



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

Mark Gordon
Governor

David Swindell
Executive Director

MINUTES OF THE MAY 22nd & 23rd 2024 WRS BOARD MEETING

The Wyoming Retirement System (WRS) Board met on May 22 & 23, 2024 at the Saratoga Resort & Spa, 601 East Pic Pike Road, Saratoga, WY 82331

Board Members present: Mr. Tom Chapman (Chair), Mr. Eric Nelson, Mr. Tim Sullivan, Mr. Robert Leibrich, Mr. John Lummis, Ms. E. Jayne Mockler, Dr. Lesley Travers, Mr. Jeremy Smith and Treasurer Curt Meier.

Board Members present via Zoom: Mr. Paul O'Brien and Ms. Vicci Colgan.

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

Wyoming Retirement System Staff present via Zoom: Ms. Laura Haskell, Ms. Shuyeh Wang-Liu, Ms. Courtney Lewis, Ms. Kristin Kasper, Ms. Angela Hendricks and Mr. Scott Sheppard.

Others in Attendance: Mr. Karl Anderson from the Wyoming Attorney General's Office, Mr. Robin Preston from State Treasurer's Office, Ms. Mika Malone from Meketa Investment Group (Meketa), Mr. Beau Burggraff and Mr. Eric Painting from RVK, Inc. (RVK), Mr. Paul Wood, Mr. Thomas Lyle & Ms. Karli Fehrman from Gabriel, Roeder & Smith & Company (GRS).

Others in Attendance virtually: Mr. Peter Landers & Mr. Brad Kelly from Global Governance Advisors, Inc. (GGA) and Mr. Lealan Miller & Ms. Abbie Belthoff from Eide Bailly

Legislative Liaisons absent: Senator Dan Furphy, Senator Mike Gierau and Representative Jared Olsen.

Legislative Liaisons present via Zoom: Representative Bill Henderson.

WRS Board Chair, Mr. Tom Chapman, called the meeting to order at 8:36 a.m. at the Saratoga Resort & Spa. Mr. Chapman welcomed everyone to the meeting. Mr. Chapman thanked Ms. Kelley and other WRS staff for their efforts to put on the Saratoga Board Meeting. Mr. Chapman noted the magnitude of the recent Legislative Session for the Wyoming Retirement System.

Mr. Swindell noted the presence and introduced Treasurer Curt Meier and Mr. Robin Preston, Senior Investment Officer for the Wyoming Treasurer's Office. He also introduced Mr. Karl Anderson from the Attorney General's Office and Ms. Karli Fehrman from GRS.

LEGISLATIVE & BENEFITS COMMITTEE

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

Non-Committee Board Members present: Mr. Tom Chapman, Mr. John Lummis, Ms. E. Jayne Mockler and Treasurer Curt Meier.

Non-Committee Board Members absent: Mr. Paul O'Brien & Ms. Vicci Colgan.

The Legislative & Benefits Committee commenced at 8:40 a.m. Mr. Smith, the Legislative and Benefits Committee Chair, handed the meeting over to Mr. Brandes for a legal update. Mr. Brandes informed the Board about an existing administrative hearing in progress. The Wyoming Attorney General's office will assist the Board through the process and eventually the WRS Board will need to make an administrative decision.

The next agenda item was the GRS Actuarial Report presentation by Mr. Paul Wood. The Law Enforcement Plan will be directly impacted by Senate Enrolled Act 50, effective July 1, 2024. Both employee and employer contribution rates will increase to 9.5% and will continue to increase by 0.90% on July 1 of each subsequent year until a contribution rate of 11.30% is reached on July 1, 2026. Mr. Swindell provided some historical background on the Law Enforcement Plan and the long term impacts of the new legislation. Mr. Paul commented on the change in the death benefit to the Law Enforcement Plan. Within the Warden & Patrol Plan, Senate Enrolled Act No. 14, effective July 1, 2024 will increase Employee contribution rates to 18.92%, increasing the funding ratio to 100% in 30 years. Senate Enrolled Act 13 will impact the Judicial Plan, effective July 1, 2024, and will increase the employee contribution rates to 11.47%. Effective July 1, 2024 the Wyoming Legislature passed House Bill 41 which will require contribution rates within the Public Employee Plan to change from fixed rates to a rate based on the Actuarially Determined Contribution (ADC) calculated as of January 1 of each odd-numbered year. The rates will be effective as of July 1 of even years. The Public Employee plan is expected to be fully funded at 100% by 2047. The new contribution schedule will allow employers to plan accordingly for upcoming payroll changes. Mr. Wood thanked the WRS Staff including Mr. Swindell, Mr. Brandes and Ms. Meeker for their skills and efforts during the most recent legislative session.

