



Notice of Intent to Adopt Rules

Revised July 2013

1. General Information			
a. Agency/Board Name Retirement Board			
b. Agency/Board Address 6101 Yellowstone Road Suite 500		c. City Cheyenne	d. Zip Code 82002
e. Name of Contact Person Ben Brandes		f. Contact Telephone Number 777-6108	
g. Contact Email Address ben.brandes@wyo.gov			
h. Date of Public Notice 8/1/2013		i. Comment Period Ends 9/20/2013	
j. Program General Agency, Board or Commission Rules			
2. Rule Type and Information: For each chapter listed, indicate if the rule is New, Amended, or Repealed.			
If "New," provide the Enrolled Act numbers and years enacted:			
a. Provide the Chapter Number, Short Title, and Rule Type of Each Chapter being Created/Amended/Repealed <i>Please use the Additional Rule Information form for more than 10 chapters, and attach it to this certification.</i>			
Chapter Number: 11	Short Title: Investment Review	<input type="checkbox"/> New	<input type="checkbox"/> Amended
Chapter Number: 17	Short Title: Retirement Contributions	<input type="checkbox"/> New	<input type="checkbox"/> Amended
Chapter Number: 18	Short Title: Refunds	<input type="checkbox"/> New	<input type="checkbox"/> Amended
Chapter Number:	Short Title:	<input type="checkbox"/> New	<input type="checkbox"/> Amended
Chapter Number:	Short Title:	<input type="checkbox"/> New	<input type="checkbox"/> Amended
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Chapter Number:	Short Title:	<input type="checkbox"/> New	<input type="checkbox"/> Amended
Chapter Number:	Short Title:	<input type="checkbox"/> New	<input type="checkbox"/> Amended
Chapter Number:	Short Title:	<input type="checkbox"/> New	<input type="checkbox"/> Amended
c. <input checked="" type="checkbox"/> The Statement of Reasons is attached to this certification.			
d. <input checked="" type="checkbox"/> N/A <input type="checkbox"/> In consultation with the Attorney General's Office, the Agency's Attorney General representative concurs that strike and underscore is not required as the proposed amendments are pervasive (Section 5 of the Rules on Rules).			
e. A copy of the proposed rules* may be obtained:			
<input checked="" type="checkbox"/> By contacting the Agency at the physical and/or email address listed in Section 1 above. <input type="checkbox"/> At the following URL: _____			
* If Item "d" above is not checked, the proposed rules shall be in strike and underscore format			

3. Public Comments and Hearing Information

a. A public hearing on the proposed rules has been scheduled. Yes No

If "Yes:"	Date:	Time:	City:	Location:

b. What is the manner in which interested persons may present their views on the rulemaking action?

By submitting written comments to the Agency at the physical and/or email address listed in Section 1 above.

At the following URL: _____

A public hearing will be held if requested by 25 persons, a government subdivision, or by an association having not less than 25 members.

Requests for a public hearing may be submitted:

To the Agency at the physical and/or email address listed in Section 1 above.

At the following URL: _____

c. Any person may urge the Agency not to adopt the rules and request the Agency to state its reasons for overruling the consideration urged against adoption.

Requests for an agency response must be made prior to, or within thirty (30) days after adoption, of the rule, addressed to the Agency and Contact Person listed in Section 1 above.

4. Federal Law Requirements

a. These rules are created/amended/repealed to comply with federal law or regulatory requirements. Yes No

If "Yes:"	Applicable Federal Law or Regulation Citation:

Indicate one (1):

The proposed rules meet, but do not exceed, minimum federal requirements.

The proposed rules exceed minimum federal requirements.

Any person wishing to object to the accuracy of any information provided by the Agency under this item should submit their objections prior to final adoption to:

To the Agency at the physical and/or email address listed in Section 1 above.

At the following URL: _____

5. State Statutory Requirements

a. Indicate one (1):

The proposed rule change *MEETS* minimum substantive statutory requirements.

