



# Wyoming Retirement System

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

**Mark Gordon**  
Governor

**David Swindell**  
Executive Director

## **MINUTES OF THE NOVEMBER 8<sup>th</sup> & 9<sup>th</sup> 2023 BOARD MEETING**

The Wyoming Retirement System (WRS) Board met on November 8 & 9, 2023 at the Cheyenne Frontier Days Event Center, 1230 W 8th Avenue Cheyenne, WY 82009.

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

**Wyoming Retirement System Staff present:** Mr. David Swindell, Ms. Rachel Meeker, Mr. Sam Masoudi, Mr. Ben Brandes, Ms. Rachel Kelley, Mr. John Kreiter, Mr. Andrew Mayer, Mr. Ben Bowman, Mr. Dan Paradis, Mr. Casey Rogstad, Mr. Ben Wisdorf, Mr. Adam Waddell, Ms. Samantha Mills, Ms. Kristin Kasper, Ms. Laura Haskell, Mr. Randy Krafft, Ms. Tory Munoz and Mr. Dale Meyer.

**Wyoming Retirement System Staff present via Zoom:** Ms. Shuyeh Wang-Liu, Ms. Cynthia Fernandez, Ms. Courtney Lewis, Ms. Cindy Kushnir, Ms. Jennifer Plamann, Ms. Judie Petersen, Ms. Angela Hendricks, Ms. Emily Scrivner, Ms. Brianna Porterfield, Ms. Annette Camp and Mr. Kyle Meyers.

**Others in Attendance:** Mr. Nick Erickson from Meketa Investment Group (Meketa), Mr. Beau Burggraff and Mr. Eric Painting from RVK, Inc., Mr. Ron Sniffin from the Wyoming Education Association, and Ms. Betty Jo Beardsley and Ms. Antonia Torres from the Wyoming Public Employees Association.

**Others in Attendance virtually:** Mr. Brian Causey from Russell Overlay, Mr. Paul Wood & Mr. Thomas Lyle from Gabriel, Roeder & Smith & Company (GRS), and Mr. Peter Landers & Mr. Brad Kelly from Global Governance Advisors, Inc. (GGA).

**Legislative Liaisons present:** Representative Bill Henderson and Senator Dan Furphy.

**Legislative Liaisons absent:** Senator Mike Gierau and Representative Jared Olsen.

WRS Board Chair, Mr. Tom Chapman called the meeting to order at 12:34 p.m. at the Cheyenne Frontier Days Event Center in Cheyenne, Wyoming. Mr. Chapman took a moment to thank Mr. Tim Sullivan for his work on the Investment Committee over the past few years. Mr. Chapman also thanked Mr. Eric Nelson for taking over as Investment Chair and Mr. Jeremy Smith for leading the Legislative & Benefits Committee as Chair.

Mr. Chapman handed the meeting over to Mr. Eric Nelson to initiate the Investment Committee.

## **INVESTMENT**

**Investment Committee Members present:** Mr. Eric Nelson (Chair), Mr. Tim Sullivan, Mr. Bob Leibrich, Mr. Tom Chapman, Mr. Paul O'Brien and Treasurer Curt Meier.

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

The Investment Committee commenced at 12:36 p.m. with Mr. Eric Nelson serving as the new Investment Committee Chair. Mr. Andy Mayer introduced Mr. Brian Causey from Russell Investments for the lunchtime presentation. Mr. Causey noted his long-term relationship with the WRS Investment Team. According to Mr. Causey, most large institutions like WRS, tend to use an overlay program to provide risk reduction. Without an overlay, a portfolio will hold on to unintended positions longer. Overlays make running multi-manager portfolios easier and more efficient. For funds with an overlay program, cash is still available for operational needs and will allow the use of derivative based positions to reduce unwanted risk versus policy or benchmark. Mr. Chapman asked Mr. Causey for comments on the fees charged by Russell Overlay. Mr. Chapman commented on trying to calculate the roll cost for the portfolio over time and how clients evaluate those costs. Mr. Leibrich remarked on the Asset Summary and stated that there could be multiple over and underweight allocation at any given time. Mr. Lummis asked for comment on counterparty credit risk. Mr. Masoudi stated that while the counterparty exposure in the overlay is somewhat limited, WRS relies on Russell Overlay as a fiduciary to vet and evaluate counterparty risk. Mr. Nelson thanked Mr. Causey for his presentation.

