



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

Mark Gordon
Governor

David Swindell
Executive Director

MINUTES OF THE MAY 17th & 18th 2023 BOARD MEETING

The Wyoming Retirement System (WRS) Board met on May 17 & 18, 2023 at the Hilton Garden Inn, 229 Grand Avenue, Laramie, WY 82070.

Board Members present: Mr. Tom Chapman (Chair), Mr. Eric Nelson, Mr. Tim Sullivan, Mr. Paul O'Brien, Mr. Robert Leibrich, Dr. Lesley Travers, Ms. Vicci Colgan, Mr. Jim Ruby and Mr. Jeremy Smith.

Board Members present remotely: Mr. John Lummis.

Board Members absent: Treasurer Curt Meier.

Wyoming Retirement System Staff present: Mr. David Swindell, Mr. Sam Masoudi, Mr. Ben Brandes, Mr. John Kreiter, Mr. Andrew Mayer, Ms. Rachel Meeker, Mr. Adam Waddell, Ms. Laura Haskell, Ms. Rachel Kelley, Ms. Kristin Kasper, Mr. Dan Paradis, Mr. Casey Rogstad, Mr. Ben Wisdorf, Mr. George Eason and Mr. Dale Meyer.

Wyoming Retirement System Staff present remotely: Mr. Ben Bowman, Ms. Cindy Kushnir, Ms. Annette Camp, Ms. Courtney Lewis, Ms. Shuyeh Wang Liu, Ms. Judie Petersen and Ms. Cynthia Fernandez.

Others in Attendance: Mr. Matt Sackett from the Wyoming Treasurer's Office representing Treasurer Meier, Ms. Mika Malone and Mr. Nick Erickson from Meketa Investment Group (Meketa), Mr. Karl Anderson from the Wyoming Attorney General's Office, Mr. Eric Painting from RVK, Inc., Mr. Paul Wood, Mr. Thomas Lyle and Ms. Karla Fehrman from Gabriel, Roeder, Smith & Company (GRS), Mr. Byron Oedekoven of the Wyoming Association of Sheriffs and Chiefs of Police, Mr. Kevin Reddy of the Federated Firefighters of Wyoming, Mr. Cliff Aims and Mr. Sean Michaels from the public

Others in Attendance remotely: Mr. Lealan Miller & Ms. Abbie Belthoff from Eide Bailly LLP, Mr. Kevin Dunlop from Calibrate Ventures, and Ms. Polly Scott from the Wyoming Legislative Services Office.

Legislative Liaisons present: Representative Bill Henderson, Senator Dan Furphy and Representative Jared Olsen.

Legislative Liaisons present remotely: Senator Mike Gierau.

The WRS Board held a Board Orientation from 10:00 a.m. to 11:30 a.m. at the Hilton Garden Inn in Laramie, Wyoming. All Board members were invited to attend.

WRS Board Chair, Mr. Chapman, convened the meeting at 12:31 p.m. on May 17, 2023. Mr. Chapman welcomed everyone to the meeting and went over the planned meeting agenda. Mr. Chapman

acknowledged Ms. Rachel Meeker and Ms. Rachel Kelley for their recent work on the WRS office move to the Hansen Building.

MOTION: Mr. Jim Ruby motion to approve the February 2023 Board Meeting Minutes. Mr. Tim Sullivan second. Motion passed.

LEGISLATIVE & BENEFITS COMMITTEE

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

Non-Committee Board Members present: Mr. Tom Chapman, Mr. Paul O'Brien, Mr. Jeremy Smith, Ms. Colgan, Mr. Jim Ruby and Mr. Matt Sackett (representing Treasurer Meier).

Non-Committee Board Members present remotely: Mr. John Lummis.

Non-Committee Board Members absent: Treasurer Meier.