The proposed rule change *EXCEEDS* minimum substantive statutory requirements. Please attach a statement explaining the reason that the rules exceed the requirements.

b. Indicate one (1):

The Agency has complied with the requirements of W.S. 9-5-304. A copy of the assessment used to evaluate the proposed rules may be obtained:

By contacting the Agency at the physical and/or email address listed in Section 1 above.

At the following URL: _____

Not Applicable.

6. Authorization

a. I certify that the foregoing information is correct.

Printed Name of Authorized Individual	<i>Harry Wales</i>
Title of Authorized Individual	<i>Deputy Director</i>
Date of Authorization	<i>8-1-13</i>

Distribution List:

- Attorney General and LSO: Hard copy of Notice of Intent; Statement of Reasons; clean copy of the rules; and strike-through and underline version of rules (if applicable). *Optional:* electronic copies of all items noted (in addition to hard copies) may be emailed to LSO at Criss.Carlson@wyoleg.gov.
- Secretary of State: Electronic version of Notice of Intent sent to Rules@wyo.gov.

**STATEMENT OF PRINCIPAL REASONS
FOR REPEAL OF RULES**

Pursuant to the authority granted by W.S. 9-3-409(a) of the Wyoming Retirement Act, the Retirement Board proposes to repeal three chapters of the Retirement Board Rules.

Retirement Board Rules Chapters 11, 17, and 18 (General Agency, Board or Commission Rules)

Chapter 11 (Investment Review) sets forth the previous Board procedure for reviewing investment compliance by any investment manager hired by the Retirement System. This rule was promulgated prior to certain delegations from the Board to Retirement System staff and the existence of an in-house investment team. The purpose and effect of the proposed repeal of this chapter is to remove provisions that are more appropriately stated in the current Retirement Board Investment Policy and Board Investment Guidelines.

Chapter 17 (Retirement Contributions) sets forth the deadline for employers to remit contributions to the Retirement System. The purpose and effect of the proposed repeal of this rule is to remove provisions stated in W.S. 9-3-413.

Chapter 18 (Refunds) sets forth the procedure for processing member refunds. The purpose and effect of the proposed repeal of this rule is to remove provisions directing the internal operations of the Retirement System or are otherwise stated in W.S. 9-3-424.

CHAPTER 11
INVESTMENT REVIEW
REPEALED

CHAPTER 11 INVESTMENT REVIEW

Section 1. General.

(a) Any investment manager hired by the Wyoming Retirement System (WRS) is responsible for complying with the applicable WRS investment statutes, Board Investment Policy and Board Investment Guidelines. Compliance is a condition of the contractual agreement between the investment manager and WRS.

(b) WRS recognizes that occasionally an investment manager may hold an unauthorized security in the WRS portfolio. In order to detect such unauthorized securities and divest them from the portfolio, each investment manager shall review the WRS portfolio regularly, but not less than monthly, for any unauthorized securities. The manager shall compare the securities held against WRS investment statutes (W.S. 9-3-408) and both Board Investment Policy and Board Investment Guidelines. Removal of any unauthorized securities shall be made in accordance with Board Investment Policy.

(c) The WRS Investment Consultant, in accordance with the terms of the consultant agreement, shall, in each semi-annual report to the Board, consider whether investment holdings and transactions are consistent with the established investment policy, investment guidelines and statutory requirements. Unauthorized or questionable securities held in any portfolio shall be enumerated in the report. In addition, the WRS Investment Consultant, monthly, shall discuss with WRS staff the securities held in each portfolio and the extent to which unauthorized or questionable investments are held in any such portfolio.

(d) Monthly, WRS staff shall review all investment manager security holdings to determine any unauthorized security held in any WRS portfolio. As part of this review, WRS staff shall discuss each WRS portfolio with the WRS Investment Consultant to determine the extent to which unauthorized or questionable investments are held in any such portfolio.

