



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

Matt Mead
Governor

Ruth Ryerson
Executive Director

MINUTES OF THE May 22, 2015 BOARD MEETING

The Wyoming Retirement System Board met on May 22, 2015 at the Holiday Inn, 204 S 30th St, Laramie, WY.

Board Members present: Ms. Laura Ladd (Chair), Mr. Steve Wolff, Mr. Eric Nelson, Mr. Garth Shanklin, Mr. Keith Hay, Treasurer Mark Gordon, Mr. Tom Chapman, Mr. Tim Sullivan and Ms. Vicci Colgan

Board Members absent: Mr. Carl Jensen, Ms. Colleen Anderson

Wyoming Retirement System Staff present: Ms. Ruth Ryerson, Mr. Sam Masoudi, Mr. David Swindell, Ms. Polly Scott, Mr. Ben Brandes, Mr. Mike Bleakley and Ms. Cathy Balsler

Others in Attendance: Ms. Diana Walter from Wyoming State Treasurer's Office, Ms. Lisa Spillman from the Attorney General's Office, Ms. Carolyn Smith from NEPC, Mr. Chuck Custis from WREP, Ms. Betty Jo Beardsley from WPEA, Mr. Gary McDowell from WEA, and Mr. Brent Conger

Legislative Liaisons in Attendance: Senator Curt Meier, Representative Don Burkhart and Representative Bob Nicholas

Legislative Liaisons absent: Senator John Hastert

Ms. Ladd called the meeting to order at 7:59 a.m.

MOTION: Mr. Chapman moved to accept the minutes of the February 25, 2015 Board meeting with the following change: remove Mr. Bluemel and Mr. Jensen from end of meeting minutes and condense the executive director's report. **Seconded by Ms. Colgan.** Motion carries.

Conference Update

Mr. Chapman went to the three different conferences. First was the Institutional Investor conference with Ruth and Sam. Was nice to meet with other CIO's and ED's and see how they

run their plan. Of particular interest was the correlation between how many basis points they spend on their investment team and their investment returns. Next was the Alternative Investors forum in Texas. Many are increasing private equity, alternatives and hedge fund exposure. Lastly, Mr. Chapman attended the Pension Bridge conference where the takeaway was the fact that you have to bring a lot of sophistication to your investment portfolio to hit your 10 year goals.

Ms. Ladd went to Pension Bridge and a investment summit. Some of the funds had lower return objectives such as 7.5 or 7.25%. She also had an opportunity to meet with 5 of our managers at the conference.

Mr. Shanklin attended the Mountain States Investors Conference in Denver which had many of our staff in attendance as well. Ms. Ryerson and Mr. Masoudi sat on panels. Mr. Wolff echoed Mr. Shanklin's comments and thought it was an important conference since it was our neighboring states and had a focus on governance.

Ms. Ryerson talked about 'Big G' governance – whatever entity (state) controls the pension and 'little g' governance which is what the board controls, establishing procedures and setting policy.

Treasurer Gordon attending the Autumn Wealth Institute and also went to the White House and heard about their efforts to regulate municipal bonds. He also went to the Federal Reserve, Kansas City branch, for a discussion regarding if banks are a utility or not. Finally, the National Association of Treasurers was attended with a presentation from economists.

Ms. Ladd recognized Ms. Ryerson for winning the Institutional Investors Executive Director of the year.

Legislative & Benefits Committee Report

Ms. Thompson from GRS presented a summary of the actuarial valuations. Highlights included the funding shortfall for all plans, except Fire A, decreased which is a positive trajectory. All plans, except Fire A and Wardens, are set to be 100% funded within 30 years.

Ms. Ladd reviewed the committees' discussion yesterday regarding the judicial COLA since it is over 100% funded. That being said, if there was a 20% market decline the fund would not be at 100% so unfortunately no COLA will be granted at this time.

All legislation that passed this session is being implemented by staff including auto-enrollment and the combined Volunteer Fire & EMT plan. Legislation passed also included the Veteran's service purchase credit and enhanced benefit for park rangers.

