

# STATE OF ALASKA REQUEST FOR PROPOSALS



## ARMB REAL ASSETS CONSULTANT SERVICES RFP 24-003

ISSUED FEBRUARY 12, 2024

ARMB IS SOLICITING PROPOSALS FOR REAL ASSETS CONSULTING SERVICES THAT INCLUDE: STRATEGIC CONSULTING, SOURCING AND DUE DILIGENCE, AND MONITORING AND PERFORMANCE MEASUREMENT.

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ISSUED BY:

DEPARTMENT OF REVENUE  
TREASURY DIVISION

PRIMARY CONTACT:

ALYSIA JONES, PROJECT DIRECTOR  
ALYSIA.JONES@ALASKA.GOV  
(907) 465-3749

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OFFERORS ARE NOT REQUIRED TO RETURN THIS FORM.

**IMPORTANT NOTICE:** IF YOU RECEIVED THIS SOLICITATION FROM THE STATE OF ALASKA'S "ONLINE PUBLIC NOTICE" WEB SITE, YOU MUST REGISTER WITH THE PROCUREMENT OFFICER LISTED IN THIS DOCUMENT TO RECEIVE SUBSEQUENT AMENDMENTS. FAILURE TO CONTACT THE PROCUREMENT OFFICER MAY RESULT IN THE REJECTION OF YOUR OFFER.

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# SECTION 1. INTRODUCTION & INSTRUCTIONS

## SEC. 1.01 PURPOSE OF THE RFP

This Request for Proposal (RFP) is issued by the Alaska Retirement Management Board (ARMB). Alaska Statute (AS) 37.10.220 provides that the ARMB may contract for professional services necessary to execute its powers and duties.

ARMB is soliciting proposals for real assets consulting services that include strategic consulting, sourcing and due diligence, and monitoring and performance measurement.

## SEC. 1.02 BUDGET

Approval or continuation of a contract resulting from this is contingent upon legislative appropriation.

## SEC. 1.03 DEADLINE FOR RECEIPT OF PROPOSALS

Proposals must be received no later than **4:00 PM** prevailing Alaska Time on **MARCH 13, 2024**. Oral proposals are not acceptable.

Failure to meet the deadline will result in disqualification of the proposal without review. ARMB is not liable for delays caused by any public or private mail carrier. Please be advised that not all delivery services honor overnight delivery to Juneau and weather may delay flights.

Late proposals or amendments will be disqualified and not opened or accepted for evaluation.

## SEC. 1.04 REQUIRED REVIEW

Offerors should carefully review this solicitation for defects and questionable or objectionable material. Comments concerning defects and objectionable material must be made in writing and received by the Project Director at least ten business days before the deadline for receipt of proposals. This will allow time for the issuance of any necessary amendments. It will also help prevent the opening of a defective solicitation and exposure of offeror's proposals upon which award could not be made. Protests based on any omission or error, or on the content of the solicitation, will be disallowed if these faults have not been brought to the attention of the Project Director, in writing, at least ten business days before the deadline for receipt of proposals.

## SEC. 1.05 QUESTIONS PRIOR TO DEADLINE FOR RECEIPT OF PROPOSALS

All questions must be in writing and directed to the Project Director with "Questions Regarding RFP 24-003" in the subject line. The interested party must confirm telephone conversations in writing.

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP, while other questions may be more complex and may require a written amendment to the RFP. The Project Director will make that decision.

Questions are due **February 28, 2024**, ten business days in advance of the proposal deadline.

PROJECT DIRECTOR: **ALYSIA JONES**      EMAIL: **ALYSIA.JONES@ALASKA.GOV**

## SEC. 1.06 RETURN INSTRUCTIONS

Offerors are encouraged to submit proposals electronically through email or Alaska ZendTo (a free, web-based file transfer system).

If submitting a proposal via email, the technical proposal and fee proposal must be saved as separate PDF documents and emailed to [alysia.jones@alaska.gov](mailto:alysia.jones@alaska.gov) as separate, clearly labeled attachments, such as "Vendor Name – Technical Proposal.pdf" and "Vendor Name – Fee Proposal.pdf". You must not email (including CC and BCC) the proposal to any State of Alaska employee other than instructed above. The email **must** contain the RFP number in the subject line.

The **maximum** size of a single email (including all text and attachments) that can be received by the state is **20mb (megabytes)**. If your attachments exceed this limit, please use Alaska ZendTo.

If submitting a proposal via Alaska ZendTo, the technical proposal and cost proposal must be submitted as separate, clearly labeled PDF documents to [alysia.jones@alaska.gov](mailto:alysia.jones@alaska.gov) through <https://drop.state.ak.us>. You must not include any state employee in the ZendTo form other than instructed above. Offerors must include the RFP number and title in the ZendTo note.

Hard copy proposals are acceptable. If submitting a hard copy proposal, the offeror must submit a total of five (5) hard copies of their proposal, in writing, to the ARMB in a sealed package. The cost proposal included with the package must be sealed separately from the rest of the proposal and must be clearly identified. The sealed proposal package(s) must be addressed as follows:

**ALASKA RETIREMENT MANAGEMENT BOARD  
ALASKA DEPARTMENT OF REVENUE, TREASURY DIVISION  
Attention: ALYSIA JONES  
Request for Proposal (RFP) Number: 24-003  
RFP Title: ARMB REAL ASSETS CONSULTANT SERVICES**

If using U.S. mail, please use the following address:

**PO BOX 110405  
JUNEAU, ALASKA 99811-0405**

If using a delivery service, please use the following address:

**333 WILLOUGHBY AVENUE, 11<sup>TH</sup> FLOOR  
STATE OFFICE BUILDING  
JUNEAU, ALASKA 99801**

Please note that Juneau does not have overnight delivery, the state recommends sending your proposal with enough lead time to ensure it is delivered by the deadline for receipt of proposals.

It is the offeror's responsibility to contact the issuing agency at 907-465-3749 or [alysia.jones@alaska.gov](mailto:alysia.jones@alaska.gov) to confirm that the proposal has been received. The state is not responsible for unreadable, corrupt, or missing attachments.

## SEC. 1.07 PROPOSAL CONTENTS

The following information must be included in all proposals.

### (a) AUTHORIZED SIGNATURE

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least 120-days from the date set as the deadline for receipt of proposals.

### (b) OFFEROR'S CERTIFICATION

By signature on the proposal, offerors certify that they comply with the following:

- A. the laws of the State of Alaska;
- B. the applicable portion of the Federal Civil Rights Act of 1964;
- C. the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- D. the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- E. all terms and conditions set out in this RFP;
- F. a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury;
- G. that the offers will remain open and valid for at least 120 days; and
- H. that programs, services, and activities provided to the general public under the resulting contract conform with the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with [a] through [h] of this paragraph, the state reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default.

### (c) VENDOR TAX ID

A valid Vendor Tax ID must be submitted to the issuing office with the proposal or within five days of the state's request.

### (d) CONFLICT OF INTEREST

Each proposal shall include a statement indicating whether or not the firm or any individuals working on the contract has a possible conflict of interest (e.g., currently employed by the State of Alaska or formerly employed by the State of Alaska within the past two years) and, if so, the nature of that conflict. ARMB reserves the right to consider a proposal non-responsive and reject it or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the program to be developed by the offeror. ARMB's determination regarding any questions of conflict of interest shall be final.

### (e) FEDERAL REQUIREMENTS

The offeror must identify all known federal requirements that apply to the proposal, the evaluation, or the contract.

## SEC. 1.08 ASSISTANCE TO OFFERORS WITH A DISABILITY

Offerors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Project Director no later than ten days prior to the deadline for receipt of proposals.

## SEC. 1.09 AMENDMENTS TO PROPOSALS

Amendments to or withdrawals of proposals will only be allowed if acceptable requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the state's request in accordance with 2 AAC 12.290.

## SEC. 1.10 AMENDMENTS TO THE RFP

If an amendment is issued, it will be provided to all who were mailed a copy of the RFP and to those who have registered with the Project Director after receiving the RFP from the State of Alaska Online Public Notice web site.

## SEC. 1.11 RFP SCHEDULE

The RFP schedule set out herein represents the State of Alaska's best estimate of the schedule that will be followed. If a component of this schedule, such as the deadline for receipt of proposals, is delayed, the rest of the schedule may be shifted by the same number of days.

- Issue RFP: **FEBRUARY 12, 2024**
- Questions Due: **FEBRUARY 28, 2024**
- Deadline for Receipt of Proposals: **MARCH 13, 2024**
- Open Proposals: **MARCH 14, 2024**
- Evaluation Committee Meeting: **TBD**
- Committee Evaluation Results Proposed to ARMB: **APRIL/MAY 2024**
- State of Alaska issues Notice of Intent to Award Contract **APRIL/MAY 2024**
- Contract start **JULY 1, 2024**

This RFP does not, by itself, obligate the state. The state's obligation will commence when the contract is approved by the Chair of the ARMB and the Commissioner of the Department of Revenue or the Commissioner's designee. Upon written notice to the contractor, the state may set a different starting date for the contract. The state will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the contract start date set by the state.

## SEC. 1.12 PRE-PROPOSAL CONFERENCE

No pre-proposal conference will be held.

## SEC. 1.13 ALTERNATE PROPOSALS

Offerors may only submit one proposal for evaluation.

In accordance with 2 AAC 12.830, alternate proposals (proposals that offer something different than what is asked for) will be rejected.

#### **SEC. 1.14 NEWS RELEASES**

News releases related to this RFP will not be made without prior approval of ARMB.

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## SECTION 2. BACKGROUND INFORMATION

### SEC. 2.01 ALASKA RETIREMENT MANAGEMENT BOARD

The ARMB's primary mission is to serve as the trustee of the assets of the state's retirement systems, health care trusts, supplemental annuity plan, and the deferred compensation program. Consistent with standards of prudence, the board has the fiduciary obligation to manage and invest these assets in a manner that is sufficient to meet the liabilities and pension obligations of the systems, plan, and program. ARMB consists of nine trustees, appointed by the Governor. Pursuant to Alaska Statute, the Alaska Retirement Management Board is established in the Department of Revenue. The Department of Revenue Treasury Division provides staff to ARMB. *AS 37.10.210-390*

### SEC. 2.02 ARMB REAL ASSETS PROGRAM

As of June 30, 2023, ARMB managed \$40.4 billion on behalf of the various funds for which it is responsible, with \$4.5 billion invested in its defined benefit real assets program. Annually, ARMB reviews and adopts its target asset allocation. For the current fiscal year, the target allocation to real assets is 14% which includes private real estate, REITs, timberland, farmland, and infrastructure. At June 30, 2023, the actual real assets allocation was 14.4%. The ARMB real assets portfolio utilizes commingled and separate account structures to pursue a variety of strategies across the risk return spectrum. Staff manages the REIT portfolio.

The Fiscal Year 2024 Real Assets Annual Plan is provided as Attachment #4 to provide an overview of the portfolio and its current strategic direction. The current investment guidelines (real estate, farmland, timberland, and infrastructure) for the ARMB Real Assets program are provided as Attachment #5, in **SECTION 8, ATTACHMENTS**.

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## SECTION 3. SCOPE OF WORK & CONTRACT INFORMATION

### SEC. 3.01 GENERAL SCOPE OF WORK

Under the direction of ARMB, the services to be provided by the consultant on a timely basis shall include, but are not limited to, strategic consulting, sourcing, and due diligence, and monitoring and performance measurement. Performance measurement services will be performed on a quarterly basis and all other services will be provided at the request of ARMB. The consultant must recognize and acknowledge that prompt and timely responsiveness to requests from ARMB is a key and material requirement.

### SEC. 3.02 CONTRACT TERM AND WORK SCHEDULE

The total period of performance will be from the date of award, approximately July 1, 2024, to June 30, 2027, with two two-year options to renew, for a potential total period of performance of seven years.

Unless otherwise provided in this RFP, the state and the successful offeror/contractor agree: (1) that any holding over of the contract excluding any exercised renewal options, will be considered as a month-to-month extension, and all other terms and conditions shall remain in full force and effect and (2) to provide written notice to the other party of the intent to cancel such month-to-month extension at least 30-days before the desired date of cancellation.

### SEC. 3.03 DETAILED SCOPE OF SERVICES

The contractor will be required to provide the following deliverables:

#### A. STRATEGIC CONSULTING

- a) Participate in the development of the Annual Investment Plan prepared by staff through analytical support and contributing to the development of portfolio recommendations to ARMB. The scope of analytical support and possible recommendations covers all facets of the portfolio and includes:
  - i) asset class allocation framework;
  - ii) changes to investment strategy;
  - iii) new areas for investment; and,
  - iv) changes to the real assets policies, procedures, and guidelines.
- b) Participate in the annual review of separate account budgets and business plans as part of the Annual Investment Plan process and make recommendations for improvement where needed.
- c) Prepare and present an annual review of the real assets portfolio that will include:
  - i) An evaluation of portfolio performance compared to benchmark and peers.
  - ii) A portfolio risk analysis including an evaluation of portfolio diversification.
  - iii) A comprehensive analysis of real assets market conditions.
  - iv) An evaluation of investment manager account performance and recommendations for termination or watchlist actions where appropriate. Analysis shall include all relevant factors including relative performance and changes in management, staff, or ownership of the organization.
  - v) An assessment of whether the real assets portfolio is in compliance with ARMB's real assets investment guidelines.
- d) Maintain ongoing dialogue with ARMB staff concerning quarterly performance and relevant market developments.
- e) Assist staff in the management of a real assets pacing model.
- f) Conduct and prepare comprehensive written research, analysis, and advice on specific investment issues, special projects, or other activities, as requested.
- g) Appear as needed at Board meetings, or other meetings to:

- i) present research, analyses, written reports, and recommendations; and
- ii) respond to questions relating to the real assets portfolio or real assets market.
- h) Attend meetings with staff, in order to provide advice and counsel on matters related to the real assets portfolio, as needed.
- i) When requested by ARMB, assist in transition management (planning and execution of transfer of assets from a terminating manager to an existing or new manager).
- j) Conduct such services under the contract as may be reasonably asked of a real asset investment consultant by a public pension plan.

#### B. SOURCING AND DUE DILIGENCE

- a) Develop a proactive, structured process to:
  - i) analyze the full universe of available investments; and
  - ii) identify investments which are consistent with ARMB's Annual Investment Plan. On an ongoing basis communicate best idea investment prospects to staff for possible additional due diligence.
- b) Conduct due diligence on prospective investments requested by staff. Due diligence will include evaluation of the prospective investment's history, team, performance, and strategy. If appropriate, due diligence may include general partner site visits and background and reference checking.
- c) As a result of the work performed in Section 3.03(B)(b) above, present written recommendations to staff which will include:
  - i) the results of Consultant's due diligence;
  - ii) a discussion of strategic considerations;
  - iii) an analysis regarding how the recommendation fits within ARMB's real assets portfolio; and,
  - iv) a detailed business review of the real assets investment terms and documents. The due diligence investigation will also include operational aspects of a prospective fund including a manager's governance, organization, back office, accounting, risk systems, and valuation methodologies.
- d) As requested by staff, assist in the negotiation of investment contract terms and conditions, including fees.

#### C. MONITORING AND PERFORMANCE MEASUREMENT

- a) Produce a quarterly performance measurement report including time-weighted, and dollar-weighted rates of return where appropriate, for each manager's portfolio (or commingled fund), real asset portfolio sector, and the total real assets investment portfolio. The return calculations must be consistent with the Global Investment Performance Standards (GIPS). The performance measurement report deadline is:
  - i) a preliminary report is due 45 days from quarter end; and,
  - ii) a final report is due 80 days from quarter end recognizing that some delay may occur due to commingled fund reporting constraints.
- b) The quarterly performance measurement report shall also include a narrative evaluation of portfolio performance, market overview and outlook, measures of diversification, allocation breakdown by geography, strategy, property type and leverage, and update on each investment. Report shall also include supplementary portfolio characteristics including date of commitment to each investment, commitment amount to each investment, capital called for each investment, remaining capital commitment to each investment, distribution amounts by investment, and NAV.
- c) The rates of return in the quarterly performance report will be presented in tables and graphs, with accompanying narrative as needed, for the following time periods:
  - i) Last quarter.
  - ii) Fiscal-year-to-date (the fiscal year begins on July 1 each year).
  - iii) Annualized returns for the last one, three, and six years as well as the longest period for which ARMB has provided available historical information to the consultant.

- iv) Each time period in the quarterly performance report should include the following return components:
  - (1) Income
  - (2) Appreciation
  - (3) Total gross return
  - (4) Total net return
- d) The quarterly performance measurement report shall include a comparison of results with the rates of return generated by appropriate benchmark indices or target returns as determined for each manager's portfolio, real asset portfolio sector, and total real assets investment portfolio. The evaluation will also include performance attribution analysis for the total real assets investment portfolio for each time period reported.
- e) The quarterly performance measurement report shall be provided to ARMB's General Consultant on the same schedule as to ARMB.
- f) Each quarterly performance measurement report shall be furnished to ARMB electronically via email.
- g) Maintain information on portfolio exposure to vintage years, strategies (core, non-core, and opportunistic), property types, geographic diversification, and leverage.
- h) Maintain historical information on all cash flow, net asset values, commitments (total, funded, and unfunded), fee payments, cost basis and return on each investment.
- i) Provide on-going monitoring and regular updates and assessments to staff of relevant operational and or strategic changes with portfolio investment managers, including, but not limited to, performance, organization, ownership, investment products, and disclosure issues.
- j) Assist and advise staff as requested with work-out situations, breaches or violations of limited partnership and side letter provisions, document amendments, and fund dissolutions as may arise.

**D. OTHER**

- a) Travel. All services shall include up to a total of two meetings in Alaska per calendar year.
- b) The board or staff may request projects, in writing, that cover topics that are significantly outside of the stated Scope of Services identified in this section 3.03. The fee and other terms for these projects will be mutually agreed upon in advance between consultant and ARMB.

**SEC. 3.04 CONTRACT TYPE**

This contract is a firm, fixed price contract. Invoices from the contractor will be based on rate schedules for the various services contemplated by this RFP in Section 4.09.

**SEC. 3.05 PROPOSED PAYMENT PROCEDURES**

The state will make payments based on a negotiated payment schedule. Each billing must consist of an invoice, detailing services provided. No payment will be made until the invoice has been approved.

**SEC. 3.06 CONTRACT PAYMENT**

No payment will be made until the contract is approved by the Chair of the ARMB and the Commissioner of the Department of Revenue or the Commissioner's designee. Under no conditions will the state be liable for the payment of any interest charges associated with the cost of the contract.

The state is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

### **SEC. 3.07 LOCATION OF WORK**

The state will not provide workspace for the contractor. The contractor must provide its own workspace.

### **SEC. 3.08 SUBCONTRACTORS**

Subcontractors will not be allowed.

### **SEC. 3.09 JOINT VENTURES**

Joint ventures will not be allowed.

### **SEC. 3.10 RIGHT TO INSPECT PLACE OF BUSINESS**

At reasonable times, the state may inspect those areas of the contractor's place of business that are related to the performance of a contract. If the state makes such an inspection, the contractor must provide reasonable assistance.

### **SEC. 3.11 INSPECTION & MODIFICATION - REIMBURSEMENT FOR UNACCEPTABLE DELIVERABLES**

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval. The state may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. The CIO may instruct the contractor to make corrections or modifications if needed in order to accomplish the contract's intent. The contractor will not unreasonably withhold such changes.

Substantial failure of the contractor to perform the contract may cause the state to terminate the contract. In this event, the state may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

### **SEC. 3.12 CONTRACT CHANGES - UNANTICIPATED AMENDMENTS**

During the course of this contract, the contractor may be required to perform additional work. That work will be within the general scope of the initial contract. When additional work is required, the CIO will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments per AS 36.30.400.

The contractor will not commence additional work until the project director has secured any required state approvals necessary for the amendment and issued a written contract amendment, approved by Chair of the ARMB and the Commissioner of the Department of Revenue or the Commissioner's designee.

### **SEC. 3.13 INSURANCE REQUIREMENTS**

The successful offeror must provide proof of workers' compensation insurance prior to contract approval.

The successful offeror must secure the insurance coverage required by the state. The coverage must be satisfactory to the Department of Administration Division of Risk Management. An offeror's failure to provide evidence of such insurance coverage is a material breach and grounds for withdrawal of the award or termination of the contract.

Offerors must review Attachment #3, Appendix B2, for details on required coverage. No alteration of these requirements will be permitted without prior written approval from the Department of Administration, Division of Risk Management. Objections to any of the requirements in Appendix B2 must be set out in the offeror's proposal.

#### **SEC. 3.14 TERMINATION FOR DEFAULT**

If it is determined that the contractor has refused to perform the work or has failed to perform the work with such diligence as to ensure its timely and accurate completion, the state may, by providing written notice to the contractor, terminate the contractor's right to proceed with part or all of the remaining work.

This clause does not restrict the state's termination rights under the contract provisions of Appendix A, of the Standard Agreement Form attached as Attachment #2, in **SECTION 8, ATTACHMENTS**.

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## SECTION 4. PROPOSAL FORMAT AND CONTENT

### SEC. 4.01 INTRODUCTION

Proposals must include the complete name and address of offeror's firm and the name, mailing address, and telephone number of the person the state should contact regarding the proposal.

Proposals must confirm that the offeror will comply with all provisions in this RFP; and, if applicable, provide notice that the firm qualifies as an Alaskan Bidder. Proposals must be signed by a company officer empowered to bind the company. An offeror's failure to include these items in the proposals may cause the proposal to be determined to be non-responsive and the proposal may be rejected.

### SEC. 4.02 PROPOSAL FORMAT AND CONTENT

The ARMB discourages overly lengthy and costly proposals, however, in order for the ARMB to evaluate proposals fairly and completely, offerors must follow the format set out in this RFP and provide all information requested.

All offerors are required to format their proposals in a consistent manner as follows:

- A. Each item must be addressed in the offeror's proposal, or the proposal may be rejected.
- B. The proposal cover letter should be in the form of a letter, as described in Section 4.03.
- C. The proposal must be organized under the specific section titles as listed in Section 4.04.
- D. ARMB may, at its discretion, allow all offerors five (5) business days, from date of submission, to correct errors or omissions to their proposals. Should this necessity arise, ARMB will contact each offeror affected. Each offeror must submit written corrections to the proposal within five (5) business days of such notification. The intent of this option is to allow proposals with only minor errors or omissions to be corrected. Major errors or omissions, such as the failure to include prices, will not be considered by ARMB and will result in disqualification of the proposal from further evaluation.

**E. A complete proposal will include the following:**

- 1. Submission of a proposal cover letter (with the information described in Section 4.03)
- 2. Submission of a proposal (with the information described in Section 4.04), including the Exhibits noted as follows:
  - Exhibit A – Timeline for Completion of Deliverables
  - Exhibit B – Example of Quarterly Portfolio Report
  - Exhibit C – Example of Investment Due Diligence Report
  - Exhibit D – Example of Portfolio and Market Review Board Presentation
  - Exhibit E – Organization Chart Depicting Firm Organization
  - Exhibit F – Organization Chart Depicting Structure of Consulting Group
  - Exhibit G – Chart Depicting Key Executives and Professionals in Consulting Group
  - Exhibit H – Biographies of Primary and Secondary Consultants Providing Services to ARMB
- 3. Fee Proposal Form (Excel file, attached separately)
- 4. If submitting a hard copy proposal, submit original and four (4) copies.

## SEC. 4.03 PROPOSAL COVER LETTER

A cover letter, which shall be considered an integral part of the proposal package, must be signed by a person authorized to legally bind the company. This cover letter must indicate the signer is so authorized and must indicate the title(s) or position(s) the signator(ies) holds in the offeror's institution.

The Proposal Cover Letter must address the following topics:

- A. Identification of the RFP.
- B. Offeror's name, address, and telephone number.
- C. Offeror's ability to supply the requested services.
- D. Offeror's willingness to provide the requested services subject to the terms and conditions set forth in the RFP.
- E. A statement to the effect that the proposer is an offeror, and that the proposal is an irrevocable offer good for 120 days from submission deadline date.
- F. A statement that all staff and other resources which are required to perform the services described in this RFP will be made available by your organization over the life of the anticipated contract.
- G. Name, title, and phone number of the Account Administrator.
- H. The offeror's Federal Employer Identification Number.
- I. Provide notice if the bidder qualifies as an Alaskan Bidder.

Any other information the offeror may wish to briefly summarize will be accepted.

## SEC. 4.04 PROPOSAL

The Proposal must contain the following items:

- A. Understanding Scope of Services and Methodology. The offeror should demonstrate in this section an ability to meet the requirements set forth in **SECTION 3, SCOPE OF WORK**, and should address in detail how it intends to complete each task as indicated in Section 4.05. The offeror should also specify the extent of involvement required of State of Alaska staff, outlining the amount of time, skills and knowledge needed for the Offeror to meet the deliverables.
- B. Organization and Experience. The offeror must provide the information requested in Section 4.06 below.
- C. Professional Qualifications and Experience of Staff. The offeror must provide the information requested in Section 4.07 below.
- D. Quality Assurance. The offeror must identify and discuss how it controls cost, quality, timeliness, and confidentiality of its services as requested in Section 4.08 below.
- E. Fee Proposal. The offeror is to submit a completed RFP 24-003 Fee Proposal Form for all services as described in Section 4.09.
- F. Assumptions. The offeror must identify and discuss all assumptions it has made in preparing its cost proposals. Further, the offeror must state that there are no other assumptions related to meeting the requirements of the RFP other than those enumerated in this section of the proposal. Any other assumptions elsewhere in the offeror's proposal will not be recognized by ARMB.
- G. Exceptions. The offeror must affirm that it has read and understands the RFP and the terms and



conditions included in the RFP. The offeror must state any and all exceptions it takes with the requirements set forth in the RFP and/or with any terms and conditions contained in the RFP relating to the ensuing contract. Only the exceptions identified in this section of the proposal will be considered by ARMB; any other exceptions embedded elsewhere in the proposal will not be recognized by ARMB.

#### SEC. 4.05 UNDERSTANDING SCOPE OF SERVICES / METHODOLOGY

- A. Describe in detail your understanding of the work that is to be performed as described in Section 3 of this RFP.
- B. Describe the specific methodology to be used for the required scope of services identified in Section 3 of this RFP.
- C. Provide as *Exhibit A* a timeline for completion of the work identified in Section 3 of this RFP. Include proposed dates for each key stage or event of the project, indicate dates by which your firm must have specific input data from ARMB.
- D. Provide as *Exhibit B* one recent quarterly portfolio performance report, as *Exhibit C*, a recent example of an investment due diligence report, and as *Exhibit D* an example of a Board-level portfolio performance and market review presentation.

