



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

Mark Gordon
Governor

David Swindell
Executive Director

MINUTES OF THE NOVEMBER 6th & 7th 2024 BOARD MEETING

The Wyoming Retirement System (WRS) Board met on November 6 & 7, 2024 at Little America, 2800 W. Lincolnway, Cheyenne, WY 82009

Board Members present: Mr. Tom Chapman (Chair), Mr. Eric Nelson (Vice Chair), Mr. Tim Sullivan, Mr. Paul O'Brien, Ms. E. Jayne Mockler, Mr. Robert (Bob) Leibrich, Dr. Lesley Travers, Mr. Jeremy Smith and Treasurer Curt Meier.

Board Members present via Zoom: Mr. John Lummis.

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

Wyoming Retirement System Staff present via Zoom: Ms. Angela Hendricks, Ms. Shuyeh Wang Liu, Ms. Courtney Lewis, Ms. Jennifer Plamann, Ms. Heather Hansen, Ms. Andrea Odell, Ms. Mariah Abeyta, Ms. Kimberly Martin, Ms. Brianna Porterfield and Mr. Kyle Meyers.

Others in Attendance: Ms. Mika Malone from Meketa Investment Group (Meketa), Mr. Beau Burggraff and Mr. Eric Painting from RVK, Inc. (RVK), Mr. Paul Wood from Gabriel, Roeder & Smith & Company (GRS) and Mr. Bryan Hoge & Mr. Bret Banister from Cavanaugh MacDonald (CavMac).

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

Legislative Liaisons present: Representative Bill Henderson.

WRS Board Vice Chair, Mr. Eric Nelson called the meeting to order at 12:30 p.m. at Little America in Cheyenne, Wyoming. Mr. Nelson welcomed everyone to the WRS November Board Meeting.

LEGISLATIVE & BENEFITS COMMITTEE

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

Non-Committee Board Members present: Mr. Tom Chapman, Mr. Paul O'Brien, Ms. E. Jayne Mockler and Treasurer Curt Meier.

Non-Committee Board Members present via Zoom: Mr. John Lummis.

The Legislative & Benefits Committee commenced at 12:30 p.m. Mr. Smith, the Legislative & Benefits Committee Chair, went over the planned agenda. The first agenda item was a presentation of actuarial audit results by the team from Cavanaugh Macdonald, Mr. Brent Banister and Mr. Bryan Hoge.

CavMac recently completed an actuarial audit on the work performed by GRS to confirm data integrity. Mr. Banister commented that it can be difficult for the WRS Board to evaluate the details of GRS' work; yet as fiduciaries, the Board is responsible for the accuracy and reliability of the actuarial work. CavMac's approach was to maintain a constructive mindset, identify suggestions that might improve technical evaluation, avoid comments that are personal preference, with the goal to improve the actuarial process overall. The documents reviewed were January 1, 2024, State of Wyoming Retirement System Actuarial Valuation Reports, Volunteer Firefighter, EMT, and Search and Rescue Pension Fund, December 31, 2023, State of Wyoming Retirement System GASB 67 & 68 Report and the Actuarial Experience Study for the Period ending December 31, 2020. According to CavMac, the assumptions for January 1, 2024, valuations were reasonable in their opinion. CavMac used the data provided by GRS to reproduce the valuation liabilities used for the cost calculations. CavMac stated that they believe the team from GRS is in compliance with actuarial standards and continue to be qualified actuaries. Mr. Smith asked for any questions for the team from CavMac. Mr. Paul Wood from GRS thanked CavMac for their efforts and stated he was pleased with the results and thanked the rest of his team.

Mr. Swindell went over the current supplemental budget request and updated the Board as a whole. Mr. Swindell stated there were two exception requests submitted by WRS to the Governor's Office. The first request is salary flexibility within the junior investment job positions. According to Mr. Swindell, the current legislative footnotes limit any movement of investment salaries without legislative approval. The existing supplemental budget request is to remove the existing language and instead allow the WRS Board to approve promotions or salary increases within the budget. The Treasurer's Office is also proposing a similar change in language. The second request was the restoration of the Investment Analyst position that was reclassified to an Investment Accountant over 5 years ago. Mr. Swindell provided his perspective on the recent budget hearing with the Governor's Office. Mr. Swindell stated that the State Budget Office will still allow for modifications to the current supplemental budget request. Mr. Smith requested a consensus decision from the Board to provide to WRS Staff. Mr. Smith stated the two requests are items WRS needs and should continue to ask for; additionally noting that the fund is now \$11.5 billion dollars and will likely need another staff member. Ms. Mockler commented that there will need to be solid justification for the position since it has been a while since the position has been occupied. Mr. Swindell stated that there is a level of operational risk in not having appropriate levels of investment staff. Mr. Chapman commented that investment position flexibility is the priority above all. Overall, the WRS Board supported Mr. Swindell's continued efforts with both supplemental budget requests and had no modification to the current request.

