

PUBLIC

ALASKA
RETIREMENT
MANAGEMENT
BOARD

MARCH
15, 2023

OPERATIONS COMMITTEE

**STATE OF ALASKA
ALASKA RETIREMENT MANAGEMENT BOARD**

OPERATIONS COMMITTEE MEETING

March 15, 2023 – 3:00 p.m.

(Or immediately following the Actuarial Committee Meeting)

Location: State Office Building Department of Administration Large Conference Room, 10 th Floor 333 Willoughby Ave., Juneau, AK	Teleconference: Call-In #: 1-907-202-7104 Code: 739 534 743#
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- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. A. Approval of Agenda
B. Approval of Minutes – November 30, 2022**
- V. Public / Member Participation, Communications and Appearances**
*(Three Minute Limit. Callers may need to press *6 to unmute.)*
- VI. Treasury Operations Update**
Pamela Leary, Treasury Director
 - A. Investment Advisory Council RFS**
 - B. Staff Recruitment and Retention**
 - C. Contract Renewals**
 - Action: General Consultant Contract - Callan LLC 2nd (of 2) Optional Renewal*
 - Action: Real Assets Consultant Contract - Callan LLC 2nd (of 2) Optional Renewal*
- VII. Treasury Middle Office Update**
Scott Jones, Head of Investment Operations, Performance & Analytics
- VIII. Discussion of 2024 ARMB Meeting Calendar & Future Trainings**
Dennis Moen, Chair
Alysia Jones, Board Liaison
- IX. Future Meetings**
 - A. Calendar Review**
 - B. Agenda Items**
 - C. Requests / Follow-Ups**
- X. Other Matters to Properly Come Before the Committee**
- XI. Public / Members Comment**
- XII. Adjournment**

**ALASKA RETIREMENT MANAGEMENT BOARD
OPERATIONS COMMITTEE MEETING
HYBRID/TEAMS**

November 30, 2022

4:00 p.m.

**Originating at:
Atwood Conference Center
550 West 7th Avenue, 1st Floor
Anchorage, Alaska 99501**

Committee Members Present:

Dennis Moen, Chair
Bob Williams

Donald Krohn
Lorne Bretz

Committee Members Absent:

Sandra Ryan

Other Trustees Present:

Adam Crum, Commissioner of Revenue

Michael Williams

Department of Revenue Staff Present:

Zach Hanna, Chief Investment Officer
Scott Jones, Investment Operations,
Performance & Analytics
Hunter Romberg, Senior Compliance Officer

Pamela Leary, Director, Treasury Division
Grant Ficek, Business Analyst
Leighan Gonzales, Executive Assistant
Alysia Jones, Board Liaison

Department of Law Staff Present:

Ben Hofmeister, Assistant Attorney General

Department of Administration Staff Present:

Roberto Aceveda, Counseling & Education Manager

Investment Advisory Council Present:

Dr. William W. Jennings

Ruth Ryerson

PROCEEDINGS

CALL TO ORDER

CHAIR MOEN called the Operational Committee meeting to order and asked for a roll call.

MS. JONES called the roll.

PUBLIC MEETING NOTICE

CHAIR MOEN asked to confirm that the public meeting notice was met.

MS. JONES replied, yes, it had.

APPROVE THE AGENDA

CHAIR MOEN asked for a motion to approve the agenda.

MOTION: A motion to approve the agenda was made by TRUSTEE KROHN; seconded by TRUSTEE BOB WILLIAMS.

There being no objection, the MOTION was APPROVED.

APPROVAL OF MINUTES

CHAIR MOEN moved to the minutes of September 14, 2022, and asked for any additions or corrections. There being none, he asked for a motion.

MOTION: A motion to accept the minutes of September 14, 2022, was made by TRUSTEE KROHN; seconded by TRUSTEE BOB WILLIAMS.

There being no objection, the MOTION was APPROVED.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

CHAIR MOEN moved to the time where any public member could address the Committee with a three-minute limit. He asked if there was anyone in the building or online that would like to make a comment. He asked Ms. Jones if there was anyone.

MS. JONES replied no.

TREASURY OPERATIONS UPDATE

CHAIR MOEN moved to the Treasury Operations update, and recognized Director Leary.

DIRECTOR LEARY stated that she had three items in the operations update. The first was the Policies and Procedures Manual. She explained that the manual is reviewed from time to time, and there was a small change on Page 13 of the manual. She asked Mr. Hanna to walk through it.