Legislative & Benefits Committee Chair Mr. Nelson, initiated the committee meeting at 12:36 p.m. and passed the meeting on to Mr. Paul Wood from GRS to present the 2022 Actuarial Valuations Report. Mr. Wood went over the planned agenda for the GRS team and introduced Ms. Karlie Fehrman, the newest member of the team. According to Ms. Fehrman, in 2022, nearly all WRS Pension Plans with the exception of the Judges Plan experienced losses due to higher than expected salary increases. There were slightly more retiree deaths during 2022 than the expected results in mortality. GRS smooths asset returns on a 5 year period so that decisions can be made on the underlying trend and the noise is filtered out. The Public Employee Plan experienced losses, which were offset by gains due to mortality experience. Mr. Lyle discussed the funded ratio comparisons, stating that there was not a lot of change in funded ratios based on the Actuarial Value of Assets (AVA). The actuarial value returns were greater than the assumed rate of return of 6.80%, with the exception of the Fire A Plan. Mr. Wood commented that the Judges Plan could have larger unfunded liabilities as the population of judges age. Currently, the Law Enforcement Plan is having trouble keeping and hiring employees and that impacts the funded ratio of the Plan because vacancies impact incoming funding via salary contributions. Mr. Lummis requested conversion of the percentage to dollar of the impact of contribution in excess of normal cost.

Mr. Wood went over the projected funded status. The Law Enforcement, Warden, and Judges Plans all have downward trends in funded ratio, but none of the plans have a serious downturn in funded status as projected. Currently, the Law Enforcement Plan is projected to be funded at 67% in 2050 after smoothing, reviewing the projections from the AVA annually provides year to year stability and filters out a fair amount of the year to year volatility. Mr. Wood went over the projection stress testing that was previously presented to the Board in November 2022. WRS Plans are funded through a series of fixed rate contributions that do not automatically adjust as a result of experience gains and losses. The investment risk is the biggest risk facing all of the plans within WRS. Mr. Wood went over the potential impact of 0% returns on the Plan. According to Mr. Wood, considering the likelihood of events that could impact the investment returns puts investment risk in context. Mr. Lummis recommended including the impacts of inflation on the liabilities and how that impacts stress testing on the plans. Mr. O'Brien commented that 3.0% return has a 1 in 4 chance over the next 10 years, so the Plan should be prepared for lower returns. Mr. Wood stated that the Law Enforcement Plan needs a potential contribution increase. Mr. Swindell introduced Mr. Byron Oedekoven the Executive Director of the Wyoming Association of Sheriffs and Chiefs of Police who provided comments regarding the Law Enforcement Plan and his history with the Plan. Mr. Oedekoven stated the need to continue educating the Wyoming State Legislature on the Wyoming Retirement Systems operations and needs. Mr. Wood continued with the Warden and Patrol Plan projections, which indicates that the funded ratio will slowly decrease from 81% and level off around 77% over the next 30 years. The change in funded ratio trajectory is greatly impacted by the current vacancies the State is experiencing in this field. Within the Judges Plan, current contribution rates are lower than the normal cost of the plan: 23.72% contribution vs 24.92% normal cost. Mr. Wood

commented on the positive funded status of the Fire A Plan with the recent cash influx. Mr. Nelson thanked the team from GRS for their comments.

Mr. Nelson moved on to the next agenda item, developing a communication strategy for the WRS Board with the State Legislature and handed the meeting over to Mr. Brandes. The Legislative and Benefits Committee met on May 4, 2023 to develop language for the Board's consideration regarding several areas of public pension plan administration and design. The Committee's goal is to determine the types of messaging that the Board can agree upon to be used for communication to the Legislature. The Committee wants to be able to convey what defines a healthy plan. Mr. Smith stated that he thinks the memo captures the intent of the Legislative & Benefits Committee's discussion and stated that he believed there are three components to break down - where we believe we are, where we are headed, and what are the things we need help from the State Legislature with. Mr. Nelson commented on how implementing a COLA can be impacted by the view of the healthy funded status. Ms. Colgan stated she supported creating criteria to help define a healthy fund. Mr. Sullivan stated that the problem with 100% is that really there needs to be 106% in order to consider a COLA for members. Mr. Leibrich commented on how easily a fund can drop to 60% funded. Mr. Ruby stated that it would be helpful for Legislative Liaisons and the Wyoming Legislature as a whole to convey what they consider a healthy plan. Mr. O'Brien stated that to him, if benefits are granted then they are funded.