The next agenda item was the Executive Summary presented by Mr. Masoudi. Peer performance had not been finalized, but preliminary results showed that WRS performed in the top quartile for all time periods and top decile performance for 2, 3, 5, and 7 years. Mr. Masoudi stated that performance held up well during the downturn in the last quarter and had done so during most every downturn in the recent past as well, indicating a more conservative and risk aware approach to portfolio management. Mr. Mayer commented on the investment team's uranium position and price movement during the quarter. Mr. Paradis commented on the values within the Private Market positions ending June 30, 2023. Private Equity was positive but underperformed the benchmark for the first time in a while. Mr. Bowman then provided some commentary on Private Credit returns. The team is currently underweight Total Equity by 4.8% and Total Fixed Income by 2.7%, overweight Marketable Alternatives by 3.2% and Private Real Assets by 2.7%. The team committed \$50 million to TCI Real Estate Partners Fund IV and \$50 million to KSL Credit Opportunities Fund IV.

Mr. Bowman initiated the tactical tilt discussion. Mr. Bowman stated that although it appears that WRS holds a significant tilt in Fixed Income because the chart indicates no exposure to TIPS relative to a strategic target weight of 2%, the chart is misleading. WRS does hold TIPS, but it does so within Marketable Alternatives in a strategy, where it is able to be done more cash-efficiently. Mr. Kreiter then reviewed the Public Equity tilts. WRS continues to tilt the active management in the portfolio to where inefficiencies tend to be persistent. Doing so, this causes the portfolio to tilt, on an active basis, towards small-mid caps both domestically and globally. According to Mr. Kreiter, when the banks sold off in March of 2023, the team viewed the dislocation as technical rather than fundamental and viewed the entry point to be opportunistic. The team currently also has a tilt towards U.S. Natural Gas Equities within the U.S. on a tactical basis.

Mr. Masoudi passed the meeting over to Mr. Nick Erickson for the Meketa Quarterly report. According to Mr. Erickson, the strategic benchmark is doing very well and has been outperforming the market, significantly in the last three and five years. On an absolute basis, Marketable Equities categories all performed well in the most recent quarterly period. Marketable Alternatives was the strongest outperformance relative to benchmark with manager selection being the primary factor. Mr. Chapman commented that the 5-year percentile ranking of WRS meant that WRS was among the top performing plan in its entire peer group of 55-60 U.S. Public Pensions greater than \$1 billion that report into their consultant's performance software, InvestorForce. Treasurer Meier commented on how it was a team effort. Mr. Smith remarked on the future of contribution rates and how it would be helpful to highlight that the investment team is achieving all that the Board and other constituents could expect of them. Mr.

Swindell commented on the Board's role in setting the strategic benchmark and those decisions have resulted in WRS' benchmark outperforming the majority of its peers' actual returns over all time periods in the last 7 years.

The next agenda item was a discussion about potential Anti-ESG legislation during the upcoming legislative session. Currently, there are no updates on the status of a potential draft anti-ESG bill. Over the past couple months, the Wyoming State Treasurer's Office has participated in multiple hearings with the Joint Appropriations Committee and Select Committee on Capital Financing and Investments to discuss recently adopted changes to the Treasury Investment Policy Statement, which emphasized that the Treasurer's Office will not invest with managers who use non-pecuniary factors to make investments. Treasurer Meier provided comments on changes within the State Loan & Investment Board (SLIB) and the Treasurer's office. Mr. Masoudi highlighted the document included in the packet on the voting trends of BlackRock, Vanguard and State Street Corp. during the 2022-23 proxy season. Mr. Nelson concluded the discussion by saying that WRS has always made decisions based on what has been best for the system.

