



Performance Compensation Plan Report to the Legislature

MEMORANDUM

To: Select Committee on Capital Financing & Investments
Joint Appropriations Committee

From: The Honorable Curt Meier, State Treasurer

Due: November 1, 2021

Re: Performance Compensation Annual Report

Pursuant to W.S. 9-1-409(f), the State Treasurer is required to report on the performance compensation plan authorized by W.S. 9-1-409(e). The plan was reviewed by the Joint Appropriations Committee, Select Committee on Capital Financing and Investment, Attorney General and the A&I Human Resources Division and became effective July 1, 2019.

In implementing the process of preparing and calculating performance compensation in the inaugural fiscal year 2020, we realized two things: the plan is (rightfully) complicated, and the payment due date falls after the November 1 reporting date.

The first hurdle in the process is the determination of benchmarks. It normally takes our investment consultant, RVK, a full quarter following the end of the fiscal year to prepare year end reports. This is mainly because of the fact that our alternative investments are lagged one quarter, so RVK does not receive that information until sometime in early to mid-October. As a result, the office does not receive the RVK performance report until late October. Then the office must determine what investments are eligible for performance compensation and make subsequent calculations for both total fund performance and each individual asset class performance. Once completed, the results must then be reviewed by our accounting and investment consultants, as well as the Investment Funds Committee (IFC), and then payments can be made. According to the performance compensation plan, payments may be made no later than one hundred eighty (180) days immediately following the end of the investment period in which the performance compensation was earned, which gives the office until the end of the calendar year to make payments.

We are expecting to soon receive the year-end reports from RVK and will begin preparation of the performance compensation results immediately for review. Any payments, if earned, will be made subsequent to the approval of the IFC and within plan directives, and a final report will be submitted to your committees at that time.