Mr. Swindell highlighted the most recent piece of WRS communication that was sent out to prospective legislative candidates. It included the Summary Report and was customized to showcase the financial impact that WRS has on different legislative districts, specific to the candidate. It also provided contact information as well as general information about the pension fund. Mr. Smith stated that he thought the mailing was well done. Dr. Travers commented that a couple of legislators had reached out to her regarding Cost of Living Adjustments (COLA).

Mr. Smith moved to the next discussion item, which was the Board's COLA position. Mr. Swindell provided some historical information regarding the funding status of the pension fund. Mr. Smith stated that there are requirements for the Board to consider when supporting a COLA, and that the current pension plan design does not include a COLA. The Board requested recommendations from the WRS staff on potential COLA options. Mr. Swindell stated it is difficult to recommend a COLA for one plan and not another. The Board requested a more solidified plan to be discussed during the May 2025 Board Meeting. Mr. Swindell stated that there has been some modeling of what increasing the 457 Plan match could look like. Mr. O'Brien would like the future policy discussion to focus on three equity issues - equity across plans, equity across retirees, and who pays for the COLA increase. Mr. O'Brien believes

that the COLA cost should not be coming from current member contributions and could instead be picked up by the State. The WRS Board will continue their COLA discussion at future board meetings.

Mr. Smith asked if the Board needed to make a motion to accept the Cavanaugh Macdonald Actuarial Audit Report. Clarification was provided that a motion to acknowledge the report was appropriate.

MOTION: Mr. Eric Nelson motioned to acknowledge the Cavanaugh Macdonald Actuarial Audit Report as presented. Dr. Lesley Travers seconded. Motion passed.

The Legislative & Benefits Committee adjourned at 2:22 p.m.

Mr. Chapman thanked Representative Bill Hendersen for all his efforts over the years as a legislative liaison to the WRS Board. The Board switched the planned agenda and requested that the Deferred Compensation Committee present prior to the Governance Committee.

DEFERRED COMPENSATION COMMITTEE

Deferred Compensation Committee Members present: Mr. Bob Leibrich (Chair), Dr. Lesley Travers, Ms. E. Jayne Mockler and Mr. Jeremy Smith.

Non-Committee Board Members present: Mr. Tim Sullivan, Mr. Eric Nelson, Treasurer Curt Meier, Mr. Tom Chapman and Mr. Paul O'Brien.

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

Mr. Bob Leibrich, Committee Chair, convened the Deferred Compensation Committee at 2:48 p.m. Mr. Leibrich turned the meeting over to Ms. Mills to welcome the new Deferred Compensation Manager, Ms. Jessica Abbott. Ms. Abbott introduced herself and shared her background and experience working for the State of Wyoming. Mr. Leibrich then turned the meeting over to the team from RVK, Mr. Beau Burggraff and Mr. Eric Painting, for the RVK Quarterly Report. Mr. Painting highlighted the third quarter economic environment. The BlackRock LifePath Index Retirement Funds posted generally positive results over the trailing 3-year period, with returns ranging from 2.13% to 7.58%. The current Deferred Compensation Fund balance as of September 30, 2024, was \$1,135,253,286. Mr. Painting went over the T. Rowe Price New Horizons fund placement on the RVK Watchlist and commented that the fund has had overall long-term growth. Mr. Painting commented on the existing money manager Diamond Hill, who was also on the Watchlist. RVK will continue observing both funds and make recommendations as needed.