Mr. Nelson stated that the work going forward is to hone in on the one pager for the Board and have the Board speak in one voice. Mr. Chapman commented that it would benefit the Board to determine their messaging first before asking the Legislature to define a healthy plan. Mr. Chapman would like the Board to collectively speak as one voice together rather than the voice being the Board Chair. Ms. Colgan recommended that it should be in the context of Governance. Mr. Nelson commented on putting together a poll with statements of position to gauge where each individual board member feels regarding their position. Mr. Brandes stated that the planned July 10th Joint Appropriations Committee meeting could be a good opportunity to provide education to the Legislature and set the stage for broader points from the WRS Board. Mr. Swindell stated that the salary increases don't provide cash for a long enough time period for the investment team to invest those funds before they become a liability obligation. In some cases employees won't wait to retire after receiving an increase in salary. Mr. Ruby asked if a regular COLA for active employees would help smooth out the funding needs for the WRS Plans and mitigate the need to ask for an injection of cash.

Mr. Brandes noted the WRS Disability educational material in the packet and highlighted the key elements of the program. Mr. Sullivan asked about how many disabilities are approved annually. Ms. Kelley responded that it had been a few years since she had processed disabilities, but recalled approximately 40 per year. Mr. Smith commented on the need to keep in mind the legislative timeline for future position requests.

The Legislative & Benefits Committee adjourned at 3:00 p.m.

GOVERNANCE

Governance Committee Members present: Dr. Lesley Travers (Chair), Ms. Vicci Colgan, Mr. Tom Chapman and Mr. Eric Nelson (1 vacancy).

Non-Committee Board Members present: Mr. Tim Sullivan, Mr. Jeremy Smith, Mr. Bob Leibrich, Mr. Jim Ruby, Mr. Paul O'Brien and Mr. Matt Sackett (representing Treasurer Meier).

Non-Committee Board Members present remotely: Mr. John Lummis.

Non-Committee Board Members absent: Treasurer Meier.

The Governance Committee commenced at 3:15 p.m. Dr. Travers asked Ms. Kelley to comment on the Board Self Evaluation. Ms. Kelley thanked the Board for their participation in the Board Self-Evaluation.

Mr. Chapman commented on how it was nice to get feedback and requested the addition of a comment box with each questions. Mr. O'Brien stated that he would recommend pulling out the questions that had ratings of "Many" "Sometimes" or lower (4-5) to review. Mr. Leibrich requested to have the mission front and center regularly for the Board. Mr. Chapman highlighted the Board Meeting one pager that always features some of the key elements of the meeting. Mr. Ruby commented on the inability to review the Board packet in less than a week and asked for more time. Mr. Chapman commented on the need to have a summary for each committee for Board Members to review. Mr. Leibrich highlighted some of the pieces of the packet that he focuses on prior to the Board Meeting. Mr. Nelson asked what was the next step for the Board Self-Evaluation results and how are they utilized. Dr. Travers commented that she feels that the Board has now established a starting point for Board Self-Evaluations with the ability to expand questions next year.

The next agenda item was a Board strategic planning discussion. Ms. Kelley stated that during the February Board meeting the question was posed to the Committees about whether or not they wanted to have strategic planning and if they had goals they were ready to put forward. Ms. Colgan stated that the Deferred Compensation Committee had 7 goals that they had come up with. Dr. Travers stated that she would like to bring in someone who could facilitate strategic planning and work succession planning into it. Mr. Chapman requested a facilitator who understands pension systems. Mr. Chapman thought that the former Executive Director Ruth Ryerson, could potentially be a strategic planning facilitator. Ms. Colgan asked if Dr. Travers had anyone in mind to help facilitate strategic planning. Dr. Travers stated that she does have several people in mind. Mr. Nelson commented that the strategic planning he recently participated in had a facilitator that reached out to individual Board Members in advance and that created a purposeful strategic planning session. Dr. Travers asked for Board Members to send suggested strategic planning successes and potential strategic planning facilitators to her for consideration. Mr. Lummis suggested that staff who are involved in the actual process be a part of the strategic planning process. Mr. Chapman commented that both the staff and Board have to work together to have items that are executable. Mr. Lummis highlighted the importance of thinking of the strategic tasks for the next few years. Mr. O'Brien commented that the Board should set strategy and the staff should implement the strategy. Dr. Travers wants to have a facilitator who meets with staff and Board Members in advance of the September meeting. Dr. Travers stated that the Governance Committee would find a facilitator with prior pension experience and knowledge who would do legwork in advance. Mr. Swindell & Ms. Kelley will work with Dr. Travers to find a facilitator with pension experience. Ms. Colgan commented on finding a facilitator with Board of Trustee experience. Dr. Travers stated that it would be beneficial to have couple of goals for each Committee as a starting point.