The next agenda item was the market discussion by the WRS Investment team.

The Investment Committee adjourned at 2:44 p.m.

Mr. Chapman asked for board comments or edits to the September 2023 minutes. Ms. Colgan asked for one correction to her name in the September minutes. Ms. Kelley stated she would make that correction.

**MOTION:** Mr. Jeremy Smith motioned to approve the September 2023 Board Meeting Minutes. Mr. John Lummis second. Motion passed.

## **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. John Lummis, Mr. Jeremy Smith, Mr. Bob Leibrich, Mr. Jim Ruby, Mr. Paul O'Brien and Treasurer Meier.

The Governance Committee commenced at 3:13 p.m. Committee Chair Dr. Travers, passed the meeting over to Ms. Kelley to introduce the team from Global Governance Advisors (GGA). Mr. Peter Landers and Mr. Brad Kelly from GGA presented on the WRS Strategic Plan that had been developed at the September Board Meeting in Jackson. Mr. Kelly went over the process and the ultimate outcome of the strategic planning. GGA discovered a set of top 6 objectives from the Board and Staff ranking. Top priority areas were identified as Fund Sustainability, Risk Management, Human Capital Management and Engagement. Mr. Kelly went over each priority to gauge the Board's perspective on the ranking. Mr. Ruby stated that he believes the current request for nine new positions is the beginning of asking for what the agency needs. Mr. Masoudi stated that in comparison with other pensions WRS has one of the most restrictive budget processes. Mr. Leibrich commented that the proposed strategic plan establishes the plan moving forward and that the Board needs to work with leadership on how to accomplish the priorities. Mr. O'Brien commented on potentially using the Actuarially Determined Contribution (ADC) rate as a tangible target for funding rate. The Board discussed Fund Stability and reasonable metrics for success. Mr. Kelly and Mr. Landers will work with Mr. Swindell to better define Fund Stability, The next priority area according to GGA is Human Capital Management. Mr. O'Brien commented on how this priority overlaps with delegated authority and could be combined. Mr. Lummis commented on the need for Human Resource representation to develop talent and career progression. Mr. Swindell commented on the State's centralization of HR. Mr. Swindell stated that WRS was able to retain Ms. Kelley due to her

additional roles including Board Administration. Mr. Smith stated that he liked having the two items separated under Fund Stability and Human Capital Management even though they are similar in nature. Mr. Kelly discussed the secondary Human Capital Management objective: proactively assess the organizational talent available at the Board and staff level and appropriately plan for the future needs of the System. Mr. Lummis stated he would like to define Board level involvement with Human Capital Management. Mr. Brad Kelly stated that being a financial institution adds a higher level of risk and requires identifying risk and mitigating as soon as possible. Mr. Kelly recommended the Board have at least one in depth risk management discussion each year. Mr. O'Brien stated that he understood that it is hard to quantify, but that you could identify risk targets including an annual in depth analysis and the hiring of an Investment Risk Manager as well as implementing a quantitative risk analysis system. Mr. Kelly recommended having a risk appetite measure in place for the Board. Engagement was the final Priority area discussed with the Board. Mr. O'Brien stated that he supports engagement, but wants to make sure the agency has the bandwidth to be successful. Mr. Swindell stated that the WRS Member Satisfaction survey can help establish a metric for engagement. The team from GGA will work with Mr. Chapman to develop a preamble to be included with the Strategic Plan.

The next agenda item was the Governance Committee structure discussion. Dr. Travers stated that she wished to have all Committee Chairs be present at the monthly Governance meeting, but that had caused a procedural issue. Mr. Brandes provided comments on the current governing laws established by the Board. All WRS Committees with the exception of Governance have established a limit of five board members within their charters. However, according to Mr. Brandes, a quorum would be triggered if six members were to attend any committee meeting. Mr. Chapman stated that the two impacted committees are Investment and Governance. Mr. Brandes stated he does not want to dissuade the Board from expanded conversations but the Public Meetings Act is triggered with a quorum present. Mr. Smith stated that the meetings need to be called by the proper authority and that the Governance Committee could be noticed moving forward with the six members potentially in attendance.