457 Deferred Compensation Committee

Mr. Chapman highlighted auto-enrollment and that we have moved into the implementation phase. Part of this is updating the plan documents.

MOTION: Mr. Chapman moved to accept the plan document revisions. **Seconded by Ms. Colgan.** Motion carries.

Multi-manager fund review means exposure to an asset class rather than individual mutual funds. There has been some concern about mix your own and that our members may not be in the appropriate funds for their investment goals. The multi-manager fund line-up is meant to help our members but in the discussions the committee felt we need more information and data before we can make these decisions. \$540 million is the current total in the funds. Target date and pick your own funds continue to increase as a percentage of total assets. Auto-enrollment is predicted to increase enrollment from 79% to 90%.

Audit Committee Report

Mr. Sullivan reviewed the progress and updates from our IAD including the employer audit of school districts to make sure they are all in compliance. The internship program has been implemented and staff has created a plan comparison matrix to identify differences and challenges between the plans. One example is the interest rate we pay members for refunds and death benefits.

Governance Committee Report

Mr. Wolff reviewed the work that staff and Ms. Ryerson put into the strategic plan saying they were to be commended. Mr. Brandes gave us an update on the OAH matters including that the Jones matter has been appealed and the general contested case process. The Board evaluation was sent out and we will have an in-depth discussion at the August board meeting and also additional updates to the Board policy manual, specifically incorporating portions of the Governor's Board policy manual.

Investment Committee Report & NEPC 1st Qtr & April Performance Reviews

Mr. Chapman reviewed highlights from the Investment Committee. **The emerging markets search was complete: palooum and harlin goldman and 90 million Acadian, 30 million to blackstone real estate fund, 80 million to centerbridge capital, 25 million to energy and gas.** We have transitioned to our new custodial bank, Northern Trust. The Investment team has hired two investment analyst AWEC positions and two investment interns focusing on hiring Wyoming talent and building our bench strength. Our new hedge fund consultant, Ms. Needle with Albourne, presented to the board about their company and hedge funds in general. Mr. Kreiter presented our fund of one presentation and that we have selected RAPM as our manager in this space. This commitment is \$140 million per year. Private Equity pacing is approximately \$210 million per year so our 15% target will be reached over 5 years. On the second day Carolyn from NEPC reviewed 1st quarter performance and we had a general markets discussion. Howard Marks from Oaktree presented on, “Dare to be Great” and Ms. Chapman recognized the investment team’s efforts this quarter as there was a great deal accomplished.

Ms. Smith reviewed 4th quarter performance that large cap was up 1%, small cap 4%, developed non-us 5%, emerging 2.5%. ACMI benchmark up 2.3% (benchmark). The US Dollar was so strong that it highlights the importance of currency hedging. Oil prices started to stabilize near the end of the quarter which has broad implications to our portfolio. Our fund was up 2.3% and that is the same as the benchmark. YTD WRS is up 5.2% vs. benchmark of 7.4%. Private debt and real estate has had the biggest impact on the portfolio. April was a very positive month up 2.6%. All of our numbers are running high and long term numbers exceed the benchmark of 7.75%.

Executive Director’s Report

Quarterly Report

- 1) Legislative session was busy and productive and lots of work with actuaries.
- 2) Reviewed all actuarial projections
- 3) GASB requirements will potentially delay the approval of the CAFR. The audit committee was schedule for June 19th but it may be pushed to later in June.
- 4) Spring newsletter went out
- 5) Town Hall was held in Evanston May 12th. Five legislators, three council members, Evanston Mayor and County Sheriff.
- 6) For the most part the custodial bank transition has gone smooth. One issue that came up was the class action lawsuits. We do have some concerns with JP Morgan in regards to foreign tax withholdings. Northern Trust wants the detail and JP Morgan has been unable or unwilling to provide the detail and this totals \$3.8 million.
- 7) Ms. Ryerson continues to be the disability administrator and most of the disability appeals are law enforcement.

