

MINUTES: PUBLIC MEETING ARIZONA STATE RETIREMENT SYSTEM BOARD

HELD Thursday, February 27, 2025, 9:30 a.m.

The Arizona State Retirement System (ASRS) Board of Trustees met in public session in the First Floor Board Room of the ASRS Office, 3300 N. Central Avenue, Phoenix, Arizona 85012.

Mr. René Guillen, Chairperson of the ASRS Board, called the meeting to order at 9:39 a.m.

1. Call to Order; Roll Call; Opening Remarks.

Present: Mr. René Guillen, Chairperson (virtually)
Mr. Michael Miller, Vice-chairperson
Mr. Jay Petkunas (virtually)
Ms. Ashley Retsinas (virtually)
Ms. Sarah Webber

Excused: Mr. Kevin McCarthy
Ms. Diane Landis

A quorum was present for the purpose of conducting business.

Ms. Melanie Alexander, ASRS Board Administrator, provided all attendees with meeting guidelines.

2. Consent Agenda:

- a. Minutes of the November 20, 2024, Public Meeting of the ASRS Board
- b. Minutes of the November 20, 2024, Executive Session of the ASRS Board

Motion: Mr. Michael Miller moved to approve the Consent Agenda. Ms. Sarah Webber seconded the motion.

By a roll call vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

The Trustee votes were as follows:

Mr. René Guillen – approved
Mr. Michael Miller – approved
Ms. Diane Landis - excused
Mr. Kevin McCarthy – excused
Mr. Jay Petkunas – approved
Ms. Ashley Retsinas – approved
Ms. Sarah Webber – approved

3. Presentation, Discussion, and Appropriate Action Regarding the Calendar Year 2025 Board Meeting Schedule

The Board of Trustees discussed the meeting dates presented and the proposal of a new start time for these meetings.

Motion: Mr. Michael Miller moved to approve the Calendar Year 2025 Board Meeting Schedule as presented with a new start time of 9:00 a.m. Ms. Sarah Webber seconded the motion.

By a roll call vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

The Trustee votes were as follows:

Mr. René Guillen – approved
Mr. Michael Miller – approved
Ms. Diane Landis - excused
Mr. Kevin McCarthy – excused
Mr. Jay Petkunas – approved
Ms. Ashley Retsinas – approved
Ms. Sarah Webber – approved

4. Presentation, Discussion, and Appropriate Action Regarding the ASRS 2025 Legislative Initiatives and Legislative Update

Ms. Jessica Thomas, Government Relations Officer, presented information and materials regarding the ASRS 2025 Legislative initiatives consisting of four bills relating to Long-term Disability, Termination Incentive Programs, Supplemental Deferred Compensation Programs, and updating the Military Call-up. Ms. Thomas stated that all four bills have passed in the House and will move to the Senate Finance Committee on Monday.

Ms. Thomas provided a summary of the following bills that were not submitted by the ASRS but could impact the ASRS.

- HB2645 – proposes to repeal the 6-month waiting period for new State employees. This was scheduled for the Ways and Means Committee but not heard.
- SB1034 proposes to allow a retired member who terminated employment for at least six months to return to work as a prosecutor. The bill has been amended and is waiting to be heard by the Committee of the Whole.
- SB1093 – proposes to require all State investments to be made in the sole interest of the taxpayer and be based solely on pecuniary factors. The bill passed the House and will move to the Senate.
- SB1221 – proposes to require a publicly managed fund to divest from companies that are owned, domiciled, incorporated, headquartered, or controlled by the People's Republic of China. This bill passed and will be moving to the House.
- SB1474 – proposes to allow State elected officials to retire from other ASRS employers they may be working for without resigning from their elected position. The bill was amended and is awaiting the Committee of the Whole hearing.
- SB1592 – proposes to require the ASRS to only invest assets based on pecuniary factors and cannot take into account any non-pecuniary factors. It was not heard in the Senate Finance Committee, so it may be dead until further notice.

- SB1712 – proposes to allow new judicial officers and newly elected officials to choose to participate either in the ASRS or the elected officials' defined contribution retirement system. The bill has not been first read or assigned to a committee yet.

Mr. Guillen opened it up to discussion and comments from the Board. Mr. Michael Miller asked for clarification of SB1093, SB1221, and SB1474. Mr. Guillen asked for further clarification of SB1474 and SB1093. Ms. Sarah Webber asked about fiscal notes on the ASRS bills. Discussions ensued.