A Funston Report Update was the next agenda item. Ms. Meeker provided insight on the sample status report document that she provided in the Board packet. Ms. Meeker is going to bring forward anything that is deemed critical or necessary; the status update, and what the Board can expect from staff. Ms. Meeker commented that she believes this project will assist with Succession Planning. Ms. Meeker asked for any questions from the Board. Ms. Colgan asked how long the document will be. Ms. Meeker stated that she will only pull out the components that require Board involvement.

Ms. Kelley commented on succession planning and the possibility of having a senior staff strategic planning session, especially with the new senior management staff that will be hired that summer. Dr. Travers commented on the need to look at the critical roles within the agency and defining those roles. Mr. Swindell commented on some of the existing talent within the State of Wyoming workforce. Mr. Swindell stated the importance of having a good leadership environment and a good reputation helps recruit. Mr. O'Brien commented on the need of duties to be taken on when someone leaves and finding an eventual replacement. Mr. Masoudi noted a recent report that showed the turnover within the State of Wyoming and how WRS was on the lower end compared to some agencies.

The next item for discussion was a continuation of the previous budget position discussion that had been initiated during the Legislative & Benefits Committee. Mr. Swindell provided history on the position request and future requests for the agency. Ms. Colgan commented that WRS needs to ask for more staff overall. Mr. Nelson stated that the Board needs to be informed on what a healthy staffing level would look like for a plan of WRS' size. Dr. Travers stated the importance of asking for what the agency needs. Mr. Smith stated that the position requests do not address the existing legislative proposals related to Environmental, Social & Corporate Governance (ESG) and proxy voting. Mr. Chapman commented on the potential need to compare WRS staffing to other similar size plans. Mr. Swindell stated that effectiveness isn't always headcount, it can be the ability to harness new technology and processes easily.

The Governance Committee adjourned at 4: 45 p.m.

At 4:49 p.m. the WRS Board moved into Executive Session.

MOTION: Mr. Eric Nelson motioned to move into Executive Session for the purpose of receiving legal advice and discussing personnel. Seconded by Mr. Tim Sullivan. Motion carried.

The WRS Board adjourned for the day at 5:31 p.m.

Thursday May 18, 2023

Mr. Chapman called the Board Meeting to order at 8:03 a.m. Mr. Chapman thanked Ms. Kelley and Ms. Haskell for putting together the previous evening's Board Dinner at the Historic Ivinson Mansion.

DEFERRED COMPENSATION

Deferred Compensation Committee Members present: Ms. Vicci Colgan (Chair), Mr. Bob Leibrich, Dr. Lesley Travers, Mr. Jim Ruby and Mr. Jeremy Smith.

Non-Committee Board Members present: Mr. Paul O'Brien, Mr. Tim Sullivan, Mr. Matt Sackett (representing Treasurer Meier), Mr. Tom Chapman and Mr. Eric Nelson.

Non-Committee Board Members present remotely: Mr. John Lummis.

Non-Committee Board Members absent: Treasurer Meier.

The Deferred Compensation Committee commenced at 8:04 a.m. Committee Chair Vicci Colgan stated that the Committee will continue working on their goals and provide them to the Governance Committee this summer for strategic planning purposes. Ms. Colgan handed the meeting over to Mr. Eric Painting for the RVK Quarterly Performance presentation. As of the end of March 2023, fund assets were at \$932 million and were overwhelmingly located within the target retirement funds. Mr. Painting went over RVK Watch list which still includes Credit Suisse. At this point RVK recommends replacing the Credit Suisse bank loans allocation. There continues to be headlines related to the Credit Suisse fund even though it was recently acquired by UBS. RVK will be working with staff to find a suitable replacement fund. There are several institutional competitors in the space that offer similar experience and resources absent the elevated risk Credit Suisse has experienced. Mr. Chapman commented on the fact that there has been some criticism from legislators regarding WRS' investment in BlackRock. RVK recently met with BlackRock and they confirmed that they are not going out of their way to vote in support of ESG with proxy votes. Mr. Swindell asked for RVK to provide materials regarding BlackRock to share with Legislators when they inquire about ESG. Ms. Colgan asked RVK to request that BlackRock provide more than proxy voting guidelines. Representative Henderson stated that it would be good to know the potential losses or impacts of potentially moving away from BlackRock. Mr. Masoudi stated that he believes that headlines related to ESG is a marketing gimmick; BlackRock is the leader in voting options that allow funds to remove ESG from their portfolio. According to Mr. Painting, target date funds continue to see strong, positive returns, despite more recent heightened market volatility. WRS participants