#### SEC. 4.06 ORGANIZATION AND EXPERIENCE

- A. Provide the following information:
  1. Date of Response
  2. Name of Firm
  3. Primary Project Director
  4. Title
  5. Address
  6. Telephone Number
  7. Facsimile Number
  8. E-mail Address
- B. Describe the background and ownership of the firm. Describe any material changes in organization structure or ownership that have occurred in the past five years.
  1. Year firm was formed and began providing real assets consulting services to institutional clients.
  2. The ownership structure. Indicate all entities that have an ownership stake in the firm (name and percentage).
  3. Affiliated companies or joint ventures.
  4. Recent or planned changes to the ownership or organization structure.
  5. Transition plans for retirement of key executives.
  6. Importance of real asset consulting services to your parent company's (if applicable) or your firm's overall business strategy.
  7. Percentage of parent company's (if applicable) or your firm's revenues from real asset consulting services.
- C. Provide as *Exhibit E* an organizational chart that diagrams the ownership of your firm and any interrelationships between the parent-subsidiary, affiliate, and joint venture entities.
- D. Provide as *Exhibit F* another organization chart that depicts the structure of the real asset consulting

group and that identifies this group's key people and the people that will be involved in providing direct services to ARMB.

- E. List the locations of each of the firm's offices from which services are provided. Indicate which office would be primarily responsible for servicing the ARMB account.
- F. Discuss in general the firm's competitive advantage over other firms in the real asset consulting industry. Why should ARMB hire your firm?
- G. Over the past five years, has your organization or any officer or principal been involved in any business litigation or other legal proceedings related to any consulting activities or services? If so, provide a brief explanation and indicate the current status.
- H. Has your firm, within the last ten years, been censured or fined by any regulatory body? If so, please indicate the dates and describe the situation.
- I. Is the firm affiliated with any other firm(s) offering consulting services or investment products that could represent conflicts of interest? If yes, briefly describe your firm's policies and procedures for doing business with these affiliates while safeguarding against conflicts of interest.
- J. Do you, your parent company, or any affiliated company have any business relationships with ARMB's general consultant or current real assets managers? If so, describe that relationship.
- K. List and describe any professional relationship your firm or any of your consulting group staff have with any member of the Alaska Retirement Management Board, ARMB staff, or the State of Alaska.
- L. Has anyone in your firm provided any gifts, travel expenses, entertainment, or meals to any member of the ARMB or ARMB staff in the last twelve months? If yes, describe the expense and the purpose.
- M. For all current public pension plan clients, state the client's name, the first year of your initial contract with the plan.
- N. Provide the name, title, address, and telephone number for three (3) client references for whom your firm has provided full service real assets consulting services similar to this mandate.

## SEC. 4.07 PROFESSIONAL QUALIFICATIONS AND EXPERIENCE OF STAFF

- A. How many real assets professionals does your firm employ?
- B. Describe in general the background of the professionals in the firm's real assets consulting services group:
  - 1. Are they brought in from outside of the firm or promoted to their positions from within the organization?
  - 2. For those recruited from the outside, what prior experience and educational credentials are generally sought?
  - 3. What percentage currently holds a Chartered Financial Analyst designation?
- C. For the key executives and professionals in the real assets consulting group that would be assigned to ARMB, provide *Exhibit G* that identifies the following information:
  - 1. Name
  - 2. Title
  - 3. Responsibilities within the firm. If a person has multiple responsibilities, indicate the percentage of time spent on each function in a footnote to the table.
  - 4. Years of relevant experience

5. Years with the firm
  6. Degrees and professional designations
- D. For the Primary Consultant and all Secondary Consultants that will directly provide services to ARMB, provide biographies and label these as *Exhibit H*.
  - E. How long has the current group of key executives and professionals in your real estate consulting group been together?
  - F. For the Primary Consultant and all Secondary Consultants that will directly provide services to ARMB, state the role each would play in providing the required ARMB services.
  - G. For the Primary Consultant and all Secondary Consultants, state whether any of these individuals are affiliated with any other business entity or activity that could pose a potential conflict of interest with their ARMB assignments. If so, provide details on the entity or activity.

#### SEC. 4.08 QUALITY ASSURANCE

Describe and identify measures your firm takes to control cost, quality, timeliness, and confidentiality of the services provided.

#### SEC. 4.09 FEE PROPOSAL

Offerors are required to submit their fee proposal using the RFP 24-003 Fee Proposal Form. The fee proposal should provide a breakdown of fees to conduct the work outlined in **SECTION 3, SCOPE OF WORK** as outlined below:

- A. An annual fixed fee covering the following work:
  1. Strategic Consulting ((3.03(A))
  2. Sourcing and Due Diligence – universe prospect analysis (3.03(B)(a))
  3. Monitoring and Performance Measurement (3.03(C))
- B. Sourcing and Due Diligence – Manager Search and Evaluation (3.03(B)(b-d). For the purposes of the fee proposal, assume 1 per year of each of the following:
  1. Fee per public market search or evaluation
  2. Fee per private market search or evaluation for ARMB requested funds or separate accounts.
  3. Fee for private market search or evaluation for funds with firm-wide recommendations or that are applicable across client mandates.

This contract **will not** cover travel costs as reimbursable expenses. All fees above must include applicable travel.

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## SECTION 5. EVALUATION CRITERIA

THE TOTAL NUMBER OF POINTS USED TO SCORE THIS PROPOSAL IS 100.

### SEC. 5.01 EVALUATION CRITERIA

All proposals will be reviewed to determine if they are responsive. Proposals determined to be responsive will be evaluated using the criterion as set forth below.

An evaluation may not be based on discrimination due to the race, religion, color, national origin, sex, age, marital status, pregnancy, parenthood, disability, or political affiliation of the offeror.

### SEC. 5.02 EVALUATION FACTORS

The weighted factors listed below will be considered by the Evaluation Committee when evaluating submitted proposals:

Understanding Scope of Services and Methodology	10	Points
Overall Organization, Experience and Qualifications	20	Points
Professional Qualifications and Personnel Experience	20	Points
Fee Proposal	40	Points
Alaska Offeror's Preference	10	Points

The Cost Proposal shall be evaluated as follows:

$$\left( \frac{\textit{Lowest Total Fee Proposal}}{\textit{Total Fee of Proposal Under Consideration}} \right) \times 40 = \textit{Total Points to be Awarded}$$

### SEC. 5.03 ALASKA OFFEROR PREFERENCE

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive an Alaska Offeror Preference. The preference will be 10% of the total available points. This amount will be added to the overall evaluation score of each Alaskan offeror.

## SECTION 6. GENERAL PROCESS INFORMATION

### SEC. 6.01 ALASKA BUSINESS LICENSE AND OTHER REQUIRED LICENSES

Prior to the award of a contract, an offeror must hold a valid Alaska business license. However, in order to receive the Alaska Bidder Preference and other related preferences, such as the Alaska Veteran and Alaska Offeror Preference, an offeror must hold a valid Alaska business license prior to the deadline for receipt of proposals. Offerors should contact the **Department of Commerce, Community and Economic Development, Division of Corporations, Business, and Professional Licensing**, (<https://www.commerce.alaska.gov/web/cbpl/>), for information on these licenses. Acceptable evidence that the offeror possesses a valid Alaska business license may consist of any one of the following:

- copy of an Alaska business license;
- certification on the proposal that the offeror has a valid Alaska business license and has included the license number in the proposal;
- a canceled check for the Alaska business license fee;
- a copy of the Alaska business license application with a receipt stamp from the state's occupational licensing office; or
- a sworn and notarized statement that the offeror has applied and paid for the Alaska business license.

Prior the deadline for receipt of proposals, all offerors must hold any other necessary applicable professional licenses required by Alaska Statute.

### SEC. 6.02 SITE INSPECTION

ARMB may conduct on-site visits to evaluate the offeror's capacity to perform the contract. An offeror must agree, at risk of being found non-responsive and having its proposal rejected, to provide ARMB reasonable access to relevant portions of its work sites. Individuals designated by the procurement officer at ARMB's expense will make site inspection.

### SEC. 6.03 CLARIFICATION OF OFFERS

In order to determine if a proposal is reasonably susceptible for award, communications by the Project Director or the proposal evaluation committee (PEC) are permitted to hold discussions with an offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Clarifications may not result in a material or substantive change to the proposal. The evaluation by the Project Director or the PEC may be adjusted as a result of a clarification under this section.

### SEC. 6.04 DISCUSSIONS WITH OFFERORS

As provided in 15 AAC 112.140 and as determined by the evaluation process, offerors reasonably expecting award may be offered the opportunity to discuss their proposal with the Procurement Evaluation Committee and the proposal may be adjusted as a result.

## SEC. 6.05 EVALUATION OF PROPOSALS

An evaluation committee made up of at least three state employees or public officials, will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in **SECTION 5. EVALUATION CRITERIA AND CONTRACTOR SELECTION**.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

## SEC. 6.06 CONTRACT NEGOTIATION

After final evaluation, the ARMB may negotiate with the offeror of the highest-ranked proposal. Negotiations, if held, shall be within the scope of the request for proposals and limited to those items which would not have an effect on the ranking of proposals. If the highest-ranked offeror fails to provide necessary information for negotiations in a timely manner, or fails to negotiate in good faith, the state may terminate negotiations and negotiate with the offeror of the next highest-ranked proposal.

If the contract negotiations take place in person, the offeror will be responsible for their travel and per diem expenses.

## SEC. 6.07 FAILURE TO NEGOTIATE

If the selected offeror

- fails to provide the information required to begin negotiations in a timely manner; or
- fails to negotiate in good faith; or
- indicates they cannot perform the contract within the budgeted funds available; or
- if the offeror and the ARMB, after a good faith effort, simply cannot come to terms,

the ARMB may terminate negotiations with the offeror initially selected and commence negotiations with the next highest ranked offeror.

## SEC. 6.08 OFFEROR NOTIFICATION OF SELECTION

After the completion of contract negotiation, the ARMB will issue a written Notice of Intent to Award (NIA). The NIA will set out the names of all offerors and identify the proposal selected for award.

## SEC. 6.09 PROTEST

AS 36.30.560 provides that an interested party may protest the content of the RFP.

An interested party is defined in 2 AAC 12.990(a) (7) as "an actual or prospective bidder or offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract, or the failure to award a contract."

If an interested party wishes to protest the content of a solicitation, the protest must be received, in writing, by the Project Director at least ten business days prior to the deadline for receipt of proposals.

AS 36.30.560 also provides that an interested party may protest the award of a contract or the proposed award of a contract.

If an offeror wishes to protest the award of a contract or the proposed award of a contract, the protest must be received, in writing, by the Project Director within ten days after the date the Notice of Intent to Award the contract is issued.

A protester must have submitted a proposal in order to have sufficient standing to protest the proposed award of a contract. Protests must include the following information:

- the name, address, and telephone number of the protester;
- the signature of the protester or the protester's representative;
- identification of the contracting agency and the solicitation or contract at issue;
- a detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

Protests filed by email or fax containing a signature are acceptable.

The Project Director will issue a written response to the protest. The response will set out the decision and contain the basis of the decision within the statutory time limit in AS 36.30.580. A copy of the decision will be furnished to the protester by certified mail or another method that provides evidence of receipt.

All offerors will be notified of any protest. The review of protests, decisions of the Project Director, appeals, and hearings, will be conducted in accordance with the State Procurement Code (AS 36.30), Article 8 "Legal and Contractual Remedies."

## SEC. 6.10 APPLICATION OF PREFERENCES

Certain preferences apply to all contracts for professional services, regardless of their dollar value. The Alaska Bidder, Alaska Veteran, and Alaska Offeror preferences are the most common preferences involved in the RFP process. Additional preferences that may apply to this procurement are listed below. Guides that contain excerpts from the relevant statutes and codes, explain when the preferences apply and provide examples of how to calculate the preferences are available at the **Department of Administration, Division of General Service's** web site: [Office of Procurement and Property Management website: https://oppm.doa.alaska.gov/home/](https://oppm.doa.alaska.gov/home/)

- Alaska Products Preference - AS 36.30.332
- Recycled Products Preference - AS 36.30.337
- Local Agriculture and Fisheries Products Preference - AS 36.15.050
- Employment Program Preference - AS 36.30.321(b)
- Alaskans with Disabilities Preference - AS 36.30.321(d)
- Alaska Veteran's Preference - AS 36.30.321(f)

The Division of Vocational Rehabilitation in the Department of Labor and Workforce Development keeps a list of qualified employment programs and individuals who qualify as persons with a disability. As evidence of a

business' or an individual's right to the Employment Program or Alaskans with Disabilities preferences, the Division of Vocational Rehabilitation will issue a certification letter. To take advantage of these preferences, a business or individual must be on the appropriate Division of Vocational Rehabilitation list prior to the time designated for receipt of proposals. Offerors must attach a copy of their certification letter to the proposal. **An offeror's failure to provide this certification letter with their proposal will cause the state to disallow the preference.**

## **SEC. 6.11 ALASKA BIDDER PREFERENCE**

An Alaska Bidder Preference of 5% will be applied to the price in the proposal. The preference will be given to an offeror who:

- 1) holds a current Alaska business license prior to the deadline for receipt of proposals;
- 2) submits a proposal for goods or services under the name appearing on the offeror's current Alaska business license;
- 3) has maintained a place of business within the state staffed by the offeror, or an employee of the offeror, for a period of six months immediately preceding the date of the proposal;
- 4) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company (LLC) organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.06 or AS 32.11 and all partners are residents of the state; and
- 5) if a joint venture, is composed entirely of ventures that qualify under (1)-(4) of this subsection.

### **Alaska Bidder Preference Certification Form**

In order to receive the Alaska Bidder Preference, the proposal must include the Alaska Bidder Preference Certification Form attached to this RFP. An offeror does not need to complete the Alaska Veteran Preference questions on the form if not claiming the Alaska Veteran Preference. An offeror's failure to provide this completed form with their proposal will cause the state to disallow the preference.

## **SEC. 6.12 ALASKA VETERAN PREFERENCE**

An Alaska Veteran Preference of 5%, not to exceed \$5,000, will be applied to the price in the proposal. The preference will be given to an offeror who qualifies under AS 36.30.990(2) as an Alaska bidder and is a:

- A. sole proprietorship owned by an Alaska veteran;
- B. partnership under AS 32.06 or AS 32.11 if a majority of the partners are Alaska veterans;
- C. limited liability company organized under AS 10.50 if a majority of the members are Alaska veterans; or
- D. corporation that is wholly owned by individuals, and a majority of the individuals are Alaska veterans.

In accordance with AS 36.30.321(i), the bidder must also add value by actually performing, controlling, managing, and supervising the services provided, or for supplies, the bidder must have sold supplies of the general nature solicited to other state agencies, other government, or the general public.

### **Alaska Veteran Preference Statement**

In order to receive the Alaska Veteran Preference, the proposal must include the Alaska Bidder Preference Certification Form attached to this RFP.



## SEC. 6.13 ALASKA OFFEROR PREFERENCE

Per 2 AAC 12.260, if an offeror qualifies for the Alaska Bidder Preference, the offeror will receive an Alaska Offeror Preference. The preference will be 10% of the total available points, which will be added to their overall evaluation score as a preference.

### Example:

#### Step 1

Determine the number of points available to qualifying offerors under this preference:

1000 Total Points Available in RFP x 10% Alaska Offeror preference = 100 Points for the preference

#### Step 2

Determine which offerors qualify as Alaska bidders and thus, are eligible for the Alaska Offeror preference. For the purpose of this example, presume that all proposals have been completely evaluated based on the evaluation criteria in the RFP. The scores at this point are:

- Offeror #1 830 points No Preference 0 points
- Offeror #2 740 points Alaska Offeror Preference 100 points
- Offeror #3 800 points Alaska Offeror Preference 100 points

#### Step 3

Add the applicable Alaska Offeror preference amounts to the offerors' scores:

- Offeror #1 830 points
- Offeror #2 840 points (740 points + 100 points)
- Offeror #3 900 points (800 points + 100 points)

**Offeror #3** is the highest scoring offeror and would get the award, provided their proposal is responsive and responsible.

## SEC. 6.14 FORMULA USED TO CONVERT COST TO POINTS

The distribution of points based on cost will be determined as set out in 2 AAC 12.260(c). The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined using the formula:

$[(\text{Price of Lowest Fee Proposal}) \times (\text{Maximum Points for Fee Proposal})] \div (\text{Cost of Each Higher Priced Proposal})$

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## SECTION 7. GENERAL LEGAL INFORMATION

### SEC. 7.01 STANDARD CONTRACT PROVISIONS

The contractor will be required to sign and submit the State's Standard Agreement Form for Professional Services Contracts (form 02-093/Appendix A). This form is attached in **SECTION 8. ATTACHMENTS** for your review. The contractor must comply with the contract provisions set out in this attachment. No alteration of these provisions will be permitted without prior written approval from the Department of Law. Attachment #2, Appendix A and Appendix C, are provided as the template for the proposed contract. Objections to any of the provisions in Appendix A or Appendix C must be set out in the offeror's proposal.

### SEC. 7.02 QUALIFIED OFFERORS

Per 2 AAC 12.875, unless provided for otherwise in the RFP, to qualify as an offeror for award of a contract issued under AS 36.30, the offeror must:

- 1) Add value in the contract by actually performing, controlling, managing, or supervising the services to be provided; or
- 2) Be in the business of selling and have actually sold on a regular basis the supplies that are the subject of the RFP.

If the offeror leases services or supplies or acts as a broker or agency in providing the services or supplies in order to meet these requirements, the ARMB may not accept the offeror as a qualified offeror under AS 36.30.

### SEC. 7.03 PROPOSAL AS A PART OF THE CONTRACT

Part or all of this RFP and the successful proposal may be incorporated into the contract.

### SEC. 7.04 ADDITIONAL TERMS AND CONDITIONS

The state reserves the right to add terms and conditions during contract negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

### SEC. 7.05 HUMAN TRAFFICKING

By signature on their proposal, the offeror certifies that the offeror is not established and headquartered or incorporated and headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following website: <https://www.state.gov/trafficking-in-persons-report/>.

Failure to comply with this requirement will cause the state to reject the proposal as non-responsive or cancel the contract.

### SEC. 7.06 RIGHT OF REJECTION

Offerors must comply with all of the terms of the RFP and all applicable local, state, and federal laws, codes, and regulations. The ARMB may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of the RFP.

Offerors may not qualify the proposal nor restrict the rights of the state. If an offeror does so, the ARMB may determine the proposal to be a non-responsive counteroffer and the proposal may be rejected.

Minor informalities that:

- do not affect responsiveness;
- are merely a matter of form or format;
- do not change the relative standing or otherwise prejudice other offers;
- do not change the meaning or scope of the RFP;
- are trivial, negligible, or immaterial in nature;
- do not reflect a material change in the work; or
- do not constitute a substantial reservation against a requirement or provision;

may be waived by the project director.

The state reserves the right to refrain from making an award if it determines that to be in its best interest.

ARMB reserves the right to use any ideas presented in any response to the RFP. Selection or rejections of a proposal does not affect that right.

**A proposal from a debarred or suspended offeror shall be rejected.**

## SEC. 7.07 ARMB NOT RESPONSIBLE FOR PREPARATION COSTS

The ARMB will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal.

## SEC. 7.08 DISCLOSURE OF PROPOSAL CONTENTS

All proposals and other material submitted become the property of the State of Alaska and may be returned only at the state's option. AS 40.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information.

The Office of Procurement and Property Management (OPPM), or their designee recognizes that some information an offeror submits might be confidential under the United States or the State of Alaska Constitution, a federal statute or regulation, or a State of Alaska statute: i.e., might be confidential business information (CBI). *See, e.g.*, article 1, section 1 of the Alaska Constitution; AS 45.50.910 – 45.50.945 (the Alaska Uniform Trade Secrets Act); *DNR v. Arctic Slope Regional Corp.*, 834 P.2d 134, 137-39 (Alaska 1991). For OPPM or their designee to treat information an offeror submits with its proposal as CBI, the offeror must do the following when submitting their proposal: (1) mark the specific information it asserts is CBI; and (2) for each discrete set of such information, identify, in writing, each authority the offeror asserts make the information CBI. If the offeror does not do these things, the information will become public after the Notice of Intent to Award is issued. If the offeror does these things, OPPM or their designee will evaluate the offeror's assertion upon receiving a request for the information. If OPPM or their designee reject the assertion, they will, to the extent permitted by federal

and State of Alaska law, undertake reasonable measures to give the offeror an opportunity to object to the disclosure of the information.

### **SEC. 7.09 ASSIGNMENT**

Per 2 AAC 12.480, the contractor may not transfer or assign any portion of the contract without prior written approval from the ARMB.

### **SEC. 7.10 DISPUTES**

A contract resulting from this RFP is governed by the laws of the State of Alaska. Any appeal of an administrative order or any original action to enforce any provision of this agreement or to obtain relief from or remedy in connection with this agreement may be brought only in the Superior Court, First Judicial District, State of Alaska.

### **SEC. 7.11 SEVERABILITY**

If any provision of the contract or agreement is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular provision held to be invalid.

### **SEC. 7.12 SUPPLEMENTAL TERMS AND CONDITIONS**

Proposals must comply with **SEC. 7.05 RIGHT OF REJECTION**. However, if the state fails to identify or detect supplemental terms or conditions that conflict with those contained in this RFP or that diminish the state's rights under any contract resulting from the RFP, the term(s) or condition(s) will be considered null and void. After award of contract:

if conflict arises between a supplemental term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail; and

if the state's rights would be diminished as a result of application of a supplemental term or condition included in the proposal, the supplemental term or condition will be considered null and void.

### **SEC. 7.13 CONTRACT INVALIDATION**

If any provision of this contract is found to be invalid, such invalidation will not be construed to invalidate the entire contract.

### **SEC. 7.14 SOLICITATION ADVERTISING**

Public notice has been provided in accordance with 2 AAC 12.220.

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## SECTION 8. ATTACHMENTS

**Attachments:**

- 1) Proposal Evaluation Form
- 2) Standard Agreement Form - Appendix A and Appendix C
- 3) Appendix B2
- 4) ARMB Fiscal Year 2024 Real Assets Annual Plan
- 5) ARMB Real Assets Investment Guidelines
- 6) Alaska Bidder Preference Certification Form

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# ATTACHMENT 1: PROPOSAL EVALUATION FORM

All proposals will be reviewed for responsiveness and then evaluated using the criteria set out herein.

Offeror Name:		Evaluator Name:	
RFP Number:	24-003	Date of Review:	

## EVALUATION CRITERIA AND SCORING

THE TOTAL NUMBER OF POINTS USED TO SCORE THIS PROPOSAL IS **100**

### Understanding of Scope of Services and Methodology (10 Percent)

Maximum Point Value for this Section - 10 Points

100 Points x 10 Percent = 10 Points

Proposals will be evaluated against the questions set out below.

[a] How well has the Respondent demonstrated a thorough understanding of the purpose and scope of the project?

EVALUATOR'S NOTES \_\_\_\_\_  
\_\_\_\_\_

[b] How well has the Respondent described the methodology to be used to provide the required services and other requests set forth in Section 4.05?

EVALUATOR'S NOTES \_\_\_\_\_  
\_\_\_\_\_

[c] How well has the Respondent identified pertinent issues and potential problems related to the project?

EVALUATOR'S NOTES \_\_\_\_\_  
\_\_\_\_\_

[d] To what degree has the Respondent demonstrated an understanding of the deliverables the ARMB expects them to provide?

EVALUATOR'S NOTES \_\_\_\_\_  
\_\_\_\_\_

[e] Has the Respondent demonstrated an understanding of the ARMB's time schedule and can meet it?

EVALUATOR'S NOTES \_\_\_\_\_

\_\_\_\_\_

**EVALUATOR'S POINT TOTAL *Understanding Scope of Services and Methodology:*** \_\_\_\_\_

**Overall Organization, Experience and Qualifications (20 Percent)**

Maximum Point Value for this Section - 20 Points

100 Points x 20 Percent = 20 Points

(a) How well has the firm demonstrated that it has the appropriate organizational structure, professional experience, and qualifications?

EVALUATOR'S NOTES \_\_\_\_\_

\_\_\_\_\_

(b) How extensive is the firm's experience with work related to similar types of retirement plans and institutional investors?

EVALUATOR'S NOTES \_\_\_\_\_

\_\_\_\_\_

(c) How well has the firm demonstrated their expertise, experience, qualifications, and resources available to provide real assets consulting?

EVALUATOR'S NOTES \_\_\_\_\_

\_\_\_\_\_

(d) How well has the firm demonstrated their availability of research facilities, special expertise, and availability to address the consulting evaluation and review services listed in Section 3?

EVALUATOR'S NOTES \_\_\_\_\_

\_\_\_\_\_

(e) How well has the firm described their organization's unique strengths that are relevant to requirements presented in Section 3, Scope of Work?

EVALUATOR'S NOTES \_\_\_\_\_

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***EVALUATOR'S POINT TOTAL for Overall Organization, Experience & Qualifications*** \_\_\_\_\_

**Professional Experience and Qualifications of Personnel (20 Percent)**

Maximum Point Value for this Section - 20 Points

100 Points x 20 Percent = 20 Points

(a) How much experience do the individuals assigned to the project have on similar projects?

EVALUATOR'S NOTES \_\_\_\_\_

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(b) Are biographies complete and do they demonstrate backgrounds that would be desirable for individuals engaged in the work the project requires?

EVALUATOR'S NOTES \_\_\_\_\_

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(c) How extensive is the applicable education and experience of the personnel designated as primary and secondary real asset consultants?

EVALUATOR'S NOTES \_\_\_\_\_

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(d) How well has the firm described the professional qualifications and experience of the firm managers, consultants, analysts, and professional staff or other staff not directly connected with day-



to-day activities that could be assigned to perform specialized work because of their experience related to consulting, evaluation and review activities described in Section 3 – Scope of Work?

EVALUATOR'S NOTES \_\_\_\_\_

**EVALUATOR'S POINT TOTAL for Professional Qualifications and Personnel Experience** \_\_\_\_\_

**EVALUATOR'S COMBINED POINT TOTAL FOR ABOVE SECTIONS** \_\_\_\_\_  
**(Fee Proposal and Alaska Offeror's Preference Calculated by Staff)**

**EVALUATION FACTORS:**

Understanding Scope of Services and Methodology	10	Points
Overall Organization, Experience and Qualifications	20	Points
Professional Qualifications and Personnel Experience	20	Points
Fee Proposal	40	Points
Alaska Offeror's Preference	10	Points

The Cost Proposal shall be evaluated as follows:

$$\left( \frac{\text{Lowest Total Fee Proposal}}{\text{Total Fee of Proposal Under Consideration}} \right) \times 40 = \text{Total Points to be Awarded}$$

## STANDARD AGREEMENT FORM FOR PROFESSIONAL SERVICES

The parties' contract comprises this Standard Agreement Form, as well as its referenced Articles and their associated Appendices

1. Agency Contract Number 24-003	2. Contract Title ARMB Real Assets Consultant Services	3. Agency Fund Code	4. Agency Appropriation Code
5. Vendor Number	6. IRIS GAE Number (if used)	7. Alaska Business License Number	
<b>This contract is between the State of Alaska,</b>			
8. Department of Revenue	Division Treasury, Alaska Retirement Management Board	hereafter the State, and	
9. Contractor			hereafter the contractor
Mailing Address	Street or P.O. Box	City	State ZIP+4
<p>10. <b>ARTICLE 1. Appendices:</b> Appendices referred to in this contract and attached to it are considered part of it.</p> <p><b>ARTICLE 2. Performance of Service:</b></p> <p>2.1 Appendix A (General Provisions), Articles 1 through 16, governs the performance of services under this contract.</p> <p>2.2 Appendix B sets forth the liability and insurance provisions of this contract.</p> <p>2.3 Appendix C sets forth the services to be performed by the contractor.</p> <p><b>ARTICLE 3. Period of Performance:</b> The period of performance for this contract begins <u>July 1, 2024</u>, and ends <u>June 30 2027, with two optional two-year extensions</u>.</p> <p><b>ARTICLE 4. Considerations:</b></p> <p>4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed \$_____ in accordance with the provisions of Appendix D.</p> <p>4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:</p>			
11. Department of Revenue	Attention: Division of Treasury		
Mailing Address P.O. Box 110405, Juneau, AK 99811	Attention:		
<b>12. CONTRACTOR</b>		<p>14. <b>CERTIFICATION:</b> I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alternations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove, or otherwise impair the verity, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.</p>	
Name of Firm			
Signature of Authorized Representative	Date		
Typed or Printed Name of Authorized Representative			
Title			
<b>13. CONTRACTING AGENCY</b>		Signature of Head of Contracting Agency or Designee	Date
Department/Division Revenue Treasury	Date		
Signature of Project Director		Typed or Printed Name	
Typed or Printed Name of Project Director		Signature of Alaska Retirement Management Board	Date
Title		Title Chair, Alaska Retirement Management Board	

**NOTICE!** This contract has no effect until signed by the head of the contracting agency, procurement officer or designee.

