

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
ACTUARIAL COMMITTEE MEETING

Videoconference

MINUTES OF
June 16, 2021

Wednesday, June 16, 2021

ATTENDANCE

Committee Present: Allen Hippler *Chair*
Lorne Bretz
Gayle Harbo
Rob Johnson (late)
Commissioner Mahoney
Bob Williams (late)
Dennis Moen

Committee Absent: Acting Commissioner Holland

Other Trustees Present: Donald Krohn

Investment Advisory Council Member Present:
Ruth Ryerson

Department of Revenue Staff Present:
Zachary Hanna, Chief Investment Officer
Pamela Leary, Director, Treasury Division
Mike Barnhill, Deputy Commissioner
Kayla Wisner, State Comptroller
Scott Jones, Head of Investment Operations, Performance & Analytics
Hunter Romberg, State Investment Officer
Ryan Kauzlarich, Accountant V
Grant Ficek, Business Analyst
Alysia Jones, Board Liaison

Department of Administration Staff Present:
Ajay Desai, Director, Division of Retirement and Benefits
Kevin Worley, Chief Financial Officer, Division of Retirement and Benefits
James Puckett, Chief Pension Officer, Division of Retirement and Benefits

Others Present:
Paul Wood, Gabriel Roeder Smith

Bill Detweiler, Gabriel Roeder Smith
David Kershner, Buck
Tonya Manning, Buck
Randall Burns, Public, Retired Public Employees of Alaska

I. CALL TO ORDER

CHAIR ALLEN HIPPLER called the meeting of the ARM Board Actuarial Committee to order at 1:00 p.m.

II. ROLL CALL

MR. BRETZ, MS. HARBO, COMMISSIONER MAHONEY, CHAIR HIPPLER, were present at roll call. MR. JOHNSON, and MR. WILLIAMS were late, and ACTING COMMISSIONER HOLLAND was absent.

III. PUBLIC MEETING NOTICE

MS. JONES confirmed that public meeting notice requirements had been met.

IV. A. APPROVAL OF AGENDA

MS. HARBO moved to approve the agenda. COMMISSIONER MAHONEY seconded the motion.
The agenda was approved without objection.

B. APPROVAL OF MINUTES: March 17, 2021

MS. HARBO moved to approve the minutes of the March 17, 2021 meeting. COMMISSIONER MAHONEY seconded the motion. The minutes were approved without objection.

V. PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS & APPEARANCES – None.

VI. ACTUARIAL REVIEW/AUDIT FINDINGS LIST UPDATE/CERTIFICATION AND ACCEPTANCE OF FY 2020 VALUATIONS AND AUDIT REPORTS INTRODUCTION

A. Gabriel Roeder Smith Review

1. 2020 PERS & TRS Defined Benefit and PERS & TRS Defined Contribution System Valuation

MR. WOOD explained that there had not been any changes since the March meeting. He said they had continued to have calls with Buck and discussed the programming changes that had been discussed at the March meeting. He noted that the changes could be deferred until next year and would make sure they would be picked up at that time in the valuation.

2. 2020 Judicial Retirement System and National Guard Naval Militia Retirement Systems Valuation

MR. WOOD explained that the valuations are completed every other year and suggested to Buck that they not revise the reports this year but to pick up the \$38,000 change in the liability for NGNMRS and roll it forward to next year.

MR. WOOD said in regard to JRS they had been notified that Buck was asked to adjust the valuation

results to reflect a four-year salary freeze which would affect the salary and also some of the benefit increases for the retirees. He explained they had received information from Buck that contained all individual present value of benefit numbers that related to the revised report. He said they compared the test lives and adjusted the test lives to ensure they matched.

MR. WOOD said that on July 1st they would begin working on the full replication audits where they reproduce all the numbers in the valuations. He said this will give them the opportunity to address outstanding items, one of which was a risk discussion about EGWP and the potential of the savings being depleted. The other outstanding item was the methodology of calculating the normal cost for the DCR plans. He said the goal was to get those removed from the review reports.

