



CURTIS E. MEIER, JR
WYOMING STATE TREASURER

INVESTMENT PROFESSIONAL PERFORMANCE C O M P E N S A T I O N P L A N

July 1, 2019

**STATE OF WYOMING, STATE TREASURER'S OFFICE
INVESTMENT PROFESSIONAL PERFORMANCE COMPENSATION PLAN**

THE STATE OF WYOMING, STATE TREASURER ("**Treasurer**") adopted this Investment Professional Performance Compensation Plan ("**Plan**") effective as of July 1, 2019, which may be amended and restated by the Treasurer from time to time. This Plan document sets forth the terms and conditions of the Plan for the Investment Period beginning July 1, 2019.

RECITALS

A. **WHEREAS**, Wyoming Statute § 9-1-409(e) authorizes the Treasurer to implement and administer a performance compensation plan for specific at-will State of Wyoming, State Treasurer's Office ("**Treasury**") employees who are directly engaged in investing the assets of the State; and

B. **WHEREAS**, the Plan shall seek to maximize risk-adjusted total returns net of fees on investment of State assets; and

C. **WHEREAS**, the purpose of the Plan is to provide competitive compensation to Treasury investment professionals, subject to achievement of defined performance objectives, that will drive superior investment performance within established risk guidelines.

NOW THEREFORE, this Plan document sets forth the terms and conditions of the Plan for the Investment Period beginning July 1, 2019, as follows:

Article I. Definitions

The following terms are defined in the provisions set forth below. All capitalized terms used in this Plan and accompanying documents and not otherwise defined in this Plan will have the meanings set forth in these Definitions.

1.01 "Alpha" means the dollar amount of performance above the relevant benchmark in a given Investment Period.

1.02 "Asset Class" means a type of State portfolio investment including equity, fixed income, and hedge funds.

1.03 "Asset Class Benchmarks" means the benchmarks within each portfolio asset class as established by the Investment Funds Committee.

1.04 "Assigned Asset Class" means an Asset Class which a Participating Employee has been assigned to directly engage in investing.

1.05 "Base Salary" means the average cash remuneration paid to a Participating Employee in the fiscal year of the applicable Investment Period.

- 1.06 “Code” means the Internal Revenue Code of 1986, as amended from time to time.
- 1.07 “Disability” means the loss of use of the body as a whole or any permanent injury which permanently incapacitates the employee from performing work at any gainful occupation for which he is reasonably suited by experience or training.
- 1.08 “Eligible Employee” means a Treasury employee eligible to be designated by the Plan Administrator to participate in the Plan for an Investment Period. Pursuant to Wyoming Statute § 9-1-409, Eligible Employees are: Chief Investment Officer; Senior Investment Officer; Investment Officer; Senior Analyst; Analyst.
- 1.09 “Fiscal Year” means July 1 through June 30.
- 1.10 “Individual Performance” means the total sum of the Alpha generated for the Assigned Asset Classes
- 1.11 “Ineligible Employee” means an employee of Treasury who is not an Eligible Employee and cannot participate in the Plan.
- 1.12 “Investment Consultant” means the consultant hired by the State Loan and Investment Board under Wyoming Statute § 9-4-716.
- 1.13 “Investment Funds Committee” or “IFC” means the committee created by Wyoming Statute § 9-4-720.
- 1.14 “Investment Performance Measurement” means measuring investment performance during an Investment Period based on fifty percent (50%) related to Total Fund investment performance and fifty percent (50%) related to the Assigned Asset Class investment performance.
- 1.15 “Investment Period” means the rolling three year period beginning July 1 of a given Fiscal Year and ending June 30 of the third Fiscal Year thereafter, except during the first two years of Plan initiation as described in Section 4.04
- 1.16 “Participating Employee” means the individual Treasury employee designated by the Plan Administrator to participate in the Plan for a given Investment Period pursuant to the participating employment agreement executed by the employee and Treasury and incorporated herein by this reference.
- 1.17 “Performance Compensation” means compensation payable to Participating Employees in addition to base salary determined by investment performance exceeding investment benchmarks established pursuant to this Plan for an Investment Period.
- 1.18 “Plan” means the State of Wyoming, State Treasurer’s Office Investment Professional Performance Compensation Plan, as amended from time to time.

