval of the benchmarks which are utilized by Meketa and are used for calculating relative performance. According to Mr. Masoudi, changes to the strategic benchmark included: Marketable Alternatives benchmark being split out among more directional allocations and broad absolute return allocations and Gold was added as a new asset class, with its own new associated benchmark (IAUM ETF). Mr. Sullivan asked for any questions.

**MOTION:** Mr. Bob Leibrich motioned to approve the Investment Benchmarks as presented by the Investment Team effective July 1, 2022. Seconded by Dr. Lesley Travers. Motioned carried.

The Investment Policy Statement recommended changes were presented by Mr. Masoudi. The Investment Committee had reviewed the IPS and provided comments, but had not formally approved the draft changes. Mr. Lummis stated that he advocated for minute taking to occur during the Investment Committee meetings. Mr. Sullivan agreed with that recommendation. Mr. Masoudi discussed the different levels of rebalancing that the recommended changes to the IPS provided.

**MOTION:** Mr. Mike Ceballos motioned to approve recommended changes by the Investment Staff to the Investment Policy Statement. Seconded by Mr. Nelson. Motion carried.

Mr. Sullivan moved to market discussions. Mr. Kreiter, Mr. Mayer and, Mr. Bowman provided their current market perspectives.

The Investment Committee adjourned at 11:50 a.m.

#### **DEFERRED COMPENSATION**

**Deferred Compensation Committee Members present:** Ms. Vicci Colgan (Chair), Mr. Eric Nelson, Dr. Lesley Travers, and Mr. Bob Leibrich (1 vacancy).

**Non-Committee Board Members present:** Mr. Tim Sullivan, Mr. Mike Ceballos, and Mr. John Lummis.

**Non-Committee Board Members present remotely:** Mr. Tom Chapman and Mr. Paul O'Brien.

**Non-Committee Board Members absent:** Treasurer Curt Meier.

The Deferred Compensation Committee commenced at 1:03 p.m. Ms. Colgan initiated the meeting and then passed it on to Mr. Beau Burggraff from RVK to present the funds' quarterly report. Global capital markets faced existing and emerging headwinds, including the Russian invasion of Ukraine, which was met with condemnation from much of the international community. Existing factors—such as persistent inflation, supply chain disruption, and other issues stemming from the ongoing pandemic—were exacerbated by soaring energy costs and commodity shortages caused by the war. According to Mr. Burggraff, markets have been turbulent; April was a bad month and May is currently down as well. The Credit Suisse situation has continued to be on watch by RVK. According to Mr. Burggraff, international funds did better in some assets than other funds and from a 5 year and 10 year perspective, the funds are still holding strong. Mr. O'Brien asked if the 457 Plan provides adequate inflation protections, and are participants aware that stable value funds could lose stable ground with the current inflation realities. Mr. Burggraff stated that the Real Assets fund is available to participants as an option. Mr. Chapman commented that the 457 Plan had decided to not give too many choices to participants and instead focus on target date funds.

Mr. Burggraff presented on the Qualified Default Investment Alternative (QDIA) in the WRS 457 Plan. RVK compared LifePath funds to other passive target date funds managers, recent changes to the BlackRock LifePath Target Date Funds and degrees of customization in the Target Date Fund space.

WRS is now eligible to move into a cheaper share class of the LifePath series, share class “O”, which will reduce the investment management fees from 8 basis points to 7 basis points. RVK will work with BlackRock, Empower, and staff to ensure the transition goes smoothly.

The next topic was the RVK Legislative update including SECURE 2.0 legislation. Other regulatory and legislative updates include cryptocurrency and ESG & Proxy Voting regulatory updates as well as Hughes et al. vs. Northwestern University. In March 2022, the House overwhelmingly passed the SECURE 2.0 bill in a 415-5 vote. The bill removes the “first day of the month” deferral requirement for governmental 457 (b) plans, requires plans that allow catch-up contributions to designate those contributions as ROTH, increases the limit on catch-up contributions, and increases the minimum distribution age from 72 to 73 in 2023, age 74 in 2030 and age 75 in 2033. The proposed rule change to ESG & Proxy voting reflects a more permissive approach by the Department of Labor towards consideration of ESG factors by fiduciaries and a framework by which products leveraging ESG may be used in ERISA plans. Regarding cryptocurrency, plan sponsors should be cautious of adding them to their investment lineup.