Mr. Thomas Lyle of GRS went over the Plan Valuation Report. According to GRS, all WRS Pension Plans experienced gains on the actuarial value of assets and normal cost are stable from year to year. Ms. Fehrman stated there were high salary increases and some losses, however the contributions are going up in conjunction with the changes. GRS implements an asset smoothing method to allow for decisions to be made on the underlying trends. According to GRS, 65% of the Public Employee Plan active population is in Tier 2. GRS commented that the 2023 investment performance was greater than expected, which resulted in a gain on the market value of assets. GRS incorporates an assumption each year that salaries are going to increase by 4-5%. Ms. Fehrman went over the actuarial changes and liabilities for the Pension Plan. Mr. Lyle went over the Total Normal Cost Rate which is the cost of accruing one year's worth of benefits and could also be thought of as the ultimate cost of the plan when it is fully funded.

Mr. Lyle went over the current actuarial projections. Projected funded ratios for all WRS Plans are to be fully funded in the next 30 years and experience positive growth. Mr. Wood went over the Projected Stress testing. Most of the WRS Plans are funded through a series of fixed rate contributions that do not automatically adjust as a result of experienced gains and losses. With the passage of recent legislation, the Public Employee Plan is now set to adjust with experience. GRS shared models with the Board that highlight stress tests with different rate of return scenarios. Mr. Lummis asked for GRS to comment on the embedded inflation assumptions in the return valuations. Mr. Lummis stated he is concerned about inflation pressures hitting WRS members. Mr. Wood commented that underlying all assumptions is an inflation rate of 2.25%. Mr. Wood asked for any questions from the WRS Board.

The next agenda item was the WRS restructure discussion led by Mr. Swindell. WRS is in the process of restructuring the agency and adding five new positions that have been approved by the Wyoming State Legislature. In addition, five positions were approved for reclassification in order to be in alignment with the planned restructure. Mr. Swindell noted that the cybersecurity contract was not approved during the most recent budget session. Mr. Swindell stated that he believes that cybersecurity is still a priority for WRS with the eventual result of an outside assessment and continual support in security.

Mr. Swindell moved into the supplemental budget discussion. Mr. Swindell commented that historically WRS's budget requests, especially for positions, have been small. Treasurer Meier stated that the Treasurer's Office faces the same recruitment issues within a tough job market. Mr. Swindell presented the potential supplemental budget request to the WRS Board. Mr. Swindell stated that it is possible the previously requested Policy & Procedure Coordinator may be better slated for a quality assurance position and could be potentially housed under the Internal Audit Department. Mr. Swindell commented that at this time the 457 Specialist conversion is not a priority due to the competitive market pay offered with Empower. Mr. Swindell does believe that providing salary flexibility within the Investment Team between the Investment Analyst and Investment Officer levels would help with recruitment. The individual Investment Analyst position is still a priority request. Mr. Swindell went over a potential legislative footnote change that would allow for the flexibility within the Investment Team. Mr. Swindell stated that this footnote request would require coordination with the Treasurer's Office and approved delegated authority from the Legislature for WRS and for the Treasurer's Office to range these positions. Mr. Chapman stated that the Board has received a big windfall of positions and asked about the optics to ask for additional positions during a supplemental budget session. Treasurer Meier stated there is measured success in asking for what is needed not what the agency thinks it might get. Ms. Mockler suggested putting in the strawman budget and seeing the response. Ms. Mockler also highlighted the importance of the Governor's support. Mr. Nelson stated that it is imperative to keep asking for what WRS needs. Mr. Masoudi stated that the assumption should be that the junior team members could move on within the next 12 to 24 months without more budget flexibility. Mr. Swindell's current supplemental budget priorities are the investment junior staff classification range, a reclass for the Chief Benefits Officer, cybersecurity contract and the Investment Analyst position. Mr. Chapman recommended tabling the current supplemental budget discussion and reconvening the discussion after the Audit & Risk Committee in the interest of time. [The Board revisited the budget discussion on Thursday following the Executive Director's Report and just prior to adjourning the meeting]

The Legislative & Benefits Committee adjourned for the morning at 11:26 a.m.