**APPENDIX A  
GENERAL PROVISIONS**

**Article 1. Definitions.**

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in signing this contract.

**Article 2. Inspections and Reports.**

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

**Article 3. Disputes.**

- 3.1 If the contractor has a claim arising in connection with the contract that it cannot resolve with the State by mutual agreement, it shall pursue the claim, if at all, in accordance with the provisions of AS 36.30.620 – 632.

**Article 4. Equal Employment Opportunity.**

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, disability, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, disability, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of contract.

**Article 5. Termination.**

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. In the absence of a breach of contract by the contractor, the State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

**Article 6. No Assignment or Delegation.**

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

**Article 7. No Additional Work or Material.**

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

**Article 8. Independent Contractor.**

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

**Article 9. Payment of Taxes.**

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

**Article 10. Ownership of Documents.**

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. Nevertheless, if the contractor does mark such documents with a statement suggesting they are trademarked, copyrighted, or otherwise protected against the State's unencumbered use or distribution, the contractor agrees that this paragraph supersedes any such statement and renders it void. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

**Article 11. Governing Law; Forum Selection**

This contract is governed by the laws of the State of Alaska. To the extent not otherwise governed by Article 3 of this Appendix, any claim concerning this contract shall be brought only in the Superior Court of the State of Alaska and not elsewhere.

**Article 12. Conflicting Provisions.**

Unless specifically amended and approved by the Department of Law, the terms of this contract supersede any provisions the contractor may seek to add. The contractor may not add additional or different terms to this contract; AS 45.02.207(b)(1). The contractor specifically acknowledges and agrees that, among other things, provisions in any documents it seeks to append hereto that purport to (1) waive the State of Alaska's sovereign immunity, (2) impose indemnification obligations on the State of Alaska, or (3) limit liability of the contractor for acts of contractor negligence, are expressly superseded by this contract and are void.

**Article 13. Officials Not to Benefit.**

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

**Article 14. Covenant Against Contingent Fees.**

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage or contingent fee.

**Article 15. Compliance.**

In the performance of this contract, the contractor must comply with all applicable federal, state, and borough regulations, codes, and laws, and be liable for all required insurance, licenses, permits and bonds.

**Article 16. Force Majeure:**

The parties to this contract are not liable for the consequences of any failure to perform, or default in performing, any of their obligations under this Agreement, if that failure or default is caused by any unforeseeable Force Majeure, beyond the control of, and without the fault or negligence of, the respective party. For the purposes of this Agreement, Force Majeure will mean war (whether declared or not); revolution; invasion; insurrection; riot; civil commotion; sabotage; military or usurped power; lightning; explosion; fire; storm; drought; flood; earthquake; epidemic; quarantine; strikes; acts or restraints of governmental authorities affecting the project or directly or indirectly prohibiting or restricting the furnishing or use of materials or labor required; inability to secure materials, machinery, equipment or labor because of priority, allocation or other regulations of any governmental authorities.

## APPENDIX C

This Real Assets Consultant Agreement (the Agreement) is made and entered into as of the First day of July 2024 by and between the Alaska Retirement Management Board (“ARMB”) a Board established in the Department of Revenue, State of Alaska (collectively referred to herein as the “State”) and \_\_\_\_\_.

### RECITALS:

- A. ARMB has, pursuant to AS 37.10.220, the authority to appoint the Contractor to provide service as it deems advisable in order to fulfill its duties with respect to the investment of certain assets of the Systems;
- B. ARMB, after conducting such investigation of Real Estate Consultants as required, has determined that it desires to appoint the Contractor as the Real Estate Investment Consultant to ARMB to provide services as outlined in Section “2” of this Agreement;
- C. The Contractor is willing to accept its appointment as Real Estate Investment Consultant in accordance with the terms of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, ARMB and the Contractor do hereby agree, each with the other, as follows:

### Section 1. Appointment of Contractor

ARMB hereby appoints \_\_\_\_\_, Contractor as Real Assets Consultant and the Contractor accepts such appointment and agrees to perform all required services set forth in this agreement.

### Section 2. Required Services

Under the direction of ARMB, the services to be provided by the consultant on a timely basis shall include, but are not limited to, strategic consulting, sourcing and due diligence, and monitoring and performance measurement. Performance measurement services will be performed on a quarterly basis and all other services will be provided at the request of ARMB. The consultant must recognize and acknowledge that prompt and timely responsiveness to requests from ARMB is a key and material requirement.

#### A. STRATEGIC CONSULTING

- a) Participate in the development of the Annual Investment Plan prepared by staff through analytical support and contributing to the development of portfolio recommendations to ARMB. The scope of analytical support and possible recommendations covers all facets of the portfolio and includes:
  - i) asset class allocation framework;
  - ii) changes to investment strategy;
  - iii) new areas for investment; and,
  - iv) changes to the real assets policies, procedures, and guidelines.

- b) Participate in the annual review of separate account budgets and business plans as part of the Annual Investment Plan process and make recommendations for improvement where needed.
- c) Prepare and present an annual review of the real assets portfolio that will include:
  - i) An evaluation of portfolio performance compared to benchmark and peers.
  - ii) A portfolio risk analysis including an evaluation of portfolio diversification.
  - iii) A comprehensive analysis of real assets market conditions.
  - iv) An evaluation of investment manager account performance and recommendations for termination or watchlist actions where appropriate. Analysis shall include all relevant factors including relative performance and changes in management, staff, or ownership of the organization.
  - v) An assessment of whether the real assets portfolio is in compliance with ARMB's real assets investment guidelines.
- d) Maintain ongoing dialogue with ARMB staff concerning quarterly performance and relevant market developments.
- e) Assist staff in the management of a real assets pacing model.
- f) Conduct and prepare comprehensive written research, analysis, and advice on specific investment issues, special projects, or other activities, as requested.
- g) Appear as needed at Board meetings, or other meetings to:
  - i) present research, analyses, written reports, and recommendations; and
  - ii) respond to questions relating to the real assets portfolio or real assets market.
- h) Attend meetings with staff, in order to provide advice and counsel on matters related to the real assets portfolio, as needed.
- i) When requested by ARMB, assist in transition management (planning and execution of transfer of assets from a terminating manager to an existing or new manager).
- j) Conduct such services under the contract as may be reasonably asked of a real asset investment consultant by a public pension plan.

## B. SOURCING AND DUE DILIGENCE

- a) Develop a proactive, structured process to:
  - i) analyze the full universe of available investments; and
  - ii) identify investments which are consistent with ARMB's Annual Investment Plan. On an ongoing basis communicate best idea investment prospects to staff for possible additional due diligence.
- b) Conduct due diligence on prospective investments requested by staff. Due diligence will include evaluation of the prospective investment's history, team, performance, and strategy. If appropriate, due diligence may include general partner site visits and background and reference checking.
- c) As a result of the work performed in Section 3.03(B)(2) above, present written recommendations to staff which will include:
  - i) the results of Consultant's due diligence;
  - ii) a discussion of strategic considerations;
  - iii) an analysis regarding how the recommendation fits within ARMB's real assets portfolio; and,
  - iv) a detailed business review of the real assets investment terms and documents. The due diligence investigation will also include operational aspects of a prospective fund including a manager's governance, organization, back office, accounting, risk systems, and valuation methodologies.
- d) As requested by staff, assist in the negotiation of investment contract terms and conditions, including fees.

## C. MONITORING AND PERFORMANCE MEASUREMENT

- a) Produce a quarterly performance measurement report including time-weighted, and dollar-weighted rates of return where appropriate, for each manager's portfolio (or commingled fund), real asset portfolio sector, and the total real assets investment portfolio. The return calculations must be consistent with the Global Investment Performance Standards (GIPS). The performance measurement report deadline is
  - i) a preliminary report is due 45 days from quarter end; and,
  - ii) a final report is due 80 days from quarter end recognizing that some delay may occur due to commingled fund reporting constraints.
- b) The quarterly performance measurement report shall also include a narrative evaluation of portfolio performance, market overview and outlook, measures of diversification, allocation breakdown by geography, strategy, property type and leverage, and update on each investment. Report shall also include supplementary portfolio characteristics including date of commitment to each investment, commitment amount to each investment, capital called for each investment, remaining capital commitment to each investment, distribution amounts by investment, and NAV.
- c) The rates of return in the quarterly performance report will be presented in tables and graphs, with accompanying narrative as needed, for the following time periods:
  - i) Last quarter.
  - ii) Fiscal-year-to-date (the fiscal year begins on July 1 each year).
  - iii) Annualized returns for the last one, three, and six years as well as the longest period for which ARMB has provided available historical information to the consultant.
  - iv) Each time period in the quarterly performance report should include the following return components:
    - (1) Income
    - (2) Appreciation
    - (3) Total gross return
    - (4) Total net return
- d) The quarterly performance measurement report shall include a comparison of results with the rates of return generated by appropriate benchmark indices or target returns as determined for each manager's portfolio, real asset portfolio sector, and total real assets investment portfolio. The evaluation will also include performance attribution analysis for the total real assets investment portfolio for each time period reported.
- e) The quarterly performance measurement report shall be provided to ARMB's General Consultant on the same schedule as to ARMB.
- f) Each quarterly performance measurement report shall be furnished to ARMB electronically via email.
- g) Maintain information on portfolio exposure to vintage years, strategies (core, non-core, and opportunistic), property types, geographic diversification, and leverage.
- h) Maintain historical information on all cash flow, net asset values, commitments (total, funded, and unfunded), fee payments, cost basis and return on each investment.
- i) Provide on-going monitoring and regular updates and assessments to staff of relevant operational and or strategic changes with portfolio investment managers, including, but not limited to, performance, organization, ownership, investment products, and disclosure issues.
- j) Assist and advise staff as requested with work-out situations, breaches or violations of limited partnership and side letter provisions, document amendments, and fund dissolutions as may arise.

#### **D. OTHER**

- a) Travel. All services shall include up to a total of two meetings in Alaska per calendar year.
- b) The board or staff may request projects, in writing, that cover topics that are significantly outside of the stated Scope of Services identified in this section 3.03. The fee and other terms for these projects will be mutually agreed upon in advance between consultant and ARMB.

### **Section 3. Standard of Care**

Contractor shall exercise the highest standard of care expected of a fiduciary with respect to its relationship to ARMB in fulfilling its obligations under this agreement.

### **Section 4. Indemnification**

Contractor agrees to indemnify the State and hold the State harmless from and against any and all claims, losses, damages, or liabilities (including legal fees and expenses) resulting from arising out of imprudence, negligence, willful misconduct, or breach of this agreement by Contractor's employees, agents or designees. Notwithstanding the foregoing, Contractor shall not be responsible for losses resulting from causes beyond its control if Contractor employed the diligence and prudence of a professional real estate Contractor acting as a prudent real estate Contractor familiar with such matters in a like capacity.

### **Section 5. Notification of Certain Facts or Occurrences**

If Contractor, in accordance with industry standards, using the care and diligence of a professional real estate consultant, obtains information regarding and facts or occurrence which it believes might result in any significant risk or loss to the assets of ARMB the Contractor shall upon becoming aware of any such facts or occurrence, as soon as possible, and in no case more than twenty-four (24) hours later, notify the State of such fact or occurrence and the resulting risk.

Contractor shall promptly notify ARMB in the event of (1) any change in control of Contractor or any change in the Contractor's key personnel assigned to the Account as defined by Section 6, (2) if an additional or successor employee of Contractor shall be assigned as a principal manager or key person assigned to the Account, and/or (3) any other material change in the nature of Contractor's principal business activities.

### **Section 6. Amendments**

This agreement may not be amended or modified except by an instrument in writing signed by both Contractor and the State.

### **Section 7. Reliance**

Each of the parties to this agreement may rely on any documents or communications from the other which it reasonably believed in good faith to be genuine and valid.

### **Section 8. Headings**

Headings to this agreement are for convenience of reference only and shall not expand, limit, or otherwise affect the meaning of this agreement.



## **Section 9. Assignment**

Performance by Contractor of its duties under this agreement may not be delegated. This agreement may not be assigned by either party without the written consent of the other and any purported assignment without such consent shall be null and void. Subject to the foregoing, this agreement shall be binding upon and inure to the benefit of each party to this agreement and its successors and permitted assigns.

## **Section 10. Waivers**

Failure to exercise any right or remedy provided for in this agreement does not constitute a waiver thereof.

## **Section 11. Property Entitlement**

All documents created or maintained by Contractor relating to its activities and obligations under this agreement shall be the property of the State and shall otherwise be subject to Contractor's normal retention policy.

## **Section 12. Incorporation by Reference**

Contractor understands and agrees that the State has materially relied upon Contractor's responses in the State's selection process for Real Asset Consultant. The State's Request for Proposals for Real Asset Consultant 24-003, the Contractor's Response to the Request for Proposal dated \_\_\_\_\_ and ARMB's real asset investment guidelines are made a part of this agreement by this reference.

## **Section 13. Form ADV**

ARMB acknowledges that it has received from the Contractor, at least forty-eight (48) hours prior to entering into this Agreement, a copy of its current Form ADV Part II, as described in Securities and Exchange Commission Rule 204-3. The Contractor represents and warrants that it has provided a true and complete copy of the Investment Contractor's Form ADV Part II. The Contractor shall deliver true and complete copies of changes to the Manager's Form "ADV Part II" (or similar or successor form) promptly after any changes thereto.

## **Section 14. Termination**

This Agreement may be terminated by ARMB, with or without cause, upon 30 days written notice to the Contractor. The Contractor may terminate this Agreement, with or without good cause shown, upon 60 days written notice to ARMB.

## **Section 15. Confidentiality**

Contractor agrees not to release any information concerning ARMB's investments or the portfolio to any parties other than ARMB or its designees, except as may be required under the terms of this Agreement, without first obtaining the written permission of ARMB. Such information shall be treated by Contractor as strictly confidential. Contractor may furnish such information through

legally required reports to or inspections by governmental authorities having regulatory or judicial jurisdiction over Contractor. In addition, ARMB acknowledges and agrees that Contractor may use the Account's investment performance on an undisclosed basis in its composite performance presentation.

Contractor also agrees not to use ARMB as a reference or to name ARMB in any publication or written material without ARMB's prior approval; provided however, Contractor may disclose the identity of ARMB and its client relationship with Contractor in response to requests for proposals, in presentations, and in other materials to clients or prospective clients of Contractor. Such approval will not be unreasonably withheld.

#### **Section 16. Compensation of Contractor**

ARMB shall compensate Contractor as provided in Appendix D hereof.

#### **Section 17. Miscellaneous**

1. This Agreement shall be governed by and construed in accordance with Alaska law.
2. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and permitted assigns.

**APPENDIX B<sup>2</sup>**  
**INDEMNITY AND INSURANCE**

**Article 1. Indemnification**

The contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the contractor under this agreement. The contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the contractor and the independent negligence of the contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the contracting agency's selection, administration, monitoring, or controlling of the contractor and in approving or accepting the contractor's work.

**Article 2. Insurance**

Without limiting contractor's indemnification, it is agreed that contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the contracting officer prior to beginning work and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with policy provisions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the contractor's services. All insurance policies shall comply with and be issued by insurers licensed to transact the business of insurance under AS 21.

**2.1 Workers' Compensation Insurance:** The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the State.

**2.2 Commercial General Liability Insurance:** covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per claim.

**2.3 Commercial Automobile Liability Insurance:** covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per claim.

**2.4 Professional Liability Insurance:** covering all errors, omissions or negligent acts in the performance of professional services under this agreement. Limits required per the following schedule:

<b>Contract Amount</b>	<b>Minimum Required Limits</b>
Under \$100,000	\$300,000 per Claim / Annual Aggregate
\$100,000-\$499,999	\$500,000 per Claim / Annual Aggregate
\$500,000-\$999,999	\$1,000,000 per Claim / Annual Aggregate
\$1,000,000 or over	Refer to Risk Management

Attachment 4:

# **Alaska Retirement Management Board**

Real Assets

Fiscal Year 2024 Annual Investment Plan

September 2023

Steve Sikes, CFA, CPA  
Director of Real Assets

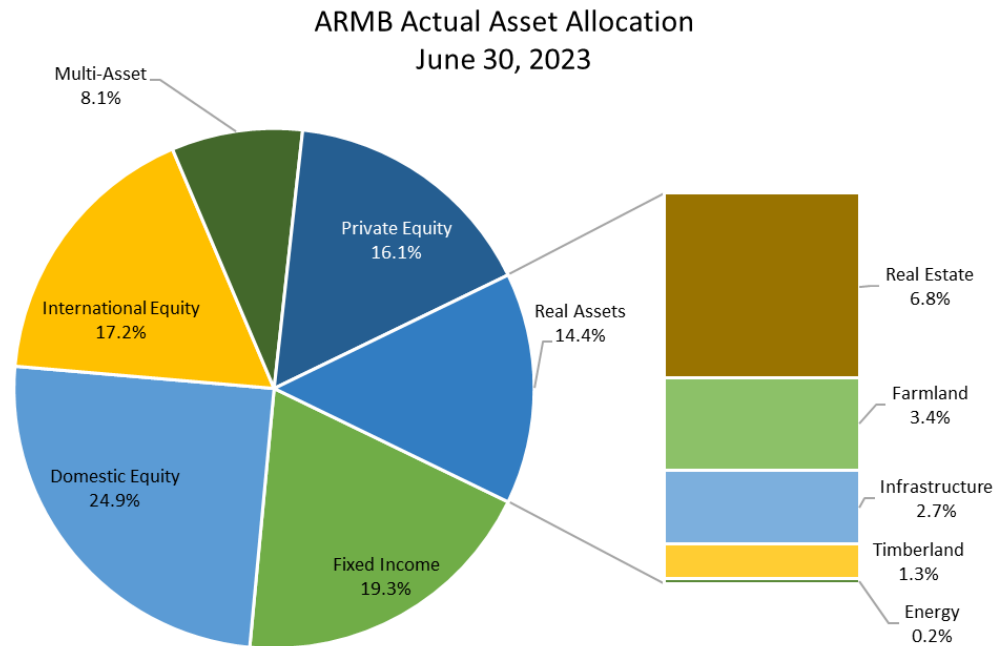
Robyn Mesdag, CFA  
State Investment Officer

# Agenda

- Review portfolio and performance
- Establish Fiscal Year 2024 target allocations
- Review each portfolio sector:
  - Where can we increase returns without exceeding risk tolerance?
  - Where can we decrease risk without compromising returns?
- Make recommendations to ARMB

# The Role of Real Assets Portfolio Role

- Returns between stocks and bonds
- Diversification
- Inflation hedge
- Current income

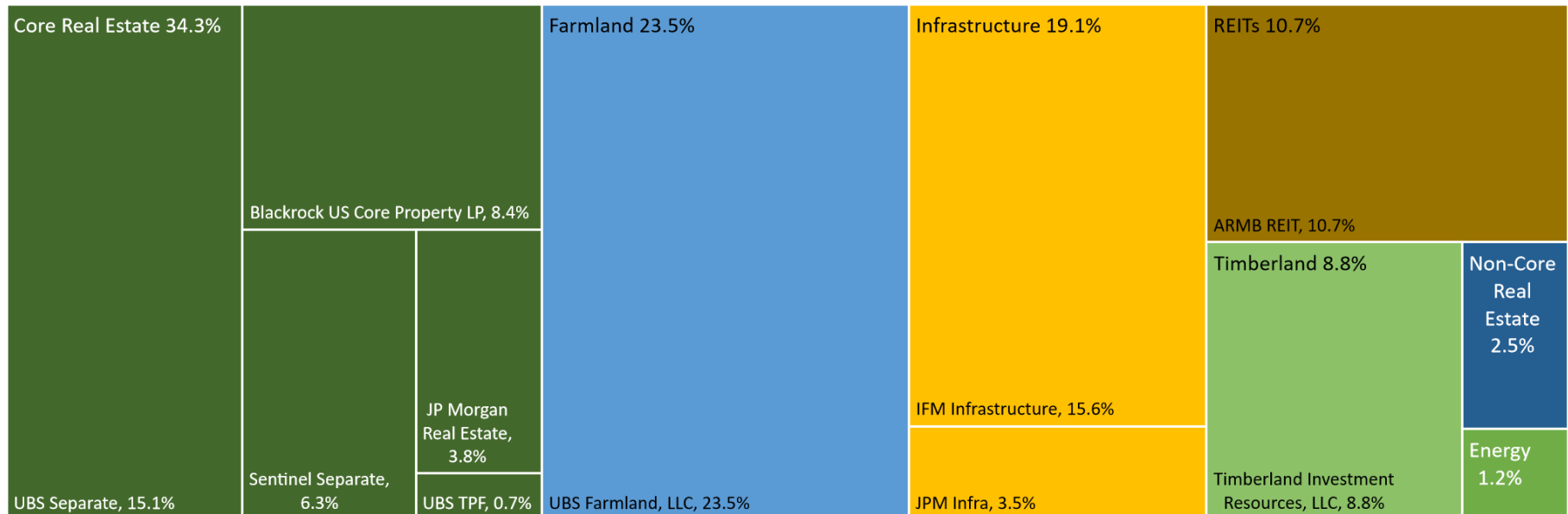


# Portfolio Construction

- Real Assets sector exposures approximate current targets

as of June 30, 2023	Actual	Target	Difference
Core Real Estate	34.3%	35%	-0.7%
Non-Core Real Estate	2.5%	0%	2.5%
REITS	10.7%	15%	-4.3%
Farmland	23.5%	25%	-1.5%
Infrastructure	19.1%	15%	4.1%
Timberland	8.8%	10%	-1.2%
Energy	1.2%	0%	1.2%
Total Real Assets	14.4%	14%	0.4%

ARMB Real Assets Portfolio  
June 30, 2023, \$4.5 billion



# Performance

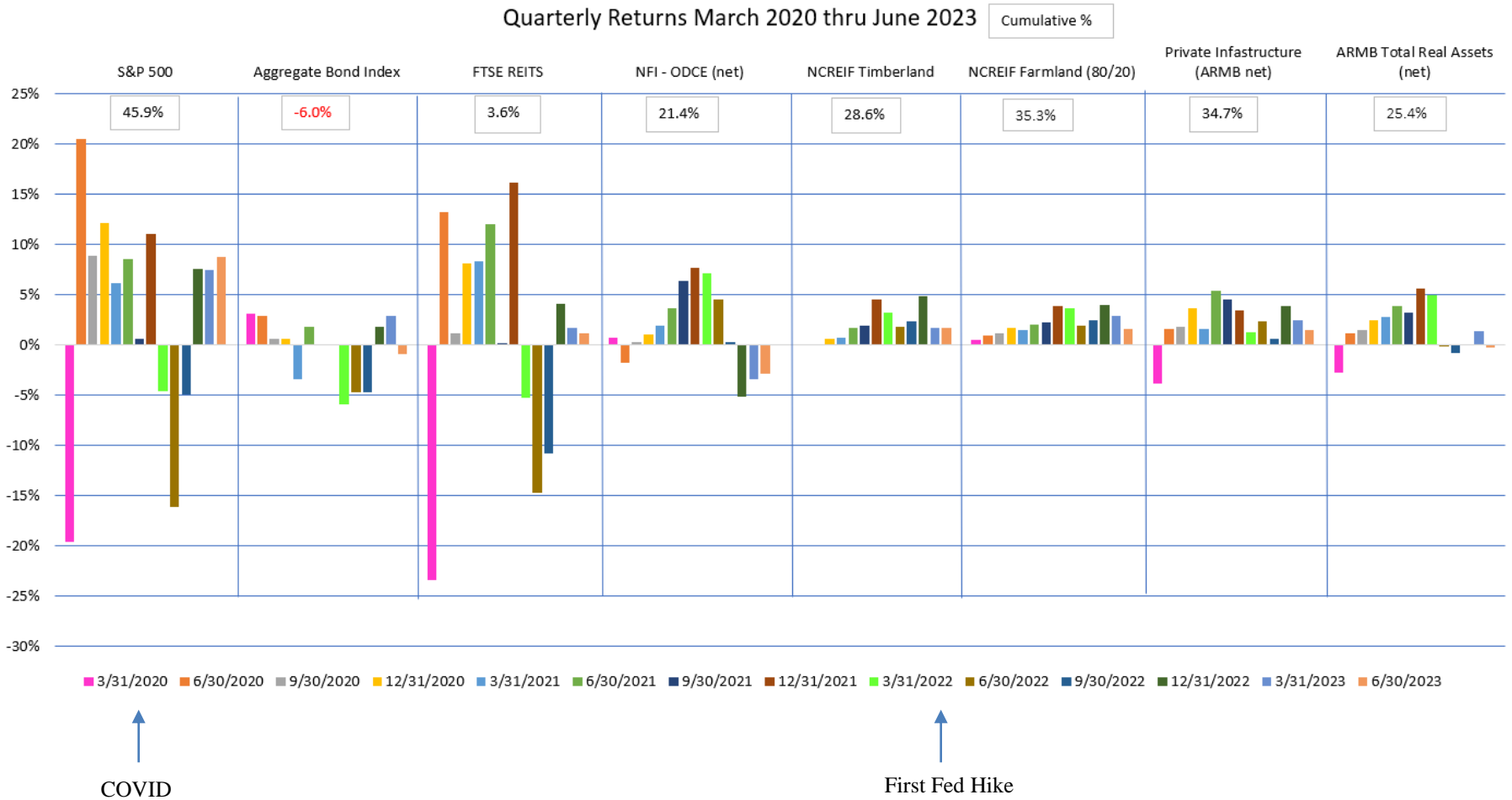
- The Real Assets portfolio returned 0.41% net in Fiscal Year 2023 compared to the target return of -0.37%.
- Real Estate returns turned negative during the year reflecting higher interest rates and fundamental challenges in some sectors. Longer-term results consistent with objectives.
- Farmland, Timberland, and Infrastructure demonstrated differentiated return drivers posting strong returns for the year.
- Performance has met objectives of providing diversification and producing returns between public equities and fixed income.