- 8) The rehired retiree rule has mainly been an issue for sheriffs who retire and are elected
- 9) B-11 for interns and analysts. We will have to ask for them again in the new budget.
- 10) We worked to get transferred to a dedicated server with ETS.
- 11) Participant account statements were a challenge with mailing and printing issues but we are almost done (inactive and Vol Fire are last)
- 12) Ms. Ryerson continues to administer the Vol Fire and EMT and they meet quarterly in Lander at Svilar's.

Ms. Ladd recognized Ms. Ryerson and staff efforts, it has really paid off. Treasurer Gordon echoed that the relationship with WRS continues to grow and be a positive one.

Public Comment

Ms. Beardsley thanked Ms. Ryerson and staff for presenting at the town hall meetings with the coalition for a healthy retirement.

MOTION: Mr. Shanklin moved to go into executive session to discuss personnel matters.
Seconded by Mr. Wolff. Motion carries.

Executive Session

MOTION: Mr. Shanklin moved to come out of executive session. **Seconded by Mr. Sullivan.**
Motion carries.

Adjournment: With no further business **Mr. Sullivan moved** to adjourn at 10:32 a.m. **Seconded by Treasurer Gordon.** Motion carries.



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AUDIT COMMITTEE MEETING MINUTES

The Audit Committee met on May 21, 2015 at the Little America Hotel, 2800 W Lincolnway, Cheyenne, WY.

Committee Members present: Mr. Tim Sullivan (Chairman), Mr. Garth Shanklin, Mr. Keith Hay and Ms. Vicci Colgan

Committee Members absent: Ms. Colleen Anderson

Board Members present: Mr., Ms. Laura Ladd, Mr. Steve Wolff and Mr. Joe Bluemel

Board Members absent: Treasurer Mark Gordon, Mr. Eric Nelson and Mr. Tom Chapman, Mr. Carl Jensen

Wyoming Retirement System Staff present: Ms. Ruth Ryerson, Ms. Polly Scott, Mr. Ben Brandes, Mr. Mike Bleakley, Ms. Erin Gorney, Ms. Samantha Jacobsen and Ms. Cathy Balser

Others in Attendance: Mr. Bob Kuchera from WPEA, Ms. Betty Jo Beardsley from WPEA, Ms. Lisa Spillman from the Attorney Generals' Office, Mr. Chuck Custis from WREP, Mr. Gary McDowell from WEA and Ms. Diana Walters from the Treasurer's Office

Legislative Liaisons in Attendance: Senator John Hastert, Representative Don Burkhart and Representative Bob Nicholas

Legislative Liaisons in Absent: Senator Curt Meier

Mr. Sullivan called the meeting to order at 2:34 pm

Motion: Mr. Hay moved to accept the August minutes. **Seconded by Ms. Colgan. Motion Carries. Remove line: "Motion: Mr. Hay moved to approve the amending Staff Audit Charter. Seconded by Mr. Jensen. Motion carried" – should not have been in (from February 2015 Audit Committee Minutes).**

Internal Audit Department – Mr. Brandes

Mr. Brandes highlighted projects the IAD is working on including employer audits. There are 3 categories of employers: state and various agencies, school districts, and everyone else. The employers in the third category will be audited as they present certain risks to the systems in regards to covering the proper employees. In addition Ms. Gorney is conducting a review of the IFS 2008 Audit of WRS that was prepared in conjunction with the SAO. Ms. Gorney reported that the initial findings (the report is not complete yet) are very positive and that we've come a long way since 2008.

Mr. Brandes also reported that we have worked with MHP on an internship program and will have an intern for the last two weeks of June to assist us with our school district salary audit.

Ms. Jacobsen completed the census data audit in March that was used in the CAFR. Ms. Gorney has put together a plan comparison matrix for the audit committee. The IAD is also conducting an audit of our WRS policies and procedures and the staff continues to be involved with overseeing the RAIN transition and make sure we are not exposed to risk related to RAIN. Ms. Gorney reviewed the pension plan characteristic matrix. Discussion ensued regarding part-time work getting full-time credit and potential issues that may require clean-up legislation.