CIO HANNA stated that some of the language in the policy manual was out of date. The current language states that the “goal to limit total plan risk to less than the average public plan.” He recommended not having this limitation in the policy document, and to soften the language to have the Board instead *consider* a risk relative to other public plans, which reconciles the issue.

MOTION: A motion from the Operations Committee to make the changes that CIO Hannah suggested, and to bring that from the Committee to the Board was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE KROHN.

After the roll-call vote, the MOTION was APPROVED. (Trustee Bretz, yes; Trustee Krohn, yes; Trustee Bob Williams, yes; Chair Moen, yes.)

DIRECTOR LEARY continued to the first of two action memos which was a contract expiration that had to do with Dr. Jennings' position on the Investment Advisory Council (IAC). She explained that Dr. Mitchell will be retiring effective June 30, 2023, which coincides with the end of Dr. Jennings' term. She said staff recommended extending Dr. Jennings' term out to 2024 to maintain staggering of IAC member terms.

MOTION: A motion was made that the Operations Committee recommends to the Full Board to reappoint Dr. Jennings to the IAC and adjust the contract period to one year to maintain a minimum of three members serving staggered three-year terms. It would run from July 1, 2023, to June 30, 2024, was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE KROHN.

After the roll-call vote, the MOTION was APPROVED. (Trustee Krohn, yes; Trustee Bretz, yes; Trustee Bob Williams, yes; Chair Moen, yes.)

DIRECTOR LEARY moved to the second action memo that had to do with an IAC contract solicitation. She stated that, with Dr. Mitchell announcing his retirement, the recommendation was that the committee direct staff to advertise and solicit applications for that position. She continued that, if the committee decided to put that in front of the Board tomorrow, we would ask Chair Williams that the Board appoint a minimum of three trustees to an Evaluation Committee and have a review process of candidates with the intent to have the new IAC member in place July 1, 2023.

MOTION: A motion to put together a committee to review an RFS was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE KROHN.

After the roll-call vote, the MOTION was APPROVED. (Trustee Bretz, yes; Trustee Krohn, yes; Trustee Bob Williams, yes; Chair Moen, yes.)

DIRECTOR LEARY stated that the third item in the Treasury update was on recruitment and retention. This was suggested by Chair Bob Williams to be a standing items on the Operations Committee agenda. She continued that recruitment and retention has been a hot topic for Treasury for a while, but with COVID and the resulting dynamics in the industry it is more of a hot topic. Currently, there are nine vacancies and 45 staff, a little higher than a year ago, but it is manifesting a bit differently in terms of the positions. There had been two retirements: Senior Compliance Officer James McKnight and Michelle Prebula, the investment officer of the DC plans. Four staff left in the last year to pursue other opportunities, including two investment officers, an admin officer, and the comptroller. Cahal Morehouse was hired into private equity, and we are in the process of hiring another investment officer. There is also a recruitment out for a third. She added that Hunter Romberg was hired into the senior compliance position that

James McKnight retired from, and we are excited to have a fresh set of eyes on compliance. In terms of recruiting and retention, the bottom line is to focus on people, and we have been working on being able to provide salary increases to the exempt staff last year and this year. That moved the salaries closer to median levels based on survey results. Providing training and exposure to various opportunities, providing the ability to pursue work that staff are interested in, and the ability for staff to have an impact on results was important in terms of ownership. Leadership was flexible in terms of supporting people, both in work and personally. Everyone has the same goal in mind: the important work done for the constituents. There was a lot of satisfaction coming from the work being done. All have very specialized skill levels, and we will continue to do what can be done in order to reach out and find the best candidates to continue the work.

TREASURY MIDDLE OFFICE UPDATE

MR. JONES began a quick update on the Middle Office, beginning with the retirement of the senior compliance officer. He stated that he spent a lot of time with Ms. Romberg to help her get up to speed on compliance so that she could start the process of modernizing and streamlining some of the processes in this section, which could use a refreshing. He talked about the Swift 2022 Control Framework Assessment which was due on December 31, and then we will participate in a DOR enterprise risk review which will be done by WWT. Currently, the project was in the planning phase, and we are still working out what Treasury would get out of it. It is being spearheaded by the DOR risk manager. The other thing coming up is that the State would be moving servers and databases up to the Azure Cloud. The Middle Office will take a lead on that for Treasury and interface with OIT and the contractors to make sure everything goes up smoothly.

PERIODIC SELF-ASSESSMENT

CHAIR MOEN moved to the self-assessment and he went through the three parts of that. There being no questions or comments, he considered that was being done successfully.

