ALASKA RETIREMENT MANAGEMENT BOARD
BOARD OF TRUSTEES MEETING
OFFICIAL MEETING MINUTES

December 3-4, 2025
9:00 AM

Originating at:
Alaska Housing Finance Corporation, 4300 Boniface Parkway, Anchorage, AK

Trustees Present:

Bob Williams, Chair
Sandi Ryan, Vice Chair
Michael Williams, Secretary
Lorne Bretz
Janelle Earls, Acting Commissioner of Revenue
Donald Krohn
Dennis Moen
Paula Vrana, Commissioner of Administration
Norman West

Investment Advisory Council Members Present:

Ruth Traylor
Josh Rabuck
Dr. William Jennings

Department of Law Staff Members:

Ben Hofmeister, ARMB Legal Counsel

Department of Revenue – Treasury Division Staff Present:

Zachary Hanna, Chief Investment Officer
Pam Leary, Director
Sean Howard, State Investment Officer
Cahal Morehouse, State Investment Officer
Courtney Oliva, Accountant V
Shane Carson
Casey Colton
James Dawson
Victor Djajalie
Kevin Elliott
Grant Ficek
Benjamin Garrett
Scott Jones
Tyler McCormack
Robyn Mesdag
Mariell Mendoza
Craig Millard
Mark Moon

Hunter Romberg
Alysia Jones, ARMB Liaison

Division of Retirement & Benefits (DRB) Staff Present:

Kathy Lea, Director
Christopher Novell, Chief Financial Officer
Nimeri Denis
Christina Maiquis
Kathy O'Leary
Mark Rosier
Traci Walther

Department of Administration Staff Present:

Dave Donley, Deputy Commissioner

Guests/Presenters:

Butch Cliff, Callan
Steve Center, Callan
Ashley Kahn, Callan
David Kershner, Gallagher
Bob Besenhofer, Gallagher
Kevin Spanier, Gallagher
Paul Wood, GRS
Cassie Rapoport, GRS
Dan Monarch, Cybersecurity & Infrastructure Security Agency
Dave Roberts, Great Hill
Mary Kate Bertke, Great Hill
Tristram Perkins, Neuberger Berman
Dan Ransenberg, Neuberger Berman
Leonard Pangburn, Abbott Capital Management
Matthew Smith, Abbott Capital Management
James Chambliss, Pathway Capital Management
Canyon Lew, Pathway Capital Management
Wyatt Geiger, Pathway Capital Management

Public

Lauren Albanese, FIN News
Carla Ardell, Empower
Kevin Balaod, With.Intelligence
Bob Bartholomew, Retired Public Employees of Alaska (RPEA)
Graham Bippart
Randall Burns, RPEA President*
Alfred Crooks, PEI
Marybeth Daubenspeck, Empower
Joe Ebisa, With.Intelligence
Brett Johnson
Alexei Painter

Ben Sheng
Mike Showers*
Nic Tapia
Wendy Woolf, RPEA

**Testified during public comment period.*

PROCEEDINGS

CALL TO ORDER
CHAIR BOB WILLIAMS called the meeting to order at 9:00 a.m.

ROLL CALL
Board Liaison ALYSIA JONES conducted roll call. TRUSTEE LORNE BRETZ, COMMISSIONER JANELLE EARLS, TRUSTEE DONALD KROHN, TRUSTEE DENNIS MOEN, TRUSTEE SANDI RYAN, COMMISSIONER PAULA VRANA, TRUSTEE NORMAN WEST, TRUSTEE MICHAEL WILLIAMS, and CHAIR BOB WILLIAMS were present establishing a quorum.

PUBLIC NOTICE
A. JONES confirmed public notice requirements for the meeting had been met.

APPROVAL OF AGENDA
CHAIR B. WILLIAMS asked to move the Chair Report to the end of the Trustee Reports section. TRUSTEE MOEN moved to approve the agenda with the proposed change. TRUSTEE KROHN seconded the motion. The agenda was approved as amended, without objection.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS, AND APPEARANCES – None.

APPROVAL OF MINUTES – MARCH 12–13, 2025
TRUSTEE M. WILLIAMS moved to approve the minutes of September 17-18, 2025, meeting. TRUSTEE WEST seconded. The minutes were approved, without objection.

ELECTION OF OFFICERS
TRUSTEE WEST moved to re-elect the current officers. TRUSTEE KROHN seconded the motion.

CHAIR B. WILLIAMS confirmed that he had spoken with current officers, and they are willing to serve again. He then asked for any other nominations.

Seeing none, a roll call vote was taken, and the motion to re-elect the current officers passed unanimously.