Dr. Travers commented on the quick tour she was able to take of the new WRS Office earlier today.

The Governance Committee adjourned at 4:32 p.m.

**CONFERENCE UPDATES:** Mr. Swindell and Ms. Mills attended NAGDCA conference in Seattle Washington. Mr. Swindell commented on a presentation by the Maryland Pension on the Deferred Compensation match program. Mr. Chapman encouraged trustees to attend future conferences.

**EXECUTIVE DIRECTORS REPORT:**

Mr. Swindell gave a summary of the 10 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.

The Board Meeting adjourned for the day 4:49 p.m.

**Thursday November 9, 2023**

Mr. Chapman called the meeting to order at 8:41 a.m. He then passed the meeting to the Legislative & Benefits Chair, Mr. Jeremy Smith.

## **LEGISLATIVE & BENEFITS COMMITTEE**

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

**Non-Committee Board Members present:** Mr. Tom Chapman, Mr. John Lummis, Mr. Paul O'Brien, Ms. Colgan, Mr. Jim Ruby and Treasurer Meier.

The Legislative & Benefits Committee commenced at 8:42 a.m. Mr. Smith stated that he is hoping that the Board can take a position on the proposed legislation to assist the WRS staff in messaging and goals. Mr. Smith asked Mr. Swindell to go over the proposed legislation that would increase contributions in the Judicial, Warden Patrol and Law Enforcement Plans. The draft bill increases contributions in the Judicial Pension Plan by 2.25% of covered payroll. The increase is necessary to place the fund on a growth path. While currently well-funded (99.1%), the existing contribution rate is not enough to cover normal cost of the plan. The Warden and Patrol Plan is currently 80% funded and is stable but is not anticipated to grow. This draft bill increases contributions in the State Patrol, Game Warden and DCI (Warden/Patrol) Pension Plan by 4.36% of covered payroll. The Law Enforcement Plan needs a 5% increase to stabilize the fund and be fully funded in 30 years. A vast amount of the liability in the Public Employee Plan still rests with the Tier 1 even though the population of Tier 2 employees has surpassed Tier 1 employees. Mr. Lummis asked the actuaries about their calculation methods. Mr. Wood from GRS, stated that the calculations are based on the ability to get to full funded status within 30 years, Mr. Lummis requested a policy that sets forth how to procedurally address necessary contribution increases. Mr. Smith does not view the proposed bills as perfect bills, but they are reasonable solutions. According to Mr. Smith, the WRS Board is generally agnostic about who covers the cost of the contribution increase.

Mr. Smith requested a motion from the Board to support the three bills currently presented.

**MOTION:** Ms. Vicci Colgan moved to authorize the WRS Executive Director to convey to the Wyoming State Legislature that the WRS Board supports the cumulative contribution adjustments contemplated by the three draft bills passed out of the Joint Appropriations Committee October 26, 2023. Seconded by Mr. John Lummis.

Discussion ensued. Mr. Nelson requested a communication strategy for proposed changes to the law enforcement plan. Ms. Colgan commented that the Board should state that they would prefer that the employees not take on the entire burden and that the state has the money. Mr. O'Brien stated he supports the motion and the WRS Board should support the existing amortization policy established in 2018. Mr. Leibrich commented that the numbers should be calculated with a 3 year phase in. Mr. Nelson stressed the importance of reaching out to the stakeholders in a timely manner. Mr. Swindell is scheduled to meet with Wyoming Association of Sheriffs and Chiefs of Police (WASCOP) in early December and has been in contact with Wyoming Association of Municipalities (WAM). Treasurer Meier stated that the State should be stepping up more than other contributors. Mr. Ruby stated that he is a no vote unless the State picks up the entire share. Mr. Smith stated that the motion can be modified by the bringers of the motion. Ms. Colgan called for the question. Mr. Ruby would support a separate resolution by the Board that supports the State picking up the entire contribution increase for all three presented bills so that it does not fall on the employee. Ms. Colgan called for the question.

