



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

Mark Gordon
Governor

David Swindell
Executive Director

MINUTES OF THE JULY 24th 2020 SPECIAL BOARD MEETING

The Wyoming Retirement System Board met on July 24th 2020 via Zoom. The call was scheduled from 2 p.m. – 4 p.m.

Board members present remotely: Mr. Tom Chapman (Chair), Mr. Eric Nelson (Vice Chair), Ms. Laura Ladd, Mr. Tim Sullivan, Mr. Mike Ceballos, Ms. Vicci Colgan, Mr. Keith Hay, Ms. Kay Watson, Mr. Garth Shanklin and Treasurer Curt Meier.

Board members absent: vacant seat

Wyoming Retirement System Staff present remotely: Mr. David Swindell, Mr. Sam Masoudi, Mr. Ben Brandes, Mr. Mike Bleakley, Ms. Rachel Kelley, Ms. Kate Mumford, Mr. John Kreiter, Mr. Andy Mayer, Mr. Ben Bowman, Ms. Rachel Meeker, Mr. Adam Waddell, Ms. Laura Bowen, Mr. Joe Briones, Mr. Dan Paradis, Mr. Casey Rogstad, Ms. Shuyeh Wang Liu, and Ms. McKenna Legerski (Summer Intern).

Others in Attendance remotely: Ms. Mika Malone, Mr. Nick Erickson and Ms. Paola Nealon from Meketa Investment Group, Ms. Rebecca Zisch from the Wyoming Attorney General's Office, Ms. Lisa Jerde Spillman from the Wyoming State Treasurer's Office, Ms. Alison Adams & Mr. Beau Burggraff from RVK, and Mr. Paul Wood from Gabriel, Roeder, Smith & Company (GRS).

From the public: Mr. Chuck Winner from the public and Ms. Betty Jo Beardsley from Wyoming Public Employee Association.

Legislative Liaisons present remotely: Representative Andy Schwartz, Senator Dave Kinskey, and Representative Don Burkhart.

Legislative Liaison not present: Senator Wasserburger

Volunteer Firefighter, EMT and Search and Rescue Pension Board members present remotely: Mr. Gene Diedrich and Sheriff Clint Becker

Ms. Ladd called the meeting to order at 2:05 p.m. on July 24, 2020 and welcomed everyone to the July Special Board Meeting. Ms. Kelley took the roll and noted there was a quorum.

The first agenda item was the Wyoming Retirement System (WRS) Board Elections. A request for candidates had been sent out to the Board approximately three weeks prior. Ms. Ladd stated that there was one candidate for Chair - Mr. Tom Chapman and one candidate for Vice Chair - Mr. Eric Nelson.

MOTION: Ms. Laura Ladd motioned to elect Mr. Tom Chapman as Chair and Mr. Eric Nelson as Vice Chair of the WRS Board. Seconded by Mr. Keith Hay. All in favor. Motion carried. None abstaining.

Ms. Ladd congratulated Mr. Chapman and Mr. Nelson on their newly appointed positions. Ms. Ladd turned the meeting over to Mr. Chapman as the new Chair of the WRS Board. Thanks was given to Ms. Ladd for her many contributions over the years. Ms. Ladd stated that it has been her privilege to serve on the WRS Board and she was proud of the work that has been accomplished. Mr. Chapman thanked Mr. Nelson for joining him as Vice-Chair.

Mr. Chapman moved to discuss board development and the departure of Mr. Brian Foster and the impending Governor's approval of a new board member. Two individuals with investment backgrounds had been submitted to Governor Gordon for consideration. Mr. Chapman noted the board members who are up for re-election in February and hoped they would consider staying on for a second term. Mr. Hay and Ms. Colgan are up for re-election in February 2021. Mr. Shanklin stated he intended to retire March 2021 after 12 years and was grateful for the opportunity to serve as Audit Committee Chair and the Board Vice Chair. Mr. Chapman addressed WRS strategic planning, the importance of the Governance Committee and the now vacated Governance Committee Chair position. With the departure of Mr. Brian Foster, strategic planning would be taken up again after a Governance Chair was identified. Mr. Chapman hoped to identify 4 core goals and simplify the strategic plan moving forward.