<i>as of June 30, 2023 (net of fees)</i>	<b>Qtr</b>	<b>1yr</b>	<b>6yr</b>	<b>10yr</b>
<b>Core</b>	<b>-2.65%</b>	<b>-9.34%</b>	7.20%	8.33%
NCREIF ODCE	<b>-2.88%</b>	<b>-10.73%</b>	5.88%	7.77%
<b>Non-Core</b>	<b>-1.55%</b>	<b>-5.62%</b>	5.31%	8.86%
NCREIF ODCE +1.5%	<b>-2.47%</b>	<b>-9.23%</b>	7.39%	9.28%
<b>REIT</b>	1.19%	<b>-4.32%</b>	4.76%	6.77%
FTSE NAREIT All Equity	1.20%	<b>-4.39%</b>	4.81%	6.81%
<b>Farmland</b>	0.46%	10.88%	6.04%	5.94%
NCREIF Farmland (80/20 Blend)	1.64%	11.36%	7.56%	7.47%
<b>Timberland</b>	0.16%	8.74%	4.96%	4.76%
NCREIF Timberland	1.71%	11.13%	5.43%	5.90%
<b>Infrastructure</b>	2.43%	9.72%	11.28%	-
CPI+4%	2.04%	6.97%	7.73%	-
<b>Energy</b>	<b>-1.83%</b>	<b>-11.04%</b>	0.61%	<b>-3.14%</b>
CPI+4%	2.04%	6.97%	7.73%	7.68%
<b>ARMB Real Assets</b>	<b>-0.29%</b>	0.41%	6.30%	6.60%
ARMB Real Assets Target	<b>-0.15%</b>	<b>-0.37%</b>	5.79%	6.81%
Russell 3000	8.39%	18.95%	11.95%	12.34%
Bloomberg Barclays Aggregate	<b>-0.84%</b>	<b>-0.94%</b>	0.57%	1.52%
CPI	1.08%	2.97%	3.73%	2.71%

Source: Callan Real Assets Quarterly Report June 30, 2023, Callan PEP

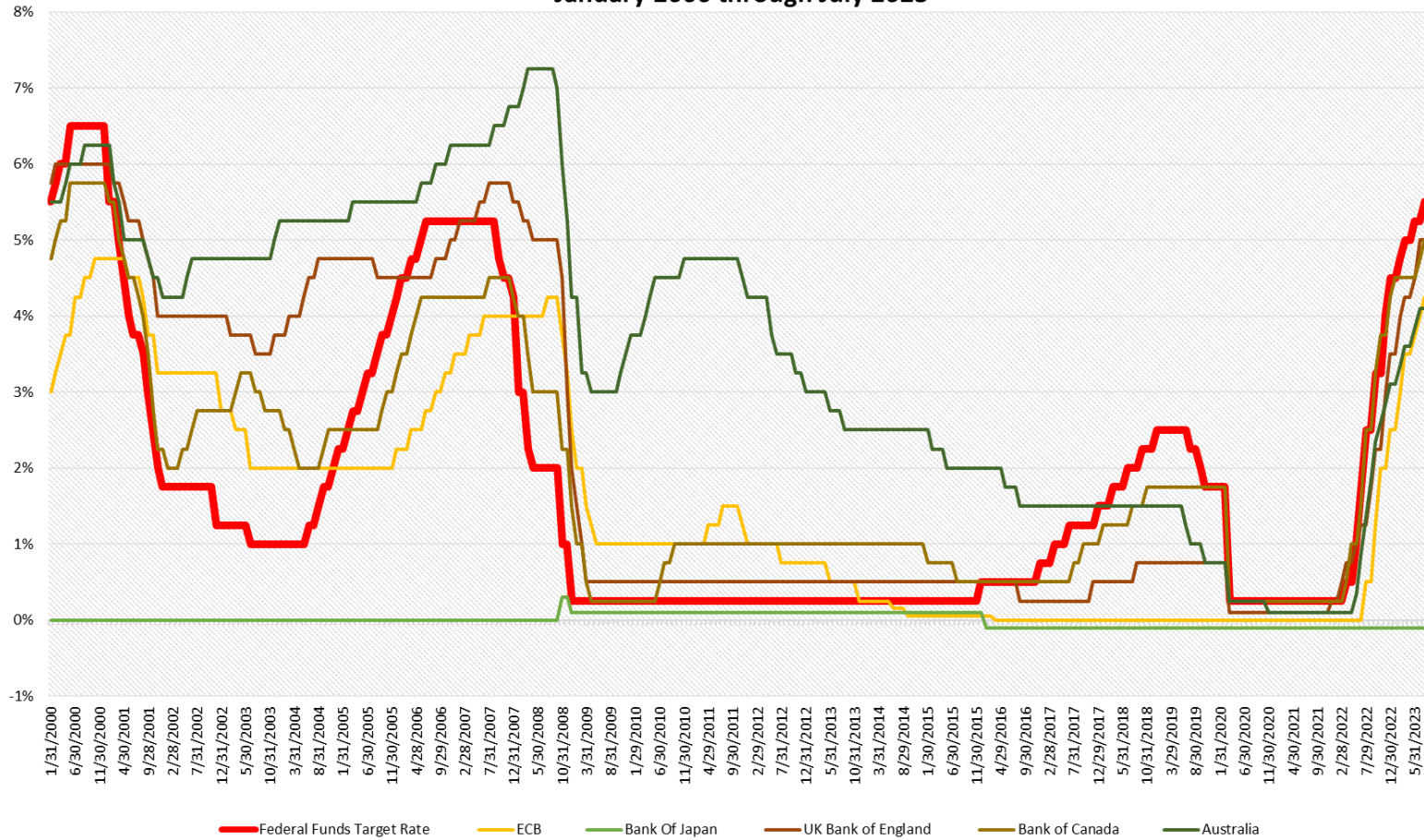


# Post COVID Performance by Market



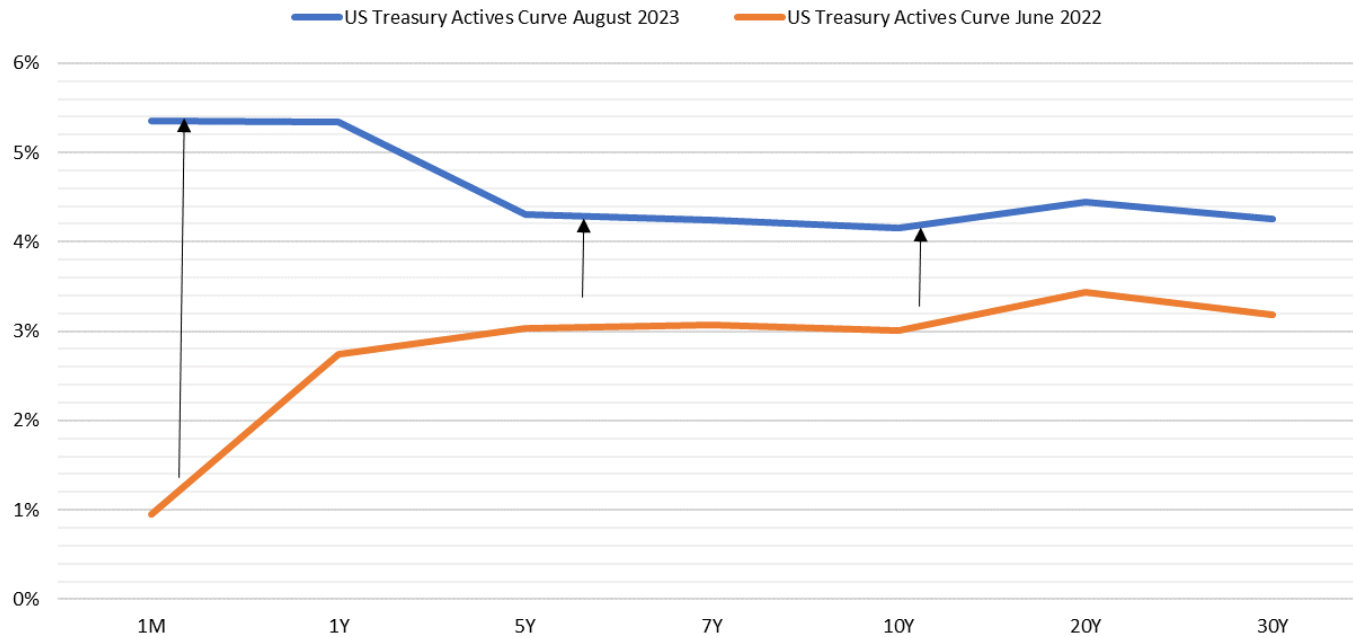
# Monetary Policy

Global Monetary Policy  
January 2000 through July 2023



# Risk Free Rates are Higher Across the Curve

US Treasury Yield Curve Change  
June 2022 through August 2023

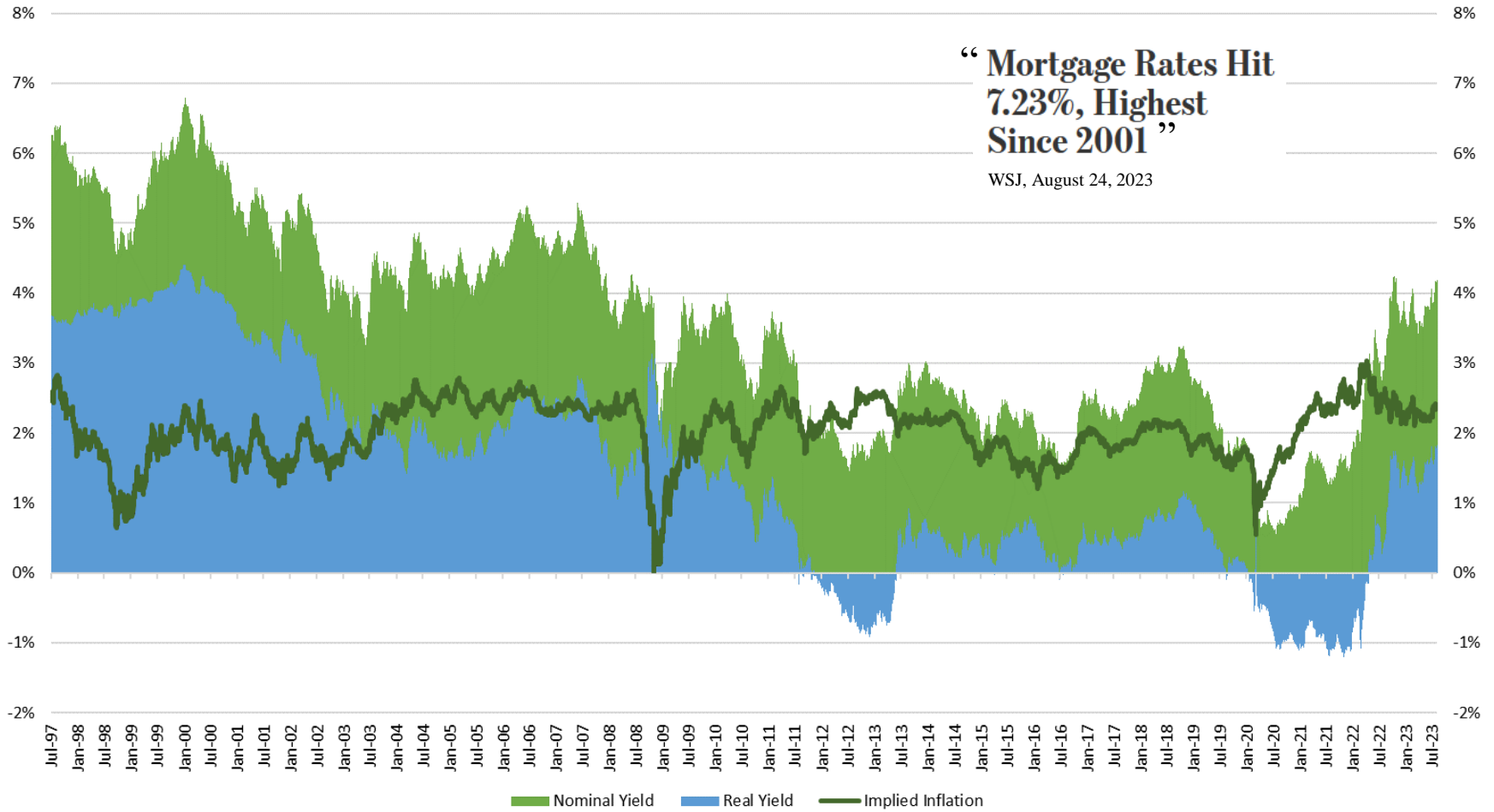


- The Fed began raising rates in January 2022 from a starting rate of 0% to 0.25%

Tenor	US Treasury Actives Curve June 2022	US Treasury Actives Curve August 2023	Change in Yield
1M	0.9%	5.4%	4.4%
1Y	2.7%	5.3%	2.6%
5Y	3.0%	4.3%	1.3%
7Y	3.1%	4.2%	1.2%
10Y	3.0%	4.2%	1.1%
20Y	3.4%	4.4%	1.0%
30Y	3.2%	4.3%	1.1%

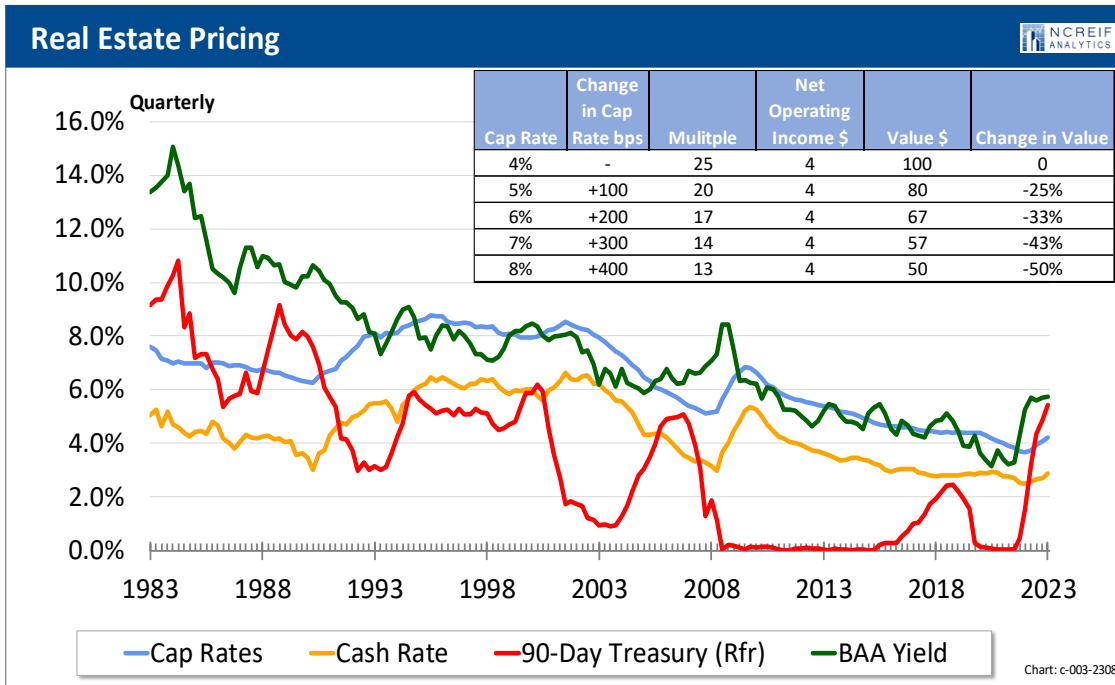
# Back to “Normal” or Temporary Spike Higher?

U.S. Treasury 10-year Yields



# Historical Rate Relationships, Sensitivity, Forecast

- Higher rates likely to continue pressuring returns.



## 3Yr NPI Total Return Forecast (unlevered)

Sector	Current Cap Rate	Dividend Pay-Out Ratio	Dividend Yield	NOI Growth	Cap Rate Shift Effect	Total Return	Exit Cap Rate
Ind	3.1	x 87.6	= 2.7	+ 8.0	+ -10.7	= 0.0	4.4
Apt	3.6	x 83.4	= 3.0	+ 3.3	+ -8.1	= -1.9	4.7
Ret	4.9	x 82.6	= 4.1	+ -0.1	+ -6.6	= -2.6	6.1
Off	4.4	x 68.4	= 3.1	+ 0.3	+ -14.5	= -11.1	7.3
<b>NPI</b>	<b>3.9</b>	<b>x 81.7</b>	<b>= 3.1</b>	<b>+ 4.1</b>	<b>+ -10.3</b>	<b>= -3.1</b>	<b>5.2</b>

BlackRock, May 2023

# Fiscal Year 2024 Target Allocations

# Callan Real Asset Capital Market Assumptions

## Real Asset Components - 2023 Capital Market Assumptions

Real Assets Only

Asset Class	1-Year Arithmetic	10-Year Geometric Return	Annualized Standard Deviation	Projected Yield	Sharpe Ratio
Real Estate	6.60%	5.75%	14.20%	4.40%	0.21
Non-Core Real Estate	8.35%	7.30%	16.20%	2.95%	0.28
Real Estate Debt	5.80%	5.70%	6.20%	4.85%	0.48
REITs	8.85%	6.90%	20.90%	4.65%	0.20
Timber	6.45%	5.40%	15.60%	3.70%	0.17
Farmland	6.65%	5.55%	15.95%	4.25%	0.18
Private Infrastructure	7.15%	6.15%	15.45%	4.60%	0.22

Projection set includes current ARMB real assets, plus Real Estate Debt and Non-Core Real Estate

Modeling Real Estate Debt and Non-Core Real Estate is more art than science. Neither asset class has meaningful peer groups or benchmarks; projections are based on informed judgement and experience.

Real Estate Debt is modeled to include Securitized Mortgages, Real Estate Equity and Private Credit. Sharpe ratio is substantially higher than other asset classes.

Non-Core Real Estate is modeled to reflect a blend of value-add and opportunistic strategies. The return and risk represent a blend of core real estate and private equity.

# Optimal Real Assets Mix

- ARMB Fiscal Year 2024 plan level asset allocation assumes 7.00% arithmetic return, 6.35% 10-year geometric return, and 13.10% standard deviation for Real Assets. Recommended 2024 mix is consistent with plan level calibration.
- Real Estate Debt and Non-Core Real Estate are attractive to the model. Allocations constrained based on risk tolerance and practical limitations.

	Current Real Assets Target	Recommended FY 2024 Real Assets Target	Change
Core Real Estate	35%	30%	-5%
Non-Core Real Estate	0%	5%	5%
Real Estate Debt	0%	5%	5%
REITs	15%	10%	-5%
Timberland	10%	10%	0%
Farmland	25%	20%	-5%
Infrastructure	15%	20%	5%
Energy	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>
Projected Arithmetic Return	7.02%	6.98%	-0.04%
10-year Geometric Mean Return	6.34%	6.34%	0.00%
Projected Standard Deviation	13.10%	12.75%	-0.35%

Source: Callan



# Target Allocation Changes and Implementation

(% targets)	Current Target	Proposed FY24 Target	Target Change
Core Real Estate	35%	30%	-5%
Non-Core Real Estate	0%	5%	5%
Real Estate Debt	0%	5%	5%
REITS	15%	10%	-5%
Timber	10%	10%	0%
Farmland	25%	20%	-5%
Private Infrastructure	15%	20%	5%
Energy	0%	0%	0%
Plan level Total	14%	14%	0%

(\$ millions)	Actual NAV 6/30/2023	Proposed FY24 Target \$	Change \$
Core Real Estate	1,551	1,323	(228)
Non-Core Real Estate	111	220	110
Real Estate Debt	-	220	220
REITS	483	441	(42)
Timber	400	441	41
Farmland	1,064	882	(182)
Private Infrastructure	863	882	19
Energy	54	-	(54)
Total	4,526	4,410	(116)



- Largest decreases are Core Real Estate and Farmland.
- Largest increases are Real Estate Debt and Non-Core Real Estate.
- Total Real Estate exposure is unchanged at 50% (core + non-core + debt + REIT).
- Infrastructure +5%, and REITs -5%, already close to new targets.
- Implementation will be slow, likely a multi-year transition.

# Real Asset Sector Review

- Where can we increase returns without exceeding risk tolerance?
- Where can we decrease risk without compromising returns?

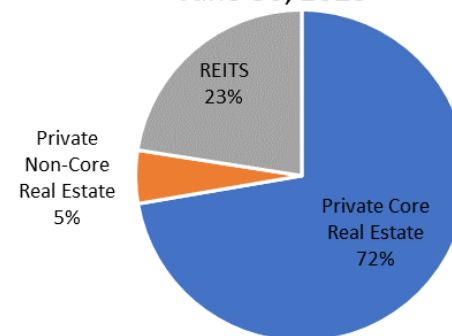
# Real Estate Overview

- Two core separate account managers make investments on a discretionary basis within the parameters defined by ARMB's guidelines and annual investment plan up to approved allocations. These investments represent 45% of the real estate portfolio and are currently comprised of 17 assets within the apartment, industrial, office, and retail sectors across the U.S. ARMB owns 100% interest in these assets.
- Three core open-end commingled funds make investments on a discretionary basis according to each fund's strategy. These funds represent 27% of the real estate portfolio and offer well diversified exposure across asset types, markets, and size. ARMB owns units in these funds along with other institutional investors.
- Fund investments with three non-core commingled fund managers represent the majority of non-core real estate strategies. Non-core funds represent 5% of the real estate portfolio.
- The remaining 23% of the real estate portfolio is a passive publicly traded REIT equity portfolio invested internally by staff.

## Real Estate Portfolio June 30, 2023

- Net Asset Value: \$2.1 billion
- Number of Assets: 17 + commingled fund interests
- Core Structure: 2 separate accounts, 3 open-end funds
- Non-Core Structure: 11 commingled funds
- U.S. Domestic REITs – FTSE NAREIT All Equity

ARMB Real Estate Weights as of  
June 30, 2023

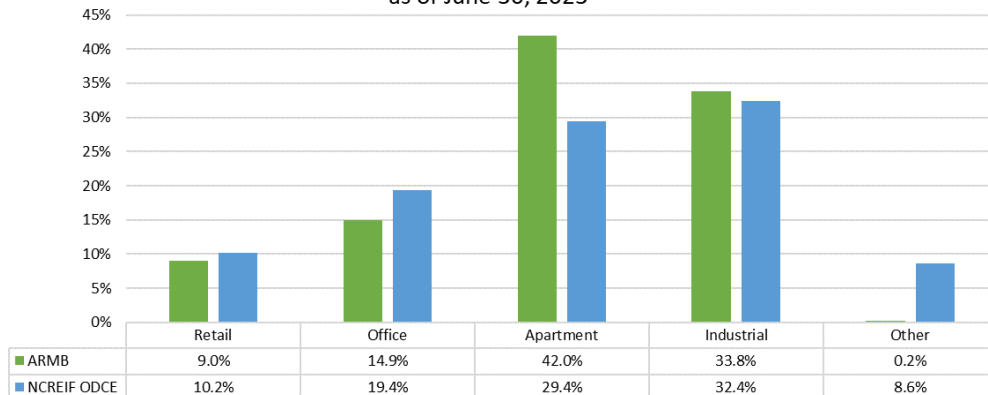


# Core Real Estate Performance

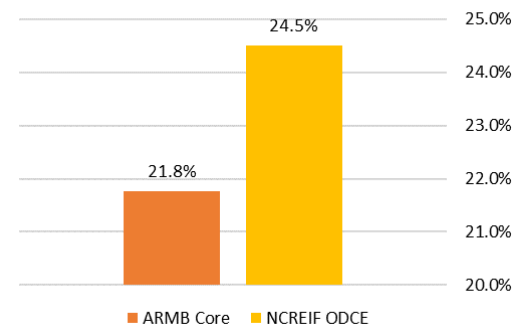
as of June 30, 2023	ARMB NAV		1 Year		5 year		10 year		1 Year (1 year ago) as of June 30, 2022
	\$millions	Core Weight	Income	Total	Income	Total	Income	Total	
UBS Separate Account (net)	683	44%	4.32%	-8.52%	4.40%	8.59%	4.42%	10.84%	29.77%
Sentinal Separate Account (net)	284	18%	2.78%	-7.67%	4.29%	9.32%	4.53%	9.81%	36.09%
BlackRock Core Property Fund (net)	379	24%	2.47%	-10.61%	3.29%	5.99%	3.51%	8.19%	26.54%
JPM Strategic Property Fund (net)	172	11%	2.07%	-11.11%	2.57%	4.80%	3.24%	7.31%	27.48%
UBS Trumbull Property Fund (net)	33	2%	2.79%	-15.57%	3.17%	0.45%	3.50%	4.31%	23.50%
<b>ARMB Total Core Real Estate (net)</b>	<b>1,551</b>	<b>100%</b>	<b>3.33%</b>	<b>-9.34%</b>	<b>3.72%</b>	<b>7.02%</b>	<b>3.95%</b>	<b>8.33%</b>	<b>29.40%</b>
NCREIF ODCE Value Wt (net)				-10.73%		5.56%		7.77%	28.31%

Source: Callan and BlackRock (10r BlackRock numbers reflect general fund returns and not ARMB results)

ARMB Core Real Estate Sector Weights  
as of June 30, 2023

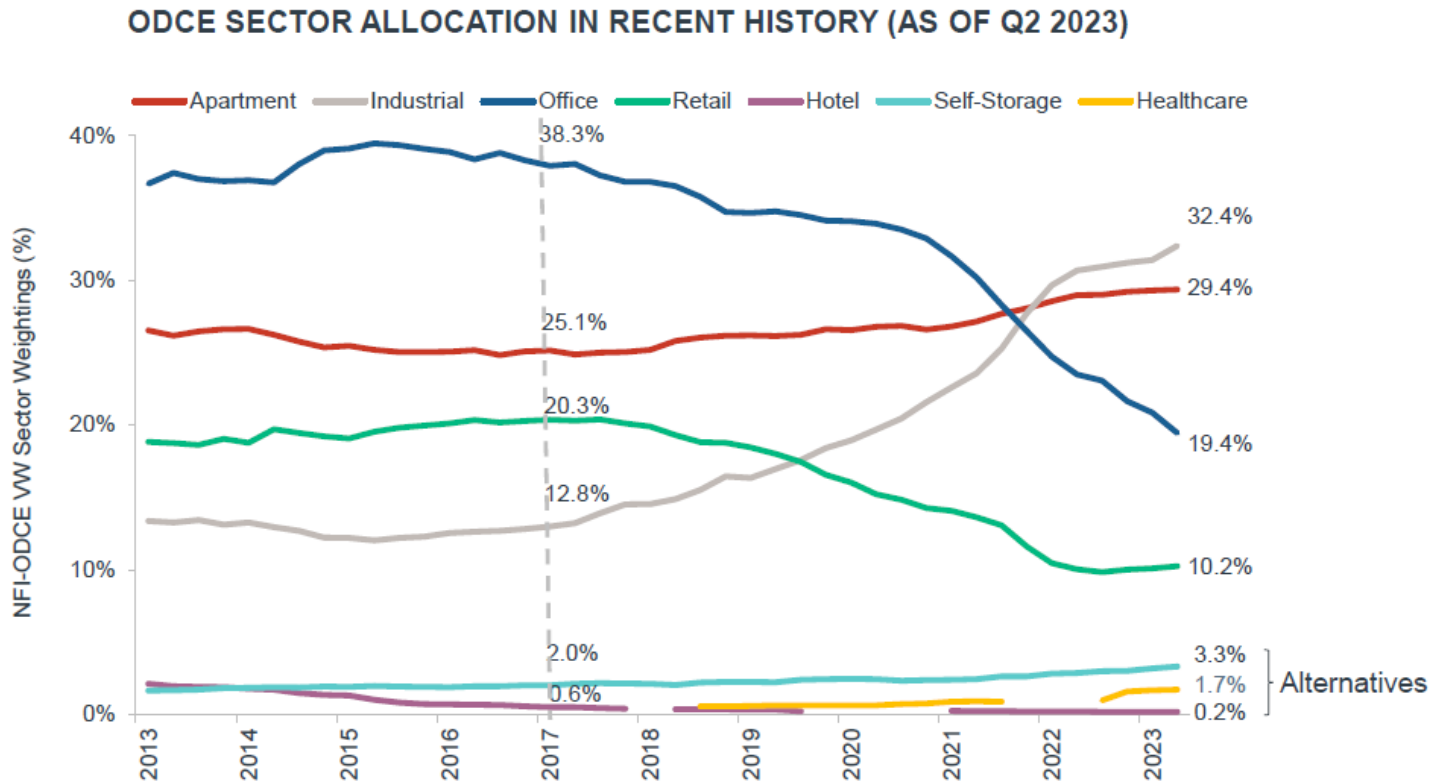


Leverage - Loan to Value %



# Change in NCREIF ODCE weights

- Technology has had, and will continue to have, an enormous impact on real estate investing. Diversification is critical.