### **Called for the question:**

Yes - All others

No - Ruby

Mr. Smith asked if Mr. Swindell needed a resolution on the Board about who will be picking up the contribution. Mr. Swindell stated that the JAC is well aware of all of the issues being discussed by the Board. Mr. Chapman stated that what he is hearing from the Board is that they would like Mr. Swindell to be assertive about the Board's support of the contribution not being pushed on the employees.

Mr. Smith moved on to the next agenda item which was the Actuarially Determined Contribution discussion. Mr. Swindell stated that there is draft legislation supporting a 50 basis points increase each year. Guidance was to increase the rate 25 bps for the employee and 25 bps for the employer, starting 1 July 2024, and then another similar increase of 25 bps / 25 bps starting 1 July 2025. The second bill was to move to an actuarially determined contribution system. This scenario would adjust rates once every two years by no more than 50 bps (1/2 of 1%), with a floor of the total rate not less than the normal cost and no rate drops unless the plan was 90% funded. According to Mr. Swindell, 72% of statewide pension systems have a variable rate contribution system versus the fixed rate system that WRS currently employs.

**MOTION:** Mr. Bob Leibrich motioned to authorize the WRS Executive Director to convey to the Wyoming State Legislature that the WRS Board supports moving towards an Actuarially Determined Contribution policy consistent with the Board's funding policy and consistent with the guardrails and structure of Scenario 3 of the GRS presentation. Seconded by Mr. Eric Nelson.

Discussion ensued. Mr. Nelson stated that he supported the proposed legislation so that funding will be standardized for the future. Mr. O'Brien commented on being mindful about the bandwidth of the Legislature given all of the other items on the table. Mr. O'Brien stated he wasn't sure if a resolution was required. Mr. Lummis commented that it is helpful to reflect that the Board supports calibrating the funding of the plan. Mr. Smith stated that the motion can be withdrawn and the Board can just express their position to the Executive Director. Mr. Smith reiterated that the proposed legislation has not been officially published. Treasurer Meier stated that he continued to support one time contributions towards plan funding. Mr. Swindell stated there is a \$2.8 billion shortfall across all funds in the accrued liability. Mr. Leibrich recommended removing Scenario 3 to give the Executive Director broader flexibility for support. Mr. O'Brien supported stating the preferred method. Mr. Nelson commented that it is helpful to note that the Board doesn't withdraw their support if Scenario 3 is not the final method. Mr. Leibrich called for the question.

**Call for the question:**

Yes - all

No - none

The next agenda item was the current budget proposal. Mr. Chapman summarized the meeting WRS had with the Governor's Office in October. The Governor's office had recommended approval of five new positions instead of the originally proposed nine positions. Mr. Chapman stated that the budget proposal is deferred maintenance required for WRS and an investment in the system's needs. Mr. Chapman discussed messaging strategies regarding the budget proposal and what entities can be tools in support of the proposed budget. Mr. Ruby stated that he had questions regarding the business reasons for the Governor's response and asked if the Governor's recommendation based on political reasons. Ms. Colgan stated that there are business justifications for all nine position requests. Mr. Chapman stated that the Board still continues to support the request for nine positions and asked the Board for their approach regarding the Governor's recommendation for five. Mr. Swindell asked if the Board wants the agency to continue to request the nine positions when they meet with the JAC in December or move forward with the Governor's recommended five positions. Mr. Nelson commented on the importance of stating that there is a middle ground of accepting the five but also reiterating that the request for the additional four positions will still be pursued. Treasurer Meier recommended taking the strategic plan and showing how nine positions support the investment and business plans of the agency. Mr. Lummis stated that there is a real business case for the positions. Mr. Chapman asked for the game plan and for a one pager that the Board can utilize to move forward. Treasurer Meier recommended presenting the cost as a percentage of alpha. Mr. Leibrich said it is important to say the nine positions are still what the agency needs long term regardless of if the five are approved. Mr. Ruby recommended not stating we will take the five positions

and move on, but the request is still for nine positions. Mr. Ruby asked if other Board members should be present for the budget JAC hearing in December. Ms. Colgan requested the presence of Board Members at the JAC meeting.