GOVERNANCE

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

Governance Committee Members absent: Ms. Vicci Colgan.

Non-Committee Board Members present: Mr. Tim Sullivan, Mr. John Lummis, Mr. Jeremy Smith, Mr. Bob Leibrich, Ms. E. Jayne Mockler and Treasurer Meier.

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

Dr. Lesley Travers, Governance Committee Chair, convened the meeting at 11:30 a.m. She then passed the meeting to Governance staff liaison Ms. Rachel Kelley, to re-introduced Mr. Brad Kelly and Mr. Peter Landers from Global Governance Advisors (GGA). Mr. Kelly went over the strategic plan modifications that had been implemented and asked for any additional comments from the WRS Board. GGA had tweaked some of the objectives for clarity. The next step was for the WRS Board to formally approve the Strategic Plan. Ms. Kelley stated that the Strategic Plan will be a working document that can be amended as needed. Mr. Kelly asked for any final questions from the Board.

MOTION: Mr. Eric Nelson motion to approve the WRS Strategic Plan. Seconded by Mr. Jeremy Smith. Motion passed.

Ms. Kelley thanked the team from GGA for their efforts and assistance.

The next Governance agenda item was the results of the WRS Board Self Evaluation. Ms. Kelley noted that the results had grown in a positive direction in comparison with the previous year. Ms. Kelley highlighted several responses including the optimistic responses to question # 3 “The Board has achieved what it set out to accomplish the past year” and # 9 “The Board comprehends and respects the difference between its oversight role and the Executive Director's Management role.” Ms. Kelley stated that most of this positive growth can be attributed to the successes from the past year: new positions, approved reclasses, the passage of ADC funding legislation, etc. Comments from the WRS Board regarding the results of the Self Evaluation included continued efforts to obtain more cybersecurity support, budget autonomy and potential revisions to the committee meeting structure. Mr. Chapman provided some historical insight into how committee meetings were previously conducted. Mr. Nelson stated that the current structure is working well from his perspective. Mr. Lummis commented that the WRS Board committee structure is unlike any he has ever seen before and advocated for a more efficient use of the board's time. Mr. Lummis recommended doing a deeper dive into specific committees during the quarterly meeting. Mr. Chapman commented on the benefit of gathering in-person as a Board. The Governance Committee will send out a Google form to gather the Board’s thoughts regarding board meeting structure.

Ms. Kelley moved on to the next agenda item, Board Succession Planning. Dr. Travers stated that she would like the Board to take a look at desired skill sets for future board members. Ms. Kelley went over the required statutory roles required by the Wyoming Retirement Act, including the political party ratio and other qualifiers such as at-large status. Mr. Nelson talked about soft skills being a potential requirement. The Governance Committee will continue working on a Board Matrix for future reference.

The Governance Committee adjourned at 12:16 p.m.

AUDIT & RISK COMMITTEE

Audit & Risk Committee Members present: Mr. John Lummis (2 vacancies).

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

Audit & Risk Committee Members absent: Ms. Vicci Colgan.

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

The Audit & Risk Committee convened at 1:32 p.m. led by Committee Chair, Mr. Paul O’Brien. Mr. O’Brien introduced the team from Eide Bailly, Mr. Lealan Miller and Ms. Abbie Belthoff. Mr. Miller stated that Eide Bailly is still working on the annual audit with the help of the WRS Staff. Mr. Miller is anticipating presenting an unmodified otherwise known as a clean audit of WRS. According to Mr. Miller, there were no findings of journal entries needing to be corrected or findings on internal control and financial processes within WRS. Mr. Miller stated that there have been no significant changes in accounting policies and that the Eide Bailly team experienced no difficulties with WRS Staff or management. Ms. Belthoff went over the procedures that Eide Bailly utilized during the audit process. According to Ms. Belthoff, Eide Bailly looks at the GRS Actuarial Reports to make sure those assumptions are reasonable. The GASB 100 will be issued for calendar year 2024 and will provide additional guidance regarding disclosures and reporting. Mr. Smith offered his thanks to the WRS staff for their efforts to assist Eide Bailly with their annual audit. Mr. Swindell commended Ms. Shuyeh Wang Liu and Ms. Kristin Kasper for their growing expertise in financial reporting. Mr. O’Brien asked for

questions from the Board for the Eide Bailly team. Mr. O'Brien stated his thanks for all the work through this process.