have \$492 million invested in LifePath funds as of March 2023, representing 47% of Plan assets. The BlackRock LifePath funds take greater risks earlier in an employee's career and then reduce risk overtime which RVK views as a favorable LifePath strategy. Mr. Painting stated that the RVK team meets with BlackRock continuously and can provide updates to WRS as requested. RVK recommends a regular and thorough review of the Plan's Target Date Fund provider, Plan Design, and fees as a part of plan sponsor best practices. Mr. O'Brien asked what metric RVK uses to compare LifePath strategies. According to Mr. Painting, RVK looks at the glide path over time. Additionally, there is a team who reviews funds spending needs and reviews the success of the withdrawal phase in retirement.

The next agenda item was the 457 Operations Report which was presented by Mr. Eason. Fund Assets increased by \$37.5 million from December 31, 2022 to March 31, 2023. According to Mr. Eason, total contributions were \$13.2 million from December 31, 2022 to March 31, 2023. The total number active accounts receiving contributions during the 1st Quarter 2023 were 15,360. The team has seen an increase in distribution due to inflation with members stating their need to pull money out of their accounts to help with the increased cost of goods. Mr. Eason stated that the pace of phone calls and emails have lowered with Empower now handling more distribution requests, death claims and Unforeseeable Financial Emergency requests, allowing staff to work on other projects to assist members. Mr. Eason gave the Board an update on the Secure Act 2.0 changes. Mr. Eason commented on the 457 Manager replacement process. Ms. Colgan asked about the impacts of the State Hiring Freeze on hiring the 457 Manager. Mr. Swindell stated that there are impacts with the freeze. The State is aware of WRS' needs and will review an exception request if needed, however, there could be salary implications with a start date before July 1, 2023 for a new hire. Mr. Swindell thanked Mr. Eason for his work as the 457 Manager and Education Manager simultaneously. Mr. Eason highlighted a clean-up project that the 457 Team is working on. The team is cleaning up mirrored accounts that have occurred from employees who don't stay employed for more than a month and then are terminated. Those employees are then re-hired with a different employer and need to have their mirrored accounts cleaned up. It has been a successful project thus far.

The Deferred Compensation Committee adjourned at 8:51 a.m.

Conference Updates

Mr. Chapman asked if there were any conference updates from the Board. Mr. O'Brien attended the Institutional Investors Conference and thought it was a good conference to attend. Mr. Chapman also attended that same conference and felt that it offered a networking opportunity with other state pensions. Mr. Chapman also attended the Milken Conference in Los Angeles and stated that it provided a broad spectrum of topics.

Executive Director's 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 three months. He highlighted the office move and the one year anniversary of an electronic processing project completed by WRS Employer Relations Supervisor, Cynthia Fernandez. Over the course of a year \$130 million dollars have come in via electronic processing instead of via check and this has yielded quicker access to funds and more interest gained for the system. Currently, 59% of contributions are now coming in electronically. Mr. Swindell stated that he would like to have an open house at the new building for the Board at the November 2023 Board meeting.

AUDIT & RISK COMMITTEE

Audit & Risk Committee Members present: Mr. Paul O'Brien (Chair), Ms. Vicci Colgan and Mr. Jim Ruby (1 vacancy).

Audit & Risk Committee Members present remotely: Mr. John Lummis.

Non-Committee Board Members present: Mr. Tim Sullivan, Mr. Eric Nelson, Mr. Bob Leibrich, Mr. Jeremy Smith, Mr. Matt Sackett (representing Treasurer Meier), Mr. Tom Chapman and Dr. Lesley Travers.

Non-Committee Board Members absent: Treasurer Meier.