Interest Rate Discussion

Ms. Ryerson explained that the interest rates have been 5.5% since 1971. Interest rates are applicable to members who refund and death benefits, they do not apply to members who take a benefit. Various options were discussed including 90% of prior years' return, CPI, same as volunteer plan (3%), 10 year bond, etc.

Motion: Mr. Shanklin moved to move this discussion to L&B committee. **Seconded by Mr. Hay. Motion carries.**

Discussion ensued that we are going to flush out the analysis and make a decision at the August 2015 Board meeting. There are basically five options available to the Board: link to prior returns, link to current savings rate, link to inflation, link to expected return, link to volunteer plan.

Adjournment: With no further business the meeting adjourned at 3:35 pm. Mr. Hay moved to adjourn, seconded by Mr. Sullivan.



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457 DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

The 457 Deferred Compensation Committee met on May 20, 2015 at the Little America Hotel, 2800 W Lincolnway, Cheyenne, WY.

Committee Members present: Mr. Tom Chapman (Chairman), Mr. Tim Sullivan, Ms. Vicci Colgan and Mr. Steve Wolff

Committee Members absent: Mr. Carl Jensen

Board Members present: Mr. Garth Shanklin, Ms. Laura Ladd and Mr. Keith Hay

Board Members absent: Treasurer Mark Gordon, Mr. Eric Nelson and Ms. Colleen Anderson

Wyoming Retirement System Staff present: Ms. Ruth Ryerson, Mr. Doug Kidd, Mr. John Kreiter, Ms. Polly Scott, Mr. Ben Brandes, Mr. Mike Bleakley, Mr. David Swindell, Mr. Andy Mayer, Ms. Erin Gorney, Mr. Sam Masoudi and Ms. Cathy Balsler

Others in Attendance: Mr. Beau Burgraff from RVK, Mr. Bob Kuchera from WPEA, Diana from the Treasurers' Office and Mr. Gary McDonnel

Legislative Liaisons in Attendance: Senator John Hastert, Senator Curt Meier, Representative Don Burkhart and Representative Bob Nicholas

Legislative Liaisons absent:

Ms. Ladd called the general Board to order at 12:59 p.m. Ms. Ladd welcomed new and returning legislative liaisons and board members.

Mr. Chapman called the 457 DC meeting to order at 1:00 pm. Mr. Chapman welcomed Ms. Colgan to the board and 457 committee.

Motion: Mr. Wolff moved to approve the minutes. **Seconded by Ms. Colgan. Motion carries.**

457 Plan Document

Mr. Chapman recognized Ms. Scott who reviewed the 457 plan document and the history behind it. Section 2.03 covers the specific provisions that will cover automatic enrollment (including take from document if you want included). Also updated were the pre and post-tax options within the plan due to new IRS guidelines. Lastly, in conjunction with the SAO we are setting up a separate fund to be in compliance with IRS guidelines regarding the employer match that is subject to FICA tax if someone wants to withdraw from the plan in the 90 day permissible withdrawal period.

Motion: Ms. Colgan moved to approve the 457 Plan Document. **Seconded by Mr. Wolff.**
Motion carries.

Multi-Manager fund

Of the 15 mix your own funds, 11 are devoted to equity. This is an item we have talked about for a few years and NEPC had previously recommended updating the fund selection. This was put on the back burner during the efforts for auto-enrollment. The purpose of this is to provide asset allocation solutions into the menu of investment choices. Mr. Beaugraff outlined the white label funds and rationale behind that. White label funds are made up of multiple managers of a certain asset class (i.e. international equity). The DC plan would streamline options as some investors don't know which funds are complimentary and this would make decision making easier for participants. Discussion ensued regarding risks, fees and current choices of funds. What is the board's philosophy in regards to the 457 plan? There was a consensus that we need more research to see what our 'customers' want from us. The multi-manager fund and IPS revisions will be tabled and revisited once we have additional information.