Section 2. Definitions.

(a) As used in this chapter:

(i) “Board” means the Wyoming Retirement Board;

(ii) “Director” means the director of the Wyoming Retirement System;

(iii) “Finance Manager” means the finance manager of the Wyoming Retirement System;

(iv) “Investment Committee” means the investment committee of the Wyoming Retirement Board;

(v) “Investment Consultant” means any professional firm hired by the Board to provide manager performance evaluation services and such other services as may be required;

(vi) “Investment Manager”, “Portfolio Manager” or “Manager” means any professional firm hired by the Board to invest WRS assets;

(vii) “Questionable Security” means any security that may or may not be authorized by W.S. 9-3-408 or Board investment policy or Board investment guidelines based on interpretation;

(viii) “Unauthorized Security” means any security that is not authorized by W.S. 9-3-408 or Board investment policy or Board investment guidelines;

(ix) “WRS” means the Wyoming Retirement System.

Section 3. WRS Staff Portfolio Review Procedures.

(a) The Director and the Finance Manager shall review the monthly securities holdings report from the WRS custodial bank which lists both the securities held by each investment manager in WRS portfolios and the rating of the securities if applicable. In addition, another WRS staff member, daily, shall review the custodial bank list of manager purchases and to the extent that the staff member is able to determine the presence of an unauthorized or questionable security in a portfolio, such security shall be brought to the Finance Manager’s attention for appropriate action.

(b) Any security which cannot be determined to be unauthorized but appears questionable shall be treated in the same manner as an unauthorized investment.

(c) If WRS staff identifies any security in any portfolio that appears to be unauthorized or is in any way questionable, a notice shall be sent to the portfolio manager - with a copy to the WRS Investment Consultant. The notice to the manager shall identify each security that appears to be unauthorized or otherwise questionable and advise of the Board’s policy with respect to disposition of unauthorized investments. The notice shall also request a written response from the manager explaining the nature of the investments questioned and their plans for disposition in the case of unauthorized investments.

(d) In reviewing the monthly custodial bank report, a determination shall be made as to the length of time an unauthorized security has been held by a manager. If an unauthorized security is held past the time allowed pursuant to the Board Investment Policy, the manager will again be contacted by certified mail and directed to dispose of that security.

Section 4. Sanctions.

(a) Failure of any manager to dispose of any unauthorized security in accordance with Board Investment Policy or failure to comply with a WRS directive to dispose of an unauthorized security within the time specified in the directive shall result in the following sanctions:

(i) Asset Reduction. The WRS assets managed by the offending manager shall be reduced in an amount equal to twenty percent 20% of the market value of the total WRS assets managed by that manager; and

(ii) 30 Day Notice to Comply. In addition to the asset reduction specified in paragraph (i) of this subsection, the manager shall also be given a notice to comply with the Board Investment Policy or WRS directive within thirty (30) days from the date of the notice; and

(iii) Termination Notice. Failure of an investment manager to comply with Board Investment Policy or a WRS directive within the thirty (30) day period specified in paragraph (ii) of this subsection will result in a notice of termination by WRS commencing on the day immediately following the final day of the thirty (30) day period specified in paragraph (ii) of this subsection. Such notice shall be given in accordance with the termination provisions of the investment management agreement; and

(iv) Two Notices to Comply. If any investment manager's investment activities requires WRS to issue two (2) notices to comply during any twelve-month period, pursuant to paragraph (ii) of this subsection, the second notice constitutes a notice of termination to be effected in accordance with the termination provisions of the investment management agreement.

(d) Certified Mail. WRS notices pursuant to this section shall be sent by certified mail, return receipt requested;

Section 5. Distribution of Assets Removed. Any assets removed from a manager pursuant to Section 4. of this chapter shall be redistributed pro rata among existing, eligible managers on a sixty-six percent (66%) - thirty-four percent (34%), fixed-income to equity basis. In the case of a termination, assets will be redistributed in a manner as the Board determines.

