

Volunteer Firefighter, EMT, and Search & Rescue Pension Fund Board Meeting
Svilar's Steak House, Hudson, WY
June 15, 2022

A meeting of the Volunteer Firefighter, EMT, and Search & Rescue Pension Fund Board was held at 7:00 p.m. on Wednesday, June 15, 2022 at Svilar's Bar & Steakhouse in Hudson, Wyoming.

Board members participating:

Mr. Gene Diedtrich (Chairman) (Newcastle)
Mr. Lanny Applegate (Vice-Chair) (Cheyenne)
Mr. Clint Becker (Douglas)
Mr. Tracy Brown (Lingle)
Mr. Kim Lee (Riverton)
Mr. Jerry Munger (Wheatland)
Mr. Eric Quinney (Evanston)
Mr. Dennis McDonald (Afton)

Board members absent and excused: None

Wyoming Retirement System (WRS) Staff members participating:

Mr. David Swindell, Executive Director

Others in attendance: Mr. Nick Hudson (Lander Volunteer Fire Department)

Chairman Diedtrich called the meeting to order at 7:05 p.m.

1) Board Meeting Minutes from April 1, 2022. The Volunteer Firefighter, EMT, and SAR Pension Fund minutes from the April 1, 2022 Volunteer Meeting were considered.

MOTION 06-01-2022 (#1): Mr. Applegate moved to approve the minutes as presented. Mr. Brown seconded. Motion carried unanimously.

2) Review of Financial Reports. The financial statements for the months ending January 31, 2022, February 28, 2022 and March 31, 2022 were reviewed, noting that plan assets as of March 31, 2022 totaled \$103,662,335.61.

MOTION 06-02-2022 (#2): Mr. Diedtrich moved to approve the financial reports as presented. Mr. Munger seconded. Motion carried unanimously.

Premium Tax Transfers. Mr. Swindell provided the Fire Insurance Premium Tax Transfer amount update, noting that the plan had received two payments on June 8, 2022. The 2021 “settle-up” payment totaled \$2,139,690.00 (+234,923.52 compared to similar payment of \$1,904,766.48 on June 29, 2021). The first quarter 2022 payment totaled \$1,107,927.48 (+67,201.53 from similar payment for 1st quarter 2021 of \$1,040,725.95 on June 9, 2021). These payments are all earned in either 2021 or the first quarter of 2022 and are allocated 100% to the volunteer plan. The 40% diversion imposed by SF0039 will take effect for payments earned April 1, 2022 and beyond. The first quarterly payment impacted will be the 2nd quarter 2022 payment, normally transmitted by the Department of Insurance in August or early September.

The board reviewed the asset chart over time, noting record assets as of December 31, 2021 of \$108,686,819 and drop due to market weakness to \$103,662,336 as of March 31, 2022. Assets as of inception (when the Firefighter and EMT plan assets were combined on 1 July, 2015) were \$74,030,976.

MOTION 06-03-2022 (#3): Mr. Brown moved to approve the fire insurance premium tax and asset reports. Mr. Becker seconded. Motion carried unanimously.

3) Review of Membership Reports. The membership reports as of June 3, 2022 contained the following highlights:

Active Contributing Members: 2,360

Retirees: 1,374

Survivor pensions: 291

Monthly pension total: \$596,406.28

Smallest monthly pension: \$35.14

Largest monthly pension: \$752.17

Average monthly pension: \$358.20

Participating Departments. The Board reviewed the participating department report, noting 118 participating agencies. Mr. Swindell noted that the reports were based on agencies reporting over the past 90 days. There are two ongoing reorganizations. Laramie Co. #2 and Laramie Co. #6 are consolidating into Laramie County Fire Authority (Volunteer Fire). #2’s transition is nearly complete, noting the report showing -20 for #2 and +20 for Laramie County Fire Authority. One member is still carried as with #2; there was a problem with that one member’s social security number and the transition for that member is delayed

while waiting on documentation. Laramie County #6 has not yet transferred their 17 members. The other reorganization involves transfer of the Thayne Ambulance Service to North Lincoln County Hospital District. This reorganization was backdated to December 31, 2021. The report of 23 members for North Lincoln County Hospital is correct. Not shown at all on this report is the Thayne Ambulance Service since they didn't have any members 90 days ago (as of 31 December, Thayne Ambulance had 12 members, since transferred to North Lincoln County Hospital District).

Mr. Swindell noted that sometimes WRS is not always notified of such reorganizations which can confuse the "snapshot in time" reporting a little bit. In time, the staff becomes aware and eventually the reports adjust.

Service Purchase reports. The Board reviewed the service purchase reports for the quarter, with two pending service purchases and one completed service purchase during the March to May 2022 timeframe.

Newly refunded and retired report. The Board reviewed the refunded accounts and new retirees for the March through May 2022 timeframe. There were seven new retirements and 16 members refunded their accounts during the period.

Deceased members by plan report. The report shows 4 retirees who passed. Mr. Brown noted a recent death in the past week of a member listed on the retiree list. Mr. Swindell took note of it and will pass the information to staff. Deaths are tracked with a number of methods, but the biggest tool is a daily report from a vendor that reviews deaths from participating states, the social security administration and an artificial intelligence program that reviews published obituaries in the United States. It can take some time for a death certificate to be issued or an obituary published, but WRS usually is notified within about 30 days. More often than not, the family has already contacted WRS.

MOTION 06-04-2022 (#4): Mr. Lee moved to approve the membership reports. Mr. Becker seconded. Motion carried unanimously.