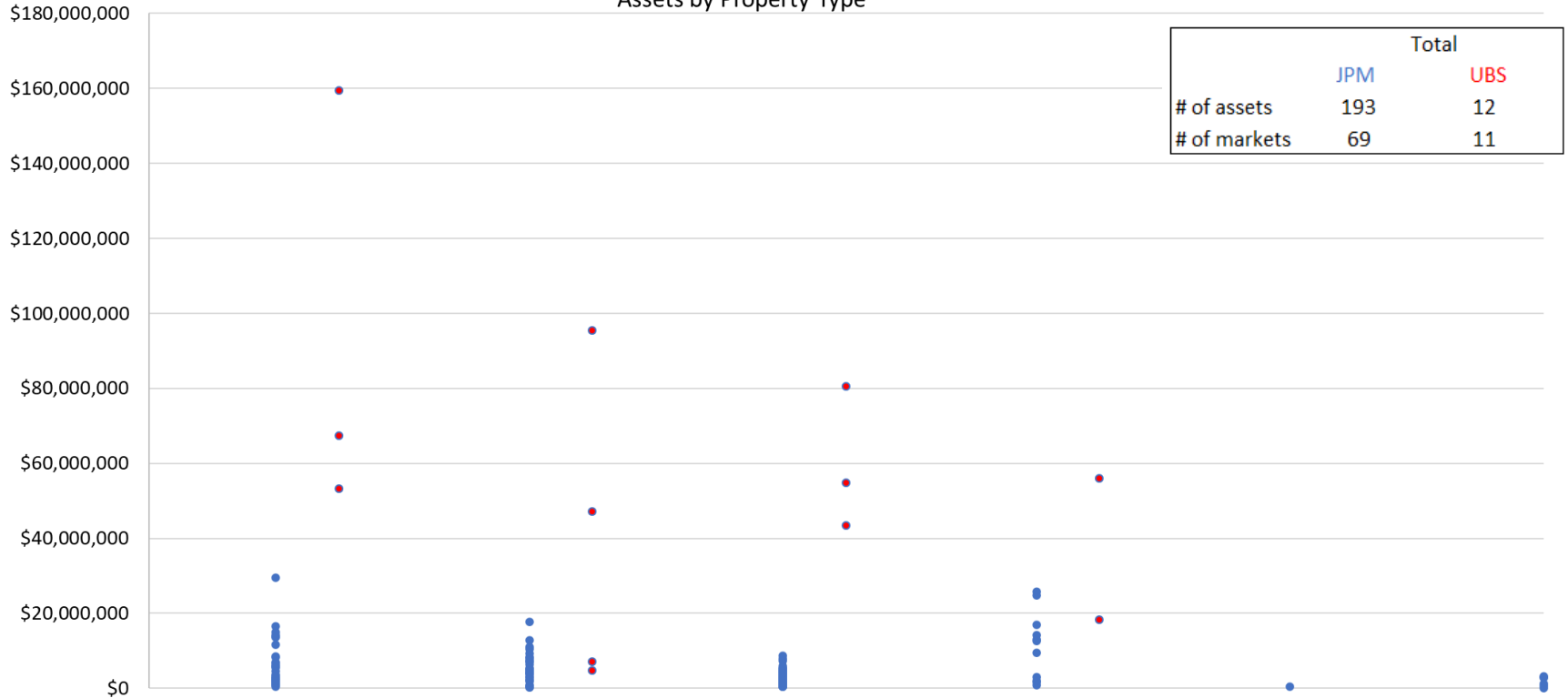
Source: NCREIF, Clarion Partners Investment Research, Q2 2023.

Note: ODCE = NCREIF Open-End Diversified Core Equity Index. Past performance is not indicative of future results. Please see the important disclosures at the end of this presentation.

# Core Real Estate

- Asset size concentration and market diversification can be improved by moving assets from separate accounts to open-end funds.

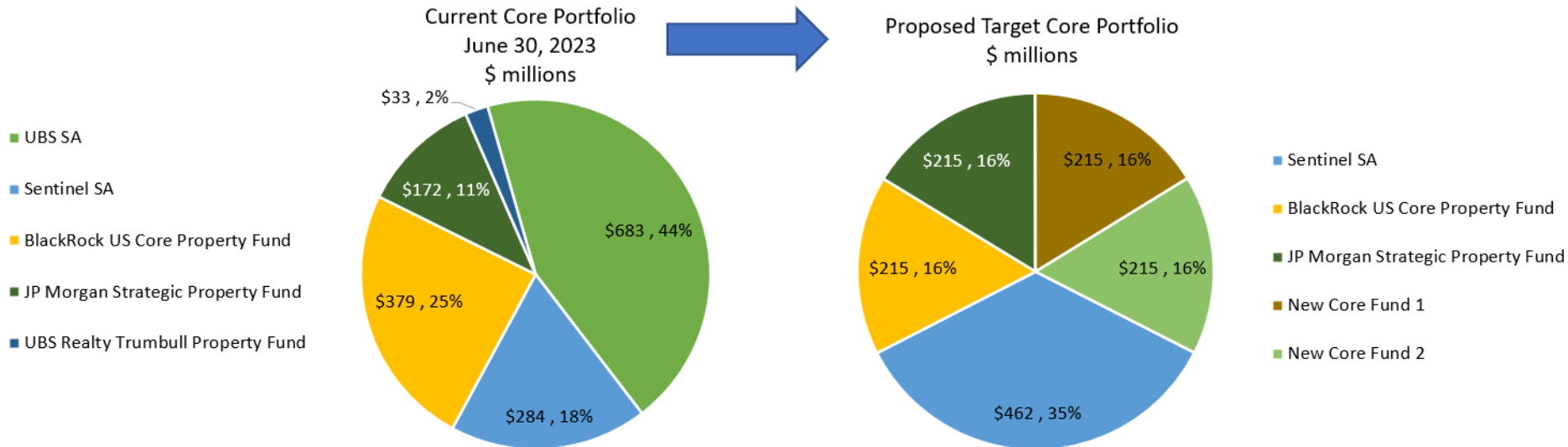
JPM SPF vs UBS Separate Account  
Assets by Property Type



	Industrial		Office		Residential		Retail		Self Storage		Land	
	JPM	UBS	JPM	UBS	JPM	UBS	JPM	UBS	JPM	UBS	JPM	UBS
# of asset	70	3	28	4	77	3	11	2	1	0	6	0
# of markets	28	3	15	4	44	3	11	2	1	0	4	0








# Core Real Estate

- Maintain expected returns, reduce risk.
- Wind down UBS separate account and invest in two new core open-end fund mandates.
  - Transfer three UBS apartment properties to the Sentinel separate account. Liquidate remaining UBS holdings if in-kind contributions to new funds are not an option.
  - Engage Callan to perform search to hire two new open-end funds that compliment existing ARMB funds.
  - Rebalance fund positions to optimal mix.



# Core Real Estate Structure Considerations

- Open-end fund structure compared to separate account structure.

Factor	Open-end vs. Separate Account	Comment
Diversification	Higher 	Funds offer far superior diversification on asset, market, and property type basis.
Strategy Depth and Breadth	Higher 	Funds include alternative property types, like self storage and student housing that help improve returns and diversification.
Strategy Evolution	Higher 	The size of open-end funds can provide a greater opportunity to maintain exposure to new investments. Funds more actively consider relative value repositioning and ways to enhance returns.
Staff Management Intensity	Lower 	Separate accounts require significantly more staff time to manage.
Liquidity	Higher/Lower 	Funds are designed to offer quarterly liquidity but can lock up during periods of high redemptions. Separate accounts can buy and sell any time but are exposed to same market liquidity factors as open-end funds.
Strategy Control	Lower 	Investment strategy and guidelines are established in the fund documents.
Fees	Higher 	Higher than separate account fees but high competition ensures market rates prevail.



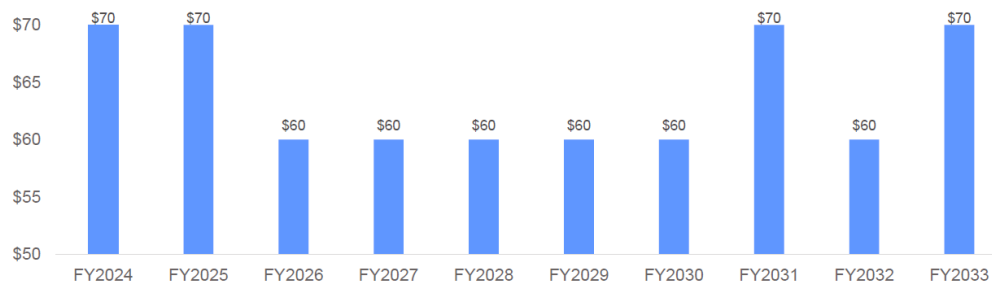
# Non-Core Real Estate

- Implement formal pacing model to maintain risk/return exposure at target allocation.
- Proposed Fiscal Year 2024 Real Asset sector allocations establish 5% target weight to non-core real estate strategies. This is an 84/16 ratio between core and non-core strategies.
- ARMB has been investing in non-core strategies for many years, most recently in KKR and Almanac funds. Proposed FY24 target allocation increases weight and establishes formal pacing approach to commitments similar to private equity. While not intended to be a timing call, upcoming vintage years are expected to be good.

## ARMB Real Estate Commitment Pacing

- To reach and maintain the 5% target non-core real estate allocation (0.7% Total Plan target), ARMB will need to commit \$60 - \$70 million per year over the next 10 fiscal years.
- The pacing plan projects annual \$70 million allocations in the first two years, followed by several years of \$60 million annual allocations.
- Pacing plan to be reviewed annually or periodically as they are projections and subject to change.

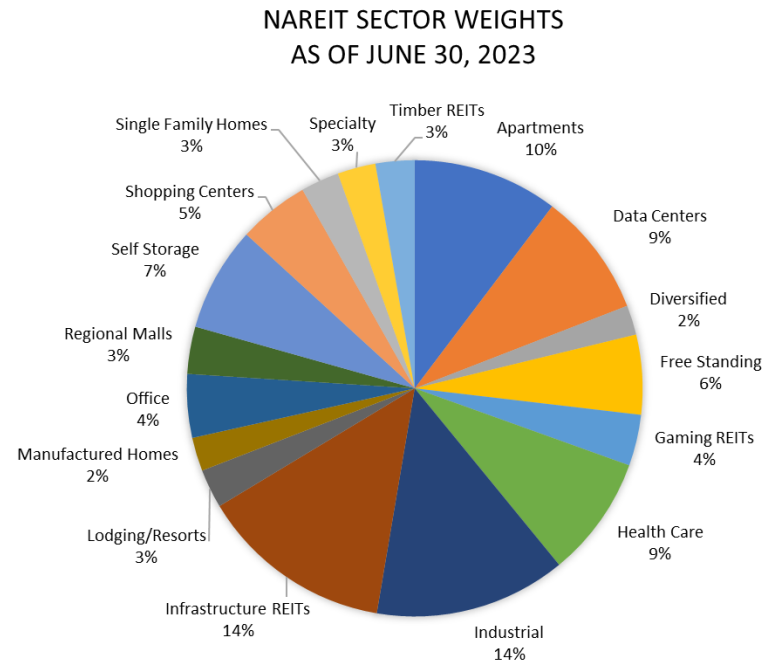
Vintage Year	Commitment (\$million)	Fund Commitments
FY2024	\$70	2-3
FY2025	\$70	2-3
FY2026	\$60	2-3
FY2027	\$60	2-3
FY2028	\$60	2-3
FY2029	\$60	2-3
FY2030	\$60	2-3
FY2031	\$70	2-3
FY2032	\$60	2-3
FY2033	\$70	2-3



Source: Callan

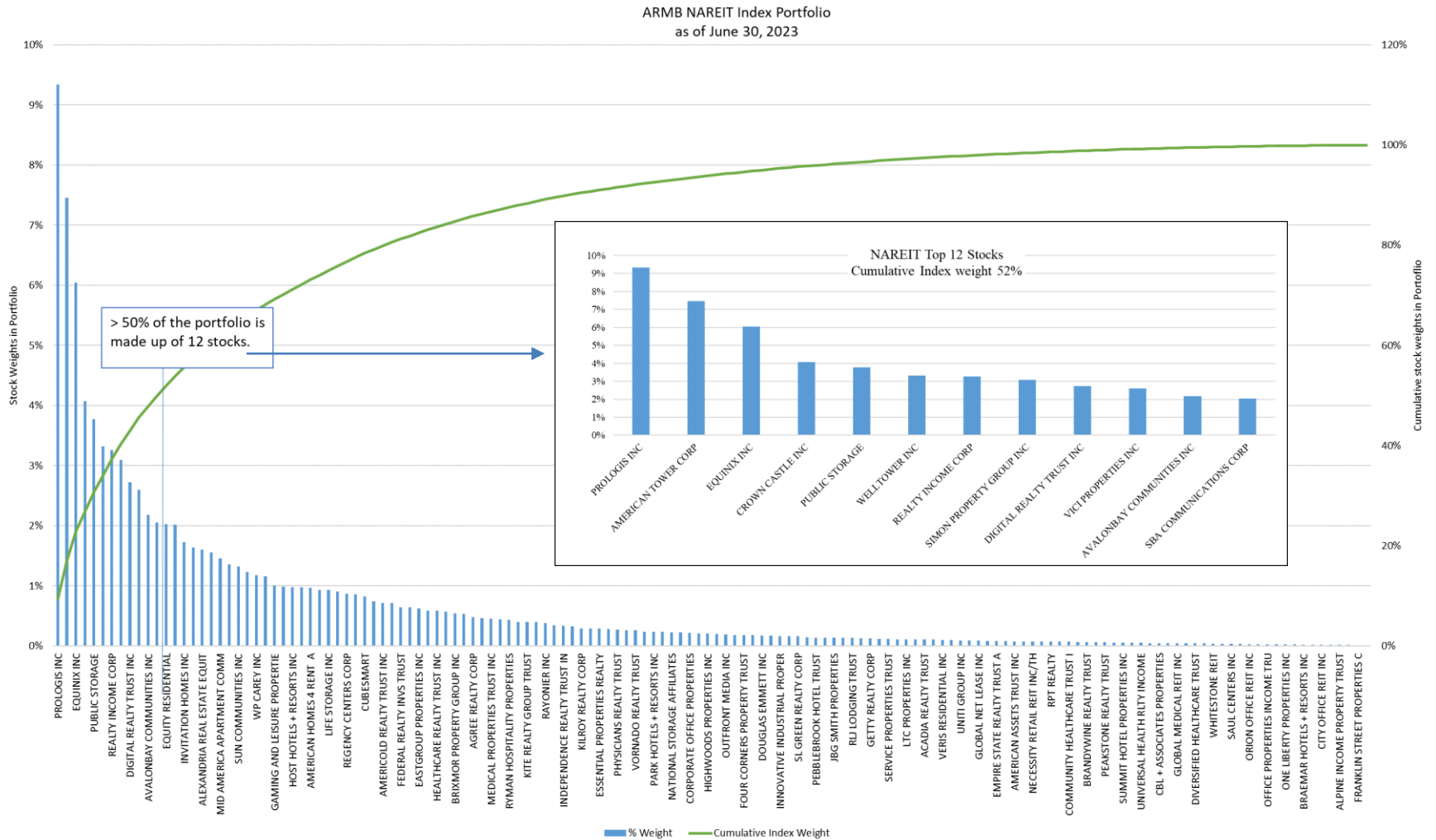
# REITs

- No strategy changes are being recommended.
- ARMB currently invests passively in the NAREIT All Equity index. Proposed Fiscal Year 2024 Real Asset sector allocations reduces target weight from 15% to 10%, approximating its current weight of ~\$480 million.
- The REIT market provides liquid exposure to some of the best real estate companies in the world and provides diversification through alternative sectors like data centers, self storage, and single family home rentals.



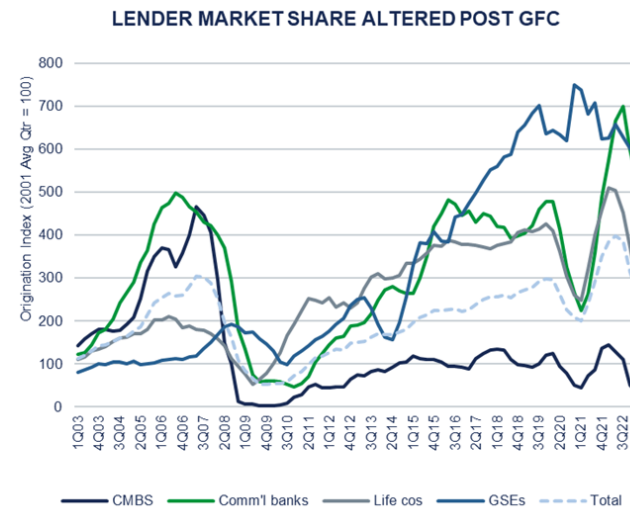
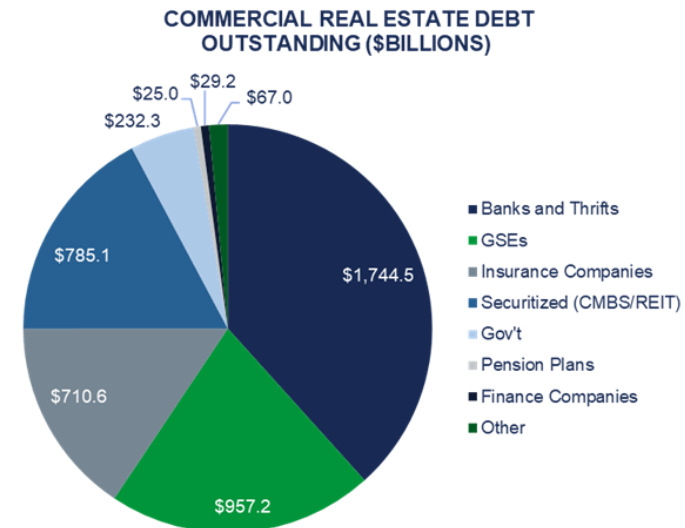
# REITs

- The NAREIT All Equity Index holds ~150 stocks with a market cap of \$1.2 trillion, but is concentrated.



# Real Estate Debt

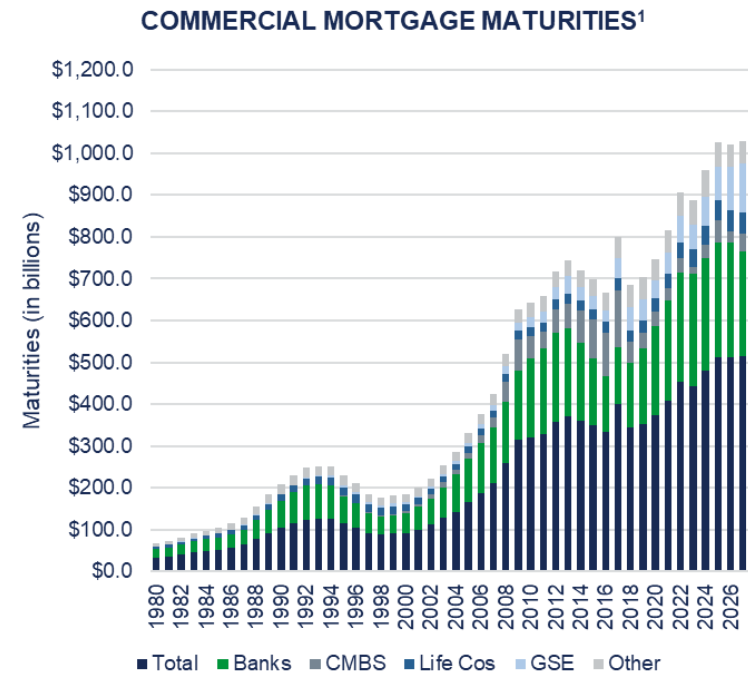
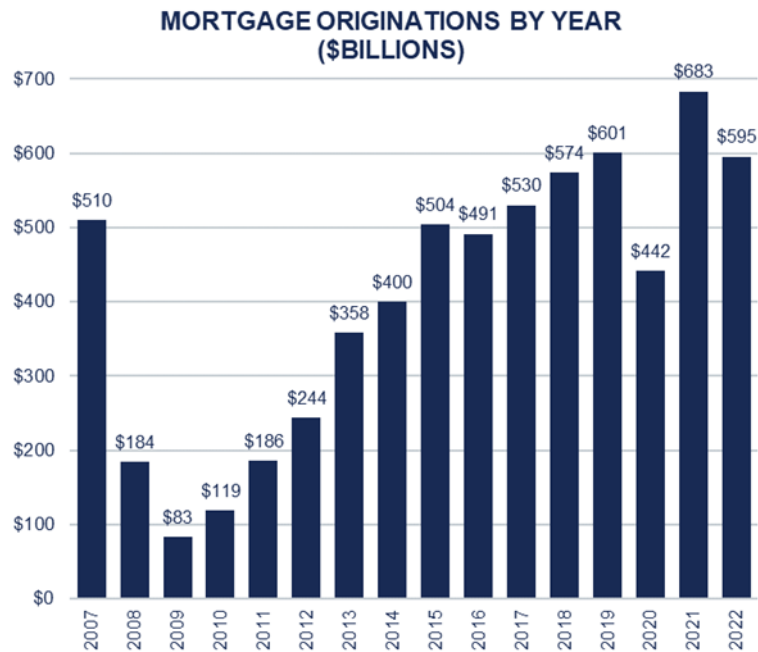
- Add Real Estate Debt to the Real Assets portfolio to increase diversity.
- Proposed Fiscal Year 2024 Real Asset sector allocations establish 5% target weight to real estate debt strategies. Callan's model suggests it offers the highest Sharpe Ratio among Real Asset sectors. Staff has a good fixed income background which will facilitate implementation.
- Initially, fund strategy by transferring the Fidelity Real Estate High Income strategy from fixed income to Real Assets which will approximate the new 5% target. This sector focused strategy has not been a perfect fit in fixed income since it is less liquid and has a lower duration compared to the benchmark. Its higher yields and real asset base make it a good fit for the Real Assets asset class.
- Engage Callan to perform search for one to two private debt strategies. Rebalance portfolio over time as private strategies are funded.



Source: Barings Real Estate Research, Mortgage Bankers Association, Federal Reserve, Trepp. As of March 31, 2023.

# Real Estate Debt

- Banks have been the dominant real estate lender. Regional banks are under liquidity and balance sheet pressure that will likely constrain future lending activity.
- The combination of higher base rates, spreads, and more constrained lending creates a good entry point into the sector which generates high current income which is an objective of the Real Assets portfolio.
- The addition of private investment funds will expand the portfolio opportunity set beyond CMBS.



Source: Barings Real Estate Research, Mortgage Bankers Association, Federal Reserve, Trepp. As of March 31, 2023.

1. As of March 31, 2022.

# Farmland Overview

- Investment manager makes investments on a discretionary basis within the parameters defined by the ARMB's guidelines and annual investment plan up to approved allocations.
- Portfolio is composed of U.S. farmland. Strategy is a leased-based approach targeting both row crops and permanent crops. ARMB owns 100% of the assets.
- The farmland portfolio target benchmark is the NCREIF Farmland Index reweighted to reflect 80% row crops and 20% permanent crops.