1.19 “Plan Administrator” means the Treasurer or the Ineligible Employee designee appointed by the Treasurer to administer the Plan and designate Eligible Employees for participation in the Plan for a given Investment Period in consultation with the Investment Consultant or other consultant as designated by the Treasurer.

1.20 “Retirement” means a Participating Employee retiring under the provisions of the Wyoming Retirement Act, Wyoming Statutes §§ 9-3-401 through 9-3-432.

1.21 “Retirement Eligible” means an employee who is eligible for full or reduced service retirement, or a disability retirement under the Wyoming Retirement Act, Wyoming Statutes §§ 9-3-401 through 9-3-432.

1.22 “Total Fund” means the total or overall investment portfolio of funds managed by the Treasurer, excluding funds invested for a specific public purpose, and investments currently held and specifically directed by the Treasurer or the State Loan and Investment Board and not made at the recommendation of participating employees per Wyoming Statute § 9-1-409(e)(v).

1.23 “Total Fund Benchmark” means the benchmark for the Total Fund set by the Investment Funds Committee.

1.24 “Treasurer” has the meaning set forth in the Preamble.

1.25 “Treasury” has the meaning set forth in the Preamble.

Article II.

OMITTED

Article III. Eligibility

Section 3.01 Participation. Only Participating Employees designated by Wyoming Statute § 9-1-409(e)(ii) shall be eligible for participation in the Plan. Prior to July 1 of each Fiscal Year, the Plan Administrator will designate Participating Employees for participation for the Investment Period. To be eligible for Performance Compensation for an Investment Period, each Participating Employee must be continuously employed as a Participating Employee from July 1 through June 30 of the Fiscal Year, except as otherwise set forth in this Article.

Section 3.02 Partial Year Participation. An Eligible Employee hired between July 1 and June 30 in a given Fiscal Year, and who remains continuously employed through the end of the Investment Period during which he was hired, shall be considered a Participating Employee for the first Fiscal Year of that Investment Period. Performance Compensation shall be determined

based upon investment performance for the Investment Period in which the Participating Employee was hired, pro-rated for the employee's months of employment.

Section 3.03 Position Transfer. For Participating Employees who transfer from one eligible position within Treasury to another eligible position within Treasury during an Investment Period, the Performance Compensation payable shall be pro-rated.

Section 3.04 No Right to Future Employment. Participation in the Plan for any one Investment Period does not confer the right to participate in the Plan in any other Investment Period. Participation in the Plan does not confer the right to continued employment with Treasury.

Section 3.05 FMLA Leave. For Participating Employees who take leave under the Family and Medical Leave Act during the Investment Period, Performance Compensation shall be pro-rated based on the time worked during that Investment Period.

Section 3.06 Leave Time. Participating Employees will accrue Leave Time as provided below:

(a) Chief investment officers, senior investment officers and investment officers shall receive leave time in the same manner and amount as department directors under W.S. 9-2-1706(b). The current Executive Personal Leave Policy is attached in Appendix C, incorporated herein by this reference, and subject to change.

(b) Senior analysts and analysts shall receive leave time in accordance with standards and rules established or promulgated in accordance with W.S. 9-2-1022(a).

Article IV. Performance Compensation Calculation

Section 4.01 Quantitative Performance. The determination of whether investment performance has exceeded established investment benchmarks is weighed as follows: fifty percent (50%) based on the Total Fund Performance and fifty percent (50%) based on the Participating Employee's individual Assigned Asset Class Performance, as set forth below.

Section 4.01.01 Total Fund Performance. The Plan Administrator in conjunction with the Investment Consultant shall calculate Performance Compensation for a particular Investment Period for the Total Fund by comparing the Total Fund's actual performance to the Total Fund Benchmark as established by the Investment Funds Committee prior to the Investment Period, set forth in Appendix A, and incorporated herein by this reference. Performance shall be calculated to the nearest 1/10th of a basis point. The Treasurer shall provide the calculation to the Investment Funds Committee for its determination regarding whether Performance Compensation was earned for a given Investment Period.