Mr. O'Brien turned the meeting over to Mr. Waddell to discuss the Audit & Risk Report. The Internal Audit Department (IAD) worked with Eide Bailly during the external audit to complete the distribution audit testing portion of fieldwork. Mr. Waddell commented on the progress of the newly formed WRS System's Process group and their work to implement the new participant portal as well as establish the roadwork for future system development of RAIN database system. Internal Audit has been working to assist with cybersecurity improvements by looking for potential issues. Mr. Waddell commented on the seamless nature of the establishment of interim staff into the Operations Manager and Benefits Supervisor roles. Mr. Swindell stated how grateful he was to Ms. Munoz and Ms. Mills for stepping up and bringing their skills to the respective interim roles. Mr. Swindell stated that the new member portal improves many components and processes for the agency. Mr. Meyer commented on the work his team has been doing with emphasis on security and process. The new WRS Member Portal was put into production on Monday May 20th and will create an improved process for WRS members. Mr. Meyer commended on the work done by Mr. Krafft and his work the Eide Bailly Audit. Mr. Meyer noted the coming change to the WRS website platform.

Recently, Mr. Meyer and the rest of the IT team attended the PRISM conference. The Audit Department and members of the IT team also attended the ISACA conference. Mr. Waddell commented on the increases in AI in our everyday lives and how some of the benefits are finding efficiencies and business capabilities. WRS could utilize AI in the future, but processes and procedures need to be better established first. Bad actors are looking for ways to utilize AI for their benefit. Mr. Chapman commented that there should be some easy opportunities to utilize different AI systems for improvement. Mr. Chapman stated he would like to see more testing and experimentation with AI within WRS. Mr. O'Brien endorsed continual research into AI opportunities. Mr. O'Brien suggested that the staff assemble a working group to monitor issues possibilities within AI and then report recommendations to the Board and would recommend including someone from the investment team.

Mr. Meyer discussed the changes to the existing RAIN request tracker; it will eventually be known as RAIN Task View (TV). Ms. Meecker commented on the improvements to request tracker and how it fully integrates how a process should flow through WRS and will impact all of the Operations team. Mr. Chapman asked if there are any plans for state agencies to get together to talk about cybersecurity. Mr. Meyer stated that priorities are on other items, but there continue to be a need. Mr. Meyer commented on the fact that there is an interim Director at ETS. Mr. O'Brien stated that the agency would benefit from bringing in an outside consultant. Mr. Chapman asked if the Board was in agreement with the WRS cybersecurity consultant request. Mr. Swindell wants to hire a firm, not just one person. Mr. Lummis commented on the need to survey who is available out there as a consultant and requested Mr. Meyer perform some research. Mr. O'Brien also requested that WRS continue to work with ETS on the cybersecurity need. Mr. Smith asked for the Audit & Risk Committee to take on this task and then receive and evaluate that information. Ms. Mockler recommended that WRS reach out to the State Auditor's Office as an agency with similar risk issues.

MOTION: Mr. Nelson motioned to direct Mr. Swindell and WRS staff to collect a list of potential cybersecurity consultants and that Mr. Swindell perform additional outreach to ETS and report back to the Audit & Risk Committee. Seconded by Mr. Jeremy Smith. Motion passed.

The Audit & Risk Committee adjourned at 3:07 p.m.

Mr. Chapman asked for board comments or edits to the February 2024 minutes.

MOTION: Mr. Bob Leibrich motioned to approve the February 2024 Board Meeting Minutes. Seconded by Mr. Tim Sullivan. Motion passed.

The WRS Board adjourned for the day at 3:10 p.m.