The Legislative & Benefits Committee adjourned at 10:31 a.m.

### **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, Treasurer Meier, Mr. Tom Chapman, Mr., John Lummis and Mr. Eric Nelson.

The Deferred Compensation Committee commenced at 10:48 a.m. Ms. Colgan discussed the planned agenda. Ms. Colgan then handed the meeting over to Mr. Beau Burggraff, representing RVK, to present on administrative fees, including a recommendation to reduce wrap fees. Mr. Burggraff noted that effective July 1, 2023, administrative wrap fees were reduced from 20 bps to 19 bps annually on all assets, and the high balance rebate cap was reduced from \$150,000 to \$100,000. This reduction followed a Board approved one-year fee holiday in 2022, to reduce the reserve account balance, which had grown significantly as Plan assets had increased and administrative costs had fallen. Following this year's analysis, RVK currently recommends further reducing the wrap fee on assets from 0.19% to 0.17%, effective July 1, 2024.

**MOTION:** Mr. Jeremy Smith motioned to approve a reduction in the Wrap Fee. Mr. Tim Sullivan second. Motion carried.

The next agenda item was the updates to proxy voting language. Ms. Colgan stated that 457 Staff had consulted with the WRS Investment Team in advance of the proxy voting language change recommendations. The language was presented as modification to the Board Responsibilities section of the 457 Governance Policy to "Establish, manage, and monitor proxy voting process where applicable for various fund investment vehicle types used in the Plan." Mr. O'Brien discussed modifying the language slightly to include annual reporting to the Board.

**MOTION:** Mr. O'Brien motioned to approve the additional language to the 457 Governance Policy to state "Establish, manage, and monitor proxy voting process where applicable for various fund investment vehicle types used in the Plan" with the addition of "report annually to the Board." Treasurer Meier seconded.

Discussion ensued by the Board regarding the final language. Ms. Colgan called for the question.

#### **Call for the question:**

Yes - all

No - none

**MOTION:** Mr. Jim Ruby motioned to approve all of the additional proposed language changes as proposed by RVK. Second by Mr. Eric Nelson. Motion carried.

Mr. Burggraff provided the 457 Quarterly Report to the Board. As of September 30, 2023, total fund assets were \$938,578,188. Mr. Burggraff went over the current funds on the RVK Watch list. According to Mr. Burggraff, Vanguard International Explorer is an active product from Vanguard with three underlying subadvisors: Schroders, Wellington and Baillie Gifford. A few of the underlying strategies were replaced/removed over the last couple years due to performance, strategy, or team issue; which

weighed on long-term performance. Currently, RVK recommends conducting a structure review of the WRS International Equity Fund in 2024. Mr. Burggraft went over the performance of the White Label funds.

#### **PUBLIC COMMENT**

Mr. Tom Chapman called for public comment at 11:23 a.m. There were no members of the public present.

#### **DEFERRED COMPENSATION CONTINUED**

The Deferred Compensation Committee continued with the 457 Operations Report presented by Ms. Samantha Mills. According to Ms. Mills, total open accounts were 29,625 with an average balance of \$32,132. Auto enrollments for third quarter 2023 totaled 303. Ms. Mills highlighted the types and amount of withdrawals that were occurring as requested by the Board at the previous meeting. Ms. Mills also noted that one of the 457 Plan goals moving forward is to continue to look for process efficiencies, and her staff continues to explore those opportunities within program operations. Lastly, Ms. Mills updated the Board on the Plan Enrollment Code roll out plan. Empower has encountered challenges with the rollout and has tabled it indefinitely. Ms. Mills explained that WRS policy is to allow participants of Non-State of Wyoming employers to withdraw their funds when they separate employment; regardless if they move to a different employer who participates in the Deferred Compensation Plan. This flexibility causes challenges for the Empower system to utilize an enrollment code, given that there may be multiple accounts tied to a single participant. Mr. Smith asked if the flexibility could be changed for the Non-State employers in order to move forward with the Plan Enrollment Code. Ms. Mills stated that it could be done, but the process would be complicated when employees leave local employers, and more discussion would need to occur first.