Discussion Participants: Mr. René Guillen, Mr. Michael Miller, Ms. Sarah Webber, Mr. Paul Matson, and Ms. Jessica Thomas.

5. Presentation, Discussion, and Appropriate Action Regarding NEPC Investment Reporting – Executive Summary of the Investment Committee Presentation:

- a. ASRS Investment Program Update, Market Environment Outlook**
- b. Independent Reporting**

Ms. Rose Dean, NEPC, discussed the current economic and investment environment and reported on monitoring Investment Management Division asset class activities. Ms. Dean presented information on fund performance, monitoring and oversight, and compliance.

Mr. Miller asked if there may be any market changes to look out for over the upcoming months. Discussion ensued.

Discussion Participants: Mr. Michael Miller, Mr. Paul Matson, and Ms. Rose Dean.

6. Presentation, Discussion, and Appropriate Action Regarding the ASRS Investment Program – Executive Summary of the Investment Committee Presentation.

Mr. Michael Viteri, Chief Investment Officer, presented information and materials regarding the performance of each asset class and the final performance for the period ending September 30, 2024.

Mr. Jay Petkunas asked about the real estate returns and the ODCE benchmarks and whether they are comparable. Discussion ensued. Mr. Matson offered to meet with Mr. Viteri, Mr. Petkunas, Mr. Micheal Copeland, and Mr. Matson to review and discuss this topic in more detail.

Discussion Participants: Mr. René Guillen, Mr. Jay Petkunas, Mr. Paul Matson, and Mr. Michael Viteri.

7. Presentation, Discussion, and Appropriate Action Regarding Risk Analysis and Investment Compliance – Executive Summary of the Investment Committee Presentation:

- c. Risk Analysis**
- d. Investment Compliance**

Mr. Robert Butler, Investment Risk and Compliance Officer, presented an executive summary of information and materials on the ASRS asset class correlation and contribution to volatility, hypothetical stress test scenarios, and the largest external manager concentration.

Mr. Butler presented information and materials regarding the internally managed portfolio's pre-trade compliance system, the custody bank's investment compliance program, and the private markets investment compliance program.

8. Summary of Current Events.

There were no events to discuss.

9. Supplemental Operations Reports for Possible Presentation, Discussion, and Appropriate Action:

- a. 2024 Operations Report**
- b. 2024 Budget and Staffing Reports**
- c. 2024 Cash Flow Statements**
- d. 2024 Appeals Report**
- e. 2024 Employers Reporting**

Mr. Paul Matson provided an update to the Employers Report for delinquent employers.

10. Call to the Public.

No one from the public requested to address the Board.

11. Presentation, Discussion, and Appropriate Action Regarding the Board Governance Evaluations

- a. Trustees' 2024 Self-Evaluation**
- b. Board 2024 Overall Evaluation**
- c. Key Issues in 2024**
- d. Focus areas for 2025**

Mr. Guillen opened the discussion of the Board governance self-evaluation with the Trustees.

Topics discussed included:

- Strategic Plan – how do they relate to meeting topics and the improvements made by staff to include this information in the cover memos in response to Trustee requests
- Future of the ASRS Board with terms expired – desire to continue the momentum and the need to bring incoming Trustees up to speed as quickly as possible
- Trustees preparedness for meetings – many focus on their areas of expertise and trust the input from the other experts
- Communication and presentation improvements implemented – more approachable, less technical, with more visual cues and graphics – easier to digest
- Succession planning for the ASRS

- Continuance of fine-tuning and standardizing reports/meeting materials – would like to see better use of the Consent Agenda
- Trustee meeting attendance – virtual versus in-person
- Streamlining New Trustee Orientation

Discussion participants: Mr. René Guillen, Mr. Michael Miller, Mr. Jay Petkunas, and Ms. Sarah Webber.

12. Board Requests for Future Agenda Items.

No requests for future agenda items were made.

13. The next regular public ASRS Board meeting is tentatively scheduled for Thursday, May 22, 2025.

Mr. René Guillen announced the next ASRS Board meeting is scheduled for Thursday, May 22, 2025, at 9:00 a.m.

14. Adjournment of the ASRS Board.

Mr. René Guillen adjourned the February 27, 2025, ASRS Board meeting at 11:48 a.m.

Respectfully Submitted by:

Melanie Alexander
Board Administrator
ARIZONA STATE RETIREMENT SYSTEM