Mr. Chapman moved to the next agenda item - legislative initiatives. Mr. Swindell spoke on legislative proposals that have been discussed. The Governor's office was not currently proposing an early retirement program. Early retirement programs can remove key people whose roles will have to be replaced and therefore not have the financial impact hoped during a crisis. Mr. Swindell briefed the Board on the two initiatives implemented by Governor Gordon, unpaid furlough days which saved \$2.8 million and Human Resources consolidation within the State of Wyoming. WRS' furlough savings will accrue to the pension and not to the general fund. Consolidation of HR was discussed and the impacts on the WRS. Mr. Bleakley & Mr. Swindell have been working on a task force with the Governor's office on potential early retirement analysis. They also worked with State HR Department on the impacts of potential reduction in force measures being discussed and the severance packages being proposed to employees. Discussion ensued with comments from Treasurer Meier, Sen. Kinskey, and Rep. Schwartz.

INVESTMENT

Mr. Chapman passed the meeting on to Mr. Sam Masoudi for the investment update. Activity included an investment of \$150 million in Wellington Emerging Markets Fund. A \$75 million investment in Hillhouse occurred on 7/1. \$160 million was redeemed from Bridgewater and a planned redemption of \$90 million from IVA. Private Market investments included 20 million euros to Anton infrastructure. The 2019 WRS Comprehensive Annual Financial Report (CAFR) was completed with joint efforts from the Investment team and Accounting department in June. Mr. Masoudi introduced Ms. McKenna Legerski, WRS' summer intern for 2020.

Performance Update - Meketa

Mr. Chapman turned the meeting over to Mr. Erickson from Meketa to discuss performance to date of WRS investments. Valuation of the fund was 8.5 billion as of June 30th 2020. Strong positive returns occurred in the 2nd quarter broadly. Private markets reports lag one quarter behind so they

were still taking writedowns. Pershing Square and Cantillon have both performed well so far this year. Final quarter numbers will be available prior to the September Board meeting. According to Mr. Masoudi, every asset class out-performed their benchmark which indicates a solid portfolio construction. Mr. Ceballos asked how WRS could best explain the gains and losses of the portfolio to the legislators during the coming session and if that could be shared.

Mr. Chapman then discussed performance compensation and the long-term rewards for members of the team and how it encourages longevity. Based on the preliminary figures he stated that there will be a payout for the team based on performance. Approximately \$122 million in additional value to the fund was added during the period. Mr. Chapman also indicated how performance compensation has been an effective tool in recruiting talented investment professionals. The investment team's hard work was acknowledged and appreciated. Discussion ensued about having a Board call prior to the Legislature's Capital Finance Committee (Capfin) meeting scheduled for September 1, 2020. Mr. Swindell stated he was fully prepared to present the numbers to Capfin.

MOTION: Ms. Watson motioned to approve the April 1, 2020 Special Board meeting minutes. Seconded by Mr. Nelson. Motion carried.

EXECUTIVE DIRECTOR'S REPORT

Mr. Swindell discussed his Executive Director's Report. Mr. Swindell mentioned the most recent hires at the agency and the current job openings at the agency. Mr. Swindell discussed how busy WRS Operations had been outside of their normal summer workload. Mr. Swindell talked about all of the staff changes that have occurred over the last year and half and showcased several organization charts which illustrated all of the position changes that have occurred. Mr. Swindell extended his thanks to Ms. Ladd for her dedication to WRS.

Mr. Chapman asked for any comments from the Wyoming Department of Health (WDH) Director, Mr. Ceballos on COVID-19 in the state. The WDH continues to monitor the situation and keep the public informed. Mr. Chapman surveyed the group about the September Board meeting and whether or not it should be moved to Cheyenne from Gillette. Discussion ensued. It was decided that the September Board meeting would be held via Zoom.

Mr. Chapman congratulated Ms. Watson on becoming an accredited Fiduciary through the National Conference on Public Employee Retirement Systems.

The Special Board Meeting was adjourned at 4:16 p.m. Friday July 24th 2020.