

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

December 6, 2023  
3:00 p.m.

Originating at:  
Alaska Housing Finance Corporation Meeting Room  
4300 Boniface Parkway  
Anchorage, Alaska 99504

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**Trustees Present:**

Bob Williams, Acting Chair  
Sandra Ryan  
Dennis Moen

Donald Krohn  
Lorne Bretz

**Trustees Also Present:**

Spencer Moore

Michael Williams

**Department of Revenue Staff Present:**

Zachary Hanna, Chief Investment Officer  
Ryan Kauzlarich, Assistant Comptroller  
Shane Carson, State Investment Officer  
Hunter Romberg, Senior Compliance Officer  
Alysia Jones, Board Liaison

Pamela Leary, Director, Treasury Division  
Scott Jones, Head of Investment Operations,  
Performance & Analytics  
Grant Ficek, Business Analyst

**Division of Retirement & Benefits:**

Kevin Worley, Chief Financial Officer  
Christopher Novell, Accountant 5

Roberto Aceveda, Counseling &  
Education Manager

**Department of Law Staff Present:**

Ben Hofmeister, Assistant Attorney General

**Department of Administration:**

Dave Donley, Deputy Commissioner

Amanda Pillifant, Executive Assistant

**Investment Advisory Council Present:**

Dr. William W. Jennings  
Josh Rabuck

Ruth Ryerson

**Public:**

Wendy Woolf, RPEA  
Aurora Hauke  
Alexei Painter, Legislative Finance

## PROCEEDINGS

### CALL TO ORDER

CHAIR BOB WILLIAMS called the Alaska Retirement Management Board Operations Committee meeting to order and noted that Chair Moen is attending remotely, so he is chairing the committee this afternoon. He asked for a roll call.

MS. JONES called the roll.

### PUBLIC MEETING NOTICE

CHAIR BOB WILLIAMS asked if the public meeting notice requirements had been met.

MS. JONES replied yes.

### APPROVAL OF THE AGENDA

CHAIR BOB WILLIAMS asked for any corrections, changes or opposition to the agenda as shown. Seeing none, the agenda was approved.

### APPROVAL OF MINUTES

CHAIR BOB WILLIAMS moved to the approval of the minutes from the September 13, 2023, minutes.

**MOTION:** A motion to accept the minutes of September 13, 2023, was made by TRUSTEE RYAN; seconded by TRUSTEE KROHN.

*There being no objection, the MOTION was APPROVED.*

### PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

CHAIR BOB WILLIAMS asked if there was anyone in the room or online that would like to speak. Seeing and hearing none, he closed the Public/Member Participation, Communications, and Appearances portion of the agenda.

### TREASURY OPERATIONS UPDATE

#### REQUEST FOR PROPOSALS (RPFs) AND CONTRACTS UPDATE

CHAIR BOB WILLIAMS recognized Director Leary from the Treasury Division.

DIRECTOR LEARY introduced a timeline of the current projects that will be worked through during the next fiscal year. She continued that the first, second, and fifth items require Board action. The last two items relate to trustee and IAC appointments which are on the timeline to provide the trustees with a sense of the flow of work being done. She continued to the action memo for the Operations Committee related to the asset and liability study. It is considered best practice to conduct an asset liability study every five years. The last time one was conducted was in 2019. She added that the liability study is in the general consultant contract already, and staff has had preliminary discussions with Callan for the scope of the study. She moved to the recommendations of the action memo.

**MOTION:** The Operations Committee recommends that the Alaska Retirement Management Board authorize an asset liability study to be conducted by Callan. The

motion was made by TRUSTEE RYAN; seconded by TRUSTEE KROHN.

CHAIR BOB WILLIAMS asked if this is moving forward with something that is required.

DIRECTOR LEARY replied yes. The estimate of the cost is between 120,000 and \$135,000.

CHAIR BOB WILLIAMS asked for the roll-call vote.

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

DIRECTOR LEARY moved to the action memo related to proxy voting services. The ARMB statutes provide that the Board may contract for professional services necessary to execute its powers and duties. ISS has provided proxy voting services for the Board since 2006, which includes voting and proxies for the internally managed equity and REIT portfolios. The current contract is expiring April 30, 2024, and we will need to issue an RFP to get offerings from other vendors.

**MOTION:** The Operations Committee recommends that the board direct staff to prepare an RFP for proxy voting services as provided by AS 37.10.220(b)(3). The motion was made by TRUSTEE KROHN; seconded by TRUSTEE RYAN.