Section 4.01.02 Assigned Asset Class Performance. The Plan Administrator in conjunction with the Investment Consultant shall calculate Performance Compensation for a particular Investment Period for each Participating Employee for the employee's Assigned Asset Class by summing the employee's Assigned Asset Class actual total performance (the total Alpha

dollars generated from the Assigned Asset Class) and comparing it to the Assigned Asset Class Benchmark’s actual performance, using the Asset Class Benchmarks as established by the Investment Funds Committee prior to the Investment Period, set forth in Appendix A, and incorporated herein by this reference. Performance shall be calculated to the nearest 1/10th of a basis point. The Treasurer shall provide the calculation to the Investment Funds Committee for its determination whether Performance Compensation was earned for a given Investment Period.

Example: If the Total Fund return equals 10% and the benchmark return was 9.75%, then the fund would have outperformed the benchmark by 25 basis points (0.25%) for that Investment Period.

The Treasurer shall recommend for the Investment Funds Committee’s determination the dollar amount of outperformance for any given Investment Period by multiplying the portfolio value by the percentage outperformance for that Investment Period. Portfolio value for calculating pro-rated performance shall be determined by averaging the monthly values of the Total Fund portfolio over the course of an Investment Period.

Example: If the average value of the Total Fund for an Investment Period was \$20 billion, that amount would be multiplied by 25 basis points outperformance (0.0025), resulting in a dollar amount equal to \$50,000,000.

Section 4.02 Maximum Performance Compensation. Prior to the beginning of each Fiscal Year, the Treasurer shall estimate the maximum performance compensation that may become payable to Participating Employees for the Investment Period. The maximum performance compensation that may be earned in any given Investment Period for each Participating Employee shall not exceed the following:

Eligible Employee Position Maximum Performance Compensation

Chief Investment Officer	One Hundred Percent (100%) of Base Salary
Senior Investment Officer	Seventy-Five Percent (75%) of Base Salary
Investment Officer	Fifty Percent (50%) of Base Salary
Senior Analyst	Twenty-Five Percent (25%) of Base Salary
Analyst	Twenty-Five Percent (25%) of Base Salary

Total payments to all Participating Employees for Performance Compensation earned in a given Investment Period shall not exceed two percent (2%) of the net investment returns above the established benchmark of the Total Fund for that Investment Period and two percent (2%) of the net investment returns above the established benchmark of the Participating Employee’s Assigned Asset Class. The amount of outperformance needed to achieve maximum performance compensation payout for any given Investment Period shall be determined by dividing the aggregate total of maximum performance compensation for each Participating Employee by two percent (2%). For examples, see Appendix B.

Section 4.03 Calculating Performance Compensation. At the conclusion of each Investment Period, the Treasurer shall recommend for the Investment Funds Committee’s determination the

amount of Performance Compensation earned for each Participating Employee. If the Investment Funds Committee determines that the Total Fund Benchmark or any Asset Class Benchmarks have been exceeded for a given Investment Period, then the performance compensation shall be proportional up to the maximum determined amount derived from the 2% factor and salary percentage caps. For examples, see Appendix B.

Section 4.04 Performance Compensation Payments. Payments for Performance Compensation for any one Investment Period shall be as follows:

(a) Payments of Performance Compensation for Fiscal Year 2020, if any, shall be based upon Investment Performance Measurement beginning July 1, 2019 and ending June 30, 2020.

(b) Payments of Performance Compensation for Fiscal Year 2021, if any, shall be based upon the arithmetic average of the Investment Performance Measurement beginning July 1, 2019 and ending June 30, 2020 and the Investment Performance Measurement beginning July 1, 2020 and ending June 30, 2021.

(c) Payments of Performance Compensation for Fiscal Year 2022 and each Fiscal Year thereafter, if any, shall be based upon the arithmetic average of the Investment Performance Measurement beginning that Fiscal Year and the two immediately preceding Fiscal Years.

Article V. Determination of Performance Compensation

Section 5.01 Determination of Performance Compensation. Following the end of each Investment Period, the Plan Administrator in conjunction with the Investment Consultant shall assess whether investment performance of the Total Fund and each Asset Class during the Investment Period exceeded the benchmarks established by the Investment Funds Committee, attached as Appendix A. The Plan Administrator shall provide the data and assessment to the Investment Funds Committee for its determination whether the established benchmarks have been exceeded.

