

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

**March 15, 2023
3:00 p.m.**

**Originating at:
State Office Building
Department of Administration
Large Conference Room, 10th Floor
333 Willoughby Avenue
Juneau, Alaska 99801**

Trustees Present:

Dennis Moen, Chair
Allen Hippler
Donald Krohn

Bob Williams
Sandra Ryan
Lorne Bretz

Department of Revenue Staff Present:

Zachary Hanna, Chief Investment Officer
Ryan Kauzlarich, Assistant Comptroller
Hunter Romberg, Senior Compliance Officer
Grant Ficek, Business Analyst

Pamela Leary, Director, Treasury Division
Scott Jones, Head of Investment Operations,
Performance & Analytics
Alysia Jones, Board Liaison

Department of Law Staff Present:

Ben Hofmeister, Assistant Attorney General

Investment Advisory Council Present:

Dr. William W. Jennings

Ruth Traylor

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 been met.

APPROVAL OF 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 BRETZ.

There being no objection, the MOTION was APPROVED.

APPROVAL OF MINUTES

CHAIR MOEN moved to the minutes of November 30, 2022, and asked for any additions or corrections. There being none, he entertained a motion.

MOTION: A motion to accept the minutes of November 30, 2022, was made by TRUSTEE KROHN; seconded by TRUSTEE BRETZ.

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 Operation update and recognized Director Leary.

MS. LEARY stated that she had three items in the operations update. The first was an update on the investment request for service; Dr. Mitchell's retirement countdown. She continued that there had been seven applicants so far, and the request for services (RFS) closes March 30th. ARMB Chair Williams was looking at a mid-April target date for the evaluation committee to review applications and being ready to recommend a candidate at the June Board meeting, with an anticipated contract start date of July 1st.

TRUSTEE BOB WILLIAMS stated that there were four trustees on the Evaluation Committee,

and the plan was for the committee to review and score the applications, conduct interviews, and come up with a recommendation.

The goal was to have these four trustees go really deep and be really thorough and put in a lot of time to come up with a recommendation to the board. The board will have the ultimate decision to make in June.

MS. JONES stated the need for a minimum of three, but no maximum.

TRUSTEE BOB WILLIAMS asked Trustee Bretz if he would like to be on this committee.

TRUSTEE BRETZ replied he would love to.

MS. LEARY stated that the second item for discussion was staff retention and recruitment. At the last meeting she reported nine vacancies in the Treasury. Now there were only five. Four individuals were hired. Two investment officers started in January. James Chang is in fixed-income and Robyn Mesdag is in the alternative space and is a returning investment officer. They both are from the Juneau Economic Development Group. Also hired was Robert Vicario, an admin assistant working with the admin officer. Keith Moniz will be starting next Monday, a long-awaited Systems Programmer 2, and will be working with Scott Jones in the middle office. She moved to the third item which was contract renewals. There were two contract renewals, both for Callan. One is for the general consultant contract, and one for the real assets consulting contract. Both are the second optional renewal year for the contract. She explained that, generally, there was a three-year initial contract period, and then two one-year optional renewals. These are the final optional renewals of these particular contracts. She stated that Mr. Hanna is very happy with Callan. She moved to the first action memo which was for the general consultant contract.

MOTION: The Operations Committee recommends that the ARM Board directs staff to exercise the second of the two one-year contract extensions to extend the general contracting contract. This will go through June 10th, 2024. The motion was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE RYAN.

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

MOTION: The Operations Committee recommends the Alaska Retirement Management Board direct staff to exercise the second of two one-year contract extensions to extend Callan's real asset consulting contract until June 30, 2024, was made by TRUSTEE BOB WILLIAMS; seconded by TRUSTEE KROHN.

TRUSTEE BOB WILLIAMS stated deep appreciation for the thoughtful way Callan did the recent transition of key personnel. A lot of notice was given, and there were two consultants. It was done very thoughtfully and responsibly.

CHAIR MOEN agreed on the good job and asked for any other comments. There being none, he asked for a roll-call vote.

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

MR. HANNA noted that those were the last extensions on the current Callan contracts and there will be two big Request for Proposals (RFPs) to do next year. He continued, that takes quite a bit of time, and staff would probably begin working on them in the first six months of the fiscal year.