Mr. Burggraff went over the RVK administrative cost analysis presentation. Effective July 1, 2024, administrative fees for the 457 Plan were reduced from 19 bps to 17 bps annually on all assets, with a high balance rebate cap of \$100,000. Following this year's analysis, RVK recommends further reducing the wrap fee on assets from 0.17% to 0.15%, effective July 1, 2025. According to Mr. Burggraff, WRS investment costs, when benchmarked against peers, are low. Additionally, WRS recordkeeping costs, when benchmarked against peers, are in line with public peers. There are few plans that have dedicated staff to assist members like WRS current employs. According to Mr. Burggraff if nothing changes there will be a surplus amount above the preferred threshold. Any changes approved by the WRS Board would not be implemented until July 1, 2025. RVK recommends a reduction to 15 basis points for the existing wrap fee. That change would benefit all participants.

MOTION: Ms. Jayne Mockler motioned to approve the proposed reduction of the existing wrap fee to 15 basis points effective July 1, 2025. Mr. Jeremy Smith seconded. Motion carried.

Mr. Burggraff stated that RVK also completed a policy review and did not have any current changes to recommend to the WRS Board.

Mr. Leibrich reported to the Board that the 457 Committee has been working to develop helpful financial planning resources for existing 457 Plan members. The Committee is reviewing ways to provide targeted information to members as well as highlighting ways to reach out to financial planning professionals. Mr. Leibrich was hopeful there will be more materials to share with the Board in February 2025. Ms. Mills provided the 457 Operations Report. Ms. Judie Petersen, 457 Specialist, recently moved on to another position with the State of Wyoming. The IRS did enact a change in contribution limits that will impact the 457 Plan. The team is reaching out to WRS employers to help offer them guidance. Mr. Chapman asked if there were other items or actions that the 457 Plan could implement from a forward-thinking perspective. Ms. Mills stated that more aggressive advertising to encourage saving could be an opportunity.

The Deferred Compensation Committee adjourned at 3:28 p.m.

GOVERNANCE

Governance Committee Members present: Dr. Lesley Travers (Chair), Mr. Tom Chapman, Mr. Jeremy Smith, Mr. Eric Nelson, Mr. Bob Leibrich and Mr. Paul O'Brien.

Non-Committee Board Members present: Mr. Tim Sullivan, Ms. E. Jayne Mockler and Treasurer Curt Meier.

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

Dr. Lesley Travers, Governance Committee Chair, convened the Governance Committee at 3:28 p.m. Ms. Kelley provided an update to the Board on the Strategic Plan goals, as they pertain to the new WRS restructure plan. According to Ms. Kelley, the staff has been primarily focused on hiring the approved positions and reclasses and thanked everyone who had assisted with interviews. There has been a domino effect with some internal hires. After the recent hire of a Benefits Specialist to a vacant Employer Relations position, the vacant Benefits Specialist position will be moved to assist the Payroll team as their workload continues to grow. Ms. Kelley asked all WRS Committees to consider a future review of the Board Policy Manual and requested that they look at their individual charters and plan to potentially present their edits during the May 2025 Board meeting. There are a few minor clean-up items to consider within the Board Policy Manual that will also be presented in May 2025. The Governance Committee will look at the overall Board Policy Manual and provide any suggested edits to the Board.

The next agenda was future board education 2025 conferences and opportunities. Ms. Kelley highlighted opportunities with NCPERS, NASRA, Mountain States and other opportunities. Ms. Kelley stated that NCPERS will be holding multiple trustee training courses in Denver next Spring and encouraged board members to consider attending at least one educational conference during 2025.

The Governance Committee adjourned at 3:42 p.m.

CONFERENCE UPDATES: Mr. O'Brien discussed a recent conference he attended. Mr. Chapman encouraged Board Members to consider attending more conferences in the future.

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 the work accomplished by staff over the past three months.

Ms. Meeker commented on the recent results of the Cybersecurity and Infrastructure Security Agency (CISA) report. The CISA team had communicated to WRS that they had never seen the level of corrective growth by an organization in one year. Ms. Meeker discussed the future of AI for the agency and how to

incorporate cybersecurity measures. Mr. Dale Meyer assisted with writing a Request for Proposal (RFP) for a cybersecurity vendor and WRS is just waiting for final approval from ETS for the RFP.

MOTION: Mr. Eric Nelson motioned to approve the August 2024 Board Meeting Minutes. Mr. Bob Leibrich seconded. Motion carried.

EXECUTIVE SESSION

MOTION: Mr. Eric Nelson motioned to move into Executive Session for purposes of discussing personnel. Seconded by Dr. Lesley Travers. Motion carried.