The Audit & Risk Committee commenced at 9:17 a.m. The Committee Chair Mr. O'Brien, encouraged other committees to bring items of risk that they encounter to the Audit & Risk Committee for review. Ms. Meeker initiated the presentation of the 2022 Retired Member Distribution Audit Report Update and then passed the meeting over to Mr. Waddell. This audit is performed annually with Eide Bailly's assistance. It is intended to investigate whether or not the system and processes in place are working consistently and correctly. A random sampling is performed and those select retirement annuity calculators are audited. According to Mr. Waddell, this year 40 accounts were reviewed and found to be in compliance. Ms. Meeker commented on the internal controls that are in place when a member initiates a request and the number of checks that are utilized to verify information and processes. Ms. Meeker commented on the new office move and how that has mitigated risk. All WRS staff now have their own office with floor to ceiling walls and doors that provide privacy for members. According to Ms. Meeker, the office move also improves cybersecurity, provides employee team building opportunities, security & evacuation planning, and future space for the team to expand.

The next topic was an IT Steering Committee Update. According to Ms. Meeker, the preliminary work has been completed on an incident response plan. There will be a review by senior staff and the Audit & Risk Committee over the summer. Mr. O'Brien asked if there were any themes found in the 10% of audits that had findings. Ms. Meeker stated that when they have findings, they look to find the root cause and make sure it is not systematic. Mr. O'Brien stated that cyber and risk is a big priority for the Audit & Risk Committee. Ms. Meeker commented on the ongoing plan to continue to monitor and review WRS cybersecurity efforts and projects. Mr. Ruby asked Mr. Meyer if ETS has whitehat hackers available to test system security. Mr. Meyer stated that his task for the summer is to look into security testing.

The next agenda item was the WRS External Audit presentation by Eide Bailly. Mr. Lealan Miller and Ms. Abbie Belthoff were present via Zoom. Mr. Miller stated that the current presentation was a summary of the report that will be shared with the Board in June. According to Eide Bailly, there were no material weaknesses or significant deficiencies and no correct or incorrect journal entries encountered. Eide Bailly is planning on issuing a clean audit to WRS. No financial entry issues were found. Mr. Miller confirmed that this audit is conducted independently as an outside entity. Mr. Swindell asked Ms. Belthoff if her time at the office was productive and if she had access to all of the staff she needed. Ms. Belthoff confirmed that it was a successful visit. Mr. Swindell asked Mr. Miller about Eide Bailly's company's expansion and growth. Mr. O'Brien asked for Eide Bailly's opinion on WRS staffing levels and asked for some further guidance comparing WRS to other similar size plans. Eide Bailly concluded their comments.

The Audit & Risk Committee adjourned at 10:01 a.m.

INVESTMENT

Investment Committee Members present: Mr. Tim Sullivan (Chair), Mr. Bob Leibrich, Mr. Tom Chapman, Mr. Paul O'Brien and Mr. Matt Sackett (representing Treasurer Meier).

Investment Committee Board Members absent: Treasurer Meier.

Non-Committee Board Members present: Mr. Jeremy Smith, Ms. Vicci Colgan, Dr. Lesley Travers, Mr. Eric Nelson and Mr. Jim Ruby.

Non-Committee Members present remotely: Mr. John Lummis.

The Investment Committee commenced at 10:15 a.m. Mr. Masoudi initiated the Investment Overview discussion. The investment team measures their performance primarily by the 3-year and 5-year returns

relative to benchmark. Those periods are long enough to have a meaningful sample size, but not so long that they reflect the legacy decisions of the previous investment teams and not the current team. According to Mr. Masoudi, Equity markets rebounded during the quarter with WRS' Marketable Equities portfolio generating a 6.8% return. The current asset allocation is an underweight in Total Equity by 4.7% and in Total Fixed Income by 2.8%, with an overweight in Marketable Alternatives by 3.4% and in Private Real Assets by 3.4%. Real Assets had underperformance partially due to a BCOM investment but have performed well over the past year, largely due to strong energy prices. As a result, Real Assets exposure is currently close to the top end of the range. Mr. Masoudi went over the historic changes in the asset classes since 2019.