STAFF REPORTS

Division of Retirement and Benefits Report
Director KATHY LEA reviewed changes to the recordkeeping contract with Empower. She explained that the services portion of the new contract became effective on November 1, 2025, while the new fee schedule will take effect on July 1, 2026. The contract includes a transitional period so DRB can train counselors on new provisions and update all publications, websites, and participant communications.

TRUSTEE WEST asked about the difference in fees. K. LEA explained that under the new fee structure, participants will pay a flat fee per year instead of the prior asset-based charges, which meant substantial savings and more contributions staying invested. K. LEA emphasized that the new contract distinguishes between "base" services (covered by the core fee) and "non-regular" services, which will incur additional charges.

K. LEA updated the Board on the DC committee's request for information regarding float earnings. She explained that Empower is not under a float option in the current contract, but it does receive bank reports that should allow Empower to derive the amount of float attributable to the DRB plans each quarter. She stated that Empower believes it can "tease out" those amounts and that DRB expects to receive a float report to share with the Board.

K. LEA reported significant quality issues with the BEARS system project. DRB has encountered major problems with Sagitec's work, including a large backlog of unresolved errors that is now blocking user acceptance testing (UAT). In coordination with the Commissioner's Office and Sagitec, DRB has paused UAT until Sagitec addresses the backlog and improves quality. She reported that by granting Linnea full project management authority and securing support from the State Information Office, they are getting more help. During the UAT pause, DRB is drafting a new governance charter, establishing a formal change request process, and negotiating a contract amendment to add clearer service-level expectations, stronger safeguards, and performance gates that Sagitec must meet before UAT resumes. She added that UAT is expected to restart in the summer of 2026, with an estimated go-live date in April 2027. She described DRB as "cautiously optimistic" about meeting that date.

Chief Financial Officer, CHRISTOPHER NOVELL began with a summary of billings from Gallagher, the Board's consulting actuary, reviewing Gallagher's regular and non-regular services for the quarter ended September 30, 2025.

C. NOVELL then presented membership activity for the major systems, referencing page 29 of the packet. He explained that the report covers PERS, TRS, JRS, National Guard, SBS, and Deferred Compensation, and that page 30 shows changes in the number of active members and retirees as of September 30, 2025, including increases and decreases across all plans.

Fund Financials
Asset Accounting Manager COURTNEY OLIVA reported on updated non-participant-directed fund financials, noting that through November fiscal-year-to-date income was approximately $2.1 billion, net outflows totaled about $533.5 million, and ending invested assets for the non-participant-directed funds were $36.2 billion.

C. NOVELL then presented the supplemental to the Treasury Division report (beginning on page 62 of the packet), explaining that as of September 30, 2025, across all six major systems and funds, there were $364 million in employer and employee contributions, which, after including other contributions, totaled $637 million; with $903 million in expenditures, the plans experienced net withdrawals of approximately $266 million for the first quarter of FY 2026, and net withdrawals of about $161 million for the month of September 2025 alone.

Liaison Report

A. JONES presented her report which included the quarterly financial disclosure memorandum, a communications memorandum, the draft 2026 ARM Board calendar, and an updated ARM Board timeline showing key contract and review deadlines for FY 2026–FY 2031. She highlighted that in early November staff issued the announcement and instructions for submitting PERS and TRS nominee lists for the March 2026 trustee vacancies, with a submission deadline of Monday, December 8. Each collective bargaining unit representing employees covered by PERS or TRS may submit a list of four qualified nominees, which staff will review for eligibility before forwarding to the Governor for selection and appointment. She also noted there were two versions of the 2026 calendar—one listing standard discussion topics and a second visual layout showing ARM Board meetings, tentative actuarial pre-meetings, external meeting/material deadlines, and other relevant meetings to aid trustee, IAC, and staff planning.

Treasury Division Report

PAMELA LEARY, Director, Treasury Division, reported that the state budget is expected to be released on December 15, and preliminary internal figures indicate the Treasury Division's budget, as presented to the Board in September, is largely intact. However, due to vacancies and related personal services adjustments, Treasury may lose at least one position, which is notable because that position supports the ARM Board. She stated Treasury will know the final impact once the official budget is published.

CIO Report

ZACHARY HANNA, Chief Investment Officer explained that the primary investment focus of this December meeting is the private equity portfolio, noting that investment officers Sean Howard and Cahal Morehouse, along with Callan and key managers, will present detailed reviews later in the meeting and the following day.

Z. HANNA reviewed the manager watch list, now separated into performance and change-of-ownership categories, and noted no performance-related changes since September. Under performance, Baillie Gifford, Man Group, and Capital Group all remain on the watch list, with staff planning to bring equity portfolio recommendations on Baillie Gifford to the March meeting.

