



Performance Compensation Plan Report to the Legislature

MEMORANDUM

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

From: The Honorable Curtis E. Meier Jr., State Treasurer

Date: October 26, 2022

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) by November 1. The plan was reviewed by the Joint Appropriations Committee, the Select Committee on Capital Financing and Investments, the 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. Our investment consultant, RVK, has to wait to prepare our reports until it receives reports from our alternative investments, which are lagged one quarter, so they do not arrive until some time in early to mid-October. After RVK receives the information, it analyzes the data and prepares reports for us, so the Office receives the RVK performance report in late October or early November. 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 consultant, the Investment Funds Committee (IFC) and our external auditor MHP, 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.