Section 5.02 Performance Compensation Summary Report. The Treasurer shall report to the Joint Appropriations Committee and the Select Committee on Capital Financing and Investments by November 1 of each year on the Plan. The report shall include:

- (a) Payments and methodology of calculating payments under the Plan;
- (b) A measurement quantifying the risk resulting from the variation between the prior year's investment benchmarks and the prior year's actual investments; and
- (c) An estimate of future payments under the Plan and future expected investment benchmarks.

Article VI. Payment of Performance Compensation

Section 6.01 Eligibility for Payment. Eligibility for Performance Compensation does not confer any contractual right to payment. A Participating Employee must be vested on or before each Installment Payment Date as set forth in Section 6.02 to be eligible to receive payment of Performance Compensation applicable to a given Investment Period. A Participating Employee becomes vested on an Installment Payment Date if the Participating Employee: a) is actively employed by Treasury on the Installment Payment Date; and b) satisfies the eligibility requirements for participation under this Plan. Notwithstanding the foregoing, in the event employment is terminated prior to an Installment Payment Date for reasons related to the death, Disability, or Retirement of a Participating Employee, the Participating Employee shall be deemed fully vested in all outstanding installment payments as of the date of termination and shall be entitled to payment in full upon the next closest Installment Payment Date. A Participating Employee whose employment with Treasury is terminated for any other reason prior to an Installment Payment Date shall forfeit all unpaid Performance Compensation as of the date of termination, including portions of Performance Compensation from prior Investment Periods, subject to the terms of an anti-compete agreement that the Administrator may enter into with the terminated employee.

Section 6.02 Time and Form of Payment. Performance Compensation, if any, shall be paid by check or direct deposit to Participating Employees in three installments on set dates (each an “Installment Payment Date”) as follows:

(a) **Total Fund Exceeds Investment Benchmarks Established by the Investment Funds Committee.** If the Total Fund return for the Investment Period exceeds the benchmarks established by the Investment Funds Committee, the following shall apply:

- (i) **First Installment.** Twenty-five percent (25%) of the Performance Compensation shall be paid on a date determined by the Plan Administrator, but in no case later than one hundred eighty (180) days immediately following the end of the Investment Period in which the Performance Compensation was earned, and shall be based on the Participating Employee’s Base Salary determined as of the last day of the applicable Investment Period.
- (ii) **Second Installment.** Twenty-five percent (25%) of the Performance Compensation shall be paid on a date determined by the Plan Administrator, but in no case later than thirty (30) days following the close of the second Investment Period immediately following the Investment Period in which the Performance Compensation was earned, and shall be based on the Participating Employee’s Base Salary determined as of the last day of the applicable Investment Period.
- (iii) **Third Installment.** Fifty percent (50%) of the Performance Compensation shall be paid on a date determined by the Plan Administrator, but in no case later than thirty (30) days following the close of the third Investment Period immediately following the Investment Period in which the Performance

Compensation was earned and shall be based on the Participating Employee's Base Salary determined as of the last day of the applicable Investment Period.

(b) **No Earnings Adjustment.** Performance Compensation payment amounts shall not accrue interest or be credited with any earnings adjustment.

Section 6.03 Withholding Taxes. All Performance Compensation payable under the Plan shall be subject to the withholding of such amounts as the State Auditor's Office may determine is required to be withheld pursuant to any applicable federal, state, local income, employment or other taxes.

Section 6.04 Retirement Benefit Does Not Include Performance Compensation. Performance Compensation shall not be included as compensation for the purpose of computing retirement or pension benefits earned by the employee.

Article VII. General Provisions

Section 7.01 Plan Funding. The Plan shall be funded from investment returns, with each invested fund's share calculated in proportion to the magnitude of aggregate investment earnings of each fund invested, including interest and dividends, which shall be continuously appropriated for payment of Performance Compensation as authorized by this subsection.

Section 7.02 No Right to Employment. The establishment of this Plan shall not be deemed to confer upon any person any legal right to be employed by, or to be retained in the employ of, Treasury, or to give any employee or any person any right to receive any payment whatsoever, except as provided under this Plan. All Participating Employees shall remain subject to discharge from employment at will to the same extent as if this Plan had never been adopted.