Under change of ownership, Z. HANNA reminded trustees that Comvest and Crestline were added to the watch list in September and are expected to remain for 12–15 months. He then recommended adding Pathway Capital Management to the watch list following its sale to Clearlake Capital. Pathway manages about $2 billion for ARMB and has been a core private equity manager for over 20 years, so the transaction represents a significant transition and introduces potential conflicts of interest, given Pathway's longstanding investments in Clearlake funds. Z. HANNA noted that Pathway will retain its brand and operate as a Clearlake business line (held on Clearlake's balance sheet, not in a fund), and that the firm has proposed options for clients regarding future Clearlake investments. He characterized the deal as structurally reasonable but recommended adding it to the watch list to monitor governance, conflict management, and any business changes.

TRUSTEE WEST moved to add Pathway Capital Management to the ARM Board manager watch list. TRUSTEE KROHN seconded the motion.

A roll call vote was taken, and the motion passed, unanimously.

Z. HANNA also summarized actions taken under his CIO delegation over the prior two months and reported on recent portfolio rebalancing, to keep the overall portfolio aligned with the Board's risk profile.

Legal Report
Assistant Attorney General and ARM Board legal counsel BEN HOFMEISTER stated that he had nothing to report.

TRUSTEE REPORTS
Strategic Review and Action Committee
CHAIR B. WILLIAMS, Chair of the Strategic Review and Action Committee reported that the committee met twice since the last board meeting focusing on reviewing, refining resolutions 2025-21, 2025-22, and 2025-23, and providing input on revisions to the Trustee Investment Policy and Procedure Manual which were subsequently forwarded to the appropriate committees for formal action.

Audit Committee
TRUSTEE M. WILLIAMS, Chair of the Audit Committee, reported that the Committee reported that the Audit Committee met on October 10 and again on December 2 to receive updates on the FY 2025 annual financial audit, as well as on employer audits, and contributions from the Division of Retirement and Benefits (DRB) Audit Unit. Representatives from KPMG, the external auditor, advised that they will issue an unmodified opinion on all retirement plans except the National Guard and Naval Militia Retirement System, which continues to have known census data issues; that plan will carry the same qualified outcome as in prior years while DRB works toward resolution. The committee also reviewed draft GASB 68 and 75 allocation schedules for the pension, healthcare, and occupational death and disability components across PERS, TRS, JRS, and other systems, and heard that employer audit coverage is improving.

Defined Contribution Plan Committee
CHAIR B. WILLIAMS, Chair of the Defined Contribution Committee, reported that the committee held a productive meeting the previous day, including a presentation from T. Rowe Price on the evolution of its target-date glide path as a first-phase discussion toward possible changes to the Alaska Target Date Funds for the Board's consideration in March. T. Rowe Price also delivered a stable value asset review, which was well received. DRB staff provided updates

on distribution counseling and employer float earnings, and Treasury gave a brief update on certain fund additions.

On behalf of the Defined Contribution Plan Committee, CHAIR B. WILLIAMS moved Resolution 2025-21, recommending a one-time transfer of certain HRA forfeiture derived resources to support a 20-Year Retiree Medical Eligibility Option.

TRUSTEE WEST suggested some clarification regarding terminology. There was a brief discussion, and the Board determined that when the resolution is shared, they will emphasize no new money is being requested.

A roll call vote was taken, and the motion passed unanimously.

On behalf of the Defined Contribution Plan Committee, CHAIR B. WILLIAMS moved Resolution 2025-22 recommending legislative action for disability and healthcare coverage improvements for disabled defined contribution members.

A roll call vote was taken, and the motion passed unanimously.

Actuarial Committee
TRUSTEE RYAN, Chair of the Actuarial Committee, reported that the Committee met on December 2 for a very informative and productive session ahead of rate-setting and the upcoming four-year experience study. Gallagher presented preliminary 2025 valuation results and an initial analysis of economic assumptions.

On behalf of the Actuarial Committee, TRUSTEE RYAN recommended that the Alaska Retirement Management Board accept the review and certification of fiscal year 2024 actuary report by GRS for the Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS).

A roll call vote was taken, and the motion passed unanimously.

On behalf of the Actuarial Committee, TRUSTEE RYAN recommended that the Alaska Retirement Management Board accept the actuarial valuation report prepared by Gallagher for the JRS and NGNMRS as of June 30, 2024.

A roll call vote was taken, and the motion passed unanimously.

On behalf of the Actuarial Committee, TRUSTEE RYAN recommended that the Alaska Retirement Management Board adopt Resolution 2025-23, a recommendation to the Commissioner of Administration regarding the JRS funding policy and payroll growth assumption.

CHAIR B. WILLIAMS reiterated Commissioner Vrana's authority and the Board's role. COMMISSIONER VRANA thanked the Chair and Board for the review and recommendations.

D. KERSHNER with Gallagher asked for clarification on implementation of Resolution 2025-23 COMMISSIONER VRANA acknowledged his questions and stated that they would report back on the decision.