Thursday May 23, 2024

Mr. Chapman called the meeting to order at 8:32 a.m. Mr. Chapman thanked Ms. Kelley for setting up the dinner the night before. Mr. Chapman noted that this was Ms. Vicci Colgan's last Board Meeting and thanked her for her support and leadership on the WRS Board and as Chair of the Deferred Compensation Committee.

DEFERRED COMPENSATION COMMITTEE

Deferred Compensation Committee Members present: Dr. Lesley Travers, Mr. Bob Leibrich and Mr. Jeremy Smith.

Deferred Compensation Committee Members present remotely: Ms. Vicci Colgan (Chair).

Non-Committee Board Members present: Mr. Tim Sullivan, Treasurer Meier, Mr. Tom Chapman, Ms. E. Jayne Mockler, Mr. John Lummis and Mr. Eric Nelson.

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

Deferred Compensation Committee Chair, Ms. Vicci Colgan convened the meeting at 8:34 a.m. and turned the meeting over to Ms. Samantha Mills, 457 Committee Staff Liaison. Ms. Mills turned the meeting over to the team from RVK for their presentation and updates. According to Mr. Painting, the Large Cap U.S. Equity Fund returned 11.49% over the trailing 3-year period, and closely tracked its benchmark, the S&P 500 Index. Treasurer Meier asked when the last time fee research was done on the LifePath series. According to Mr. Painting, a target date fund review was performed last year. RVK stated that BlackRock's philosophy is to have higher equity exposure at the beginning of a career with exposure decreasing as a member gets closer to retirement. Mr. Swindell stated that they would resend out the May 2023 Deferred Compensation Board packet which featured the most recent target date fund review.

Mr. Burggraff went over the RVK International Equity Fund Structure analysis. According to Mr. Burggraff, RVK is recommending replacing the fund's allocation to passive large core and active SMID with a single passive all-cap strategy to offer improvement in risk-adjusted returns and downside capture with lower fees. The recommendation from RVK is to replace the current passive large core allocation (Vanguard Tot I Stock) and active SMID allocation (Vanguard Intl Explorer) with a single passive all-cap core allocation (State Street Global All Cap Ex US). The proposed structure is based on research that indicates lower volatility and downside risk, is more streamlined and has a lower fee than the existing and is a style-neutral structure, eliminating the modest growth bias that exists currently.

MOTION: Treasurer Curt Meier motioned to replace Vanguard and active SMID allocation with a single passive all-cap allocation, State Street Global All Cap. Mr. Eric Nelson Seconded. Motion passed.

The next item was a proxy voting discussion by Mr. Burggraff. WRS 457 Governance Policy requires the 457 Plan "Establish, manage, and monitor proxy voting process..." for the funds used in the Plan. In coordination with WRS, RVK acquired and inventoried the current fund proxy voting policies and conducted a survey of managers to identify the primary focus of their proxy voting practices. For WRS, all funds vote to maximize value with the exception of Nuveen, which only represents 0.2% of plan value. Alternatively, no manager indicated voting exclusively in support of ESG initiatives and disclosures. Mr. Lummis stated that he believed that WRS' proxy voting impact is quite low. Ms. Colgan agreed. Mr. Masoudi stated that WRS will not be impacted by the proxy voting for BlackRock and that these funds are not ESG focused.

The next agenda item is the 457 Update by Ms. Mills. The RVK contract extension is being worked on by the WRS Legal Department. Deferred Compensation Staff continue to work through the 457 Plan document and will be providing an updated version to the Board at a later date. According to Ms. Mills, WRS staff continue to create efficiencies through work with the record-keeper including, moving all employers to electronic remittance of contribution. There are currently 135 employers who still need to be converted to electronic contributions, 113 currently submit electronically. The 457 Plan remains over a \$1 billion in assets.