4) Director's Report. Mr. Swindell provided a report to the Board regarding asset returns and actuarial matters. Highlights included:

- Total fund return as of March 31, 2022 was -1.84%, beating the benchmark (-2.73%) by 89 bps and ranked in the 16th percentile against peers. But a loss in absolute terms.
- Markets have continued to be weak. Estimates at the end of April and end of May were:
 - As of April 30, 2022: -5.32% YTD
 - As of May 31, 2022: -5.46% YTD

- At the May Board meeting, the Board adopted future asset allocations that modestly increased our allocation to private markets and decreased Marketable Alternatives and Fixed Income:
 - Private Debt: from 3% target to 5% target
 - Private Equity: from 9% target to 13% target
 - Marketable Alternatives (hedge funds): from 19% target to 16% target
 - Marketable Fixed Income (bonds): from 18% target to 15% target
- Actuarial reports have been finalized and a copy is in each board member's packet.
 - Funding ratio (actuarial): 81.3%
 - Funding ratio (market value): 90.2%
 - 10 year projection (2032): 107.9%
- Impact of a loss in 2022. Mr. Swindell noted that because investment results are smoothed over 5 years and because right now the market value is much higher than the smoothed actuarial value, the impact of a potential loss in 2022 will not cause a large change in the actuarial funding ratio. If the fund were to return -6.00% in 2022, the 2023 projection would still be 83.2% -- a modest improvement from the current 81.3%. However, looking past 5 years, there is no more smoothing and the longer term projections will be much more volatile. The 2032 result would be 89.6% instead of the current projection of 107.9%. The actuaries cannot model a recovery, although if the longer term assumption of +6.8% is to be met, at some point there has to be a period of higher returns to offset a loss. Remember that WRS is a long-term investor and we should expect some losing years. Last year we earned 17.2% -- some reversion is to be expected.

At 8:01 pm, Mr. Diedtrich paused the meeting as dinner was served. The meeting resumed at 8:25 pm.

5) Internal Audit Reports.

The board considered recommendations from the WRS internal audit department.

- Internal audit reviewed service and meeting attendance records from 10 agencies and recommended service credit adjustments for 5 members from 2 of these agencies. Details with personal information were provided in hard copy to board members.
- Accept the 2021 EMT certification audit report (there were no findings).
- Approve postponement of the Converse County Rural Fire Department audit until 2023. They were selected for an audit in 2021 but they are a new agency having joined in 2019. The agency has not hosted the required meetings prescribed due to the pandemic among other issues. Audit recommends that the agency be audited in both 2022 and 2023 to assure compliance.

MOTION 06-05-2022 (#5): Mr. Brown moved to approve the recommendations of the internal audit department. Mr. McDonald seconded. Motion carried unanimously.

6) **Rules Discussion.** The Board considered a memorandum from WRS's General Counsel regarding rule development for what should constitute a firefighter devoting his "entire time of employment" to a fire department (for inclusion in the Paid Fire B plan) and "less than his entire time of employment to activities of a volunteer fire department" (for inclusion in the Volunteer plan). Counsel doubts whether the Board has clear rule making authority to further define this and has concern that doing so might impede the efforts of fire chiefs to develop innovative plans like scholarship and internship opportunities to help man the fire service.

There is a second rule proposal regarding a potential need to clarify via rule the definition of a "surviving spouse." Existing statute says that this is the spouse at the time of entry into volunteer service, or as otherwise determined by Board special action. There are several potential avenues, each with their own merits and issues. The Board previously discussed a standard that would be that the surviving spouse was the spouse at the time of death of the volunteer, whether that was while in active service, in a deferred status or as a retiree. This would allow for cases of divorce, widows, and re-marriages. But it could be a very new marriage late in life to a very young person that had no connection to the volunteer service and would extend the spousal benefit to another generation. Another option would be to limit the retiree surviving spouse to the spouse of record at the time of retirement. This would have some actuarial benefit to the plan, but would limit a retiree's ability to enter into a new marriage after retirement and have that marriage qualify for the spousal benefit.

Discussion ensued and it was determined that the issues involved might be best considered by a committee, rather than the Board as a whole.

MOTION 06-06-2022 (#6): Mr. Quinney moved to form a committee of board members and staff to develop a recommendation for these rules. The committee would consist of Mr. Diedtricht and Mr. Applegate from the board, and Mr. Swindell, Mr. Bleakley and Mr. Brandes from the WRS staff. Mr. Applegate seconded. Motion carried unanimously.

7) **Reappointment of Board Members.** The Governor's office has instituted a new online procedure for reappointed board members to apply for reappointment. Both Mr. Lee and Mr. Munger are up for reappointment this summer. Discussion ensued as to whether this was necessary since the trustees were nominees recommended by the Wyoming state firemen's association and the Governor's statutory authority is to appoint firefighter board members from nominees recommended to the governor by the association. However, the Governor could decline to make any appointment and the Governor's office does have internal processes for board appointments. It was determined that it was just best to use the online system; Mr. Lee said he had already filled it out.

8) Date and Location of Next Meeting. Chairman Diedtrich led a discussion resulting in a proposal for the next meeting to be on Wednesday, September 21, 2022 at the Rib & Chophouse restaurant in Cheyenne, Wyoming at 6:00 pm. The rest of the Board agreed.

9) Adjournment. There being no further business, the Volunteer Board adjourned at 9:25 p.m.