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

DIRECTOR LEARY moved to the action memo related to the performance consultant audit. AS 37.10.220(a)(11) provides that the ARMB shall contract for an independent audit of the State's performance consultant not less than once every four years. She continued that it is an audit of Callan. The previous audit report, presented at the Board's December 2019 meeting, provided recommendations for improving communications for various performance reports, benchmarks, and calculations. There were no substantive issues found with Callan's service and work product. Given the four-year statutory requirement of the performance consultant audit, it is appropriate to issue an RFP for the audit to be completed and reported to the Board at its September, 2024, meeting.

**MOTION:** The Operations Committee recommends to the Board to direct staff to prepare an RFP for an independent audit of the State's performance consultant as required by statute. The motion was made by TRUSTEE RYAN; seconded by TRUSTEE KROHN.

CHAIR BOB WILLIAMS commented that he would want the RFP fashioned in a way to ensure not having repeated recommendations for the same thing where it is known why the recommendation has not been done. He stated that it is important that past recommendations and the responses for why they were not followed be in the context for the providers so there are no duplications. He asked for the roll-call vote.

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

DIRECTOR LEARY stated that the action items would be reported out through the committee briefings during the board meeting.

### **STAFF RECRUITMENT AND RETENTION**

DIRECTOR LEARY stated that she and CIO Hanna provided a discussion on staff recruitment, retention and a review of exempt compensation in September. The Chart of Treasury Division staff identified 26 exempt positions: 16 in the portfolio management section; and the rest focused on the investment management analytics, cash management, and compliance within the Treasury. Also discussed was the value proposition of the staff. Comparable salaries with other similar organizations were provided, with the goal of making annual progress towards median salaries that reflect the top-tier results of the staff. In September, the ARMB also approved Resolution 2023-17 to support competitive Treasury exempt staff compensation in support of that goal. This is important because the ARMB funds pay for roughly 80 percent of Treasury's staff costs. She reiterated that compensation is not the only thing to retain good employees. The staff is very dedicated, and we always work to make sure that Treasury is a fulfilling place to work. We do continue to face challenging recruitments and retention, which is a real concern. She stated that in fiscal year '24, there has been some progress made with respect to the 15 exempt investment officers in the portfolio section. She continued that the Fiscal Year '25 Governor's budget will be released in mid-December, and we are hopeful that continued progress will be made for salaries for all exempt staff in fiscal year '25. Trustees will be able to review the budget and possibly put forward other questions to the Commissioner of Revenue for consideration in the Governor's amended budget in February.

### **POLICIES & PROCEDURES MANUAL REVIEW**

DIRECTOR LEARY moved to the Policies and Procedures Manual review and stated that there were no proposed changes to the manual. She added that although no changes were identified, this item is included annually to provide the committee with a copy of the most current manual for review.

CHAIR BOB WILLIAMS stated that sometimes when he has questions about something, often the answer is in the Policies and Procedures Manual. It is a good item to have, and to review on a regular basis as a trustee. He thanked Director Leary for her report. He continued to Scott Jones for the Treasury Middle Office update.

### **TREASURY MIDDLE OFFICE UPDATE**

MR. JONES stated that the SWIFT work was substantially, but not 100 percent, done, and it will be finished by the 12/31 deadline. We were down one person in the compliance group and are looking to fill that position as soon as possible because it fills the administrator role for both Bloomberg and SWIFT, along with the senior compliance officer. Hunter Romberg, the senior compliance officer, had completed a due diligence trip to State Street in October. It was a positive set of meetings which will definitely have some value-add work that will be implemented going forward. Lastly, the Middle Office coordinated with State Street Bank to have Sean Bailey, their vice-president of cyber client security, present to the Full Board on Friday. The Middle Office coordinates a once-a-year presentation to the Board regarding cybersecurity. He added that State Street Bank last presented to the Board on this topic in the fall of 2019, and we felt that it was time for them to provide the board with an update on the measures they take to safeguard the ARMB's assets.

CHAIR BOB WILLIAMS moved to the self-assessment questions and then the review of the committee charter in the packet. The future meetings were also listed, and there was a review of the calendar. He asked for any other agenda items to come before the Operations Committee on future meetings. He asked for any other matters to properly come before the committee. He asked for any other public or member comments at this time. He stated to Trustee Moen the hope that he did an adequate job of filling in as chair.

TRUSTEE MOEN stated he did a great job, and made a motion to adjourn.

**MOTION:** A motion to adjourn the meeting was made by TRUSTEE MOEN.

*There being no objection, the MOTION was APPROVED.*

(The ARMB Operations Committee meeting was adjourned at 3:21 p.m.)