TREASURY MIDDLE OFFICE UPDATE

CHAIR MOEN moved to the Treasury Middle Office update and recognized Mr. Jones.

MR. JONES started with the SWIFT assessment which was finished last December. Everything went well, and he added that they would have their work cut out for them this year as there is a large change happening within the State, and a lot of what was previously done would not apply for the current year's work. The change underway now was a move by OIT from using on-premise data centers to cloud based data in Azure. He stated that Keith, who was recently hired has experience with Azure and they plan to leverage this. The planned move to the cloud is a lift and shift but Treasury will be looking at migrating to Azure native in an attempt to reduce costs make things more efficient.

CHAIR MOEN moved to the discussion of the meeting calendar and future trainings and asked Ms. Jones to talk about it.

MS. JONES stated that it might be helpful to see the proposed ARMB meeting calendar as a visual to identify potential conflicts in schedules. She explained the color coding and noted the external meeting material deadline was included for awareness. There was one consideration to bring forth for discussion, the possibility of changing the meeting dates to a Tuesday to Thursday instead of Wednesday to Friday.

CHAIR MOEN asked if anyone had any strong opinions on Tuesday-Thursday, Wednesday-Friday.

MR. HANNA stated that the observation was that the meetings lately created a bigger issue. Venues have gotten more difficult to book, and travel is more expensive, especially in the summers. Tuesday through Thursday was easier to get venues, and it is a bit cheaper from a travel perspective.

CHAIR MOEN stated that Tuesday-Thursday made sense.

TRUSTEE KROHN stated that it made no difference to him.

TRUSTEE RYAN asked if there would be an issue with the folks that have to be brought in, the consultants.

MR. HANNA replied that Fridays are more difficult to schedule, especially with folks on the East Coast. Ultimately, they will come and present when they are needed to present.

MR. BOB WILLIAMS stated preference for Wednesday through Friday because he could get in

two full workdays. He continued that the rationale was in terms of what was best for the board and the people brought here. He was amenable and it made sense.

CHAIR MOEN stated that there was not an action to take now, but we can firm up the calendar in June.

MS. JONES stated that the board will adopt the 2024 calendar at the June meeting.

CHAIR MOEN moved to the meeting locations and asked if they needed to be reviewed.

MS. JONES stated that the proposed date for September will be the 18th for committee meetings, and it should read Fairbanks. The board meeting would be September 19 through 20.

TRUSTEE BRETZ asked to look at the cost of having it in Fairbanks versus Anchorage or Juneau.

CHAIR MOEN stated that would be added as an agenda item for the next meeting.

TRUSTEE BOB WILLIAMS talked about avoiding spring breaks for March and moving it up in 2024 to the 5th, 6th, and 7th.

MR. HANNA replied that was possible. He also checked with Callan, and that week is doable.

CHAIR MOEN asked for any other agenda items that anyone would like added.

TRUSTEE BOB WILLIAMS stated that it felt like there was a commitment to move the meetings to Tuesday, Wednesday, and Thursday.

CHAIR MOEN asked for any other matters to come before the committee. He stated they had some really good training. It included a history of the board, the role of the trustee, as well as statutory investment powers and duties. There was also an overview of the ARMB plans. He appreciated the time it took to put it together. He said it was a good refresher and good education.

MS. JONES shared options for future training and continuing education, which is a requirement for the trustees. She noted that every year this committee and the board reviews the proposed budget. Knowing in advance anticipated travel plans for conferences and other education opportunities would be very helpful.

CHAIR MOEN added that a great job had been done with his traveling, in particular.

TRUSTEE RYAN stated that there used to be an annual joint meeting with the Permanent Fund where we got to talk to investors. It was held in New York, but it may be easier to do in Anchorage. She found it valuable as a trustee and was curious about the value of that.

MR. HANNA stated that it was viewed by trustees as very valuable. The main catalyst in doing away with it was cost. He would have to look back and see what it was from a budgetary perspective.

MS. LEARY added that their goal was to make sure that some education was provided, and she would be happy to add more to each meeting.

CHAIR MOEN stated that this was, again, a chance for the public or members to comment. There being no one, he entertained a motion to adjourn.

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

There being no objection, the MOTION was APPROVED.

(Operations Committee meeting adjourned at 3:43 p.m.)