FUTURE MEETINGS

CHAIR MOEN moved to future meetings and stated that he wanted to review the committee charter. He continued that the next meeting is March 15th in Juneau. He asked for any other matters to properly come before the committee. He gave a second opportunity for public or members' comments, and asked if there was anyone on line or in the room. Not hearing anyone, he asked for a motion for adjournment.

MOTION: A motion to adjourn the meeting was made by TRUSTEE KROHN; seconded by TRUSTEE BOB WILLIAMS.

There being no objection, the MOTION was APPROVED.

(Operations Committee Meeting adjourned at 4:20 p.m.)

ALASKA RETIREMENT MANAGEMENT BOARD
Operations Committee

SUBJECT: Callan General Consulting Contract

ACTION: X

DATE: March 15, 2023

INFORMATION:

BACKGROUND:

Callan LLC (Callan) currently serves as the Performance Measurement and Investment Advisory Consultant for the Alaska Retirement Management Board (ARMB).

Contractual services include the following:

- 1) Asset Liability Study,
- 2) Asset Allocation,
- 3) Manager Selection,
- 4) Performance Measurement,
- 5) Investment Management; and
- 6) General Consulting

The period of performance for this contract begins July 1, 2019, and ends June 30, 2022, with two optional one-year extensions. The first extension was exercised last year and expires June 30, 2023.

The contract was awarded to Callan in 2019 after going through a public RFP process.

STATUS:

Callan has served as the general investment consultant for 30 years and continues to do an excellent job.

Staff does not believe the cost/benefit of going through a new RFP process at this time is warranted.

The compensation terms of the arrangement will continue as agreed in the current contract.

RECOMMENDATION:

The Operations Committee recommends the Alaska Retirement Management Board direct staff to exercise the second of the two, one-year contract extensions to extend Callan's general consulting contract until June 30, 2024.

ALASKA RETIREMENT MANAGEMENT BOARD

Operations Committee

SUBJECT: Callan Real Assets Consulting Contract

ACTION: X

DATE: March 15, 2023

INFORMATION: _____

BACKGROUND:

Callan LLC (Callan) currently serves as the Real Assets Consultant for the Alaska Retirement Management Board (ARMB).

Contractual services include the following:

- 1) Strategic Consulting,
- 2) Sourcing and Due Diligence,
- 3) Monitoring and Performance Measurement; and,
- 4) Other special projects as needed.

The period of performance for this contract begins July 1, 2019, and ends June 30, 2022, with two optional one-year extensions. The first extension was exercised last year and expires June 30, 2023.

The contract was awarded to Callan in 2019 after going through a public RFP process.

STATUS:

Callan replaced the former real estate consultant in 2019 and has done an excellent job providing consulting services across the broader real assets landscape. Having the same firm provide both general consulting and real assets consulting also helps streamline portfolio analysis and reporting to staff and ARMB.

Staff does not believe the cost/benefit of going through a new RFP process at this time is warranted.

The compensation terms of the arrangement will continue as agreed in the current contract.

RECOMMENDATION:

The Operations Committee recommends the Alaska Retirement Management Board direct staff to exercise the second of the two, one-year contract extensions to extend Callan's real assets consulting contract until June 30, 2024.

Proposed ARMB Meeting Calendar

2024

JANUARY							FEBRUARY							MARCH							APRIL						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
31	1	2	3	4	5	6	28	29	30	31	1	2	3	25	26	27	28	29	1	2	31	1	2	3	4	5	6
7	8	9	10	11	12	13	4	5	6	7	8	9	10	3	4	5	6	7	8	9	7	8	9	10	11	12	13
14	15	16	17	18	19	20	11	12	13	14	15	16	17	10	11	12	13	14	15	16	14	15	16	17	18	19	20
21	22	23	24	25	26	27	18	19	20	21	22	23	24	17	18	19	20	21	22	23	21	22	23	24	25	26	27
28	29	30	31	1	2	3	25	26	27	28	29	1	2	24	25	26	27	28	29	30	28	29	30	1	2	3	4
4	5	6	7	8	9	10	3	4	5	6	7	8	9	31	1	2	3	4	5	6	5	6	7	8	9	10	11

MAY							JUNE							JULY							AUGUST						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
28	29	30	1	2	3	4	26	27	28	29	30	31	1	30	1	2	3	4	5	6	28	29	30	31	1	2	3
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24
26	27	28	29	30	31	1	23	24	25	26	27	28	29	28	29	30	31	1	2	3	25	26	27	28	29	30	31
2	3	4	5	6	7	8	30	1	2	3	4	5	6	4	5	6	7	8	9	10	1	2	3	4	5	6	7

SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	29	30	1	2	3	4	5	27	28	29	30	31	1	2	1	2	3	4	5	6	7
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
29	30	1	2	3	4	5	27	28	29	30	31	1	2	24	25	26	27	28	29	30	29	30	31	1	2	3	4
6	7	8	9	10	11	12	3	4	5	6	7	8	9	1	2	3	4	5	6	7	5	6	7	8	9	10	11

KEY

	Proposed ARMB Meeting Dates
	Alternate Meeting Dates (Tu-Th)
	APFC Meetings
	State Holidays

	NCTR Conference
	Spring Breaks (3/11-15 Anc/Fai, 3/18-22 Jnu)
	Callan conference (April 8-10)
	External Meeting Material Deadline

**ALASKA RETIREMENT MANAGEMENT BOARD
2024 DRAFT Meeting Calendar**

DATE	LOCATION	DESCRIPTION
March 6 Wednesday	Juneau, AK	Audit Committee Defined Contribution Plan Committee Actuarial Committee Operations Committee
March 8 Thursday-Friday	Juneau, AK	Board of Trustees Meeting: <i>Performance Measurement – 4th Quarter</i> <i>Buck Draft Actuarial Report/GRS Draft Actuary Certification</i> <i>Capital Markets – Asset Allocation</i> <i>Manager Presentations (Emphasis on Public Investments - Fixed Income & Equities)</i>
April/May TBD*	Videoconference	Actuarial Committee <i>Follow-up/additional discussion/questions on valuations</i>
April/May TBD*	Videoconference	Board of Trustees Meeting
June 12 Wednesday	Anchorage, AK	Audit Committee Defined Contribution Plan Committee Actuarial Committee Operations Committee
June 13-14 Thursday - Friday	Anchorage, AK	Board of Trustees Meeting: <i>Final Actuary Reports/Adopt Valuation</i> <i>Adopt Asset Allocation</i> <i>Performance Measurement - 1st Quarter</i> <i>Manager Presentations (Emphasis on Multi-Asset & Asset Allocation)</i>
September 18 Wednesday	Anchorage, AK	Audit Committee Defined Contribution Plan Committee Actuarial Committee Operations Committee
September 19-20 Thursday - Friday	Fairbanks, AK	Board of Trustees Meeting: <i>Set Contribution Rates</i> <i>Audit Results/Assets – Auditor</i> <i>Approve Budget</i> <i>Performance Measurement – 2nd Quarter</i> <i>Real Estate Annual Plan</i> <i>Real Assets Evaluation – Callan LLC</i> <i>Manager Presentations (Emphasis on Real Assets)</i>
October TBD*	Videoconference	Audit Committee
December 4 Wednesday	Anchorage, AK	Audit Committee Defined Contribution Plan Committee Actuarial Committee Operations Committee
December 5-6 Thursday-Friday	Anchorage, AK	Board of Trustees Meeting: <i>Audit Report - DRB Auditor</i> <i>Performance Measurement – 3rd Quarter</i> <i>Manager Review (Questionnaire)</i> <i>Private Equity Evaluation - Callan LLC</i> <i>Review Private Equity Annual Plan</i> <i>Cybersecurity</i> <i>Manager Presentations (Emphasis on Private Equity)</i>

NOTE: Meeting locations and topics are subject to change.

*Meetings to be held as necessary

Created: 2/21/2023

ALASKA RETIREMENT MANAGEMENT BOARD

Operations Committee

SUBJECT: Future Trainings

ACTION: _____

DATE: March 15, 2023

INFORMATION: X

The Alaska Retirement Management Board (ARMB) Trustees have a fiduciary and statutory obligation (AS 37.10.210(h)) to receive continuing education relevant for their duties.

Trustee education is provided during Board meetings and trustees may also participate in additional training or educational opportunities annually. Accordingly, the following list of upcoming training opportunities is provided for Trustee consideration.