The Board moved into Executive Session at 4:10 p.m.

MOTION: Mr. Paul O'Brien motioned to adjourn out of Executive Session. Mr. Eric Nelson seconded. Motion carried.

The Board adjourned for the day at 5:22 p.m.

Thursday November 7, 2024

Mr. Chapman called the meeting to order at 8:07 a.m.

AUDIT & RISK COMMITTEE

Audit & Risk Committee Members present: Mr. Paul O'Brien (Chair), Ms. E. Jayne Mockler (1 vacancy).

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

Non-Committee Board Members present remotely: Mr. Eric Nelson and Mr. Bob Leibrich.

Non-Committee Board Members present: Mr. Tim Sullivan, Mr. Jeremy Smith, Treasurer Curt Meier, Dr. Lesley Travers and Mr. Tom Chapman.

The Audit & Risk Committee convened at 8:09 a.m. led by Committee Chair, Mr. Paul O'Brien. Mr. Waddell stated that the Internal Audit Department (IAD) had recently completed the Volunteer Fire Attendance Audit. The scope of the September 2024 Volunteer Fire Attendance Audit was from January 1, 2023, to December 31, 2023. Internal Audit examined all active Plan members from ten (10) departments of the 102 active volunteer departments in Wyoming without exception. Recently, the IAD had been focused on the development of RAIN TV for the WRS operations team. IAD continues to educate themselves on AI and how to best implement that within WRS. Mr. Waddell commented on a recent senior staff trip to the Fire Police Pension Association (FPPA) of Colorado to learn about how they are implementing AI. Mr. Meyer provided the business integration update to the Board. Mr. Meyer has continued to work on the requested cybersecurity RFP and is prioritizing that goal. Mr. Meyer commented on his current understanding of AI's future for the State of Wyoming and WRS. Currently, Mr. Meyer is unsure in which direction ETS, and the State are going regarding AI add-ons like Microsoft Co-Pilot and Google Gemini and will be waiting for guidance. Mr. Meyer would like to make sure AI has appropriate guardrails in place before it is turned on for the agency. Mr. Waddell stated that his comfort level is with the sharing of public documents like rules and statutes, and his concern is related to access to emails, personal identifiable information (PII) and personnel documents. Mr. Chapman recommended spending some resources on evaluating the potential uses of AI and possibly working with an outside vendor. Mr. O'Brien commented on the unique data information that WRS houses including financials and PII. Mr. Meyer commented that ETS will be going through a CISA evaluation in December. Mr. O'Brien asked Mr. Masoudi how AI impacts the WRS Investment Team. According to Mr. Masoudi, not

many pensions are currently utilizing AI, but the Investment Team is seeing more money managers incorporating AI into their structure.

Mr. Waddell discussed some of the results of the Board Risk Assessment. Each Committee Chair completed the Risk Assessment. The risk topics varied but were all important and valid concerns for the agency and the team. Mr. Lummis encouraged the Board and Staff to consider after action review and assessment of issues as they come up.

The Audit & Risk Committee adjourned at 8:55 a.m.

INVESTMENT

Investment Committee Members present: Mr. Paul O'Brien, Mr. Tom Chapman, Treasurer Curt Meier, Mr. Eric Nelson and Mr. Bob Leibrich.

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

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

The Investment Committee commenced at 8:57 a.m. Mr. Masoudi introduced Mr. Josh Keefe, the new WRS Investment Operational Risk Officer, and Mr. Gus Mahieu, the new Investment Operations Coordinator. Mr. Masoudi believes that the build-out of the Investment Operations team will only continue to help the Investment Team with the work that they do. Mr. Masoudi provided the Executive Summary and noted the enclosed 3rd Quarter returns are preliminary, and that the total fund benchmark and peer returns are not yet available. Meketa will distribute the final performance report as soon as possible, likely in mid-November. Mr. Kreiter provided a Public Equity update for the portfolio. According to Mr. Kreiter, performance was pretty good among most managers. In aggregate, 7 of 11 managers outperformed their respective benchmarks. Mr. Mayer went over the Gold and Marketable Alternatives update for the Board and stated that there was some stimulus in China which helped China driven strategies. According to Mr. Mayer, the Flat Footed Fund performed very well within one of the sub-strategies. In the third quarter, gold was up 13.2%. Gold was the best performing asset class in the portfolio. Internal estimates of performance for the quarter indicate a return of 4.1% for Marketable Alternatives relative to the benchmark at 2.7% for 3rd Quarter.