Section 6. Notices to Investment Committee and Board. A copy of each initial notice of unauthorized or questionable investments shall be sent to each member of the Investment Committee. A copy of each thirty (30) day notice pursuant to paragraph 4.(a)(ii) of this chapter shall be sent to each Board member.

CHAPTER 17
RETIREMENT CONTRIBUTIONS

REPEALED

CHAPTER 17

RETIREMENT CONTRIBUTIONS

Section 1. Authority. Pursuant to W.S. 9-3-409(a), the Board is authorized to adopt rules and regulations for the administration of the System and the control and disbursement of its assets.

Section 2. Purpose. The purpose of this rule is to establish a deadline date when employer and member retirement contributions from employers must be received by the System. Currently, contribution payments range over a four week period during the month following the immediately preceding month's pay period. This practice impacts System efficiency, creates delays in both crediting employer and member accounts and investing contributions, thus diminishing overall investment returns, and also delays initial payments to retiring members.

Section 3. Definitions.

(a) As used in this chapter:

(i) "Board" means the Wyoming Retirement Board established by W.S. 9-3-404;

(ii) "Contributions" means member and employer contributions required by W.S. 9-3-412 and W.S. 9-3-413;

(iii) "Employer" means any entity as defined in W.S. 9-3-402(a)(vi);

(iv) "Member" means and includes any full-time or regular part-time employee of an employer as specified in W.S. 9-3-402(a)(vii);

(v) "System" means the Wyoming Retirement System established by W.S. 9-3-403.

Section 4. Contributions; due date. In accordance with W.S. 9-3-409(b) and W.S. 9-3-413, monthly, each employer shall remit to the System all contributions for the immediately preceding month's pay period. Such contributions are due in the System offices not later than the twelfth (12th) day of each month. Each employer shall ensure that contributions are remitted monthly in time to arrive in the System offices not later than the date specified.

CHAPTER 18

REFUNDS

REPEALED

CHAPTER 18

REFUNDS

Section 1. Authority. This rule is adopted pursuant to authority granted under W.S. 9-3-409.

Section 2. Purpose. The purpose of this rule is to establish greater System efficiency and economy by processing member refunds once each month.

Section 3. Definitions.

(a) As used in this chapter:

(i) "Employer" means a participating employer as defined in W.S. 9-3-402(a)(vi);

(ii) "Member" and employer contributions' means retirement contributions pursuant to W.S. 9-3-412 and W.S. 9-3-413 remitted by an employer;

(iii) "Member" means any participant in the System as specified in W.S. 9-3-402(a)(vii);

(iv) "WRS" or "System" means the Wyoming Retirement System established pursuant to W.S. 9-3-403.

Section 4. Refunds. WRS will process refunds of member contributions once each month. Refund checks will be available for distribution to members on the first Monday following the seventeenth (17th) day of each month if the requirements specified in Section 5. of this Chapter have been fulfilled.

Section 5. Refund Requirements.

(a) In order for WRS to process a refund, the following conditions must be satisfied:

(i) The member must submit to WRS a signed Special Tax Notice Regarding Refund Payments (WRS-8A);

(ii) If vested, the member must submit to WRS a signed vested response form;

(iii) WRS must have on file a Notice of Termination (WRS 7) from the member's employer;

(iv) All member and employer contributions must have been received by WRS and credited to the member's account;

(v) WRS must have written authorization from the financial institution in any case where the member requests that the refund be rolled over to a financial institution.

(b) Forms specified in subsection(a) of this section received after WRS completes refund processing during any month, will not be processed until the next succeeding month.

(c) Depending upon the time necessary to complete all requirements specified in this section, distribution of a refund check may take as long as sixty (60) days. In no case shall any member receive a refund of any contributions if that member is employed for a salary by an employer as provided in W.S. 9-3-424(b).