1st Quarter 2015 Performance - Mr. Beau Burgraff, - RVK

Mr. Beaugraff reviewed asset allocation by quarter (TRD, stable value, core investments) and which funds performed the best and which were the weakest. PIMCO has been on watch the past few quarters as their Equity CIO is leaving. The equity exposure on the all asset fund is under 2% so its impact is minimal. At this time RVK does not feel this puts PIMCO at risk. There are two managers: T. Rowe Price and GE Institutional Management that are not meeting their benchmark. It has not reached a point where they are concerned about performance as they are relatively new to underperformance. Discussion ensued regarding underperformance and what are the triggers for discussion of potentially firing a manager.

2014 Annual Report

Ms. Scott reviewed pages 4 and 5 which are highlights and challenges. Assets continue to grow and new initiatives including 'quick enroll' option which 32% of new enrollees have elected. Opportunities include a lower than average account balance and deferral rate and a higher than desired roll-out percentage. National Save for Retirement week was a huge success. Also discussed were average contribution rates for state and non-state deferral amounts.

Adjournment: With no further business the meeting adjourned at 2:30 p.m.



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GOVERNANCE COMMITTEE MEETING MINUTES

The Governance Committee met on May 21, 2015 at the Little America Hotel, 2800 W Lincolnway, Cheyenne, WY.

Committee Members present: Mr. Steve Wolff (Chairman), Ms. Laura Ladd, Mr. Garth Shanklin, Mr. Eric Nelson and Mr. Keith Hay

Committee Members absent:

Board Members present: Treasurer Mark Gordon, Mr. Tom Chapman, Mr. Tim Sullivan, Ms. Vicci Colgan and Treasurer Mark Gordon

Board Members absent: Mr. Carl Jensen and Ms. Colleen Anderson

Wyoming Retirement System Staff present: Ms. Ruth Ryerson, Mr. Sam Masoudi, Mr. Mike Bleakley, Ms. Polly Scott, Mr. Ben Brandes, Ms. Cathy Balsler, Ms. Samantha Jacobsen and Ms. Erin Gorney

Others in Attendance: Ms. Diana Walter from the Treasurer's Office, Ms. Lisa Spillman from the Attorney General's Office, Mr. Chuck Curtis from WREP, Ms. Betty Jo Beardsley from WPEA, Mr. Gary McDowell from WEA

Legislative Liaisons in Attendance: Senator John Hastert, Senator Curt Meier, Representative Don Burkhart and Representative Bob Nicholas

Legislative Liaisons Absent:

Mr. Wolff called the meeting to order at 3:35 p.m.

MOTION: Mr. Shanklin moved to approve the February 2015 meeting minutes. **Seconded by Mr. Hay. Motion carried.**

Strategic Plan Update

Mr. Ryerson explained that we put together the new strategic plan at the May 2014 meeting and will update it every year at the May Board meeting. Goal 1 C.D.E needs additional updates. On goal 2 we've made a lot of progress. Sections B, C, D need more work. Recommend removing G on following page. H and I we're still working on. Goal 3 A items 2-5 are checked off. Staff wants clarification on goal 3A1. Discussion ensued that we will continue to present reports to the JAC. 3 B will be ongoing and goal 3 C needs clarification. Between now and August we are going to go through and flush out the plan and present a new document in August. 3 D is still being worked on. 3 E is recommended for removal as it will be incorporated in our board manual. 3 F Polly is working on. 3 G is recommended for removal. 3 H2-3 is complete. In regards to 3H1 Fire A we will continue to report that to the JAC. 3 I is complete.

Goal 4 has many completed items including 4 H which is complete (rebid the custodial bank service).

Staff is going to come up with some additional items for the strategic plan and Board members should contact Ruth with any additions.

OAH Update – Mr. Ben Brandes

Ms. Brandes introduced Ms. Spillman who is our new designated attorney for WRS at the attorney general's office. Mr. Brandes proceeded to outline the Jones case and that the Board's decision has been appealed. The Supreme Court will set a briefing schedule in early June. Further, Mr. Brandes explained the contested case procedure and that Bob Walters will continue to be the Board's advisor on contested cases. In the future contested cases can be scheduled on the regular board meeting agendas. Discussion ensued regarding communication and process for disseminating information.