Section 7.03 Sovereign Immunity. Pursuant to Wyo. Stat. § 1-39-104(a), the State of Wyoming and Treasury expressly reserve sovereign immunity by entering into this Plan and specifically retain all immunities and defenses available to them as sovereigns. The parties acknowledge that the State of Wyoming has sovereign immunity and only the Wyoming Legislature has the power to waive sovereign immunity. Designations of venue, choice of law, enforcement actions, and similar provisions shall not be construed as a waiver of sovereign immunity. The parties agree that any ambiguity in this Plan shall not be strictly construed, either against or for either party, except that any ambiguity as to sovereign immunity shall be construed in favor of sovereign immunity.

Section 7.04 Section Headings. The headings in this Plan document have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof. The language in all parts of this Plan document shall in all cases be construed according to its fair meaning, and not strictly for or against any party hereto.

Section 7.05 Severability. Should any portion of this Plan be judicially determined to be illegal or unenforceable, the remainder of the Plan shall continue in full force and effect.

Section 7.06 Transferability. Any Performance Compensation payable pursuant to the terms of this Plan is personal to the Participating Employee and may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of by any means. Notwithstanding the above, in the case of death of the Participating Employee, the Performance Compensation payable pursuant to the terms of this Plan is payable to the Participating Employee's beneficiary.

Section 7.07 Successors. This Plan shall be binding upon and inure to the benefit of the Participating Employees and their respective heirs, representatives and successors.

Section 7.08 Section 409A; Deferred Compensation. Any amounts payable under this Plan shall comply with Section 409A of the Code, or be eligible for certain regulatory exceptions to the limitations imposed on deferred compensation by Section 409A, so as not to subject Participating Employee's to the payment of additional taxes and interest that may be imposed under Section 409A. To the maximum extent possible, this Plan shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A. However, neither Treasury nor the State of Wyoming guarantee any particular tax effect for payments made under the Plan. In any event, neither Treasury nor the State of Wyoming shall be responsible for the payment of any applicable taxes incurred by a Participating Employee pursuant to the Plan. In the event that any amounts payable under the Plan may be subject to additional tax and interest imposed under Section 409A, neither Treasury nor the State of Wyoming shall be required to assume any increased economic burden.

Section 7.09 Compliance with Law; Ethics. Participating Employees shall keep informed of and comply with all applicable federal, state and local laws and regulations in the performance of their duties, including the Wyoming Statutes governing Treasury, the Executive Branch Code of Ethics (Executive Order 1997-4), the Wyoming Ethics and Disclosure Act (Wyoming Statutes §§ 9-13-101, et seq.), the Master Investment Policy and Sub-Policies of the State Loan and Investment Board, as may be updated, and any and all ethical standards governing the Participating Employee's profession.

Section 7.10 Applicable Law/Venue. The construction, interpretation and enforcement of this Plan shall be governed by the laws of the State of Wyoming without regard to conflict of laws principles or rules. The courts of the State of Wyoming shall have jurisdiction over this Plan and any and all agreements related to it and the parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

Section 7.11 Availability of Funds. Each payment obligation of Treasury is conditioned upon the availability of government funds which are appropriated or allocated for the payment of this obligation and which may be limited for any reason including, but not limited to, congressional, legislative, gubernatorial, or administrative action. If funds are not allocated and available for continued performance of the Plan, the Plan may be terminated by Treasury at the end of the period for which the funds are available. Treasury shall notify the Participating Employee at the earliest possible time of the services which will or may be affected by a shortage of funds. No penalty shall accrue to Treasury in the event this provision is exercised, and Treasury shall not be obligated or liable for any future payments due or for any damages as a result of termination under this section.

Section 7.12 Third-Party Beneficiary Rights. The parties do not intend to create in any other individual or entity the status of third-party beneficiary, and this Plan shall not be construed so as to create such status. The rights, duties, and obligations contained in this Plan shall operate only between the parties to this Plan and shall inure solely to the benefit of the parties to this Plan. The provisions of this Plan are intended only to assist the parties in determining and performing their obligations under this Plan.