Ms. Colgan thanked everyone for the experience of serving on the WRS Board. Ms. Colgan stated she has enjoyed watching the quality and caliber of the WRS Board grow. Mr. Swindell thanked Ms. Mills for her efforts serving as both Deferred Compensation Manager and Interim Operations Manager. Mr. Swindell also stated that during Ms. Colgan's tenure with the WRS Board, the Deferred Compensation Plan had continued to grow with long term positive impacts on WRS Members and their families. Mr. Chapman told Ms. Colgan how much he appreciated her involvement and her leadership and service to the State of Wyoming and thanked Mr. Chapman for his leadership. Mr. Chapman announced that Mr. Leibrich will be taking over as the Deferred Compensation Committee Chair. Ms. Mills also thanked Ms. Angela Hendricks for her efforts on the 457 financials.

The Deferred Compensation Committee adjourned at 9:32 a.m.

INVESTMENT

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

Investment Committee Members present remotely: Mr. Paul O'Brien.

Non-Committee Board Members present: Mr. John Lummis, Mr. Jeremy Smith, Dr. Lesley Travers and Ms. E. Jayne Mockler.

Non-Committee Board Members present remotely: Ms. Vicci Colgan.

The Investment Committee commenced at 9:38 a.m. The meeting was turned over to Mr. Masoudi for the Investment Executive Summary. Based on the available data, WRS annualized returns outperformed the benchmark over 1, 2, 3, 5, and 10-year periods. Mr. Kreiter provided comments on Public Equities' performance. The EAFE portfolio slightly outperformed the benchmark by 17 bps mainly because of the Japan tilt. Mr. Mayer discussed Marketable Alternatives and stated that the biotech fund, Wind River, beat its benchmark by 15% in the first quarter of the year. Within Marketable Alternatives, Wind River was the strongest performer and also the largest investment.

Ms. Malone from Meketa went over the recent fund performance. Ms. Malone stated that overall the fund has outperformed the benchmark meaningfully, by over 2% over a 3-year period. The manager selection by WRS is the greatest contributor to that return success. Private Equity was the strongest performer both on an absolute and relative basis. The largest contributor for under-performance was Domestic Equity w/ Overlay, which was impacted by an underweight allocation and strong directional market. Ms. Malone highlighted the positive Sharpe and information ratios.

Mr. Masoudi initiated the performance compensation benchmark discussion. The Performance Compensation Plan requires that the WRS Board approve the portfolio performance benchmarks for each measurement period (fiscal year ending June 30). According to Mr. Masoudi, there are no changes from last year. Mr. Masoudi asked the Board for any questions. Mr. Chapman requested that the established benchmarks be highlighted for review by the Board when the performance comp benchmarks are discussed. The Investment Funds Committee (IFC) will review the benchmarks, consistent with the

requirements of the Performance Compensation Plan. The benchmarks will be in effect for the year beginning July 1, 2024.

MOTION: Mr. Bob Leibrich motioned to approve the performance compensation benchmarks. Seconded by Mr. Tim Sullivan. Motion carried.

The next discussion was on asset allocation, led by Mr. Masoudi. Each year the Investment Team performs an asset allocation review. After each asset class team completes its review, it is discussed as a team to provide feedback and then either affirm or adjust strategy. In 2023, 9 of 16 active managers within Marketable Equity outperformed their respective benchmarks. The weighting of managers produced significant alpha as the largest three positions were top performers. Notable successes were tilts towards EM small caps, Japan, and the US dollar. Notable misses were tilts toward small caps in EAFE, the US, and Japan. Within Marketable Alternatives, the team will endeavor to remain disciplined at evaluating and optimizing position size through redemptions and additions based on ex-ante risk and the underlying opportunity set. According to Mr. Masoudi, the team may find themselves needing to trim exposure based mostly on organic growth and relative returns as they are nearing sub-asset class and asset class maximum exposure limits. Within Private Markets, the team plans to continue evaluating potential opportunistic investments outside of existing fund-of-one vehicles in private equity and will continue sourcing private credit investments internally.