B. Action Items

1. Committee Recommendation for Board Acceptance of GRS Certification for FY2020 PERS, TRS, NGNMRS, JRS, and DCR Plan Valuations

MR. JOHNSON moved to approve the certification of the valuation reports. MS. HARBO seconded the motion.

MS. HARBO requested a roll call vote.

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

2. Committee Recommendation of Board Acceptance of Buck Valuations for FY2020 PERS, TRS, NGNMRS, JRS, and DCR Plan Valuations

MS. HARBO moved to approve the actuarial valuation reports as of June 30, 2020, prepared by Buck. MR. BRETZ seconded the motion.

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

MR. WORLEY reminded them that a rate adoption will take place in September, and the rates will be modified to account for the fiscal results of FY2021.

VII. Committee Performance - Self-Assessment

CHAIR HIPPLER explained that the committee had recently adopted a charter with a requirement to perform self-assessments. He added that the nature of the self-assessment was not defined or outlined with specific requirements and opened the topic up to discussion without an action item.

MS. HARBO said the Audit Committee has a similar requirement in the charter and to her knowledge they had never completed a self-assessment. She said that she felt a form should be developed and adopted for consistency and asked MR. JOHNSON if he recalled that issue. MR. JOHNSON said that his understanding was that it was not to be a formal self-assessment, but a way for self-criticism or self-praise.

CHAIR HIPPLER said that they did not want to be overly formal but suggested that it would behoove them to have a framework in which the committees could perform the self-assessment. He suggested

that someone could be designated to come up with the criteria and have a discussion at the next meeting on how best to move forward.

MS. HARBO asked if it would be best to have the Operations Committee develop the assessment so it would be uniform for each committee; MR. JOHNSON agreed with MS. HARBO and pointed out the specific language relating to self-assessments in the charter. MS. HARBO asked if that was in the DC Committee also; MR. JOHNSON stated that he believed it was the same language.

MR. WILLIAMS said that he agreed with all that had been discussed and stated that one thing that had improved over time had been the communication. MS. HARBO agreed and asked MR. WOOD what his thoughts were; MR. WOOD stated that he agreed completely. He also offered to reach out to the other boards he worked with that do self-assessments and get information from them as to their process of self-assessment.

MR. JOHNSON stated that he thought MR. WOODS' suggestion was a good idea and that they should get third-party input on what self-assessment means to the charter. He suggested that MR. WOOD or somebody from Callan give a brief reprise at the next Operations Committee meeting on what self-assessment meant and urged the chairs of the Actuarial, Audit and DC committees to attend.

MR. BRETZ asked if they could see a comparison from the last Actuarial Committee meeting versus the presentation at the regular Board meeting as there was a high-level review of what the committee accomplished.

CHAIR HIPPLER asked if the staff had any suggestions or opinions; MR. HANNA stated that the staff would be happy to connect with Callan and the actuaries to see what information could be provided to the Operations Committee for a self-assessment.

CHAIR HIPPLER then asked if anyone on the committee believed that a formal motion needed to be made; MR. JOHNSON and COMMISSIONER MAHONEY both agreed that no formal action was needed. CHAIR HIPPLER closed the discussion.

VIII. FUTURE MEETINGS

- A. Calendar Discussion - None**
- B. Agenda Items – None.**
- C. Requests/Follow-Ups – None.**

IX. PUBLIC/MEMBER COMMENTS – None.

X. ADJOURNMENT

MS. HARBO moved to adjourn the meeting. COMMISSIONER MAHONEY seconded the motion.
The motion passed without objection.

The meeting was adjourned at 1:34 p.m.

ATTEST:

Corporate Secretary

Note: An outside contractor recorded the meeting and prepared the summary minutes. For in-depth discussion and more presentation details, please refer to the recording of the meeting and presentation materials on file at the ARMB office.