Section 7.13 Subject to Change. This Performance Compensation Plan is subject to revision in accordance with changes in Wyoming statute.

STATE OF WYOMING, STATE TREASURER’S OFFICE

Curtis E. Meier, Jr.
Wyoming State Treasurer

Date

**STATE OF WYOMING, ADMINISTRATION AND INFORMATION, HUMAN
RESOURCES DIVISION**

Name:
Title:

Date

Appendix A

Benchmarks, IFC Board Action, and Individual Portfolio Assignments Fiscal Year 2020 Performance Period beginning July 1, 2019 and ending June 30, 2020.

The Investment Funds Committee has established the following benchmarks for purposes of the State of Wyoming, State Treasurer's Office Investment Professional Performance Compensation Plan for the Fiscal Year 2020 Performance Period beginning July 1, 2019 and ending June 30, 2020.

The benchmark for the portfolio will be a weighted blend of individual asset class benchmarks--themselves a weighted blend of their subcomponent benchmarks, which are summarized below.

Public Equity

- Broad US Equity – S&P 500 Index
 - State Street All Cap, Internal Domestic Equity Portfolio
- Small Cap US Equity – Russell 2000 Index
- Broad International Equity – MSCI ACWI ex-US (net)
 - Northern Trust, Fisher Investments, Arrowstreet
- Preferred Stock – S&P Preferred Stock Index
 - Cohen & Steers
- Master Limited Partnerships – Alerian MLP Index
 - Harvest Fund Advisors

Fixed Income & Cash

- Core Fixed Income – Bloomberg Barclays U.S. Aggregate Bond Index
 - C.S. McKee
 - JP Morgan Core
 - PIMCO Core
 - Internal Gov't Fixed Income
- Low Duration Fixed Income – Bloomberg Barclays U.S. Government 1-3 Year Bond Index
 - Internal Low Duration Fixed Income
 - State Street Low Duration
- Liability Driven Investments Fixed Income – Bloomberg Barclays U.S. Government/Credit Long Term Bond Index & Bloomberg Barclays U.S. Aggregate Bond Index
 - Internal Long Duration Fixed Income
 - Logan Circle
 - Core Fixed Income
- Opportunistic Fixed Income – [Excluded from performance compensation]
 - Grosvenor Class A - Silvery Lupine Fund
- Bank Loans – S&P/LSTA Leveraged Loan Index

- Emerging Markets Debt (Local Currency) Fixed Income – JPM GBI-EM Global Diversified
 - Investec
 - Stone Harbor
- SAP Ladder Strategy - [Excluded from performance compensation]
- Operational and Tactical Cash – ICE BofAML 3 Mo US T-Bill Index

Alternatives

- Private Equity – Preqin Blended Vintage Year Index
- Diversified Hedge Funds – HFRI Fund of Funds Composite Index
 - Grosvenor Class B - External
 - Grosvenor Class C - Internal
 - PAAMCO Jackalope Fund
- Core Real Estate – NCREIF ODCE Index
 - Clarion Lion
 - UBS Trumbull
 - SC Capital
- Non-Core Real Estate - NCREIF ODCE Index
- Opportunistic – Total return of permanent funds or at the discretion of the IFC at the time of investment.

BOARD ACTION FOR THE INVESTMENT FUNDS COMMITTEE

ACTION: Benchmark establishment for the State of Wyoming, State Treasurer’s Office Investment Professional Performance Compensation Plan

AUTHORITY: 2019 House Enrolled Act No. 32
Wyoming Statutes §§ 9-1-409(e) and 9-4-720(f)

ANALYSIS:

The Plan Administrator for the State of Wyoming, State Treasurer’s Office Investment Professional Performance Compensation Plan in conjunction with the Investment Consultant, RVK, has reviewed and suggested potential Asset Class Benchmarks for the Fiscal Year 2020 Performance Period beginning July 1, 2019 and ending June 30, 2020 for potential approval by the Investment Funds Committee.

PLAN ADMINISTRATOR’S RECOMMENDATION: The Plan Administrator recommends that the Investment Funds Committee members who are authorized to vote on benchmarks under Wyoming Statutes §§ 9-1-409(e) and 9-4-720(f) approve the Benchmarks as indicated above.