Mr. Burggraff presented the Real Assets White Label fund review. Real Asset investments are typically expected to provide long term returns in excess of inflation, a return stream that is not highly correlated to traditional assets, and a meaningful diversification during periods of rising inflations. It is prudent to periodically review the white label structure to ensure optimal mix of asset classes. It was last reviewed in June 2020. At this time, Mr. Burggraff would not recommend a change to White Label Real Assets options.

Ms. Mischan went over the 457 Operations Report. Assets were at \$995.2 million as of March 31, 2022, with assets decreasing by \$56.6 million during the first quarter. Contributions from participants were \$13 million during the first quarter. Empower is putting out a “stay with the plan” marketing piece to encourage participants to not be alarmed by market volatility. For 457 staff, total phone calls and/or emails numbered at 3,047, with walk-ins numbering at 50 for the quarter. The 457 Plan age demographics mirror national trends. The 457 team has met some resistance in the switch from paper to online reporting at the employer level. Ms. Mischan noted an increase in staff work mostly due to guided distributions. The team would like to keep this function because it saves distributions vs allowing Empower to complete this task; especially since members do not have to take out funds. Ms. Mischan highlighted the growth in auto-enrollment since the inception of the 457 Plan and how it has grown exponentially.

The Deferred Compensation Committee adjourned at 2:02 p.m.

## **GOVERNANCE**

**Governance Committee Members present:** Mr. Mike Ceballos (Chair), Ms. Vicci Colgan, and Mr. Eric Nelson (1 vacancy).

**Governance Committee Members present remotely:** Mr. Tom Chapman.

**Non-Committee Board Members present:** Mr. Tim Sullivan, Dr. Lesley Travers, Mr. Bob Leibrich, and Mr. John Lummis.

**Non-Committee Board Members present remotely:** Mr. Paul O’Brien.

**Non-Committee Board Members absent:** Treasurer Curt Meier.

Governance was called to order at 2:04 p.m. by Governance Committee Chair Mr. Ceballos. The first agenda item was Board Brainstorming strategic priorities. The strategic priorities are categorized by expense reductions, revenue enhancements, service improvements, and reducing WRS risk occurrences. Mr. Ceballos asked for any process recommendations for getting through the list. Mr. O’Brien commented on the different needs between the 457 Plan and the benefit operation administration. He believes it is worth asking the Legislature where they would like to see WRS’ performance in relation to peers and use that benchmarking information to categorize the priorities. Mr. Swindell was asked by Mr. O’Brien if there were already benchmarking reports available from NASRA. Mr. Swindell responded that

yes, NASRA has those available, in addition to the Funston reports provided directly to WRS. According to Funston, WRS staffing levels are low in all departments, especially in investments and accounting. Mr. Ceballos stated that providing the comparable would show that WRS staffing is not excessive. Mr. Nelson asked if the Board needed to specify the needs or the justification to the Legislature. Mr. Leibrich stated that he believes in building the needs argument and then the resource argument. Rep. Henderson recommended the Board layout their needs as a business plan, and ask what statutorily is blocking the Board from doing what they need to do. Mr. Nelson sees the value in laying out the business plan and having the Board be part of that overall ask. Mr. Swindell stated that WRS is tied to policies that are primarily for general fund monies not WRS funds that are separate. According to Mr. Swindell, WRS should be able to hire at 80% of market and move them to 100% of market within 5 years, but is currently constrained by state policies. Mr. Swindell stated that the Hay Study has never been properly funded by the Legislature to assist State agencies retain employees.