A roll call vote was taken, and the motion passed unanimously.

Operations Committee

TRUSTEE MOEN, Chair of the Operations Committee, reported that the Committee met on December 2 and received an update from P. LEARY, regarding the six current vacancies, and on the Middle Office's progress on the annual SWIFT assessment, which was on track to be completed at the end of the month.

On behalf of the Operations Committee, TRUSTEE MOEN, recommended that the Alaska Retirement Management Board reappoint Josh Rabuck to the Investment Advisory Council for a three-year term, effective July 1, 2026, to June 30, 2029.

TRUSTEE MOEN and CHAIR WILLIAMS expressed their appreciation for J. RABUCK's experience, commitment, and willingness to continue to serve.

A roll call vote was taken, and the motion passed unanimously.

On behalf of the Operations Committee, TRUSTEE MOEN, recommended that the Alaska Retirement Management Board accept the proposed updates to the Alaska Retirement Management Board, Board of Trustees Investment Policy and Procedures Manual.

A roll call vote was taken, and the motion passed unanimously.

Alaska Retiree Health Plan Advisory Board

TRUSTEE BRETZ, the ARMB representative to the Alaska Retiree Health Plan Advisory Board, reported that the advisory board continues to move deliberately and cautiously on benefit design changes, emphasizing public input and careful review. He noted that previously recommended standard dental benefit enhancements—including improvements to preventive cleanings, x-rays/imaging rules, and certain crown classifications—received full support during public comment and will be implemented by the Division effective January 1, 2026, on a 100% member-paid basis. He then summarized action on several medical enhancements: proposed changes to diagnostic colonoscopy coverage, expansion of ambulance service coverage for emergency medical transport outside the U.S., and the addition of broader telemedicine options via Teladoc (including behavioral health and dermatology) all of which will go into effect January 1, 2026.

TRUSTEE BRETZ announced that the next ARHPAB meeting is scheduled for February 5, 2026, and details are available on the Division of Retirement and Benefits' website.

Chair Report

CHAIR B. WILLIAMS updated the board on the status of the RFP for outside legal counsel. He also noted a change in appointment to the proposal evaluation committee (PEC). He appointed State Investment Officer STEVE SIKES and himself to the PEC.

CHAIR B. WILLIAMS then turned to distribution counseling, revisiting ARMB Resolution 2025-08, and six-month follow-up, explaining that newly provided Empower "money in motion" data show that Empower IRAs are the top rollover destination, and that when participants have contact with a distribution counselor, assets rolling to Empower IRAs exceed those going to Charles Schwab, Fidelity, and Edward Jones combined. He also expressed concerns with Empower's current online withdrawal forms and walked through the process using screenshots.

CHAIR B. WILLIAMS then read the following statement into the record:

> Colleagues, Trustees, and the public,
>
> As I have just shown, the withdrawal forms present three separate Empower IRA options before listing the option to roll assets to another institution. You also saw how the Money in Motion slides have, at times, mis-portrayed the rollover situation. Combined, these issues highlight why the Board must receive complete and accurate information.
>
> First, the Board's request in the resolution was clear: 30 redacted transcripts per quarter: the top 15 rollovers to external organizations and the top 15 to Empower IRAs. Although we originally requested transcripts, we are fully amenable to receiving redacted audio files instead. We care about the content of these conversations, not the format.
>
> This is a modest, targeted sample designed solely to give the Board visibility into counseling interactions that lead to the largest asset movements out of our Plan, particularly the substantial outflows to Empower IRAs.
>
> Second, despite that limited request, only six calls have been provided. And yesterday we were told that any request beyond three calls may incur a charge of 200 dollars per hour, with no clarity about how many hours Empower would bill per call. For recordings that already exist and are routinely reviewed internally, such a fee structure functions as a barrier to transparency. It effectively places a paywall between the Board and its fiduciary responsibility to understand participant outcomes and is beyond the bounds of reasonableness for producing redacted transcripts or audio files.
>
> Third, the data intensifies our concerns. Through September 30, $63.7 million has already rolled into Empower IRAs, matching last year's full-year total in only three quarters. And when a participant has contact with a WPA distribution counselor, Empower IRAs receive more rollover assets than the next three destinations combined. This underscores exactly why the Board must understand the counseling process and its influence on participant decisions.

Fourth, the reporting and structural changes envisioned by the Board's resolution have not yet materialized. While DRB has relayed our requests to Empower, the transparency and consistency we sought six months ago have not been achieved.

Fifth, I want to restore a governance practice that has faded in recent years. Empower used to provide regular reports to the Defined Contribution Committee. Given the issues before us, I believe we should return to that traditional practice and have Empower resume reporting to the Committee on a regular cadence.