Mr. Mayer and Mr. Rogstad went over the Marketable Alternatives asset class review. The team is focused on adding talented investors into the lineup, recently adding an investment of \$50 million into Flat Footed Hybrid Fund. Positive hits were an addition of \$20 million in Dorsal's flagship fund and \$30 million in DSOF at the beginning of 2023, a \$15 million add to its position in Uranium, and 3 adds to Wind River totaling \$65 million in 2022 where the benefits were realized in 2023. Misses were investments in Asia-focused managers such as Hillhouse, Janchor, and PAG, who all underperformed with negative absolute returns. None of the Marketable Alternative strategies are expected to be a long-term drag on the portfolio return, but it is well within expectations that there will be some rough patches from time to time. Mr. Sullivan asked for more information about Flat Footed Hybrid Fund. Mr. Rogstad stated that they are a very opportunistic fund who tends to focus on misunderstood or abandoned areas of the market where misvaluations are more likely to occur. Mr. Mayer stated they are intriguing because they are not focused on asset classes and "filling buckets". Flat Footed Hybrid is more focused on generating strong absolute returns over time.

Mr. Kreiter went over the Public Equities asset class review. The WRS Public Equity portfolio is being managed with close attention paid to both fundamental and quantitative risks. The team's objective is to consistently compound modest excess returns above the benchmark. The U.S. election result, continued geopolitical risk and timing of central bank's policy easing are likely to have large and mostly unpredictable consequences for equity returns in 2024. The team still believes the threat of treasury supply-demand mismatch is a structural risk. According to Mr. Kreiter, there is a strong bias towards quality based on portfolio return on capital and balance sheet strength. The market is being driven by current events. Mr. Kreiter stated that everyone is focused on actions by the Federal Reserve and the upcoming election.

Ms. Malone noted a clarification to the earlier discussion on benchmarks that the full composite of Private Debt benchmarks did not get included in the latest quarterly report and would be sent at a later date.

Mr. Paradis went over the Private Markets asset class review. WRS sources Private Debt internally and intends to continue doing so. Private Equity is projected to peak in 2024 and to then decline in subsequent years. As such, WRS is considering an increase to Public Equity pacing to offset this upcoming deficit. Mr. Paradis covered performance and stated that Fund of One's managed by Abbott and Hamilton Lane have been very strong performers. Mr. Bowman stated that the Private Debt allocation is slightly below

its 5% target. WRS committed a total of \$150 million to three managers in 2023, two of which were re-ups.

PUBLIC COMMENT

Mr. Tom Chapman called for public comment at 11:45 a.m. There were no members of the public present.

Mr. Bowman went over the Fixed Income asset class review. Rate hikes have made fixed income more attractive on an overall yield basis. However, spreads have tightened and do not appear to be forecasting recession or a new default cycle. The team believe spreads should be wider and strives to only take risks when they are being fairly compensated for them, especially with credit. Staying neutral has been a good stance for the team to take with the changes that have been observed. According to Mr. Bowman, the market itself is a discounting mechanism. Mr. Nelson thanked Mr. Masoudi and his team for their work.

The Investment Committee adjourned at 11:58 a.m.

CONFERENCE UPDATES: Mr. Chapman shared his experience at the Institutional Investor Conference, where he was interviewed by the Utah CIO regarding the success of WRS. Mr. Chapman also attended the Milken Conference. AI was a large topic of discussion during Milken.

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 three months.

Future board meeting locations and dates were discussed by the WRS Board. Mr. Smith stated that he would like to see the February 2025 Board Meeting held 26-27, 2025. Mr. Smith proposed Lander as a 2025 location option but requested the May 2025 meeting be held earlier in the month.

LEGISLATIVE & BENEFITS COMMITTEE CONTINUED

Legislative and Benefits Committee reconvened to discuss the supplemental budget. Mr. Swindell went over the four priorities that had previously been discussed with the WRS Board and asked for feedback. Mr. Smith stated that he supported the proposed priority list. Treasurer Meier agreed with the proposed prioritization and recommended focusing on potential interim topics. Mr. Lummis stated he is in favor of the proposed budget and recommended that WRS continue to focus on cybersecurity needs. Ms. Mockler stated that if the cybersecurity issue is too broad, then it may get kicked down the road. Ms. Colgan recommended keeping long term goals in mind and continuing to focus on the WRS Strategic Plan. Dr. Travers stated that filling positions is a priority and recommended going back to talk about additional position requests. Mr. Chapman requested a plan from Mr. Swindell regarding the priorities and also a draft communication plan. The WRS Board would like to see cybersecurity as a number one priority. According to the Board, Investment Staff flexibility is the second priority.

The WRS Board Meeting adjourned at 12:46 p.m.