## Farmland Portfolio June 30, 2023

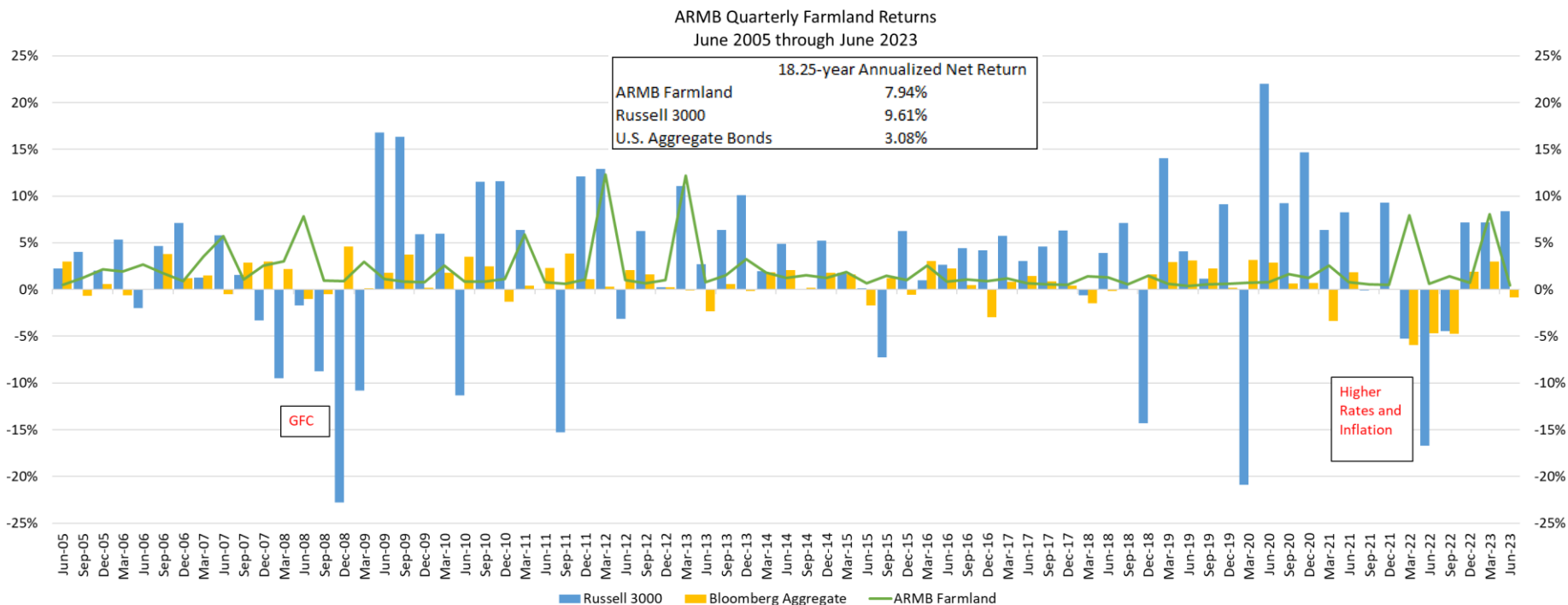
- Total Net Asset Value: \$1.1 billion
- Number of Assets: 89
- Total acres: 145,417
- Number of states where investments are located: 16
- Row/Permanent Crop Distribution by MV: 88%/12%





# Farmland Performance

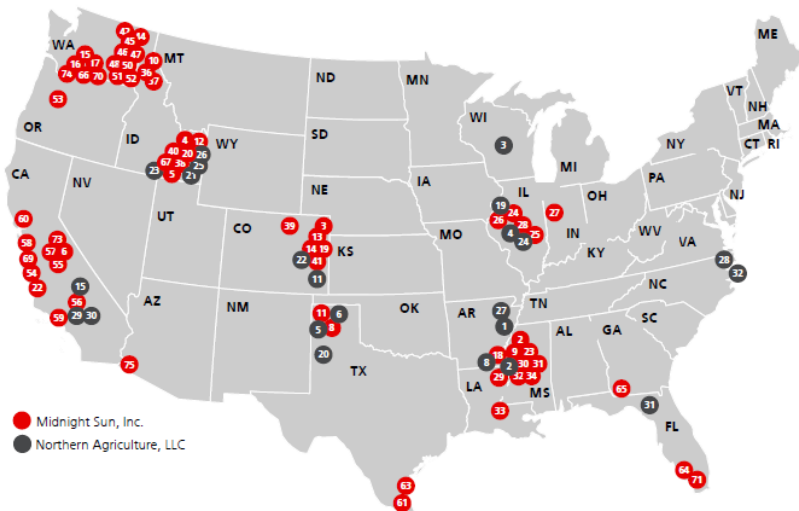
- Historical returns have been remarkably stable. No negative quarters over 18 years.
- No leverage is used in portfolio construction.



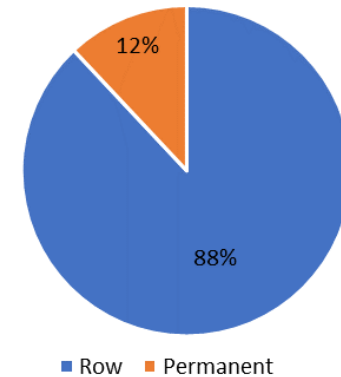
# Farmland Portfolio

- No strategy changes are being recommended.
- Portfolio is performing well and is diversified.
- Lower target allocation represents opportunity to optimize portfolio holdings and bring closer to 80%/20% target.

Midnight Sun property location map  
(Unaudited)



ARMB Portfolio by Crop Type  
as of June 30, 2023





# Timberland Overview

- Investment managers makes investments on a discretionary basis within the parameters defined by ARMB's guidelines and annual investment plan up to approved allocations.
- ARMB allocation is fully invested at current size.
- Portfolios are composed of U.S. timberland. ARMB owns 100% of the assets.
- ARMB portfolio is diversified and well positioned to benefit from building product demand with 68% of portfolio in the U.S. South.

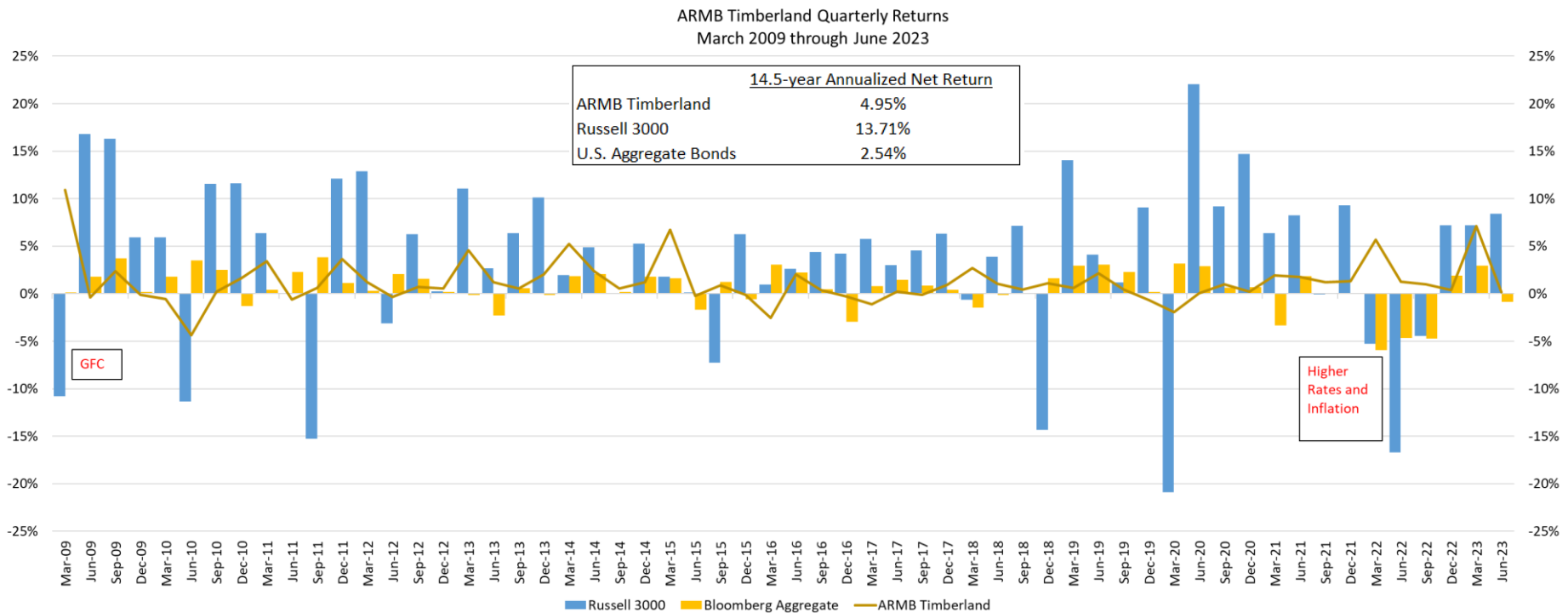
## Timberland Portfolio June 30, 2023

- Total Net Asset Value: \$399 million
- Number of Assets: 17
- Total acres: 152,153
- Number of States where investments are located: 11



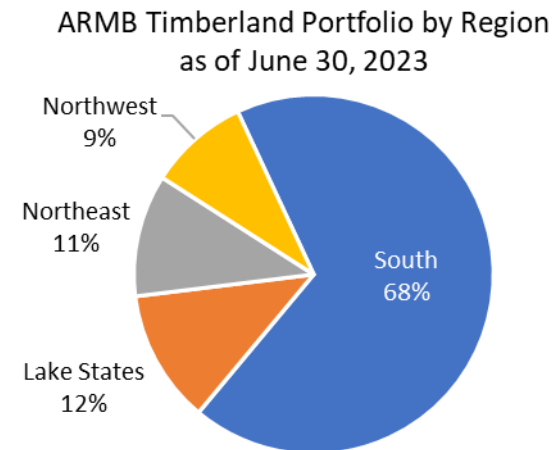
# Timberland Performance

- Historical returns have been lower than expected but generally positive and different than stocks and bonds. More recently demonstrated unique inflation hedge properties and benefits from optionality. Shallow drawdown experience.
- No leverage is used in portfolio construction.



# Timberland Portfolio

- No strategy changes are being recommended.
- Portfolio is performing well and is diversified.



# Infrastructure Overview

- ARMB is invested in two open-end private investment funds, sponsored by J.P. Morgan and Industry Funds Management (IFM).
- Investments are focused on essential core public infrastructure that are both regulated and unregulated. Assets include regulated water, regulated electricity, airports, pipelines, toll roads, and ports. Target return is 8 – 12% net with a high cash yield.
- Portfolio is well diversified with a mix of GDP sensitive assets and regulated or contractually based assets which often include inflation pass-through features.

## Infrastructure Portfolio Profile June 30, 2023

- Total Net Asset Value: \$863.4 million
- Number of Company Investments: 45
- Total Combined Fund NAV (all investors): \$88.8 billion



Switch, Inc., IFM

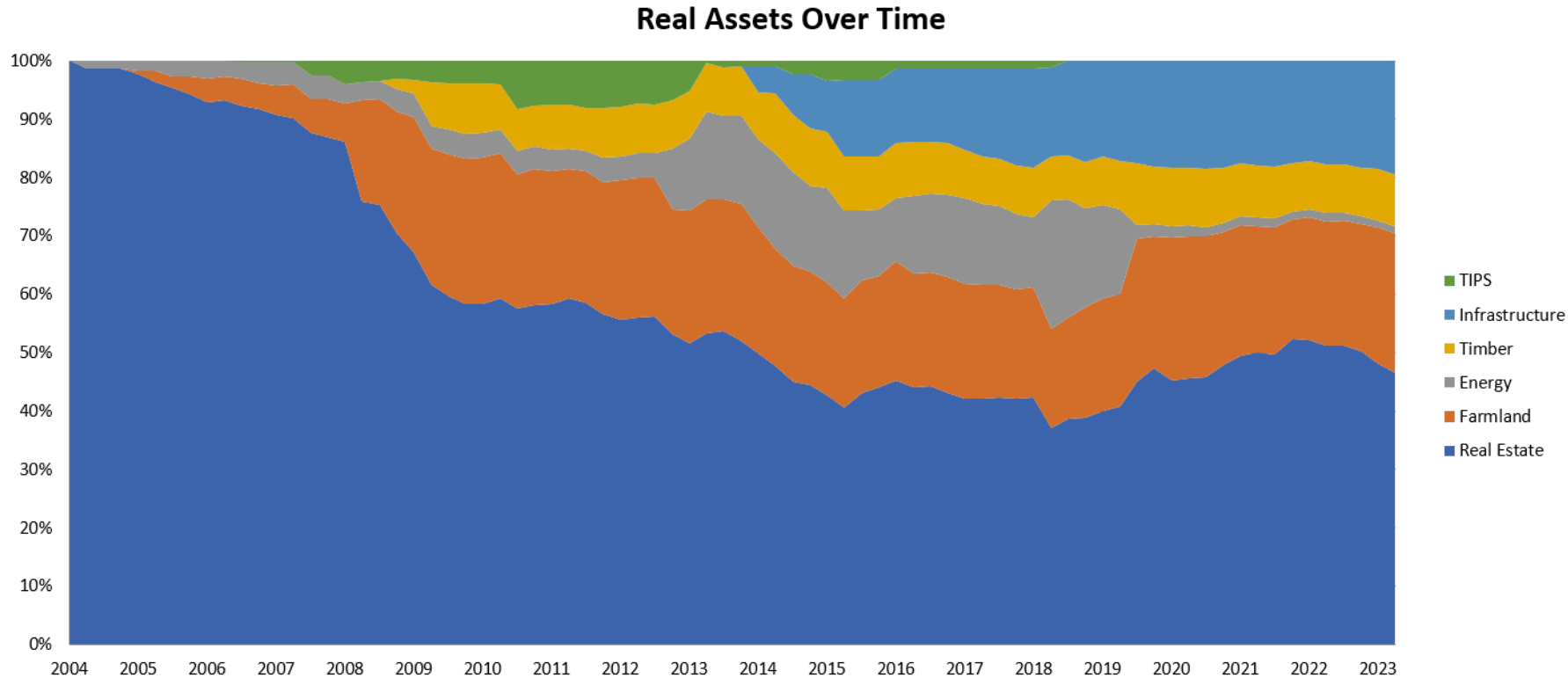


Indiana Toll Road, IFM



Nieuport Aviation, JPM

# Real Asset Portfolio Evolution



- Infrastructure was added to the portfolio in 2014.
- Managers were identified through a Callan search process.

# What is Infrastructure?

- Infrastructure investing offers access to long-lived assets which are hard to replicate. ARMB would probably not be able to invest in these assets privately if it were not for commingled vehicles as the single asset size would be too big from a diversification standpoint.
- Infrastructure investments include essential services that often operate on a monopolistic basis and provide diversification, inflation and yield benefits.
- Infrastructure return profile includes a growing income component and appreciation.

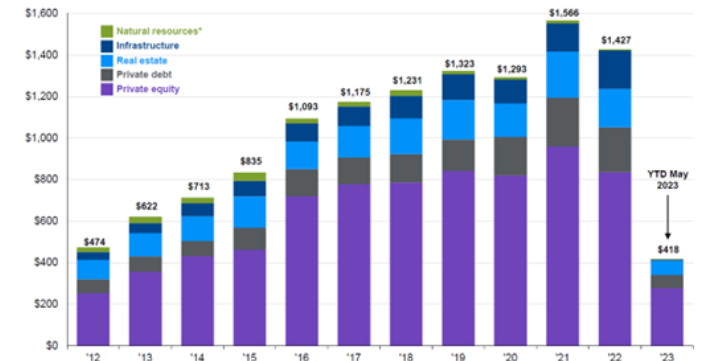


Sydney Airport, IFM

## Private Infrastructure Fundraising

### Global private capital fundraising

USD billions



Source: Preqin, J.P. Morgan Asset Management.

Fundraising categories are provided by Preqin and represent their estimate of annual capital raised in closed-end funds. Data may not sum to total due to rounding. \*Natural resources include natural resources agriculture, energy, metals & mining, timberland and water. Fundraising Data are as of May 31, 2023. Data are based on availability as of May 31, 2023.

10 For Institutional / Wholesale / Professional Clients and Qualified Investors Only — Not for Retail Use or Distribution

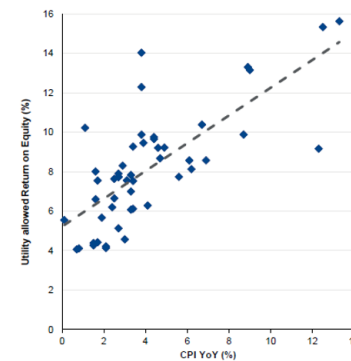
J.P.Morgan  
ASSET MANAGEMENT

## Utility profitability and household spending

GTA U.S. 30

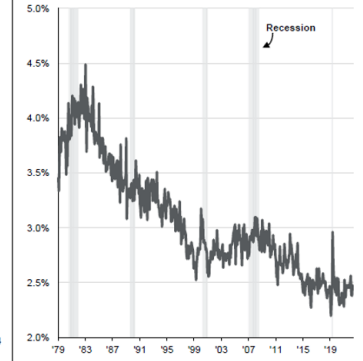
### U.S. utilities allowed returns versus inflation

Average allowed return on equity\*



### Household utility spending

Household utility spending % of personal consumption expenditures



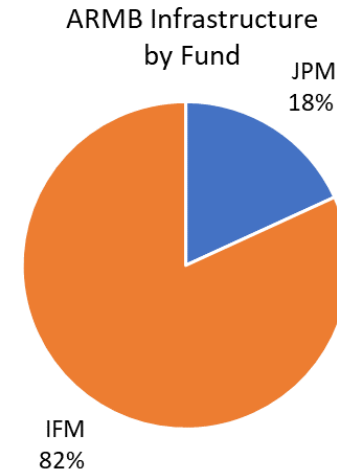
Source: Bloomberg, Bureau of Economic Analysis, SML, AEL, J.P. Morgan Asset Management. Data represent average allowed return on equity (RoE) for Electricity and Natural Gas Utilities, from 1970 through December 2021, and annual inflation from 1968 through 2018. \*Return on equity is lagged by 2 years. Utility spending is as of January 2023. Data are based on availability as of May 31, 2023.

J.P.Morgan  
ASSET MANAGEMENT



# Infrastructure Portfolio Structure

- ARMB is invested in two open-end private investment funds, sponsored by J.P. Morgan and Industry Funds Management (IFM).
- Liquidity:
  - JPM - semi-annual
  - IFM - quarterly
- ARMB receives cash distributions.
- Both funds currency hedge to USD.
- Benchmarked to CPI + 4%.
- Both funds have experienced large growth:
  - J.P. Morgan fund size in 2014: \$3.3 billion.  
In 2023: \$34.3 billion.
  - IFM fund size in 2014: \$5.4 billion.  
In 2023: \$52.0 billion

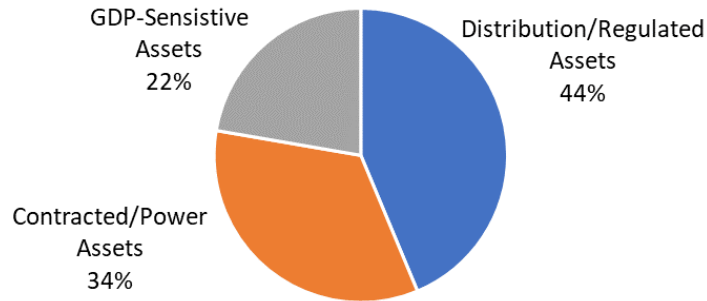


ARMB Investment as of June 30, 2023, \$ millions	
J.P. Morgan	\$156.8
IFM	\$706.6
<b>Total</b>	<b>\$863.4</b>

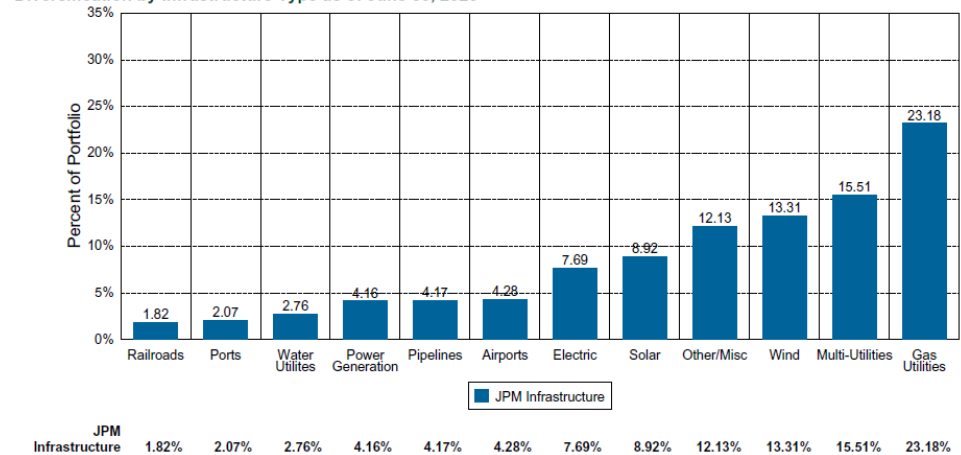
# Infrastructure Fund Comparison

- J.P. Morgan and IFM have different risk and return profiles due to the underlying assets.

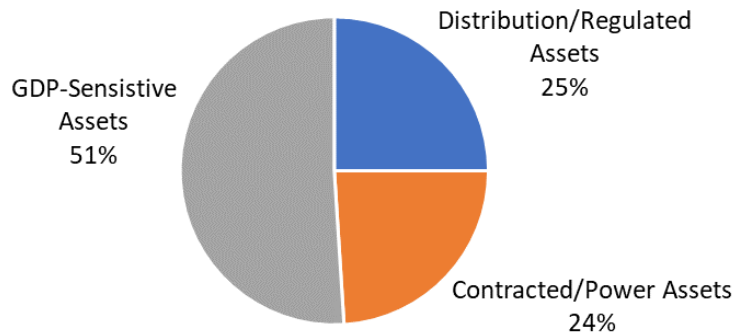
J.P. Morgan



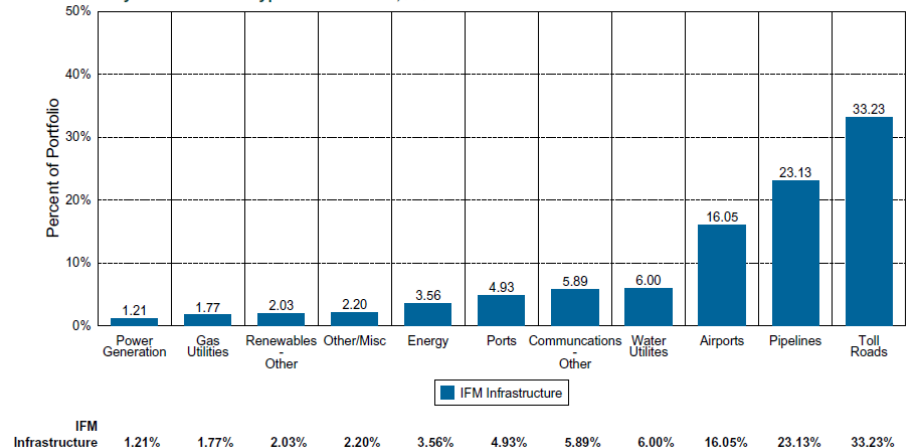
Diversification by Infrastructure Type as of June 30, 2023



IFM



Diversification by Infrastructure Type as of June 30, 2023



Source: Callan



# Infrastructure Performance

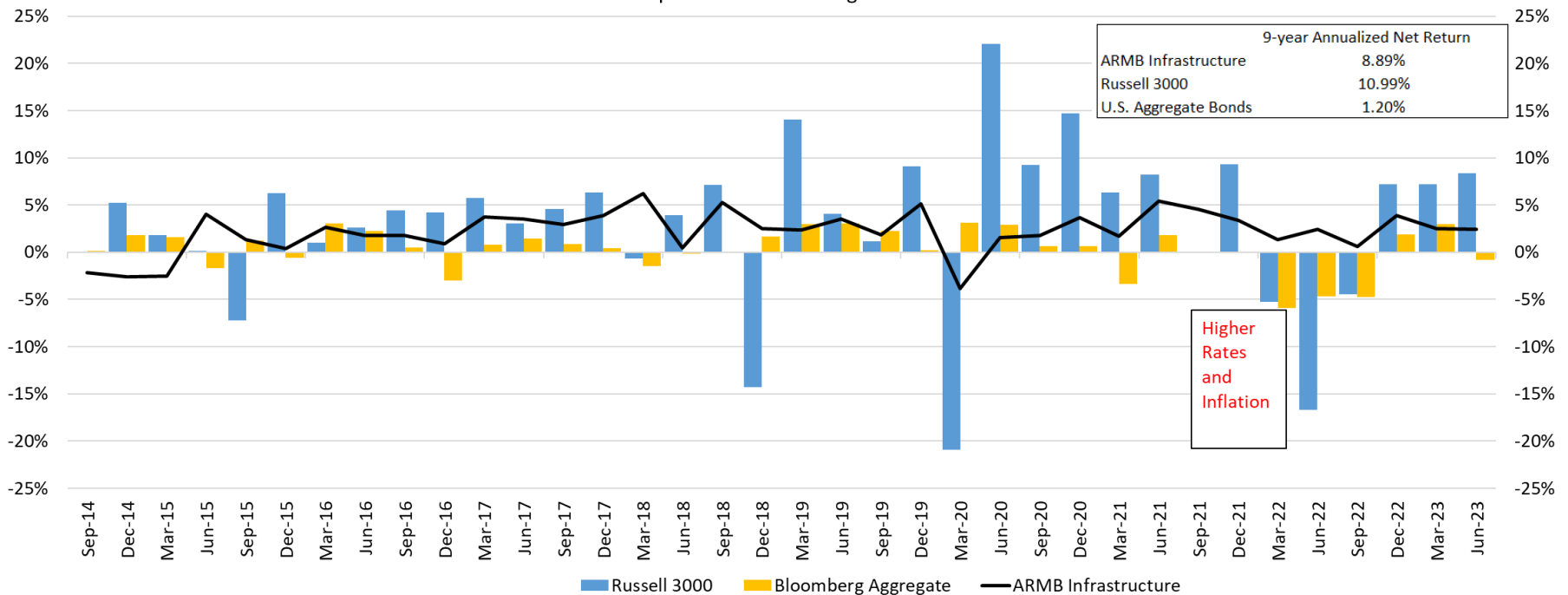
- Infrastructure has produced steady, generally positive returns.

Returns for Periods Ended June 30, 2023							IFM ITD	JPM ITD
	Last Quarter	Last Year	Last 3 Years	Last 6 Years	ITD 9 Years	8.25 Years	9 Years	
IFM (net)	2.52%	9.58%	12.38%	12.21%	-	11.52%	-	
J.P. Morgan (net)	2.01%	10.34%	8.54%	7.71%	-	-	5.68%	
ARMB Infrastructure (net)	2.43%	9.72%	11.65%	11.28%	8.89%	-	-	
CPI+4%	2.04%	6.97%	9.78%	7.73%	6.79%	7.16%	6.79%	

Source: Callan PEP

Annualized returns for periods longer than Last Quarter

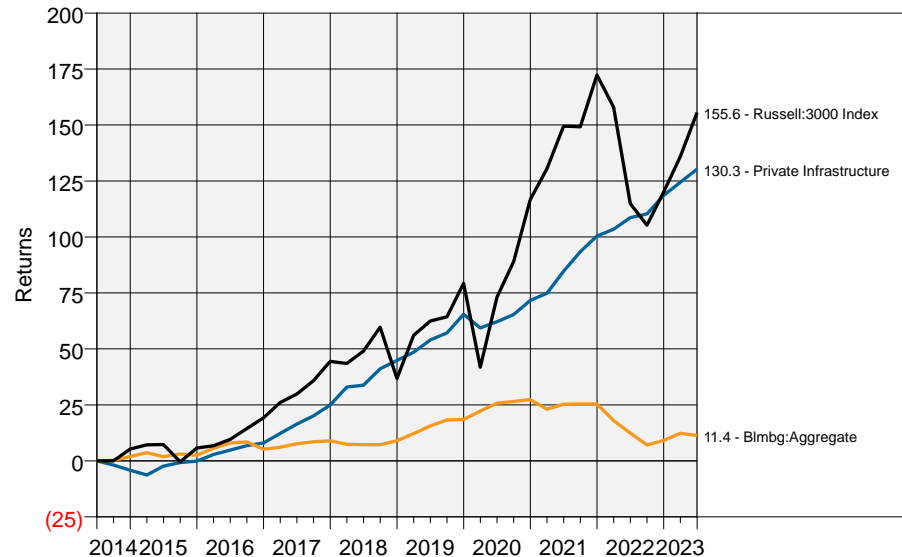
ARMB Infrastructure Quarterly Returns  
September 2014 through June 2023



# Infrastructure Summary

- Reduce risk and increase return by rebalancing current positions and adding complimentary, higher return strategies.
- Infrastructure has been a good investment for the ARMB. Portfolio performance has met expectations. Both funds have benefitted from focus on cash yield and organic growth opportunities from existing companies in the portfolio.
- Current portfolio discount rates are attractive compared to risk free rates. They have not compressed like other asset sectors. The current weighted average discount rate for assets in the portfolios is approximately 10%.
- Diversification can be improved by moving toward a more balanced exposure across existing open-end funds.
- Infrastructure has exceeded expectations which provides confidence in adding higher risk/return strategies to the portfolio.