Sixth, in light of the limited progress to date, I believe it is appropriate to invite Senior Vice President Dan Morrison to attend the next meeting of the Strategic Review and Action Committee. Dan played a constructive role when the Board examined Managed Accounts, and I believe his involvement again could help align Empower's implementation with the expectations set out in the resolution.

Following that invitation, I want to reaffirm an important perspective: we fully understand that the Division of Retirement and Benefits, not the ARM Board, holds the recordkeeping contract with Empower. We are inviting, not compelling, Empower's participation. But with the scale of outflows from our Plan into Empower's proprietary IRA products, and the apparent influence of Empower's counselors on those outcomes, the Board has a statutory fiduciary duty to ensure transparency, neutrality, and accountability in these counseling interactions.

We do not make this request lightly. But after six months of limited progress, unclear fee structures, and rollover patterns that clearly merit scrutiny, this invitation is appropriate and necessary.

Our aim is not adversarial. Our aim is fiduciary. The Board's responsibility is to ensure that Alaska's participants receive neutral, accurate guidance at one of the most consequential decision points of their financial lives.

Thank you.

Bob Williams

Chair, Alaska Retirement Management Board

KPMG AUDIT REPORT

BETH STUART, audit partner with KPMG, and MELISSA BEEDLE, audit managing director, presented the FY 2025 financial statement audit results for the retirement systems overseen by the ARM Board. B. STUART reported that KPMG issued unmodified opinions on all plans except the National Guard and Naval Militia Retirement System (NGNMRS), where KPMG again issued a disclaimer of opinion because sufficient, reliable census data and supporting records are still not available to audit that system's liabilities. She explained that this deficiency in NGNMRS census data is reported as a material weakness in internal control and is consistent with prior years. B. STUART noted one expected uncorrected misstatement related to the normal reporting lag in private equity valuations, which KPMG evaluated as not material to the financial statements overall. She stated that there were no corrected audit adjustments and no additional significant deficiencies or material weaknesses identified.

M. BEEDLE added that the financial statements prepared by management were found to be in accordance with U.S. GAAP, and that the audit was conducted according to plan with full cooperation and timely support from the Division of Retirement and Benefits and Treasury. She noted that KPMG is in the process of finalizing the GASB 68 and 75 employer and expense allocation schedules, which are expected to be completed within the next few weeks.

Response to Chair Report

CHAIR B. WILLIAMS stated that he received a message that K. LEA would like to comment on distribution counseling and asked TRUSTEE M. WILLIAMS about the process to entertain that. Following TRUSTEE M. WILLIAMS' guidance, he asked the Board if there was any objection to letting K. LEA comment on distribution counseling. Hearing none, he invited K. LEA to address the Board.

K. LEA clarified that there are two distinct elements when discussing distribution counseling with Empower: the process flow and the counseling itself. She explained that, in response to Board concerns, DRB moved distribution counseling out of Empower's wealth management process and, effective January 1, participants will no longer go through Empower's former "distribution counseling process." Instead, participants who want guidance will be referred to Empower's education group for neutral information about their options. She stated that upcoming quarterly reports will show how many calls within the education group result in rollovers to Empower IRAs, and that DRB has asked Empower for greater transparency on these outcomes. In response to the discussion of the withdrawal forms and embedded IRA prompts, K. LEA said DRB had not initially viewed those options as solicitations, but, in light of the Board's concerns, she indicated she would discuss the form design and language with Empower to see whether a remedy can be developed.

PRELIMINARY 2025 VALUATION RESULTS

DAVID KERSNHER, principal actuary, reported that the preliminary June 30, 2025, valuation results for PERS and TRS show overall improvement in funded status, driven mainly by strong investment performance. He noted that the market return for the year was about 11%, with a 9% return on the actuarial (smoothed) value of assets, both above the 7.25% assumed rate, producing asset gains. On the liability side, D. KERSHNER said a lower-than-assumed PRPA (post-retirement pension adjustment) increase created gains, while higher-than-expected salary increases for both PERS and TRS generated offsetting losses, but the net effect was still positive because asset gains were larger. As a result, the PERS pension funded ratio on an actuarial value basis rose to just over 70% with the unfunded liability declining by roughly $400 million. The TRS pension funded ratio approached 80%, with its unfunded liability also reduced. He reminded the Board that these are preliminary results pending GRS's review, and that the updated amortization method and lower payroll growth assumptions will increase short-term contribution rates but are expected to accelerate progress toward full funding and reduce long-term costs.