Mr. Bowman went over the Fixed Income tilts, including WRS' AAA CLO exposure. While AAA CLOs fit within Core Plus, the allocation is not represented in the Aggregate Index. Mr. Kreiter went over the Marketable Equity tilt. According to Mr. Kreiter, Marketable Equities are the most liquid risk asset and tend to be shifted around to allocate to other asset classes as needed and therefore tend to be underweight. Mr. Kreiter discussed the current fund investment position within Natural Gas as well as the history of the allocation. The team committed \$75 million to the Wellington Opportunistic Natural Gas Strategy in June 2023 followed by an additional \$20 million during June 2024. Mr. Mayer discussed tactical tilts within Marketable Alternatives. According to Mr. Mayer, the team has a preference to hold some hedged equity along with long only equity given the difficult market environment with higher potential for a recession and earnings compression. The primary goal of Marketable Alternatives is to generate a high, differentiated return vs. risk reduction/minimization of volatility. Mr. Paradis provided the tactical tilts of Private Real Assets. The 2.3% overweight position is the result of strong performance from the Moran portfolios, and the existence of investments made outside of these fund-of-ones, which are in their harvest period. Mr. Masoudi does not necessarily view uranium as a permanent allocation and discussed the difference between tactical and strategic trading.

Mr. Masoudi turned the meeting over to Ms. Malone from Meketa to discuss overall fund performance. Due to the early schedule of the November meeting, returns were not available to report to the Board. Ms. Malone stated the challenge in keeping an eye on the 10-to-20-year period returns and market

assumptions while making investment decisions based on where the fund sits today. Mr. Nelson thanked Ms. Malone for her comments.

PUBLIC COMMENT

Mr. Eric Nelson asked for any public comment at 12:20 p.m. At the time there were no members of the public present in person or online.

INVESTMENT COMMITTEE CONTINUED

Mr. Masoudi discussed the Performance Compensation Audit performed independently by RVK on behalf of the Wyoming State Legislature. Ms. Malone commented on the thoroughness of the review by RVK. Mr. Masoudi went over the findings, which overall stated that the benchmarks set by the WRS Board were thoughtful and appropriate. Other findings were that the benchmarks employed by WRS are largely well aligned with industry standards & practices and the benchmarks employed by WRS are widely used by institutional investors. Mr. Masoudi hopes the report provides clarification and reassurance to all interested parties.

The next agenda item was an overview of the planned strategic asset allocation assessment that is scheduled to occur in 2025. As per the WRS Investment Policy Statement, the Board should thoroughly review the strategic asset allocation every three years. According to Mr. Masoudi, during the January Investment Committee meeting the Committee will review potential changes to IPS, SAA and benchmarks and Meketa's preliminary 2025 Capital Market Assumptions. They will then evaluate potential allocations and scenario analysis and determine preliminary recommendations. Different benchmarking reports and providers were discussed by the Board. Mr. Masoudi stated that shifting to a single Private Real Assets benchmark would be appropriate, given that the majority of WRS' exposure in the asset class is held in a diversified, best ideas fund, which is more agnostic in terms of sub-asset class weights. Mr. Masoudi recommended an ACWI Benchmark for Marketable Equities. This would simplify the benchmark but would eliminate the Board's ability to change weightings to the underlying regions. Mr. Masoudi went over the remaining assets and current benchmarking recommendations. Mr. Lummis asked for Meketa's perspective on the benchmark definition across peers and requested their thoughts on peer similarities and their relevancy.

Mr. Masoudi moved on to the Market Discussion. The biggest market impact will be the election of Donald Trump to the Presidency. According to Mr. Masoudi it is hard to manage a portfolio based on political dynamics, so the investment team is not currently intending on making any shifts due to the changing political climate.

The Investment Committee adjourned at 11:43 a.m.

MOTION: Mr. Jeremy Smith motioned to approve the October 14th 2024, Joint Legislative & Benefits and Governance Committee meeting minutes. Mr. Bob Leibrich seconded the motion. Motion carried.

Mr. Chapman thanked the WRS Staff for all their work and the Board Members for traveling to Cheyenne. November 2025 meeting locations and options were discussed.

The WRS Board Meeting adjourned at 11:46 a.m.