Cumulative Returns  
for 9 Years Ended June 30, 2023



Source: Callan

# Real Assets Fiscal Year 2024 Investment Plan

Asset Class	<ul style="list-style-type: none"> <li>Adopt new sector target allocations:            Core Real Estate 30%-----            Non-core Real Estate 5%            Real Estate Debt 5%            US REITs 10% -----            Timberland 10% -----            Farmland 20% -----            Infrastructure 20% -----</li> </ul>	<u>Policy Benchmark:</u> 40% NCREIF ODCE Index  10% NAREIT All Equity Index 10% NCREIF Timberland Index 20% NCREIF Farmland (80/20) 20% CPI+4%	<u>Implementation:</u> Effective Date: 10/1/23  Supersedes Real Assets policy established in Resolutions 2023-02 and 2023-03, relating to plan level asset allocation, on effective date.
Real Estate	<ul style="list-style-type: none"> <li>Wind down UBS Separate Account. Transfer apartment assets to Sentinel. Utilize Callan search process to fund two new core ODCE fund managers with complementary strategies to existing ARMB real estate investments.</li> <li>Rebalance core fund exposures over time to optimal weights consistent with total core target.</li> <li>Implement non-core pacing model and raise exposure to target level consistent with new sector targets.</li> <li>Add debt investments to portfolio initially by transferring Fidelity REHI strategy from fixed income to Real Assets. Utilize Callan search to identify one to two private debt investment funds to compliment existing CMBS portfolio.</li> </ul>		
Farmland	<ul style="list-style-type: none"> <li>No strategy changes recommended.</li> </ul>		
Timberland	<ul style="list-style-type: none"> <li>No strategy changes recommended.</li> </ul>		
Infrastructure	<ul style="list-style-type: none"> <li>Gradually rebalance existing open-end exposures to optimal weights over time.</li> <li>Add best-in-class higher return strategies as opportunities present.</li> </ul>		

## ATTACHMENT 5: ARMB REAL ASSETS INVESTMENT GUIDELINES

- Real Estate Investment Guidelines
- Farmland Investment Guidelines
- Timberland Investment Guidelines
- Infrastructure Investment Guidelines

**ALASKA RETIREMENT MANAGEMENT BOARD  
REAL ESTATE INVESTMENT  
POLICIES, PROCEDURES AND GUIDELINES**

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**ATTACHMENTS**

Attachment 1 – Delegation of Responsibilities

# ALASKA RETIREMENT MANAGEMENT BOARD REAL ESTATE INVESTMENT POLICIES, PROCEDURES AND GUIDELINES

## I. INVESTMENT OBJECTIVES

### A. *Investments in Real Estate and Other Real Estate Related Assets*

The Alaska Retirement Management Board (ARMB) will invest in real estate with the goals of portfolio diversification and attaining the optimum return on the portfolio, consistent with the assumption of prudent risk and safety of principal. ARMB recognizes the need to use active investment management in order to obtain the highest attainable total investment return (measured as income plus appreciation) within ARMB's framework of prudence and managed risk.

ARMB will select Real Estate Investment Managers who have the discretion to invest in publicly traded equity, privately placed debt, and/or privately placed equity sectors, subject to ARMB's approval of an Annual Strategic/Tactical Plan and an Annual Investment Plan. In order for real estate investments to be considered, the Investment Manager must demonstrate that it is able to: add value through its real estate knowledge, experience and strategy; underwrite the risks of the investment which is contemplated; and at the time of investment, comply with the intent of the Real Estate Investment Policies, Procedures and Guidelines (**Guidelines**).

Single property and multi property strategies will be considered as well as "pooled/commingled" fund investment vehicles.

### B. *Asset Allocation*

The ARMB allocation to real estate investments shall be determined by the Board of Trustees and reviewed annually. Allocated capital to Investment Managers will be defined as invested capital based on ARMB's cost.

### C. *Portfolio Return Objective*

#### 1. **Total Return**

Over rolling six- year periods, the ARMB real estate investment portfolio is expected to generate a net-of-fee total return between public equities and fixed-income.

#### 2. **Income Return**

Income, which is defined as cash distributed to ARMB, is expected to produce 50-60% of the total return over rolling five-year periods.

#### 3. **Index**

The overall portfolio is expected to exceed the target index. The target index is composed of 80% NFI-ODCE and 20% NAREIT All Equity Index.

## II. PROGRAM RISK MANAGEMENT AND IMPLEMENTATION

The selection and management of assets in the real estate portfolio of the ARMB will be guided by the principles of preserving investment capital, attaining the optimum return on the portfolio consistent with the assumption of prudent risk, generating current income, being sensitive to inflation, maintaining diversification of assets and diversification of management responsibility.

In real estate investment, there is an inherent risk that the actual income and return of capital will vary from the amounts expected. The ARMB will manage the investment risk associated with real estate in several ways:

### *A. Institutional Quality*

All assets must be of institutional investment quality as evidenced by a precedent of institutional investment in similar properties; expert analysis which supports the economic viability of the market; high quality construction and design features; and a potential competitive position within the property's immediate market area.

### *B. Diversification*

The real estate portfolio will be diversified as to style group, property type, industry sector, life cycle, economic driver, investment manager and geographical location. Diversification reduces the impact on the portfolio of any one investment or any single manager's investment style to the extent that an adversity affecting any one particular area will not impact a disproportionate share of the total portfolio. Portfolios for core investment managers and non-core or value added investment managers will carry the diversification characteristics set forth in the allocations and definitions set out below. Diversification compliance will be monitored on a quarterly basis for compliance with ARMB's Guidelines by staff and the real estate consultant.

For purposes of calculating diversification compliance, the overall real estate portfolio size will be considered the product of the greater of projected or target real estate allocation times the projected fiscal year-end overall plan assets as established in the Annual Investment Plan. The projected fiscal year-end overall plan assets will take into account the target allocations and projected returns of all asset classes in which plan assets are invested, and estimated net pay-outs to plan beneficiaries. Unless exceptional circumstances justify a deviation, the maximum percentage of the real estate portfolio investment for each of the identified categories is as follows:

Non-Controlled Investments: (ARMB cannot liquidate within 180 days)	50%
Non-Core Investments (See definition below):	50%
Single Manager Limit: <i>(value of both Separate Account and Commingled Fund combined, if applicable)</i>	45 %

Geographic:

ARMB will avoid over-concentration in areas of similar real estate performance. The consultant will monitor ARMB’s concentrations in this area, considering indicators such as NCREIF sub-region, metropolitan areas and economic drivers. The consultant will report its conclusions regarding the acceptability of ARMB’s concentration limits quarterly.

Outside United States:	20 %
Single Property Investment: <i>(acquisition cost plus projected capital additions and improvements)</i>	5 %
Single-Tenant (any one firm):	10 %
Property Type:	50 %

**Manager Allocation** – It is understood that Separate Account Investment Managers may exceed their Board-approved allocations by up to 5% for the purposes of capital improvements on existing assets and/or for the completion of an acquisition. A core Separate Account Investment Manager’s portfolio may be invested up to 15% in core-plus style properties to assemble a core portfolio. A value-added Separate Account Investment Manager’s portfolio shall include 70%-100% in value-added style properties, and may include up to 30% in opportunistic style properties.

Subject to CIO approval, upon the sale of a property held by a Separate Account Investment Manager in which the net sales proceeds are in excess of the property’s cumulative basis, the advisor’s allocation will increase in an amount equal to the lesser of the excess of the net sales proceeds over the property’s cumulative basis or the aggregate



portfolio net asset value over the aggregate portfolio cumulative basis adjusted to reflect actual sale proceeds. The CIO will also consider whether an allocation increase should be adjusted for any past realized losses incurred by the Separate Account Investment Manager. The intent of this provision is to allow a Separate Account Investment Manager to reinvest realized gains but only to the extent gains are greater than losses which have been experienced in other property investments in the Separate Account Investment Manager's portfolio.

**Exceptional circumstances justifying a deviation** – When circumstances arise of a temporary nature, such as an unexpected re-valuation of assets, a transfer of assets among managers, or an event in which it would be in the fiduciary interest of the ARMB to do so, the limits set forth in paragraph II.B of ARMB Policies may be exceeded provided that ARMB concurs.

**CIO Discretionary Investment Authority** – The CIO shall have the following discretionary investment authority:

- a) To increase or decrease existing separate account allocations and investments in open-end funds;
- b) To commit to new investment funds up to \$100 million for each fund; and,
- c) To engage consultants and take other action as may be necessary to ensure sufficient due diligence is performed on all investments under consideration.

The CIO shall exercise this discretion within Board approved asset allocations, investment plans, and guidelines as they may apply.

The CIO will provide prior notification to the Chair of ARMB before committing to any investments under this authority. All discretionary CIO investment actions shall be reported to the Board.

## Definitions

### Core Investments

- Primary Characteristics:
- Fully or substantially leased (85% occupancy or greater)
  - Inconsequential turnover near term
  - Inconsequential physical issues or renovation required
  - Credit tenants
  - Primary markets
  - Quality property
  - Income produces 50% or more of expected return
  - Typically longer term holds
  - Properties in markets with stable or improving economic conditions

## Core-plus Investments

- Primary Characteristics:
- Limited renovation, primarily deferred maintenance, limited physical issues or repositioning needed
  - Modest near term lease roll over; modest vacant lease up
  - Expected growth through increasing rents
  - Poor prior management
  - A- to B- quality
  - Income produces 50% or more of expected return

## Non-Core Investments

### Value-Added Investments

- Primary Characteristics:
- Asset renovation – lobbies, corridors, deferred maintenance
  - Intermediate term (6-9 months) physical issues
  - Current vacancies or rent loss
  - Near term roll over exposure
  - Repositioning, re-tenanting
  - Distressed prior management
  - Purchase of adjacent land to develop
  - Alternative, turnaround markets and property types
  - Income produces 50% or less of total return

**Opportunistic Investments** – These investments involve significant redevelopment risk, high leasing risk, and high development risk.

- Primary Characteristics:
- Empty Buildings
  - High near term turnover
  - New development – spec or limited pre-leasing
  - Significant rehabilitation and leasing, redevelopment into alternative uses
  - Capital displacement in maligned markets: lack of investment capital due to level of risk
  - Non-traditional asset type (mezzanine debt, land, etc.)
  - Wide ranging investment structures

- Investing in non-performing notes
- Cross-border investing
- Holding periods typically 1 to 5 years
- Income produces less than 50% of total return

**Note:** *Properties within a multi-property investment will be categorized as either core or non-core.*

### *C. Implementation Approach*

All allocation of funds to a manager (including additional investment with existing accounts) and investment strategy must be recommended to ARMB by Staff and the Real Estate Consultant and be accompanied by an investment report which, at a minimum, includes the following: market information; investment alternatives; fee structure and comparison to other alternatives; demonstration of compliance with Guidelines and the then current Annual Investment Plan; historical performance of Separate Account Investment Manager (cash-based internal rates of return and industry standard); projected returns (income and appreciation); and positive and negative attributes of the investment strategy.

On a selective basis, a member of ARMB may visit the site of a real estate investment for the purpose of rendering a report to ARMB supplementing reports provided by Staff, the Real Estate Consultant, or others.

### *D. Prudent Leverage*

Separate account investment managers may place leverage on properties up to a maximum of 65% at the property level and 30% at the portfolio level, measured at the time the financing is established. All debt shall be non-recourse to ARMB. Property encumbered by debt at the time of purchase, if justified on a risk-return basis by the Separate Account Investment Manager, may be acquired subject to the aforementioned leverage constraints.

The total amount of fund level leverage, at the time of investment, will not exceed 35% for core commingled funds investing in a core equity diversified asset strategy. The total amount of fund level leverage, at the time of investment, will not exceed 65% for non-core commingled funds investing in a value-add or opportunistic diversified asset strategy.

### *E. Lease Structure*

Multi-tenant and single tenant properties will be considered. When acquiring single tenant properties, consideration will be given to avoid multiple single-tenant exposure to any firm if those single tenant properties constitute more than 10% of the portfolio. A staggered lease structure for commercial properties will be emphasized.

### *F. Separate Account Investment Manager Business Plan; Annual*

### *Strategic/Tactical Plan; Disposition/Exit Strategy*

A Business Plan (including property operating budgets) will be completed by each Separate Account manager for each asset under its management. The Business Plan will identify the current and anticipated competitive position for each property in order to set tactical and strategic objectives and will prescribe in appropriate detail a disposition and exit strategy respecting the particular investments. Part of this process is to evaluate the potential timing of dispositions. A property is considered for sale when it is believed that the equity in the existing investment can achieve a higher return in another real estate investment of similar risk. The Annual Strategic/Tactical Plan will describe the expectation of the manager with respect to acquisitions and dispositions.

### *G. Fee Structure*

Involvement in any venture will be done on a fee basis that is competitive. The preferred method of calculating manager fees will be based upon a formula, which considers both 1) the cost basis of assets under management and 2) investment performance. All fee structures will be approved by ARMB. For core managers, the return-based portion of a fee will emphasize actual cash available for distribution to ARMB.

### *H. Single Asset Ownership Structure (Applies to Separate Accounts Only)*

Provided that the goals of these guidelines are followed, ARMB may invest in separate, specific real estate assets. However, such investments will be undertaken in a fashion structured to limit ARMB's liability to the amount of its investment.

### *I. Reporting System*

Staff and the Real Estate Consultant will develop and implement a comprehensive and responsive reporting and monitoring system for the entire portfolio, individual investments and individual managers. The reporting and monitoring system will endeavor to identify under-performing investments, controlled portfolio diversification deficiencies and inherent conflicts of interest, thereby facilitating active portfolio management. A cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of an investment. Time-weighted returns will be used to measure comparative performance.

### *J. Distribution of Current Income*

All separate account income will be distributed immediately to ARMB or its designee and not automatically reinvested in the account.

### *K. Lines of Responsibility*

Well defined lines of responsibility and accountability will be required of all participants in ARMB's real estate investment program. Participants are identified as:

**ARMB** – The fiduciaries appointed by the Governor to represent the beneficiaries' interest which shall retain final authority over all real estate investment decisions.

**Staff** – Investment professionals on the staff of the Department of Revenue and assigned ARMB responsibilities who will assist in the Real Estate equity investment program’s design, policy implementation and administration.

**Real Estate Consultant** – Professionals retained to support Staff and ARMB through the provision of expert real estate strategic planning, implementation and performance monitoring support.

**Separate Account Investment Managers** – Qualified entities who provide institutional real estate investment management services and maintain a discretionary relationship with ARMB subject to Staff’s approval of Annual Business Plans and Annual Strategic/Tactical plans, prepared by Separate Account Investment Managers, and ARMB’s approval of the Annual Investment Plan.

**Commingled Fund Managers** – Qualified entities who provide institutional real estate investment management services through open-end and closed-end real estate pools and other pooled/commingled vehicles.

### III. CONFLICTS OF INTEREST

In real estate investment, separate and distinct from other asset classes, the Manager of a Separate Account or Commingled Fund may have direct or significant control over the operations of the assets. This inherent or potential conflict of interest if openly described and regulated may contribute to the lower volatility associated with the asset class, but it also creates a need for a higher oversight standard by the plan sponsor. Staff and ARMB will maintain this oversight in at least the following ways:

#### *A. Property Valuation*

The Separate Account Investment Manager will provide ARMB with annual appraisal valuations for all properties for which it has asset management responsibility as of the quarter ending March 31. Unless otherwise directed by ARMB, the appraisal will be prepared by a qualified independent third party entity in accordance with industry standards. Staff may waive the appraisal requirement for recent acquisitions or pending dispositions following a recommendation by the Separate Account Investment Manager that such appraisal would not be a cost effective exercise. For development assets, appraisals are to be conducted in the manner described above after substantial completion payment by ARMB is made. In addition, the Separate Account Investment Manager will mark each asset to market each quarter based on asset conditions and leasing, operations and capital market conditions for comparable properties in that market.

#### *B. Property Management*

The selection of on-site property management will generally be left to the discretion of the Separate Account Investment Manager. It is expected that the Separate Account Investment Manager will retain the highest caliber, market rate property management service either through a third party fee manager or the Separate Account Investment Manager’s affiliated property management division. This business relationship will be periodically reviewed by Staff, the Real Estate Consultant and ARMB.

#### IV. INSURANCE COVERAGE

The Separate Account Investment Manager will obtain insurance for the physical properties and assets under its control. The coverage will be in such amounts and against such risks as, in the Separate Account Investment Manager's professional judgment, shall be in accordance with sound institutional practices applicable to such properties or assets in the specific geographic area. It is expected that such insurance will include, but not be limited to, casualty loss, including where deemed appropriate by the Separate Account Investment Manager, earthquake, flood and any other disaster-type insurance coverage; comprehensive general liability; and title insurance. Separate Account Investment Managers will provide proof of insurance to Staff annually.

#### V. UNRELATED BUSINESS INCOME TAX

Prior to entering into any transaction, the Manager will assess whether income generated from the property under consideration could qualify as unrelated business taxable income. If this risk exists, the Manager will provide ARMB with an opinion of counsel satisfactory to ARMB that the transaction will not generate unrelated business taxable income under the federal income tax law or any other tax provisions that could affect ARMB's tax-exempt status existing at the time. The Manager shall investigate as to whether ARMB shall be entitled to any property tax exemptions. Managers will provide letters of opinion on UBIT and property tax exemptions to Staff.

#### VI. ENVIRONMENTAL EVALUATIONS

As a standard procedure during the pre-acquisition analysis, the Separate Account Investment Manager will initiate a formal evaluation for each property through the selection of an environmental consultant. In carrying out the review, appropriate procedures based on standards of the locale and conditions known to exist in the locale shall be undertaken and such procedures should at a minimum include:

- Appointment of an environmental consultant with specific experience in testing and removal of asbestos and other environmental hazards.
- A site survey will be conducted to determine from the available evidence whether hazardous chemicals or environmentally dangerous materials exist or have existed on the subject property, including, at a minimum, a Phase I report.

ARMB may invest in properties, which contain asbestos and other toxic substances, only if the following conditions are met:

- The substance and potential risks are thoroughly disclosed.
- The property is not in violation of any federal, state or local law, ordinance, or regulation relating to the property's environmental condition.
- The estimated cost of the removal or containment programs will be reflected in the purchase assumptions.
- The substance can be properly contained or removed in accordance with the then current Environmental Protection Agency Standards.
- The leasing rollover pattern in the property will accommodate a removal program in the future.

Separate Account Investment Managers will provide the environmental evaluation reports to staff

## **VII. PROCEDURES FOR INVESTMENT**

### *A. Delegation of Responsibilities*

The real estate investment program will be implemented and monitored through the coordinated efforts of the ARMB, Staff, the Real Estate Consultant, and the qualified Manager(s). Delegation of responsibilities for each participant is described in the following sections: A summary of the delegation is attached:

#### **1. ARMB**

ARMB will retain final authority over all real estate investment strategy decisions except for Business Plan variances as set forth in the Guidelines Section VIII; approve the Guidelines, the Annual Investment Plan and any periodic revisions to these documents which ARMB deems to be appropriate and prudent for the investment of ARMB assets; retain qualified investment managers and real estate consultants; and set investment limits.

#### **2. Staff**

Staff will coordinate program compliance among all participants and communicate the investment policies, objectives and performance criteria to the Separate Account Investment Managers and monitor diversification compliance on a quarterly basis. Staff will also coordinate the receipt and distribution of capital. Staff, in cooperation with the Real Estate Consultant, will periodically review the Separate Account Investment Managers' and portfolio's performance in relation to target returns; review and approve the Separate Account Investment Manager's Annual Business Plan and Annual Strategic/Tactical Plan; review and recommend investments in commingled vehicles; prepare and recommend an Annual Investment Plan; and recommend revisions to the Real Estate Investment Policy Procedures and Guidelines. Staff will also review and approve the detailed property operating budgets prior to the start of each fiscal year and revisions to the property operating budgets in accordance with Section VIII of these Guidelines.

#### **3. Real Estate Consultant**

In cooperation with Staff and as deemed appropriate by ARMB, the Real Estate Consultant will ensure program compliance; assist in the implementation of a multiple manager program; review all program documentation and management relationships; conduct manager searches when requested; provide performance measurement analysis of the portfolio; review the Annual Investment Plan as set forth in the Investment Procedures outlined below; and provide special project research pertaining to technical real estate issues.

The Real Estate Consultant will, as requested by ARMB, provide periodic reports for the real estate program including a performance evaluation of the total portfolio to include both ARMB's commingled fund investments and ARMB's separate account investments. The analysis will include both income and capital accounting; comparison to industry performance benchmarks (such as NCREIF); Manager reviews, and effects of "Pooled Leverage" on the real estate portfolio. The Real

Estate Consultant will prepare a quarterly performance analysis report which will provide after-fee realized and unrealized gains/losses; monitor and report quarterly diversification compliance and the geographic concentration limits; time weighted returns including both current quarter returns and annualized returns since portfolio inception; and internal rates of return since inception based on actual cash flow from and to ARMB.

Additional responsibilities may include developing selection criteria in manager search efforts, coordinating/conducting manager searches, conducting manager reviews, and other special projects.

#### **4. Managers**

Separate Account Investment Managers will acquire and manage real estate investments on behalf of ARMB and in accordance with the then current and approved Annual Business, Annual Strategic/Tactical Plans, and the objectives set forth in the Annual Investment Plan and the Guidelines. Managers will prepare Annual Business (including property operating budgets) and Annual Strategic/Tactical Plans for Staff review and approval.

Commingled fund investment managers will acquire and manage real estate investments on behalf of ARMB and in accordance with the terms of any and all agreements between each respective Manager and ARMB.

#### ***B. Investment Procedure***

Real estate investments, in compliance with ARMB's Policies, shall be acquired through the following process:

##### **1. Separate Accounts:**

Annually, Staff will prepare an Investment Plan after reviewing the Annual Business and Strategic/Tactical Plans of the Separate Account Investment Managers. This document will recommend, as appropriate, revisions to the ARMB Guidelines, additional allocations to existing managers, and revisions to the Annual Business and Strategic/Tactical Plans of each respective Separate Account Investment Manager. Any searches that may be recommended will be outlined. The Investment Plan will then be reviewed by the consultant and submitted to ARMB for final approval. Staff and the Real Estate Consultant shall review the Separate Account Investment Manager's Annual Business Plans and Annual Strategic/Tactical Plans for consistency with the Annual Investment Plan. Staff will approve all Plans prepared by Separate Account Investment Managers.

Investments will be made on a discretionary basis by Separate Account Investment Managers in accordance with their approved Annual Business and Strategic/Tactical Plans. Separate Account Investment Managers must provide staff with copies of their internal "Investment Committee" reports for each asset purchased on ARMB's behalf.



## **2. Commingled Funds:**

Investments in commingled funds will be recommended by Staff and the Real Estate Consultant on an individual fund basis in accordance with the Annual Investment Plan and the ARMB Guidelines.

## **VIII. DELEGATION OF AUTHORITY**

ARMB shall delegate authority to Staff to approve the following:

- Each Separate Account Investment Manager's detailed property operating budgets for each fiscal year;
- Annual Business Plans and Annual Tactical/Strategic Plans prepared by ARMB's Separate Account Investment Managers;
- Revised property operating budgets and variances in approved Annual Business Plans for unanticipated, significant leasing activity; and
- Line item variances in approved capital expenditure budgets in amounts up to \$300,000 with a cumulative fiscal year maximum of \$3,000,000 per Separate Account Investment Manager for other capital expenditures not related to leasing activity (such as repairs for building damage or defects).

## **IX. CONFIDENTIALITY**

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by Manager(s) or Consultant(s) which is reasonably designated by Manager(s) or Consultant(s) as being confidential or proprietary, within the meaning of Alaska Statutes regarding rights to public information, except to the extent that the information is needed by ARMB in order to adequately report on the status and performance of the portfolio, or to comply with a court subpoena or with an official criminal investigation.

Those portions of reports provided pursuant to Part II section I (Reporting System) of these Guidelines shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by Manager(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of Manager(s) or ARMB to manage, lease, market or sell such property or Assets.

## **X. REVISIONS**

This document replaces and consolidates the policies, procedures, and guidelines as of September 16, 2022 . This document is to be reviewed no less than annually and revised as appropriate.