BOB BESENHOFER, health actuary, then summarized the healthcare valuation experience. He reported that pre-Medicare medical claims were 3.5% lower than expected, while Medicare medical costs were about 6% higher than projected, and prescription drug costs—were significantly above expectations, with pre-Medicare Rx costs about 15.5% higher and Medicare Rx about 9% higher before reflecting EGWP subsidies. Combined Medicare medical/Rx costs for pre-Medicare were basically even and after a modest gain from a higher-than-expected EGWP subsidy, about 11% higher than projected for Medicare, producing an overall healthcare experience loss, though the healthcare trusts remain well over 100% funded.

B. BESENHOFER also noted that Segal's estimated EGWP subsidy for calendar year 2026 is about 19% higher than the prior year's estimate, and, using the Board-approved five-year smoothing method, Gallagher derived an updated FY 2026 EGWP subsidy level for valuation purposes based on recent experience trended forward.

PERFORMANCE MEASUREMENT – 3rd QUARTER

BUTCH CLIFF, Executive Vice President and Director of Research at Callan, reported strong third-quarter equity performance, with U.S. large caps up over 8% and small caps up about 12%, alongside solid developed and emerging market returns. He noted that five-year bond returns remain negative due to the 2022 rate shock, the yield curve has normalized, and inflation expectations remain near 2% despite CPI closer to 3%. He highlighted early stabilization in private real estate, continued long-term advantages in private equity and private credit, and cautioned that recent outsized gains in U.S. large-cap growth and gold are unlikely to persist, underscoring the value of diversification.

STEVE CENTER, Senior Vice President at Callan, reviewed performance for the DC, SBS, and DB plans. He reported strong results for the Alaska Balanced Trust and T. Rowe Price target-date trusts, with passive options performing as expected, while Baillie Gifford's underperformance has weakened international equity results. For the PERS and TRS DB plans, he noted slight underperformance versus peers over 3–5 years but with lower volatility and stronger risk-adjusted outcomes due to diversified allocations; longer-term results reflect value added by active management, including strong ten-year private equity returns.

Both S. CENTER and B. CLIFF addressed ongoing concerns about Baillie Gifford, confirming the manager remains on watch and emphasizing that diversification has limited its impact and long-term returns remain near or above the 7.25% actuarial target.

PRIVATE EQUITY ANNUAL PLAN

State Investment Officers SEAN HOWARD and CAHAL MOREHOUSE presented the 2026 private equity annual plan, reviewing the ARMB's multi-platform program across Abbott, Pathway, and the direct (Treasury) portfolio. They outlined the strategic role of private equity—illiquidity and complexity premia, diversification, and alignment with the fund's long-term horizon—along with the four strategy buckets: buyout, venture, growth equity, and opportunistic. C. MOREHOUSE described recent market dynamics, including strong but uneven deal and exit activity, fundraising challenges, and persistent high dry powder, emphasizing the "flywheel" linkage between deployment, exits, and fundraising. S. HOWARD reviewed performance, noting second-quartile results versus the Cambridge benchmark, strong long-term outperformance versus public markets, positive net cash flows, and a multiple on invested capital (MOIC) of 1.8x.

S. HOWARD explained staff's recommendation to modestly reduce the long-term private equity target from 14% to 12% with a $600 million commitment target for 2026 guided by the pacing model. The action item would be brought to the Board at the following day's session, following manager presentations.

PRIVATE EQUITY MANAGER REVIEW

ASHLEY KAHN of Callan presented an independent review of ARMB's private equity program, highlighting its long, disciplined history and consistent second-quartile performance across key metrics (net IRR, TVPI, and DPI) versus the Cambridge benchmark. She noted that all three components—Abbott, Pathway, and the Treasury portfolio—are contributing to results, with the program generating a 15.5% 10-year net IRR, a 1.78x TVPI, and strong recent distributions that outpaced peers. A. KAHN reviewed diversification by strategy, geography, and industry, emphasizing the portfolio's broad exposure, buyout tilt, and healthy technology weighting. She also briefed the Board on Clearlake's acquisition of Pathway, explaining Callan's shift of Pathway's organizational "stoplight" to yellow and recommending close monitoring for potential impacts on products, fundraising, team stability, and focus on existing clients.

INVESTMENT ADVISORY COUNCIL PERSPECTIVES

CHAIR B. WILLIAMS introduced the IAC perspectives session by underscoring the importance of transparency and disclosure for trustees, including when issues are awkward or unflattering. To illustrate the point, he shared a personal travel incident where he later recognized he had taken unnecessary risks, using it as a metaphor for owning and openly discussing poor decisions.

Investment Advisory Council (IAC) member RUTH TRAYLOR emphasized the importance of confronting issues directly by contrasting ARMB's open culture with a prior board that hesitated to address problematic trustee behavior and instead developed policies to avoid difficult conversations about them,

DR. WILLIAM JENNINGS focused on transparency and communication, noting how poor structures (e.g., fully remote governance, over-controlling chairs, misaligned renewal processes) can undermine trust and candid discussion. He commended current and past ARMB chairs as positive role models.