Mr. Ceballos asked Mr. Swindell to go over the immediate and future needs of the agency. Mr. Swindell stated that the Governor's office will need to approve the agency requests in order to have any movement with the Legislature. Mr. Swindell commented that he would like to create a recording of Board Members voicing their support for the requests from WRS to share with the Governor. Ms. Colgan stated that the Board is looking to make these requests during the 2023 Legislative Session. Mr. Lummis asked for office building alternatives and what a ballpark cost amount would be. It was determined by the Board that the building request will be pushed to the next legislative cycle and not be requested during the supplemental budget. Instead, the focus during the Supplemental Budget will be on the two necessary staff positions, the Principal Accountant and Investment Analyst. Dr. Travers recommended focusing on just the two positions and stated that the window to make the request about the building had temporarily passed. Dr. Travers also recommended considering the square footage needs in relation to teleworking and the future of the workforce. Mr. Ceballos asked for Committee Chairs to state what their individual committees needed. Ms. Colgan stated that auto enrollment needs to be a priority for the 457 Committee, however, that is contingent on gaining more staff. Mr. Sullivan commented that he feels that there needs to potentially be 3 more staff members. Mr. Lummis commented on having an investment Risk System and Administrative Specialist for Investments. Mr. Bleakley stated that there is a need for two risk specialists - one focused on investments and one on general risk. This need came to light after an audit was done on WRS by the Department of Audit. Mr. Ceballos asked who represents the needs of WRS Operations. Mr. Bleakley stated that there is an existing position request for an Assistant Operations Manager. Mr. Swindell recommended that Mr. Nelson work with Mr. Brandes and the Operations Manager, Ms. Kushnir, to find out the final list of Operations needs. Mr. Leibrich recommended that WRS committees provide their list of needs by June 30, 2022. Mr. Eason recommended considering adding another Educator if there would be increases in other departments. Mr. Sullivan also recommended reviewing if there is a need for an additional attorney on staff. Ms. Colgan stated that the Committees are looking for budget flexibility and that each committee needs to create a wish list to arrive at a final number for the final monetary ask. Mr. Swindell commented that one of the biggest obstacles is budget flexibility, the budget is there, however the issue is the ability to utilize those funds for agency needs without legislative approval. Mr. Swindell will be working with the staff to reformat the list with a list of goals with details based on the guidance provided by the Board.

The last item on the agenda was a brief overview of the annual WRS Staff Engagement Survey. Mr. Bleakley went over the survey results and provided some highlights. The September 2022 Meeting will feature the results of the WRS customer survey.

The Governance Committee adjourned at 4:59 p.m.

Mr. Tom Chapman requested the Board approve the March 23-24, Board Meeting Minutes as presented.

**MOTION:** Mr. Bob Leibrich motion to approve the March 23-24, 2022 Board Meeting Minutes. Seconded by Mr. John Lummis. Motion carried.

The WRS Board adjourned for the day at 5:04 p.m.

#### **Thursday May 19, 2022**

The Board Meeting commenced at 8:32 a.m. WRS Vice Chair, Mr. Nelson started the Board Meeting and handed it off to the Audit & Risk Committee.

#### **AUDIT & RISK COMMITTEE**

**Audit & Risk Committee Members present:** Ms. Vicci Colgan and Mr. John Lummis (2 vacancies).

**Audit & Risk Committee Members present remotely:** Mr. Paul O'Brien (Chair).

**Non-Committee Board Members present:** Mr. Tim Sullivan, Mr. Eric Nelson, Dr. Lesley Travers, Mr. Bob Leibrich, and Mr. Mike Ceballos.

**Non-Committee Board Members present:** Mr. Tom Chapman.

**Non-Committee Board Members absent:** Treasurer Curt Meier.

Mr. O'Brien, the Audit & Risk Committee Chair began the committee meeting and passed it on to Ms. Meeker to introduce Mr. Lealan Miller from Eide Bailly. Mr. Miller commented on his appreciation to the WRS team for their efforts in helping the audit process go smoothly. The Eide Bailly team met with the Audit & Risk Committee on May 23, 2022 to answer questions about the process and procedures of the external audit. Eide Bailly anticipates having a final report issued by June 2022. Mr. Miller stated that there have not been any items that have come to the auditor's attention within the numbers presented by the Accounting Department. The Audit Committee has received the preliminary report of no findings or items noted by Eide Bailly thus far. Mr. Swindell stated that a day prior, the Board had discussed potentially adding another Accountant to mitigate key person risk and asked if Eide Bailly would offer a document in support of that. It was determined that WRS would use the report from last year to indicated that need. Mr. O'Brien asked if Eide Bailly could provide a comparative report of our staffing levels versus other similar funds. Mr. Miller stated that Eide Bailly could provide that and that WRS' staffing levels are considered light. Mr. O'Brien also asked Mr. Miller to provide some risk best practices and potential pitfalls. Mr. Ceballos asked if Risk should stay under Audit for independence. Mr. Miller stated that generally Risk falls under Audit, but it depends on the makeup of the committee, and the Investment Committee could have their own risk elements.