Board Self-Evaluation

Mr. Wolff has received about half of the evaluations so we handed it out and requested everyone to fill them out. In regards to the self-reflection piece Mr. Wolff wanted everyone to think about that and come prepared to discuss at the August Board meeting.

Board Manual

The Governor's board policy manual has a lot of useful information and Mr. Wolff would like the Governance committee members to look at the Governor's Board Policy Manual and see if there are pieces we should incorporate into our Board Policy manual. We are aiming to have any

changes to the Board Policy Manual by August 1st. Lastly, discussion moved to requirements of Board members and should there be a process for removal of Board members, if necessary. Further discussion will take place at the August Board meeting.

Adjournment: With no further business the meeting adjourned at 4:29 p.m.



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INVESTMENT COMMITTEE MEETING MINUTES

The Investment Committee met on May 20 (2:30 – 5 p.m.) and 21 (8:00-12:30 p.m.), 2015 at the Holiday Inn, 204 S 30th Street, Laramie, WY.

Committee Members present: Mr. Tom Chapman (Chairman), Treasurer Mark Gordon, Ms. Laura Ladd, Mr. Steve Wolff and Mr. Tim Sullivan

Committee Members absent: None

Board Members present: Mr. Keith Hay, Mr. Tim Sullivan, Mr. Steve Sommers and Mr. Garth Shanklin

Board Members absent: Mr. Carl Jensen and Ms. Colleen Anderson

Wyoming Retirement System Staff present: Ms. Ruth Ryerson, Mr. Andy Mayer, Mr. Doug Kidd, Mr. John Kreiter, Ms. Polly Scott, Mr. Ben Brandes, Mr. Mike Bleakley, Mr. Sam Masoudi, Ms. Erin Gorney, Ms. Samantha Jacobsen and Ms. Cathy Balser

Others in Attendance: Ms. Carolyn Smith from NEPC, Mr. Beau Beaugraff from RVK, Mr. Robert Kuchera from WPEA, Ms. Betty Jo Beardsley from WPEA, Mr. Mr. Chuck Curtis from WREP, Ms. Lisa Spillman from the Attorney General's Office, Mr. Gary McDowell from WEA, Ms. Diana Walters from the Treasurer's Office, Mr. Howards Marks and Ms. Frances Maletis from Oaktree Capital, Ms. Lisa Needle from Albourne, Mr. Brent Conger

Legislative Liaisons in Attendance: Senator John Hastert, Senator Curt Meier, Representative Donald Burkhart, Representative Bob Nicholas

Legislative Liaisons absent:

Mr. Chapman called the meeting to order at 2:50 pm

Tom opened the meeting by highlighting the guest speakers we have today and tomorrow and how excited we are for Howard Marks with Oaktree tomorrow. Mr. Masoudi highlighted new

investment commitments we made since the last board meeting and the general outline of the meeting as well as general operational updates. He then introduced our new investment analysts and investment interns. Mr. Seth Consoliver and Mr. Kalib Simpson have been hired as the IA's and Mr. Jose Briones and Mr. Chris Gilman have been hired as our summer interns. We advertised the position with the University of Wyoming and all the community colleges in the state and had over 50 applications for each position.

MOTION: Ms. Ladd moved to approve the minutes from February 2015 with the change to fix the motion "Mr. Blumel moved" as he was no longer a Board member in February 2015.

Seconded by Treasurer Gordon. Motion carries.

Albourne Presentation – Ms. Needle

Ms. Needle outlined Albourne and what makes them different. They have a fixed fee, are 100% employee owned and do not have their own product and never accept discretion. Albourne is WRS' Hedge fund consultant since this now represents approximately 15% of our portfolio. Hedge funds provide diversification, dampening overall portfolio volatility. Hedge fund classifications include: relative value, event driven, equity long/short and macro/directional.