JOSH RABUCK highlighted that transparency is not just "disclosure" but ensuring stakeholders truly understand complex recommendations, advocating for clear, jargon-free communication and practices like concise executive-summary slides to support better board decisions.

RECESS / RECONVENE

The board recessed for the day at CHAIR WILLIAMS reconvened the meeting at 9:00 a.m. on Thursday, December 4, 2025.

CYBERSECURITY PREPARATION AND RESILIENCE FOR STATE OF ALASKA

DAN MONARCH, Chief Information Security Officer for the State of Alaska presented an overview of the State of Alaska's cybersecurity posture, framed around the NIST Cybersecurity Framework and recent Nationwide Cybersecurity Review (NCSR) scores that show steady year-over-year improvement. He highlighted evolving threats from major nation-state actors (China, Russia, North Korea, Iran), the impact of reduced federal cybersecurity support, and recent incidents such as the Nevada ransomware attack and the F5 breach to illustrate the importance of reducing dwell time, securing the supply chain, and maintaining immutable backups.

D. MONARCH then detailed Alaska's current controls, such as MFA via Azure-based identity management, next-generation firewalls, MS-ISAC tools, continuous vulnerability scanning, and incident response capabilities. He emphasized that improved cyber hygiene and ongoing security awareness training across all departments are critical to sustaining a strong security posture. He also stressed the need to retire legacy systems, maintain accurate asset inventories, and treat cybersecurity as an "all-team sport" involving every employee, not just IT.

GREAT HILL

MARY KATE BERTKE, Head of Investor Relations at Great Hill, and DAVE ROBERTS, Managing Director, leading consumer investing, presented an overview of Great Hill's growth buyout strategy and its long-standing partnership with ARMB across multiple funds. They explained that Great Hill focuses on middle-market companies (enterprise values under $1 billion) in software, consumer, financial services, healthcare, and business services, targeting sectors with strong secular growth and businesses with differentiated competitive positions.

D. ROBERTS described their initiative-based sourcing model, where the firm conducts deep, multi-month industry research to build long-term relationships with target companies—often knowing them for years before investing—and then applies pattern-based "scaling" expertise to help them grow from adolescent to enterprise-grade companies. As examples of this approach, he highlighted initiatives in pet services and high-growth food and beverage, where Great Hill uses extensive market data, recurring-revenue business models, and digital-first strategies to identify category leaders gaining share from legacy incumbents.

Both speakers attributed the firm's strong fundraising and top-decile performance to this focused strategy, long-tenured team, and high alignment of interests between partners and investors.

NEUBERGER BERMAN

DAN RANSENBERG, client advisor, and Tristram Perkins, Co-Head of Secondaries, from Neuberger Berman presented an overview of the firm and its secondary private equity strategy. D. RANSENBERG described Neuberger Berman as an employee-owned, investment-only firm with broadly diversified capabilities and a long-tenured team, emphasizing its role as a partner to private equity GPs.

T. PERKINS explained that their secondary strategy focuses on buying seasoned private equity assets (typically three to five years old), which reduces risk, shortens duration, and has historically produced buyout-like returns with significantly lower loss rates. He highlighted the current market backdrop of reduced liquidity and elevated secondary deal flow, including both LP portfolio sales and GP-led continuation vehicles, as especially favorable for selective buyers with strong GP relationships and no reliance on leverage.

D. RANSENBERG and T. PERKINS also discussed how Neuberger Berman builds a high-conviction, well-diversified portfolio by targeting specific funds and assets rather than large, auctioned portfolios. The presentation concluded with a discussion of the growing role of retail and 401(k) capital in private markets and its implications for fees, alignment, and the secondary market.

NOTE: *A temporary audio outage occurred during the meeting, resulting in a gap in the official recording. This missing portion includes the conclusion of Neuberger Berman's presentation and the beginning of Abbott's presentation.*

ABBOTT CAPITAL MANAGEMENT

MATTHEW SMITH and LEONARD PANGBURN of Abbott reported that ARMB's private equity commitments have surpassed $4 billion, with performance continuing to exceed public benchmarks over 5-, 10-, and 15-year periods. Despite a muted exit environment, they noted strong 2024 liquidity, with distributions of roughly 15–16% of beginning-of-year NAV, boosted by major realizations such as Circle and Sylvis, each of which returned more than its respective fund size.

M. SMITH and L. PANGBURN emphasized ARMB's disciplined, steady pacing of commitments and projected a robust 2026 opportunity set as several existing and new managers come to market. They also outlined the growing push to open private equity to retail and 401(k) investors via evergreen and semi-liquid vehicles, highlighting implications for fees, alignment, secondary-market pricing (especially large LP portfolio sales), and co-investment allocation.