Ms. Meeker highlighter the Audit & Risk Committee goal list and upcoming meeting dates. Ms. Meeker stated that risk gets really complicated to talk about because it means something different to everybody. Mr. O'Brien initiated the risk roundtable discussion for the Board. Mr. O'Brien highlighted the questions for the Board to ask: what can go wrong, what does go wrong, or what has gone wrong. Mr. Ceballos stated that all committees should continue to review for risk. Mr. O'Brien stated that a broader risk discussion will occur during the November Board meeting and that each Committee should be reviewing and analyzing risk in the meantime. Mr. O'Brien stated that things that go wrong, are generally things that are not thought of in advance. Mr. Sullivan said his concerns lie in cyber risk and asked what WRS' options are if the whole system goes down. Mr. Swindell noted the ability of WRS staff to work exclusively from home during a large snow storm in the spring in 2021. Dr. Travers provided some insight in regards to a cybersecurity breach experienced by Eastern Wyoming Community College about a year ago. Mr. Nelson discussed the near cyber breach that Natrona County experienced. Mr. Nelson asked what legal resources WRS would have at their disposal in the event of a breach. Mr. Brandes and Mr. Brodbeck will review what legal resources are available to the agency and get back to the Board. Ms. Colgan asked if the state has cybersecurity insurance. Mr. Lummis stated that cybersecurity is an incredibly large risk for WRS because of the amount of information that WRS houses and commented that a guiding document would be good to have on hand in the event of a breach. Mr. O'Brien also stated the importance of making the distinction between what WRS can control and not control. Mr. Lummis

asked where HR sits within the Board. According to Mr. Swindell, the answer is Governance. Mr. Chapman commented that as Board Chair, he and Mr. Swindell regularly discuss HR issues at a high level. Mr. O'Brien encouraged all Committees to continue having these risk area discussions for the larger discussion in November.

Ms. Meeker discussed some of the results from the WRS Operations Risk Assessment. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Internal Audit Department (IAD) conducted interviews with many WRS staff members. Questions were sent to staff in advance so they could come prepared to the meetings with the IAD. The IAD will be following up with final results at a later Board meeting. Dr. Travers noted that she enjoyed the Audit Dashboard. Mr. Chapman stated that a ranking of risk would be helpful for the November risk discussion. Mr. O'Brien requested the Board follow up with the IAD with any questions.

The Audit & Risk Committee adjourned at 10:02 a.m.

## **LEGISLATIVE & BENEFITS**

**Legislative & Benefits Committee Members present:** Mr. Eric Nelson (Chair), Mr. Tim Sullivan, Dr. Lesley Travers, and Mr. Bob Leibrich (1 vacancy).

**Non-Committee Board Members present:** Mr. John Lummis, Ms. Vicci Colgan, and Mr. Mike Ceballos.

**Non-Committee Board Members present remotely:** Mr. Tom Chapman and Mr. Paul O'Brien,

**Non-Committee Board Members absent:** Treasurer Curt Meier.

The Legislative & Benefits Committee commenced at 10:22 a.m. Committee Chair, Eric Nelson, turned the meeting over to Mr. Swindell to discuss the required Board vote on the Fire A Census and Assessment. SF0039 (Fire A Solution) provides for a \$75 million cash infusion to the Fire A Reserve Account. According to the legislation, \$20 million of this is to be repaid by the nine legacy employers to the State Treasurer with a term of 20 years, 0% interest. The Wyoming State Treasury will administer the loan but the Retirement Board is required to make the assessment, as the loan is based on the proportion of pensioners as of April 1, 2022. There were 255 pensioners as of the last Board Meeting March 23-24, 2022. According to Mr. Swindell, there were no changes between March and April 1, 2022 and the pensioner count remained at 255.

**MOTION:** Mr. Tim Sullivan moved to certify the assessment at 255 pensioners in Fire A as of April 1, 2022. Seconded by Mr. Bob Leibrich. Motion carried.

Mr. Nelson passed the meeting on to Mr. Paul Wood & Mr. Thomas Lyle from GRS to present the WRS Actuarial Valuations as of January 1, 2022. According to GRS, there were large market value asset gains during the 2021 fiscal year. New assumptions were implemented, including the 6.8% discount rate assumption. It was also noted that Fire A is now back on track due to the legislative solution approved by the Wyoming Legislature and Governor Gordon. The 2021 market value return on assets is 17.16% as determined by investment consultants Meketa, compared to the 7.0% assumption rate. According to Mr. Wood asset returns are smoothed over a five year period so that decisions can be made without the noise of underlying trends. The Public Employee Plan experienced some losses due to contributions being less and increasing rates of retirement. These losses were partially offset by gains due to pay increases being less than expected and mortality experience.