COMMITTEE ACTION: Approved

DATE: May 13, 2019

Individual Portfolio Assignments

- Patrick Fleming, Chief Investment Officer: Fixed Income
- Kalib Simpson, Senior Analyst: Fixed Income
- Matt Smagacz, Senior Investment Officer: Alternatives
- Robin Preston, Senior Investment Officer: 50% Fixed Income, 50% Public Equity
- Mahdi Chahkandi, Analyst: 50% Fixed Income, 50% Public Equity
- Seth Consoliver, Analyst: Public Equity

Appendix B Examples

Example 1

Sufficient outperformance of individual asset classes results in individuals assigned to those asset classes earning a payout regardless of the overall portfolio's performance. In the example calculations below, the total portfolio underperforms but Equity and Alternatives asset classes outperform their individual benchmarks. The result is that individuals assigned entirely to those asset classes earn up to 50% of their maximum potential payouts and individuals with a split assignment to one of those asset classes earn up to 25% of their maximum potential payout.

Example 1 Exhibit A: Returns Above/Below Benchmark

Asset Category	Returns Above Benchmark	Returns Above Benchmark Required to Achieve Maximum
Public Equity	\$8,271,805	\$5,971,875
Alternatives	4,320,196	3,543,750
Fixed Income	(12,983,967)	8,821,875
Total Portfolio	\$(391,965)	\$18,337,500

Example 1 Exhibit B: Performance Compensation by Role

Position	Maximum Base Salary	Percentage Max	Maximum Payout	Assigned Asset Class	Performance Compensation		
					Asset Class Component	Total Fund Component	Aggregate Performance Compensation
Chief Investment Officer	250,000	100%	250,000	Fixed Income	-	-	-
Senior Investment Officer A	189,000	75%	141,750	Public Equity	70,875	-	70,875
Senior Investment Officer B	189,000	75%	141,750	Alternatives	70,875	-	70,875
Senior Investment Officer C	189,000	75%	141,750	50% Public Equity / 50% Fixed Income	35,438	-	35,438
Senior Analyst	93,000	25%	23,250	Fixed Income	-	-	-
Analyst A	70,000	25%	17,500	50% Public Equity / 50% Fixed Income	4,375	-	4,375
Analyst B	70,000	25%	17,500	Public Equity	8,750	-	8,750

Example 2

In the example calculations below, each asset class outperforms its respective benchmark, leading to outperformance at the overall portfolio level. However, actual returns above the benchmark are less than what is required for staff to earn their maximum payouts.

Example 2 Exhibit A: Returns Above/Below Benchmark

Asset Category	Returns Above Benchmark	Returns Above Benchmark Required to Achieve Maximum
Public Equity	\$2,067,951	\$5,971,875
Alternatives	1,440,065	3,543,750
Fixed Income	3,895,190	8,821,875
Total Portfolio	\$7,403,207	\$18,337,500

Example 2 Exhibit B: Performance Compensation by Role

Position	Maximum Base Salary	Percentage Max	Maximum Payout	Assigned Asset Class	Performance Compensation		
					Asset Class Component	Total Fund Component	Aggregate Performance Compensation
Chief Investment Officer	250,000	100%	250,000	Fixed Income	55,192	50,465	105,657
Senior Investment Officer A	189,000	75%	141,750	Public Equity	24,543	28,614	53,156
Senior Investment Officer B	189,000	75%	141,750	Alternatives	28,801	28,614	57,415
Senior Investment Officer C	189,000	75%	141,750	50% Public Equity / 50% Fixed Income	27,918	28,614	56,532
Senior Analyst	93,000	25%	23,250	Fixed Income	5,133	4,693	9,826
Analyst A	70,000	25%	17,500	50% Public Equity / 50% Fixed Income	3,447	3,533	6,979
Analyst B	70,000	25%	17,500	Public Equity	3,030	3,533	6,563

Appendix C

Executive Personal Leave Policy

The purpose of this policy is to provide flexibility for people in certain appointed positions in State Government and to recognize the need for sick and annual leave for these positions.

W.S. 9-2-1706(b), a Department Director serves at the pleasure of the governor and may be removed by him as provided in W.S. 9-1-202. Department Directors are not subject to the state compensation or personnel system as conditions of their own employment but are otherwise state employees.