The next discussion was the tactical tilts discussion. Mr. Mayer stated that there were opportunities to invest in other assets outside of Gold. With the rally and higher move in bond yields, the team trimmed their position by \$150 million and is now approximately neutral with the benchmark. Realized gains from the trade were about \$8 million and unrealized gains are \$20 million. Mr. Bowman presented on the Fixed Income tilt. Fixed Income is currently underweight, primarily due to the TIPS position being housed in a strategy outside of the Fixed Income portfolio due to its cost effectiveness. According to Mr. Bowman, a duration extension overlay was implemented to increase the duration of Marketable Fixed Income to a position neutral with the benchmark. Mr. Kreiter discussed the underweight in Public Equities. Mr. Mayer discussed the uranium position of the portfolio. According to Mr. Mayer, demand continues to increase, while the supply response has been slow, setting up a market for higher uranium spot prices. Private Real Assets has been overweight with the performance of the Moran fund-of-one portfolios. Mr. O'Brien commented on the noticeable increase in investment activities. Mr. Swindell also remarked on the growth and increase of experience happening within the Investment Team and how that lends itself to increased activities. Mr. Lummis commented on the increased success with performance and reporting and believes it is constructive to view single position trade in their own category. Mr. Ruby asked for an explanation on how the Investment Team executes asset allocation action and how the team takes a position. Mr. Chapman provided insight on the team's process. Mr. Masoudi discussed how the portfolio overlay through Russell Investments provides the ability for the team to easily trade and make position shifts and monitors overall exposure.

Mr. Masoudi handed the meeting over to Mr. Nick Erickson and Ms. Mika Malone for the Meketa 1st Quarter Report. Despite volatility during the quarter, public markets, except commodities, finished the first quarter of 2023 in positive territory adding to the strong gains from the fourth quarter of last year. Mr. Masoudi commented on how the Investment Team works together and are not territorial about their assigned asset class. The team is focused on the overall goal. Private Equity has been the top performer in the portfolio over the last three years. Mr. Erickson went over the peer comparison of WRS. Mr. Lummis commented on the positive success of the fund. Mr. Masoudi stated that last year when the returns were negative, WRS was still performing above peer rankings during a bad year. Ms. Malone moved on to the Asset Allocation Overview presentation. On April 17th the Investment Committee met and unanimously agreed that the current asset allocation remains appropriate for WRS. Mr. Masoudi stated that the asset allocation is reviewed annually and revised every 3 years. Ms. Malone presented on Stress Testing, which shows expected returns for the portfolio under various market conditions.

Mr. Paradis introduced Mr. Kevin Dunlap from Calibrate Ventures, the lunchtime speaker at 12:17 p.m. Calibrate believes AI will change the world for the better and have significant positive impacts on humanity. They are seeing a decline in globalization which really started growing in the 1980s. Mr. Dunlap highlighted different AI applications like ChatGPT, BARD and LLaMA. These programs do have a bias that they inherit from the internet and don't have human intelligence. Models are trained on 100s of billions of instances. Mr. Lummis asked what type of financial tools AI could provide. Mr. Dunlap stated that these systems still need to be verified and monitored. Mr. Lummis asked about investment analysis potential in the future. Mr. Dunlap stated he hadn't heard anyone who had been willing to turn over investment decisions to AI. Mr. Chapman asked about regulating this type of AI process. Mr. Dunlap

stated that it will be nearly impossible to regulate. Mr. Mayer asked what industries might have positive improvements and gains. Mr. Dunlap stated that it could be seen in the generative field - labor jobs in agriculture as a possibility. Another field could be drug discovery for testing and development. Senator Furphy commented on how much energy it is going to take to operate these systems in the future.

The Investment Committee paused to take public comment at 1:09 p.m.

Public Comment

Mr. Cliff Ames, a retiree from the Laramie Police Department was present and made comments on the Law Enforcement Plan's need for additional funding. Mr. Ames commented on the negative impacts of the low hiring ability for law enforcement employers. Mr. Swindell stated that the Board and WRS are aware of the downward trend in funding levels and there have been a couple of proposals to increase the contribution levels in the past. One-time money from the state could be an option to improve the situation. The other member of the public present was Mr. Kevin Reddy, President of the Federated Firefighters of Wyoming. Mr. Reddy thanked the WRS Board for their support of the plan. He asked for continued consideration for a COLA for retirees. Mr. Chapman thanked Mr. Reddy and Mr. Ames for their comments.