PATHWAY CAPITAL MANAGEMENT

JIM CHAMBLISS, WYATT GEIGER and CANYON LEW of Pathway Capital Management provided an update on the firm and the ARMB private equity portfolio. J. CHAMBLISS outlined Pathway's ownership transition and pending sale to Clearlake Capital, emphasizing continuity of team, brand, and investment process, and reiterating alignment through significant equity roll-over by the 19 "go-forward" partners.

W. GEIGER reviewed the current private equity market environment and reported that ARMB's Pathway-managed portfolio is mature, well diversified, cash-flow positive, and has generated strong long-term outperformance versus public benchmarks.

C. LEW detailed Pathway's manager selection and due diligence process, highlighting the breadth of their market coverage, the rigor of their analytical work, and the positive impact of manager selection on ARMB's portfolio returns.

PRIVATE EQUITY INVESTMENT ACTIONS

S. HOWARD introduced Resolution 2025-20, requesting board approval of the 2025 Private Equity Annual Tactical Plan. He explained that the plan's primary focus is establishing private equity commitment targets, beginning with $600 million in commitments for the coming year, and outlining a path to gradually increase commitments to support achieving the long-term 12% private equity allocation., with a path to grow commitments over time to support achieving the long-term 12% private equity target. Howard noted that the plan is reviewed annually.

TRUSTEE RYAN moved to approve Resolution 2025-20; TRUSTEE WEST seconded.
CHAIR WILLIAMS confirmed Callan, Z. HANNA, and IAC Members' support of the plan.

A roll call vote was taken, and the motion passed unanimously.

UNFINISHED BUSINESS
TRUSTEE L. BRETZ read a statement straight into the record because he had been asking for the information for several months and had not gotten any response. He added that he hoped to have a response for the next board meeting.

> It was important to require respondents from the record keeper RFP to have a call center that was open on Saturdays. Currently there is only one record keeper with Saturday call center hours. What is the data for the call center on Saturdays verses Monday through Friday? This information should include the purpose of the call, and the number of individual members. And it should be aggregated by quarter.
>
> The RFP also required the record keeper to have or establish a physical office in Anchorage. What is the utilization of the record keeper's physical office in Anchorage Alaska? How many in-person at that location? What is the nature (purpose) of the meetings? How many individual members are serviced this way per quarter?
>
> We need all this same information for all other locations that the record keeper has met in person with our members. We need all this same information for all virtual meetings that the record keeper has had with our members. This is all information that the Division should already have as part of the normal operations and planning.

TRUSTEE BRETZ also requested that both the Chair's Report and DRB Director K. LEA's response be documented in the meeting minutes, and those portions of the meeting recordings be posted on the Board's website.

NEW BUSINESS – None.

PUBLIC COMMENTS
RANDALL BURNS, President of the Retired Public Employees of Alaska (RPEA) suggested adding public comment at the end of each board meeting day and requiring acronyms to be spelled out in presentations, and he praised the board for passing resolutions 2025-21 and 2025-22 and for its work supporting retiree health and pension stability.

INVESTMENT ADVISORY COUNCIL MEMBER COMMENTS
R. TRAYLOR commended the board for advancing changes to retiree medical benefits and for carefully reviewing the judicial plan to avoid potential overfunding, encouraging close attention by the Commissioner.

DR. JENNINGS praised S. HOWARD and staff for skillfully managing the private equity allocation close to target despite a challenging distribution environment and highlighted Alaska's strong funding of post-retirement health care compared with other states.

J. RABUCK thanked the board for reappointing him, complimented the quality and forward-thinking nature of the private equity program, including strong manager relationships and monitoring tools. He also offered observations on how to frame performance evaluations of managers such as Baillie Gifford within the broader total portfolio context.

Returned to Public Comment

Former Senator MIKE SHOWER thanked the board for its work and strongly supported efforts to fix health-care coverage gaps for injured first responders and public safety officers, emphasizing the importance of such protections for recruitment and retention.

TRUSTEE COMMENTS

TRUSTEE BRETZ thanked former Senator M. SHOWER for highlighting health coverage gaps for injured public safety officers and commended the board and staff for developing a clear, well-documented recommendation to address the issue.

TRUSTEE RYAN thanked the board for re-electing her as Vice Chair and for the opportunity to serve as actuarial committee chair.

CHAIR B. WILLIAMS expressed appreciation for his re-election as Chair, emphasized persistence in pursuing improvements and accountability, and extended holiday and New Year greetings.

ADJOURNMENT

TRUSTEE RYAN moved to adjourn the meeting, seconded by TRUSTEE WEST. The meeting adjourned at 2:34 p.m. with no objection.

Chair

ATTEST:

Secretary