Mr. Wood moved on to the WRS Risk Report. GRS developed a risk report to stress tests with various inputs and started with the Public Employee and Law Enforcement Plans. The funded ratio of a plan is a key element in reviewing risk. The biggest stressors to a plan would be high individual salary growth, minus 1% investment return, and longer than life expectancy. Discussion ensued between the WRS Board



about the results of the risk report. It was noted that all of the projections do not enable a COLA increase. If a COLA is unfunded it becomes expensive for the Pension System. According to Mr. Wood, the risk report is intended to show extreme scenarios, by reviewing these scenarios, the Board can gain an understanding of the range of potential outcomes. Investment risk is the largest risk facing WRS and smaller plans may be more susceptible to some demographic risks due to their size.

Mr. Swindell presented on the Warden Patrol Death Benefit analysis. WRS was contacted by Colonel Kebin Haller of the Wyoming Highway Patrol asking us to analyze certain changes to death benefits in the Warden Patrol Plan. The Law Enforcement Plan and Warden Patrol Plan have different pension benefits and there is no expectation that the plans should be identical. There is an argument for duty-related death benefits to be similar, since multiple state and local agencies may respond to any given incident. There is also potential for the Warden Patrol Death Benefit to be modified to mirror the Law Enforcement Plan as well as update the rehired retiree rules for the Warden Patrol Plan to assist with hiring issues around the state. According to Mr. Swindell, WRS has also been contacted by the State Parks Department to do an actuarial analysis of the Park Rangers position which is currently housed in the Public Employee Plan.

Mr. Nelson moved on to the last agenda item which was the legislative timelines. The deadline for the supplemental budget was discussed the previous day. Mr. Brandes and Mr. Nelson will be scheduling a meeting with Operations Manager, Cindy Kushnir to discuss how to incorporate Operations into the Legislative & Benefits Committee.

The Legislative & Benefits Committee adjourned at 12:09 p.m.

The Board Meeting reconvened after lunch at 1:05 p.m.

#### **EXECUTIVE DIRECTOR'S QUARTERLY REPORT**

Mr. Swindell gave a summary of the 8-page report included in the Board packet. The report provides highlights of his activities, including organizational changes that have occurred, along with statistics regarding all of the work accomplished by staff over the past two months.

#### **CONFERENCE UPDATE**

Mr. Swindell and Mr. O'Brien both attended the Mountain States Conference in Denver, Colorado in March 2022. Mr. Chapman discussed the conferences he recently attended including Milken and the Pensions & Investments Conferences.

#### **PUBLIC COMMENT**

Mr. Chapman called for public comment at 1:26 p.m. Mr. Ron Sniffin, the Executive Director for the Wyoming Education Association (WEA), spoke to the Board as a representative of the Wyoming Coalition for a Healthy Retirement on the continued need for a COLA. Mr. Sniffin asked if the Board would like assistance from the Coalition to help include a COLA within their strategic planning. The WEA performed a survey of K-12 Teachers and about 60% are considering leaving the profession earlier than anticipated. Mr. Chapman thanked Mr. Sniffin for his comments. Mr. Bob Symons, a Fire A Plan retiree spoke to the Board remotely and thanked them for the Fire A solution. Mr. Symons also spoke on a concern he has regarding when a retiree passes away and the benefit that it goes to a surviving spouse. A court in Sheridan has determined that an ex-wife can be a surviving spouse and he is concerned that the ex-wife is getting a pension that is outside the bounds of the statute. He would like the Board to look into this concern. Mr. Chapman thanked Mr. Symons for his comments.

**MOTION:** Mr. Eric Nelson motion to move into Executive Session for the purpose of receiving legal advice and discussing personnel issues. Seconded by Ms. Vicci Colgan. All in favor.

The Board moved into Executive Session at 1:50 p.m.

The WRS Board adjourned out of Executive Session at 3:10 p.m. into public session.

**MOTION:** Mr. Tim Sullivan motioned to adjourn the WRS Board Meeting. Seconded by Mr. Mike Ceballos. Motion carried.

Board meeting adjourned Thursday May 19, 2022 at 3:13 p.m.