Real Asset Fund of One Update – Mr. Kreiter

Mr. Kreiter presented on the complexity and importance of these funds. WRS is focused exclusively on 'real assets'. They are an extension of staff because they present us with additional information, compliance and due diligence which is very helpful as we have limited staff. Mr. Kreiter reviewed the finalists and key considerations including leverage the size benefits afford to WRS, the structure and efficiency. After careful consideration RAPM was selected as our fund of one manager. Mr. Kreiter personally visited both finalists: RAPM and Flagg.

Private Markets Pacing Presentation – Mr. Masoudi

Mr. Masoudi outlined that we are making commitments for a time period. For example, we may give \$100 million and they have 3-5 years to draw that money down as they find investments. We are looking at investing \$210M to private equity and \$140 to private real assets. Our relationships in this space are Abbott Capital, Grove Street and RAPM.

Adjournment: With no further business the meeting adjourned at 5:02 pm.

Mr. Chapman called the meeting to order at 8:02 am

1st Qtr Performance Review – Carolyn NEPC

Carolyn reviewed the 1st quarter performance. Also important was the compliance check and due diligence monitor showing that there are no red flags. Ninety percent of performance return is based on asset allocation. Ms. Smith also reviewed our risk /return profile which is the most balanced it has ever been.

Ms. Smith reviewed various pages outlining the returns of various asset classes and managers.

Dare to be Great – Howard Marks

Mr. Chapman introduced Ms. Francie who highlighted the relationship between Oaktree Capital and WRS and the biography of Mr. Howard Marks. Mr. Marks opened by thanking the WRS for having him speak and outlining his investment philosophy. He proceeded to present, “Dare to be Great” – a presentation highlighting his investment philosophy. After the conclusion of his presentation a discussion ensued.

Adjournment: With no further business the meeting adjourned at 12:23 pm.



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LEGISLATIVE & BENEFITS COMMITTEE MEETING MINUTES

The Legislative & Benefits Committee met on May 21, 2015 at the Holiday Inn, 204 S 30th Street, Laramie, WY.

Committee Members present: Ms. Laura Ladd (Chair), Treasurer Mark Gordon, Mr. Garth Shanklin, Mr. Eric Nelson and Mr. Steve Wolff

Committee Members Absent:

Board Members present: Mr. Keith Hay, Mr. Tim Sullivan, Mr. Tom Chapman and Ms. Vicci Colgan

Board Members absent: Mr. Carl Jensen and Ms. Colleen Anderson

Wyoming Retirement System Staff present: Ms. Ruth Ryerson, Ms. Polly Scott, Mr. Ben Brandes, Mr. Mike Bleakley, Ms. Erin Gorney and Ms. Cathy Balser

Others in Attendance: Ms. Leslie Thompson, Mr. Mark Randall and Mr. Thomas Lyle from GRS, Mr. Robert Kuchera from WPEA, Mr. Chuck Curtis from WREP, Ms. Maureen Bader from the Wyoming Liberty Group, Mr. Brent Conger

Legislative Liaisons in Attendance: Senator John Hastert, Senator Curt Meier, Representative Don Burkhart and Representative Bob Nicholas

Legislative Liaisons absent:

Ms. Ladd called the meeting to order at 12:32 pm.

Actuarial Valuations Presentation - GRS

Ms. Ladd recognized GRS actuaries in attendance: Ms. Thompson, Mr. Randall and Mr. Lyle. Ms. Thompson proceeded to present actuarial basics before presenting the actuarial valuations of the plans. WRS is a \$10B plan in regards to the value of all future benefits. Assumptions for

projections include 7.75% assumed rate of return, salary increases range from 6% at age 20 to 4.25% at age 60 and mortality of RP-2000 fully generational. Ms. Thompson outlined that the funding ratios for all plans, except Fire A, improved which is very positive news. Accrued liability within the plans went down which shows all the funds are moving in the right direction. The state plan will hit full funding in 2041 with current funding levels.