The Deferred Compensation Committee adjourned at 11:32 a.m.

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

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

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

The Audit & Risk Committee commenced at 11:32 a.m. Audit & Risk Committee Chair, Mr. O'Brien went over the planned agenda. Mr. Waddell stated that he is looking forward to hiring a new Principal Auditor in the very near future. Mr. Waddell highlighted a project that he has been working on with Mr. Randy Krafft regarding RAIN database system permissions. That project has allowed for greater control and a review of appropriate internal permissions. The Internal Audit Department (IAD) has also been sitting in on Change Application Board meetings with WRS IT. Internal Audit attended the September 25<sup>th</sup> Volunteer Board Meeting and presented the included Volunteer Member Attendance Audit. The scope of the audit was January 1, 2022 to December 31, 2022. During this audit, IAD examined all active plan members from ten departments of the 102 active volunteer fire departments in Wyoming.

Ms. Meeker provided the cybersecurity update on behalf of Mr. Dale Meyer. There has been a review of internal cyber-security policies and procedures, including third party liability risk within contracts. Ms. Meeker commented on the rollout of the updated evacuation plan by Ms. Kelley in the new office space with new security measures in place. Mr. Chapman asked where WRS is now with cyber-security initiatives. Mr. O'Brien stated that the work being done by the staff is good, the concern by the Audit & Risk Committee is that the world is changing rapidly. Mr. Chapman asked to hear the incident response standard process. Mr. Swindell stated that the incident response plan is evolving and some elements



involve other state entities. Mr. Waddell stated that the existing incident report plan has already been implemented on several occasions. During the February Board Meeting Audit & Risk will be presenting on the report from CISA. These reports will show more details regarding security incidents.

The next agenda item was the Risk Assessment results that had been collected by the Audit & Risk Committee. Mr. O'Brien requested that each committee look at potential cyber issues that could affect their work, including outside vendors. Ms. Colgan stated that cyber-security is one of the Deferred Compensation Committee's top three concerns. Ms. Colgan stated that in some situations WRS isn't aware of the security measures put in place by third party vendors. Mr. Nelson commented that key person risk is a continual issue to address and the need for third party contract provisions to protect WRS in the event a vendor is breached. Mr. O'Brien commented on the cascade of vendor situations where consultants or money managers have other vendors that provide services that impact WRS. Mr. O'Brien commented on staff and personnel risk and the challenges of this last year with senior staff turnover.

The Audit & Risk Committee adjourned at 12:08 p.m.

Mr. Swindell commented on the hard work by the Board and the Staff over the last six months including the office move. Ms. Colgan asked for information about the next board meeting locations. Mr. Chapman stated that locations will be shared soon. Mr. Ruby asked about the Board's recent response to the Governor's Office regarding the requested positions. Mr. Swindell stated that the Governor's Office asked for the top five positions and WRS provided that list. Mr. Ruby stated his disappointment that the Board wasn't allowed to weigh in on the selection of the top five positions. Mr. Chapman highlighted the importance of focusing on all nine positions on the Board's one pager. Mr. Chapman requested for a list of homework assignments 1 week post Board meeting from the WRS Staff. Mr. Lummis commented on the importance of follow-up on requests presented by the Board and noted a particular strategic request he had made during the September 2023 Board Meeting. Mr. Chapman thanked the team and Mr. Swindell for his leadership.

The WRS Board Meeting adjourned at 12:25 p.m.