Investment Committee Continued

The Investment Committee resumed. The next agenda item was Performance Compensation Benchmark discussion and approval. Mr. Sullivan stated that the Investment Committee had approved the Performance Compensation Performance Benchmark. Ms. Malone commented that this is not a recommendation to change the benchmark, just to re-work the benchmark language for additional clarity. Ms. Malone stated there needed to be a Board vote to approve the benchmark description language that the team will be measured against starting July 1, 2023. According to Ms. Malone, the change will align the language with how the benchmarks have been relayed and calculated historically.

MOTION: Ms. Vicci Colgan motioned to approve the Investment Policy Statement Appendix One as stated in the new version presented by Meketa. Seconded by Mr. Eric Nelson. Motion carried.

Mr. O'Brien asked if there would be any complications involving the IFC's approval of the benchmark as they related to the Office of the Treasury. Mr. Masoudi stated that he did not think so.

The next agenda item was an ESG (Environmental, Social & Corporate Governance) discussion. During the most recent legislative session, there was a proposed bill to prevent state and local governmental entities in Wyoming from conducting business with any companies that promote "ESG." Specifically, the proposed bill would have precluded any contract greater than \$1,000 with any company that operates in a way that furthers ESG goals. The bill died in committee because it was perceived as having such broad definitions that Wyoming government entities would have been restricted from having contracts with essentially any company. Mr. Masoudi has been opposed to focusing on investing in ESG because it conflicts with the goal of maximizing overall returns. The legislature decided to approve an interim study on ESG to try to craft more specific legislation that would achieve the desired goals without producing unintended consequences. The Joint Appropriations Committee and Capital Finance Committee will be conducting interim hearings over the next several months to discuss this issue. Mr. Brandes put together a memo highlighting the statutory language that could be impacted by some of the proposed ESG changes. The existing legal structure prevents WRS from making investments with managers or in funds that prioritize collateral benefits other than the best investment return. Mr. Brandes emphasized the importance of fiduciary responsibility and the Board's responsibility to serve the members of the system. Mr. O'Brien recommended a review of pending legislation in other states that have ESG implications. Mr. Nelson stated that it is clear in the statutory language presented that WRS is precluded from explicitly investing in ESG. Mr. Nelson asked if there was an action item for the Board related to ESG. The WRS Board agreed that there was no action item to take at this time and determined that they would continue

monitoring the situation. Mr. Ruby asked about the legal process if legislation was enacted with ESG limitations, and whether the Board would go to court to say it was unconstitutional or would it have to come from a constituent. Mr. Anderson from the Attorney General's Office, stated that it is hard to answer the hypothetical nature of the question. Mr. Sullivan asked the present legislative liaisons where this type of legislation might be headed. Senator Furphy stated he is concerned about the potential obligation of the State Treasurer's Office to review managers for ESG obligations. Senator Gierau commented that he felt the bill was one of the most dangerous ones of the session. Mr. O'Brien commented that it could be useful for the Board to word smith some language regarding the Board's position on proxy voting. Mr. Chapman stated that the Office of the Treasury has taken the lead on some language that addresses ESG and proxy voting to be incorporated into their Investment Policy Statement. Mr. Chapman commented on the need for the Investment Committee to be aware of the Treasurer's language and developments.

Mr. Chapman asked for a timeline on submission dates for staffing requests for the Investment Team. Mr. Masoudi stated he would be putting together a staffing headcount list for the investment team.

The final agenda item for investments was the market discussion. Mr. Masoudi stated that there are several world events that have implications that cannot be calculated yet. Mr. Masoudi believes something will be done about the debt ceiling because of the adverse effects of inaction. Meketa commented that if inflation stays elevated it will have implications in the capital markets. Mr. Erickson from Meketa stated the best thing to do is stick to long term targets. Ms. Malone stated that the data continues implying there could be one more rate hike. Mr. O'Brien commented that inflation could have impacts on the 2024 Presidential Election which could have very long term consequences.

The Investment Committee adjourned at 2:35 p.m.

Mr. Chapman stated that there will be a Zoom WRS Board call at the end of June to discuss budget requests and positions. Mr. Chapman thanked the staff for their work over the last few months.

MOTION: Mr. Jeremy Smith motioned to adjourn the WRS Board Meeting. Ms. Vicci Colgan seconded. Motion carried.

The WRS Board Meeting adjourned at 2:38 p.m.