TRAINING PROVIDER	DESCRIPTION	LOCATION	UPCOMING DATES
Callan Institute	Callan College - sessions provide financial professionals and fiduciaries across the industry with practical, basic-to intermediate-level education instruction on a range of relevant topics.	Virtual & In Person Options	May 23, 2023 (V) September 26, 2023 (V)
	Annual Conference - consists of general sessions with presentations by world, political, arts, science, and investment industry speakers. The general sessions are followed by smaller breakout sessions on timely industry topics led by Callan specialists. Attendees include plan/fund sponsors, investment managers, and Callan employees.	Scottsdale, AZ San Francisco, CA	April 2-4, 2023 April 8-10, 2023
	Research Café & Workshops – hosted by Callan specialists and highlight a range of investment topics.	Virtual	Recorded sessions are available on Callan’s On-Demand Webinars page.
Institutional Limited Partners Association (ILPA)	Various courses related to Private Equity.	Virtual	Visit https://ilpa.org/master-calendar/ for details.

National Council on Teacher's Retirement	Annual Conference – consists of general sessions, focused panel discussions with investment consultants, actuaries, business meeting, and networking sessions.	La Jolla, CA	October 7-11, 2023
	Global Economic Forum – An inaugural session was held in February 2023.	Virtual	February 2024
National Association of Government Defined Contribution Administrators (NAGDCA)	Annual Conference – offers an opportunity for plan sponsors and industry representatives to build a national network of contacts, share ideas with peers, learn innovative techniques for improving retirement outcomes.	Seattle, WA	October 8-11, 2023
Pension Bridge	Annual Conference – consists of presentations by investment experts, sessions focusing on topical issues, and includes a variety of formats – including keynote presentations, targeted breakout sessions, and networking opportunities.	San Francisco, CA	April 17-19, 2023

APPENDIX

Charter of the Operations Committee

Alaska Retirement Management Board

I. Committee Purpose.

1. The purpose of the Operations Committee (the “Committee”) is to hold meetings and to consider input from outside sources as well as the Department of Revenue for the purpose of making recommendations to the board on the following matters: (a) an annual operating budget for the board; (b) salary considerations for staff of the Department of Revenue who work on matters relating to the board and the funds administered by the board; and (c) policies and procedures relating to the functioning of the board.

2. Authority for the Committee exists under precedent. The board has previously established budget and salary committees. The Committee shall assume the responsibilities of those committees.

3. Authority for the Committee exists under law.

(a) AS 37.10.220(a)(15) provides that the board shall develop an annual operating budget. The Committee shall make recommendations as appropriate to the board to assist the board in fulfilling that responsibility.

(b) AS 37.10.260(a) states that the Department of Revenue shall provide staff to the board. It is in the best interest of the board and the plan beneficiaries that qualified, competent staff is recruited, hired and retained to invest and maintain the plan assets. The Committee shall provide oversight and review of staff salaries to ensure stability in the management of the funds. The committee shall make recommendations as appropriate to the board to assist the board in making recommendations respecting salary to the Commissioner of the Department of Revenue.

(c) AS 37.10.210 and AS 37.10.220(a)(4) provide the board with authority to take necessary steps to meet its responsibilities under law and appointment of the Committee relating to operating policies and procedures is a logical and reasonable step in that process.

II. Committee Members.

The Committee consists of at least three Trustees, who have expressed a willingness to serve on the Committee and have been duly appointed by the Chair of the board.

III. Committee Meetings.

The Committee shall meet as frequently as circumstances dictate. The Committee Chair with the assistance of the Department of Revenue shall prepare

and/or approve an agenda in advance of each meeting. The Committee shall maintain minutes of Committee meetings and periodically report to the board on significant results of the Committee's activities or, as appropriate, make specific recommendations to the board.

IV. Committee Responsibilities and Duties (Budget).

The Committee shall meet at least once annually to carry out the following responsibilities:

1. Review the actual expenditures in the immediately preceding fiscal year budget;
2. Consider and review the current fiscal year budget as approved by the legislature;
3. Develop a proposed budget for the next fiscal year and make appropriate recommendations for action to the board.

V. Committee Responsibilities and Duties (Salary)

In consultation with staff and any consultants or other experts, the Committee shall consider staff salary ranges, surveys and comparable salary information and make appropriate recommendations for action to the Board prior to the development of the budget for the next fiscal year.

VI. Committee Responsibilities (Policies and Procedures)

The Committee, as directed from time to time by the board or the chair of the board, may assess matters which will enhance the effectiveness and efficient operations of the board, with examples of such matters including but not limited to (a) board chair responsibilities between board meetings, (b) permissible travel and allowances therefore, (c) policies and procedures manuals relating to the board and the Department of Revenue, and (d) duties and elections of officers of the board.

VII. Self-Assessment

1. Assess the adequacy of this Charter at least annually and submit recommended changes to it to the Board for approval.
2. Periodically perform self-assessment of the Committee's performance.