This policy only applies to Cabinet Directors, Separate Operating Agency Directors and at-will positions in the Governor's Office.

Effective April 1, 2003 the system of accrual for sick and annual leave is suspended for the above mentioned executive appointees and this policy now applies to these positions.

This policy has been amended on November 5, 2003 and September 20, 2005.

- Executive appointees will now be compensated at the rate of sixteen (16) hours per month personal leave to be used at the discretion of the employee with the approval of the Governor or his designee.
- The accrued leave must be used within the calendar year that it is earned with the exception that eighty (80) hours may be carried over to the next year. (9/20/2005)
- Any exception to carry over above the eighty (80) hours maximum will be subject to the approval of the Governor or his designee. (9/20/2005)
- Executive appointees will be not charged for days missed due to minor illness. However, if an illness exceeds five (5) working days, use of accrued personal leave, sick leave donations and /or leave without pay will be considered on a case by case basis subject to approval of the Governor or his designee.
- Executive appointees will no longer be paid for any unused accrued leave upon termination, separation of service or normal retirement.
- Current state employees accepting appointment to an Executive position that have accrued sick and annual leave will have their accrued balances frozen. Hours earned under this system will not be added to the frozen account balance. Upon termination, separation of service or normal retirement, the frozen balances will be paid in accordance with current State Personnel Rules at the hourly rate of pay that was in effect at the time the account was frozen.

- An employee with sick and annual accrued leave that has been frozen may petition the Governor to use any portion of his frozen balance if the need arises. The decision to allow use of this balance is at the sole discretion of the Governor.
- Executive appointees, upon transfer to another state agency will be allowed to carry not more than forty (40) hours of accrued Executive Personal Leave to the new agency. Upon transfer of forty (40) or less hours, those hours will be divided equally between Annual Leave and Sick Leave and posted to those accounts for future use by the individual.
(11/5/2005)

This policy information was reviewed by Dean Fausset and Brian Foster, A & I Human Resources.

Appendix D

MEMORANDUM OF EXCLUDED INVESTMENTS

Public Purpose Investments

The State Treasurer's Office will exclude all public purpose investments from the return calculation based on Wyo. Stat. 9-1-409(e)(v)(A)(I), which excludes "Funds invested for a specific public purpose."

Private Equity and Real Estate

The Office will also exclude all current private equity and non-core real estate, except for the SCORE+ fund from the return calculation based on Wyo. Stat. 9-1-409(e)(v)(A)(II) which excludes ""Investments specifically directed by the state treasurer or state loan and investment board and not made at the recommendation of participating employees."

Private Equity

Our private equity holdings consist of Access Venture Partners II, Cheyenne Capital, Hamilton Lane, and Neuberger Berman Sauger Fund. We will exclude our legacy private equity managers based on Wyo. Stat. 9-1-409(e)(v)(A)(II), as none of these investments were recommended by participating employees, and all were directed by the State Treasurer or State Loan and Investment Board. In the case of Cheyenne Capital, this investment was initiated in 2003.

Real Estate – Core and Non-Core

Our real estate universe can be divided into core and non-core holdings. For the majority of our holdings this distinction is relatively straightforward - UBS and Clarion are core, whilst M&G, Northwood, WestRiver and the handful of other smaller funds are non-core.

In theory, the open-ended funds can be redeemed at our discretion, so by choosing not to redeem them, we are implicitly accepting their presence within the portfolio. Conversely, the closed ended funds cannot be redeemed. Instead the positions would have to be sold in the secondary market, likely at a considerable discount.

Many of our current non-core funds were not selected by participating employees. Also several of these funds have returns that do not reflect their benchmarks - an example of this would be the M&G investment due to its sterling-denomination. As per Wyo. Stat. 9-1-409(e)(v)(A)(II) , this exposure will therefore be excluded from any performance calculations for the group, as none of these investments were recommended by participating employees, and all were directed by the State Treasurer or State Loan and Investment Board.

The one exception to this would be the SCORE+ fund managed by SC Capital. Unlike the other non-core holdings, the decision to invest in this investment was made by the existing investment team, so its performance (whether positive or negative) should also be attributed to the team.