Legislative Update – Ms. Ryerson

WRS “Clean-Up” Bill

The JAC sponsored **HB 67/HEA 7** at the suggestion of the WRS Board to update and improve the Wyoming Retirement Act. Generally, the legislation improves archaic language, clarifies interest charged for late payments is always compound interest and ensures the System does not take a loss when an individual member reinstates or “redeposits” service. The current method for the cost of redeposits did not charge the true cost of reinstating service. The cost of redeposits will generally increase starting July 1, 2015. Those eligible, i.e., re-employed with a participating employer but still within the 7 year eligibility window, will be receiving a more detailed letter from WRS about this change.

Volunteer Fire & EMT Bill

HB 72/HEA 13 combines two separate plans for volunteer firefighters and volunteer emergency medical technicians into one plan named the Volunteer Firefighter and EMT Pension Account. This legislation was sponsored by the JAC at the request of the two boards having oversight of the volunteer plans. The benefit structure of the new plan will be different than the old plans. Current retirees will see the same or higher benefit payments and active members will see their potential future benefit impacted for the better. WRS will be working with the new board and the volunteer agencies to further specify the details of the transition to the new plan. This legislation provides a long-term funding solution for the benefits provided to members of the current plan for volunteer EMTs.

Military Service Purchase

A number of individual legislators sponsored **HB 77/HEA 61** which allows members who are honorably discharged from the military to purchase up to 8 years of service. One year of service credit may be purchased for each year of military service. This legislation gives veterans the ability to purchase 3 years of service more than non-veterans and to make multiple purchases. Non-veteran members are limited to a one-time purchase of up to five years of service.

Park Ranger D&D Benefits

The JAC sponsored **SF 58/SEA 55**, at the request of the Department of State Parks & Cultural Resources, which provides duty-connected disability and pre-retirement death benefits, similar to other law enforcement officers, to the state park rangers. WRS partnered with this effort to determine the cost of the additional coverage, which was included in the legislation as a higher contribution of 1 percent to be paid by the employer.

Deferred Compensation Auto Enrollment

In response to the WRS Board's request, the JAC sponsored **SF 60/SEA 8** which establishes automatic enrollment into the Deferred Compensation 457 Plan for employees hired on or after July 1, 2015 by the executive, legislative and judicial branch employees and allows other employers to elect automatic enrollment for their employees. New hires will receive notification of automatic enrollment along with related information, and have a minimum of 30 days to opt-out before contributions would start. The 30 day notification period will be followed by 90 days during which employees could withdraw contributions if they had not opted out; this is known as a permissible withdrawal. Unless employees make different choices, they will be enrolled at three percent of pre-tax pay invested in the stable value fund for the first 90 days during which a withdrawal would be allowed and then the investment would be shifted to the Target Date Fund that aligns with an anticipated retirement age of 65. An employee may change his or her investment or future contribution at any time.

Legislation that didn't pass: A piece of retirement legislation that did not pass was **HB 130** brought by individual sponsors and it pertained to the Paid Firefighter B Plan. It would have removed the 25 year cap on the benefit structure. In addition, **HJ 5** was also brought by a group of individual legislators and it did not pass. This legislation proposed to amend the Wyoming Constitution to remove any mandatory retirement age for Supreme Court justices and judges of other courts in Wyoming.

Ms. Ladd, Ms. Ryerson and Ms. Scott are attending the JAC meeting June 23rd. Ms. Ladd highlighted Ms. Ryerson and Mr. Bleakley's legislative outreach efforts and how successful they have been. Ms. Ryerson was in Evanston last week for a retirement town hall that was well attended. Mr. Bleakley reported that we have met with 40% of the legislature.

Judicial COLA Policy

The COLA policy was developed to assume a 20% market drop the year after a COLA was granted. The legislature requires us to only grant a COLA if the plan is above 100% funded. Mr. Randall discussed that if a COLA is granted to current retirees it will affect future COLA's for younger members as it decreases the funding status of the plan.

Adjournment: With no further business, the meeting adjourned at 2:20 p.m.