## XI. REAL ESTATE SEPARATE ACCOUNT INVESTMENT MANAGERS

The following investment managers acquire institutional-grade properties on a discretionary basis for the Alaska Retirement Management Board:

### **UBS Realty Investors LLC**

*Property type* – Core/apartments, industrial, retail and office  
*Contact* - Jeffrey G. Maguire  
Managing Director  
10 State House Square  
Hartford, CT 06103-3604  
*Telephone*: 860-616-9086  
*Fax*: 860-616-9104  
*E-mail*: jeffrey.maguire@ubs.com  
*Web site*: www.ubs.com

### **Sentinel Realty Advisors Corp.**

*Property type* – Core/apartments only  
*Contact* – George Tietjen  
Managing Director  
1251 Avenue of the Americas  
New York, NY 10020  
*Telephone*: 212-408-2929  
*Fax*: 212-603-5961  
*E-mail*: tietjen@sentinelcorp.com  
*Web site*: www.sentinelcorp.com

## XII. REAL ESTATE COMMINGLED ACCOUNT INVESTMENT MANAGERS

### **UBS Realty Investors LLC**

*Contact*: Thomas J. O'Shea,  
Managing Director  
10 State House Square  
Hartford, CT 06103-3604  
*Telephone*: 860-616-9128;  
*Facsimile*: 860-616-9104  
*E-mail*: [thomas.oshea@ubs.com](mailto:thomas.oshea@ubs.com)

### **J.P. Morgan Asset Management**

*Contact*: Ann Cole, Managing Director Portfolio Manager; Kimberly Adams, Managing Director Portfolio Manager, Strategic Property Fund  
270 Park Avenue, 7<sup>th</sup> Floor  
New York, NY 10017  
*Telephone*: (AC) 212-648-2152  
*Telephone*: (KA) 312-732-6366  
*Facsimile*: 917-464-7449  
ann.e.cole@jpmorgan.com  
kimberly.a.adams@jpmorgan.com

### **Clarion Partners**

*Contact*: Richard Schaupp  
Director  
230 Park Avenue  
New York, NY 10169  
*Telephone*: 212-883-2716  
*Facsimile*: 212-883-2806  
*E-mail*: richard.schaupp@clarionpartners.com

### **Silverpeak Legacy Partners**

*Contact*: Colleen Fennerty  
Managing Director  
40 West 57<sup>th</sup> Street, 29<sup>th</sup> Floor  
New York, NY 10019  
*Telephone*: 212-716-2064  
*Facsimile*: (646) 285-9271  
*E-mail*: investorrelations@silverpeakre.com

**Almanac Realty Investors, LLC**

*Contact:* Matt Kaplan, Managing Partner  
1140 Avenue of the Americas, 17<sup>th</sup> Floor New  
York, NY 10036

*Telephone:* 212-403-3522

*Facsimile:* 212-403-3520

*E-mail:* matthew.kaplan@almanacrealty.com

**BlackRock, Inc.**

*Contact:* Ted Koros, Managing Director  
50 California Street, Suite 300  
San Francisco, CA 94111

*Telephone:* 415-670-6210

*Facsimile:* 646-521-4982

*E-mail:* theodore.koros@blackrock.com

**KKR & Co. L.P.**

*Contact:* Lawrence Ou, Director

555 California Street

San Francisco, CA 94101

*Telephone:* 415-315-3627

*E-mail:* Lawrence.ou@kkf.com

**Attachment 1**

<b>REAL ESTATE INVESTMENT POLICY and PROCEDURES - Delegation of Responsibilities Attachment</b>					
	<b>Frequency</b>	<b>Separate Account Investment Managers</b>	<b>Consultant</b>	<b>Staff</b>	<b>Board</b>
<b>Real Estate Investment Policy, Procedures, and Guidelines</b>			R	P&R	A
Review and Revise	Annually		R	R	A
<b>Separate Account Investment Manager Selection</b>	Periodically		G&R	G&R	A
Request For Proposal (RFP)			P&R	P&R	A
<b>Real Estate Consultant Selection</b>	Tri-Annually			G&R	A
Request For Proposal (RFP)				P&R	A
<b>Commingled Fund Selection**</b>	Periodically		R	R	A
<b>Real Estate Investment Plan**</b>	Annually		R	P&R	A
<b>Separate Account Business Plan**</b>	Annually	P	R	R&A	
<b>Detailed Property Operating Budget</b>	Annually	P	R	R&A	
<b>Separate Account Strategic/Tactical Plan**</b>	Annually	P	R	R&A	RT
Quarterly Performance	Quarterly		P	RT	RT
Portfolio/Property Diversification Compliance	Quarterly		M	M	
Geographic Concentration Limit	Quarterly		M	RT	
<p>A = Approves                      RT = Reported To                      * Grade Semi-finalists only  G = Grade                              M = Monitor                              ** Investment Decision (Shaded)  P = Prepares  R = Recommends</p>					

# APPENDIX E

## ALASKA RETIREMENT MANAGEMENT BOARD FARMLAND INVESTMENT POLICIES, PROCEDURES AND GUIDELINES

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**ALASKA RETIREMENT MANAGEMENT BOARD  
FARMLAND INVESTMENT  
POLICIES, PROCEDURES AND GUIDELINES**

**I. INVESTMENT OBJECTIVES**

*A. Investments in Farmland and Other Farmland Related Assets*

The Alaska Retirement Management Board (ARMB) will invest in Farmland with the goals of portfolio diversification and attaining the optimum return on the portfolio, consistent with the assumption of prudent risk and safety of principal. ARMB recognizes the need to use active investment management in order to obtain the highest attainable total investment return (measured as income plus appreciation) within ARMB's framework of prudence and managed risk.

ARMB will select Separate Account Investment Managers (**Managers**) who have the discretion to invest in Farmland, subject to ARMB's approval of an Annual Strategic/Tactical Plan and an Annual Investment Plan. In order for Farmland investments to be considered, the Manager must demonstrate that it is able to: add value through its Farmland knowledge, experience and strategy; underwrite the risks of the investment which is contemplated; and comply with the intent of the Farmland Investment Policies, Procedures and Guidelines (**Guidelines**).

Single property and multi property strategies will be considered.

*B. Asset Allocation*

The ARMB allocation to Farmland investments shall be determined by the Board of Trustees and reviewed annually.

Farmland Investments will be allocated 80% to row crops and 20% to permanent crops, +/- ten (10%) percent

Allocated capital to Managers will be defined as invested capital based on ARMB's cost.

*C. Portfolio Return Objective*

**1. Total Return**

Over rolling 6 year periods, the equity Farmland investment portfolio is expected to generate a net-of-fee total return between public equities and fixed income using a time-weighted rate of return calculation.

## **2. Income Return**

Income, which is defined as cash distributed to ARMB, is expected to produce 4.0% returns over rolling five-year periods with a minimum of 3.0% distributed income after fees and projected capital expenditures.

## **II. PROGRAM RISK MANAGEMENT AND IMPLEMENTATION**

The selection and management of assets in the Farmland portfolio of the ARMB will be guided by the principles of preserving investment capital, attaining the optimum return on the portfolio consistent with the assumption of prudent risk, generating current income, being sensitive to inflation, maintaining diversification of assets and diversification of management responsibility.

In Farmland investment, there is an inherent risk that the actual income and return of capital will vary from the amounts expected. The ARMB will manage the investment risk associated with Farmland in several ways:

### *A. Institutional Quality*

All assets must be of institutional investment quality as evidenced by a precedent of institutional investment in similar properties; i.e., properties that have high percentage of Class I & II soils or other soil types appropriate for the production of the targeted commodity, adequate sources of water for irrigation (if applicable) at reasonable costs, located in well established agricultural regions.

“Eligible Properties” mean real property in which ownership in fee vests in ARMB or an ARMB Title Holding Entity. Subsurface, water or other property rights will be acquired and/or retained consistent with use of the property for Farmland, and the terms of acquisition shall include the most favorable rights and terms accorded to any other participant in any controlling or overriding master lease or utilization type agreement which might be applicable to the use of the property (for example, if the ARMB property is a portion of a larger agricultural unit). For purposes of this definition, real property includes any property treated as real property either by local law or state law or for federal income tax purposes.

Investments will be located in the United States of America. International investments are not permitted.

### *B. Diversification*

The Farmland portfolio will be diversified as to crop type, property type and geographical location. Diversification reduces the impact on the portfolio of any one investment. Diversification compliance will be monitored on a quarterly basis for compliance with ARMB’s Guidelines by staff.

For purposes of calculating diversification compliance, the overall Farmland portfolio size will be considered the allocation to Farmland. Unless exceptional circumstances justify a deviation, the maximum percentage of the Farmland portfolio investment for each of the identified categories is as follows:

Controlled Investments:	100 %
<i>(ARMB can liquidate within 180 days –targeted, not guaranteed)</i>	
Non-Controlled Investments:	50%
<i>(ARMB cannot liquidate within 180 days)</i>	
Public Equity:	0 %
Public Debt:	0 %
Private Equity:	100 %
Private Debt:	0 %

Geographic:

ARMB will avoid over-concentration in areas of similar Farmland performance. The consultant will monitor ARMB’s concentrations in this area. The consultant will report its conclusions regarding the acceptability of ARMB’s concentration limits quarterly.

Properties Within the Same NCREIF Farmland Region	40%
Single Property Investment:*	15%
<i>(acquisition cost plus projected capital additions and improvements)</i>	
Single-Tenant/Sub-Tenant (any one firm):	15%
Crop Type (with a band of +/- 10%)	
Row Crop	80%
Permanent Crop	20%
Properties Producing the Same Commodity	30%

**Exceptional circumstances justifying a deviation** – When circumstances arise of a temporary nature, such as an unexpected re-valuation of assets, a transfer of assets among managers, or an event in which it would be in the fiduciary interest of the ARMB to do so, the limits set forth in paragraph II.B of ARMB Policies may be exceeded provided that ARMB concurs.

\* Exception for high cost markets shall be approved annually by the ARMB through its Annual Investment Plan.

Reinvestment of allocation by the investment manager shall require approval by the Chief Investment Officer (CIO). The CIO has discretion in determining the reinvestment amount to authorize. Amounts may reflect the original allocation or may recognize some portion of any realized gains or losses.



**CIO Discretionary Investment Authority** – The CIO shall have the following discretionary investment authority:

- a) To increase or decrease existing separate account allocations and investments in open-end funds;
- b) To commit to new investment funds up to \$100 million for each fund; and,
- c) To engage consultants and take other action as may be necessary to ensure sufficient due diligence is performed on all investments under consideration.

The CIO shall exercise this discretion within Board approved asset allocations, investment plans, and guidelines as they may apply.

The CIO will provide prior notification to the Chair of ARMB before committing to any investments under this authority. All discretionary CIO investment actions shall be reported to the Board.

### *C. Implementation Approach*

The ARMB will endeavor to allocate specific funds to qualified managers on a separate account basis. Selected managers will seek Farmland investment opportunities in privately-placed equity sectors. Investments will be made on a discretionary basis subject to ARMB Staff approval of the Annual Strategic/Tactical Plans prepared by Managers and Staff's approval of the Annual Investment Plan.

All allocation of funds to a manager (including additional investment with existing accounts) and investment strategy must be recommended to Staff and be accompanied by an investment report which, at a minimum, includes the following: market information; investment alternatives; fee structure and comparison to other alternatives; demonstration of compliance with the Guidelines and the then current Annual Investment Plan; historical performance of Manager (cash-based internal rates of return and industry standard); projected returns (income and appreciation); and positive and negative attributes of the investment strategy.

On a selective basis, a member of ARMB may visit the site of a Farmland investment for the purpose of rendering a report to ARMB supplementing reports provided by Staff or others.

### *D. Prudent Leverage*

The total amount of leverage placed on the aggregate Separate Account assets will not exceed ten percent (10%) of the total market value of the Farmland separate account portfolio. Directly-owned properties will not be leveraged by the separate account investment manager unless, with approval from the Chief Investment Officer, the property was encumbered by debt at the time of purchase and leaving the debt in place can be justified on a risk-return basis. With authorization by the ARMB, the Chief Investment

Officer may place leverage on a pool of existing core Farmland assets held in ARMB's separate account portfolio in a manner consistent with the ARMB's Guidelines.

#### *E. Directly Operated Agriculture Properties*

Directly operated agriculture properties are permitted. Managers will select operators for agricultural properties who have relevant experience and who have demonstrated expertise in operating that property's crop type.

#### *F. Lease Structure*

All leases must be of institutional investment quality with a precedent of institutional investment in similar properties; Leases will be structured with fixed cash rents, or participating rents calculated as a percentage of gross income. A lease structure incorporating both fixed cash rent and participating rent is also acceptable.

#### *G. Manager Business Plan; Annual Strategic/Tactical Plan; Disposition/Exit Strategy*

A Business Plan (including property operating budgets) will be completed by each manager for each asset under its management. The Business Plan will identify the current and anticipated competitive position for each property in order to set tactical and strategic objectives and will prescribe in appropriate detail a disposition and exit strategy respecting the particular investments. Part of this process is to evaluate the potential timing of dispositions. The Annual Strategic/Tactical Plan will describe the expectation of the manager with respect to acquisitions and dispositions.

#### *H. Fee Structure*

Involvement in any venture will be done on a fee basis that is competitive. The preferred method of calculating manager fees will be based upon a formula, which considers 1) the cost basis of assets under management and 2) market value of the assets under management. All fee structures will be approved by ARMB.

#### *I. Single Asset Ownership Structure (Applies to Separate Accounts Only)*

Provided that the goals of these guidelines are followed, ARMB may invest in separate, specific Farmland assets. However, such investments will be undertaken in a fashion structured to limit ARMB's liability to the amount of its investment.

#### *J. Reporting System*

Staff will develop and implement a comprehensive and responsive reporting and monitoring system for the entire portfolio, individual investments and individual managers. The reporting and monitoring system will endeavor to identify under-performing investments, control portfolio diversification deficiencies and inherent conflicts of interest,

thereby facilitating active portfolio management. A cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of an investment. Time-weighted returns will be used to measure comparative performance.

### *K. Distribution of Current Income*

All separate account income less expenses and prudent operating reserves will be distributed to ARMB or its designee on a quarterly basis and not automatically reinvested in the Account.

### *L. Lines of Responsibility*

Well defined lines of responsibility and accountability will be required of all participants in ARMB's Farmland investment program. Participants are identified as:

**ARMB** – The fiduciaries appointed by the Governor to represent the beneficiaries' interest which shall retain final authority over all Farmland investment decisions.

**Staff** – Investment professionals on the staff of the Department of Revenue and assigned ARMB responsibilities who will assist in the Farmland equity investment program's design, policy implementation and administration.

**Separate Account Managers** – Qualified entities that provide institutional Farmland investment management services and maintain a discretionary relationship with ARMB subject to Staff's approval of Annual Business Plans and Annual Strategic/Tactical plans, prepared by Managers.

## III. CONFLICTS OF INTEREST

In Farmland investment, separate and distinct from other asset classes, the Manager of a Separate Account or Commingled Fund may have direct or significant control over the operations of the assets. Additionally, Managers may now or in the future maintain or manage properties and provide discretionary or non-discretionary advisory services for a number of other accounts and clients, including accounts affiliated with the Manager. These inherent or potential conflicts of interest if openly described and regulated may contribute to the lower volatility associated with the asset class, but it also creates a need for a higher oversight standard by the plan sponsor. Staff and ARMB will maintain this oversight in at least the following ways:

### *A. Property Valuation*

The following valuation procedures shall be applied to all farmland assets managed in separate accounts for the Alaska Retirement Management Board:

- 1) All assets shall be appraised at the time of acquisition.

- 2) All assets shall be appraised annually during the quarter ending March 31 unless the property was acquired during the preceding twelve months in which case, based on a recommendation from the advisor, staff may allow an appraisal update or waive the appraisal requirement if such appraisal would not be a cost effective exercise.
- 3) All property valuations shall be reviewed internally by advisors for the quarters ending in June, September, and December. If changes in market conditions, expected cash flows, or other factors suggest a property valuation has likely changed by more than 3% to 5% the advisor shall prepare a documented internal valuation and record the resulting value in the financial statements.
- 4) Appraisals will be prepared by a qualified independent third party entity in accordance with industry standards. Appraisers shall be selected by the advisor in a manner that achieves a high quality appraisal at a reasonable cost.
- 5) Advisor shall attempt to rotate appraisers on each property every three years.

### *B. Property Management*

The selection of on-site property management will generally be left to the discretion of the Manager. It is expected that the Manager will retain the highest caliber, market rate property management service either through a third party fee manager or the Manager's affiliated property management division. This business relationship will be periodically reviewed by Staff and ARMB.

## IV. INSURANCE COVERAGE

The Manager will obtain insurance for the physical properties and assets under its control. The coverage will be in such amounts and against such risks as, in the Manager's professional judgment, shall be in accordance with sound institutional practices applicable to such properties or assets in the specific geographic area. It is expected that such insurance will include, but not be limited to, casualty loss, including where deemed appropriate by the Manager, disaster-type insurance coverage; comprehensive general liability; and title insurance.

## V. UNRELATED BUSINESS INCOME TAX

The Manager will provide ARMB with an opinion of counsel satisfactory to ARMB that the standard lease or subsequent revisions to the standard lease used to lease Account Property will not generate unrelated business taxable income under the federal income tax law or any other tax provisions that could affect ARMB's tax-exempt status existing at the time. The Manager shall investigate as to whether ARMB shall be entitled to any property tax exemptions.

## VI. ENVIRONMENTAL EVALUATIONS

As a standard procedure during the pre-acquisition analysis, the Manager will initiate a formal evaluation for each property through the selection of an environmental consultant. In carrying out the review, appropriate procedures based on standards of the locale and conditions known to exist in the locale shall be undertaken and such procedures should at a minimum include:

- Appointment of an environmental consultant with specific experience in testing and removal of asbestos and other environmental hazards.
- A site survey will be conducted to determine from the available evidence whether hazardous chemicals or environmentally dangerous materials exist or have existed on the subject property, including, at a minimum, a Phase I report.

ARMB may invest in properties, which contain asbestos and other toxic substances, only if the following conditions are met:

- The substance and potential risks are thoroughly disclosed.
- The property is not in violation of any federal, state or local law, ordinance, or regulation relating to the property's environmental condition.
- The estimated cost of the removal or containment programs will be reflected in the purchase assumptions.
- The substance can be properly contained or removed in accordance with the then current Environmental Protection Agency Standards.
- The leasing rollover pattern in the property will accommodate a removal program in the future.

## VII. PROCEDURES FOR INVESTMENT

### *A. Delegation of Responsibilities*

The Farmland investment program will be implemented and monitored through the coordinated efforts of the ARMB; Staff and; the qualified Manager(s). Delegation of responsibilities for each participant is described in the following sections: A summary of the delegation is attached:

#### **1. ARMB**

ARMB will retain final authority over all Farmland investment strategy decisions except for Business Plan variances as set forth in the Guidelines Section VIII; approve the Guidelines, the Annual Investment Plan and any periodic revisions to these documents which ARMB deems to be appropriate and prudent for the investment of ARMB assets; retain qualified investment managers and Farmland consultants; and set investment limits.

## **2. Staff**

Staff will coordinate program compliance among all participants and communicate the investment policies, objectives and performance criteria to the Managers and monitor diversification compliance on a quarterly basis. Staff will also coordinate the receipt and distribution of capital. Staff will periodically review the Managers' and portfolio's performance in relation to target returns; review and approve the Manager's Annual Business Plan and Annual Strategic/Tactical Plan; review and recommend an Annual Investment Plan; and recommend revisions to the Farmland Investment Policy Procedures and Guidelines. Staff will also review and approve the detailed property operating budgets prior to the start of each fiscal year and revisions to the property operating budgets in accordance with Section VIII of these Guidelines.

## **3. Managers**

Separate account investment managers will acquire and manage Farmland investments on behalf of ARMB and in accordance with the then current and approved Annual Business, Annual Strategic/Tactical Plans, and the objectives set forth in the Annual Investment Plan and the Guidelines. Managers will prepare Annual Business (including property operating budgets) and Annual Strategic/Tactical Plans for Staff review and approval.

### *B. Investment Procedure*

Farmland investments, in compliance with ARMB's Policies, shall be acquired through the following process:

#### **Separate Accounts:**

Annually, Staff will prepare an Investment Plan after reviewing the Annual Business and Strategic/Tactical Plans of the separate account investment managers. This document will recommend, as appropriate, revisions to the ARMB Guidelines, additional allocations to existing managers, and revisions to the Annual Business and Strategic/Tactical Plans of each respective separate account investment manager. Staff shall review the Manager's Annual Business Plans and Annual Strategic/Tactical Plans for consistency with the Annual Investment Plan. Staff will approve all Plans prepared by the Managers.

Investments will be made on a discretionary basis by separate account investment managers in accordance with their approved Annual Business and Strategic/Tactical Plans. Investments will be approved in accordance with Managers' standard internal investment approval process, which may involve levels of authority delegated to senior officers and/or one or more investment committees. Upon the request of ARMB, separate account investment managers will provide copies of their internal Investment Committee reports for each asset purchased.

## VIII. DELEGATION OF AUTHORITY

ARMB shall delegate authority to Staff to approve the following:

- Each separate account Manager's detailed property operating budgets for each fiscal year;
- Annual Business Plans and Annual Tactical/Strategic Plans prepared by ARMB's separate account Managers;
- Revised property operating budgets and variances in approved Annual Business Plans for unanticipated, significant leasing activity; and
- Line item variances in approved capital expenditure budgets in amounts up to \$500,000 with a cumulative fiscal year maximum of \$3,000,000 per Investment Manager for other capital expenditures not related to leasing activity (such as repairs for building damage or defects).

## IX. CONFIDENTIALITY

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by Manager(s) or Consultant(s) which is reasonably designated by Manager(s) or Consultant(s) as being confidential or proprietary, within the meaning of Alaska Statutes regarding rights to public information, except to the extent that the information is needed by ARMB in order to adequately report on the status and performance of the portfolio, or to comply with a court subpoena or with an official criminal investigation.

Those portions of reports provided pursuant to Part II section I (Reporting System) of these Guidelines shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by Manager(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of Manager(s) or ARMB to manage, lease, market or sell such property or Assets.

## X. REVISIONS

This document is to be reviewed no less than annually and revised as appropriate.

## XI. FARMLAND SEPARATE ACCOUNT INVESTMENT MANAGERS

The following investment managers will acquire institutional-grade farmland properties on a discretionary basis for the Alaska Retirement Management Board:

### **UBS Farmland Investors LLC**

James B. McCandless  
10 State House Square, 15<sup>th</sup> Floor  
Hartford, CT 06103-3604  
*Telephone:* 860-616-9200  
*Fax:* 860-616-9204  
*E-mail:* james.mccandless@ubs.com  
*Web site:* [www.ubs.com](http://www.ubs.com)

**Attachment 1**

<b>FARMLAND INVESTMENT POLICIES, PROCEDURES AND GUIDELINES - Delegation of Responsibilities "Attachment 1"</b>					
	<b>Frequency</b>	<b>Separate Account Investment Managers</b>	<b>Consultant</b>	<b>Staff</b>	<b>Board</b>
<b>Farmland Investment Policies Procedures and Guidelines</b> Review and Revise	Annually			P, R	A
<b>Separate Account Investment Manager Selection</b> Request for Proposals (RFP)	Periodically		P, G, R	P, G, R	A
<b>Farmland Investment Plan</b>	Annually			P, R	A
<b>Separate Account Business Plan and Strategic/Tactical Plan</b>	Annually	P, R		A	
<b>Quarterly Performance</b>	Quarterly		P		
<b>Portfolio/Property Diversification Compliance</b>	Quarterly	P		M	
<b>Geographic Concentration Limit</b>	Quarterly	P		M	
A = Approve G = Grade P = Prepare	R = Recommend M = Monitor				



## Timberland

### ARMB Investment Guidelines

#### **Section 1.**     Investment Objective

To develop a diversified portfolio of Timberland Investments with a focus on total return which will seek to produce a net-of-fee total return between public equities and fixed income over rolling six-year periods. Portfolio risk shall reflect, in each ARMB Timberland Advisor's (as defined in Section 2 below) judgment, the lowest expected risk profile required to achieve the return objectives. Each ARMB Timberland Advisor will place an emphasis on the preservation of capital and diversify the Timberland Investments to minimize risk. To the extent return objectives can be met, current income shall be given preference over appreciation.

#### **Section 2.**     ARMB Timberland Advisor Selection

ARMB will select qualified investment managers who have the discretion to invest in Timberland ("ARMB Timberland Advisors). In order for entities to be considered, the entity must demonstrate that it is able to add value through its Timberland knowledge, experience and strategy; evaluate the risks of each Timberland Investment which is contemplated; and, comply with these ARMB Timberland Investment Guidelines (the "ARMB Investment Guidelines").

Each ARMB Timberland Advisor will provide services according to an agreed upon investment management agreement (contract) and the ARMB Investment Guidelines. ARMB will endeavor to allocate specific funds to each ARMB Timberland Advisor on a separate account basis (each a "Separate Account"). ARMB Timberland Advisors will invest funds on a discretionary basis in Timberland Investment opportunities to the extent of its specific allocation and Separate Account.

Compensation for investment management services will be done on a fee basis that is competitive. The preferred method of calculating ARMB Timberland Advisor fees will be based upon a formula, which considers 1) the cost basis of assets under management and 2) market value of the assets under management.

#### **Section 3.**     Allocation

ARMB's allocation to Timberland Investments shall be determined by the Board of Trustees and reviewed annually.

Reinvestment of allocation by the investment manager shall require approval by the Chief Investment Officer (CIO). The CIO has discretion in determining the reinvestment amount to authorize. Amounts may reflect the original allocation or may recognize some portion of any realized gains or losses.

**CIO Discretionary Investment Authority** – The CIO shall have the following discretionary investment authority:

- a) To increase or decrease existing separate account allocations and investments in open-end funds;
- b) To commit to new investment funds up to \$100 million for each fund; and,

- c) To engage consultants and take other action as may be necessary to ensure sufficient due diligence is performed on all investments under consideration.

The CIO shall exercise this discretion within Board approved asset allocations, investment plans, and guidelines as they may apply.

The CIO will provide prior notification to the Chair of ARMB before committing to any investments under this authority. All discretionary CIO investment actions shall be reported to the Board.

#### **Section 4. Advisor Performance Benchmark**

NCREIF Timberland Index

#### **Section 5. Investment Constraints**

(a) Each property underlying a Timberland Investment will be commercial timberland in accordance with the standards and customs of the region in which the property is located. Although commercial attributes vary significantly across regions and among forest types, generally, properties will be characterized by adequate timber stocking, sufficient productivity, established timber markets, and ready access.

(b) Location: Timberland Investments will be located inside the United States of America.

(c) Diversification and Concentration: Each ARMB Timberland Advisor will undertake to ensure that the Timberland Investments under its control are adequately diversified. While each ARMB Timberland Advisor will seek to invest across the primary timberland regions of the United States as defined by the National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index, geographic diversification will ultimately depend on the availability of attractive investment opportunities, as well as potential diversification by species, age classes of trees and suitability for a variety of end products.

(d) Leverage: The total amount of leverage placed on the aggregate Separate Accounts allocated to all ARMB Timberland Advisors for investment will not exceed ten percent (10%) of the total market value of all such Timberland Investments at the time such leverage is incurred. The purchase or refinance of Timberland Investments with debt and borrowing against Timberland Investments shall be permitted only with the prior consent of ARMB's Chief Investment Officer. The Advisor will not cause the Account to incur indebtedness without ARMB's prior consent.

(e) Allocation: Each ARMB Timberland Advisor may exceed its Separate Account Allocation by up to 5% for the purposes of capital expenditures on existing assets and/or the completion of an acquisition.

(f) Non-Routine Activity: Each ARMB Timberland Advisor will seek the prior approval of ARMB's Chief Investment Officer before entering into any arrangements which provide ancillary income activity from the Timberland which are not routinely associated with Timberland Investments. Examples include mining, wind farms, and utility infrastructure.

## **Section 6.**     ARMB Timberland Advisor Annual Portfolio Review

Annually, each ARMB Timberland Advisor will submit an annual portfolio review to ARMB staff (“Staff”) which shall include an annual business plan addressing each Timberland Investment in the portfolio in its Separate Account and an annual portfolio level strategic plan. The objective of this effort is to facilitate Staff’s monitoring of the Timberland Investments to ensure existing investments and future strategy are consistent with ARMB’s objectives and to recognize any program changes, which may require ARMB approval, to facilitate the efficient operation of the investment program. Each ARMB Timberland Advisor will collaborate with Staff to identify the specific content of the business plan and strategic plan for the Timberland Investments in its Separate Account, but should consider the following:

Annual business plans will focus on past performance and future performance expectations for existing assets in the portfolio. Information should include performance analysis, hold/sell analysis, and investment budgets including explanations for future capital budget items.

Annual portfolio level strategic plans will focus on overall portfolio and market performance, portfolio diversification, market conditions, and strategy for acquisitions and disposition for the upcoming year. The strategic plan should also include any recommendations to improve the ARMB Investment Guidelines and/or ARMB’s Timberland investment strategy.

## **Section 7.**     Ownership Structure

Timberland Investments will be owned in a structure designed to limit ARMB’s liability to the amount of its capital commitment to such Timberland Investment and, where feasible, to recognize and preserve tax-exempt status.

## **Section 8.**     Reporting System

Staff will develop and implement a comprehensive and responsive reporting and monitoring system for all Timberland Investments and each ARMB Timberland Advisor. In order to facilitate active portfolio management, Staff will develop a reporting and monitoring system which will endeavor to identify underperforming investments, control portfolio diversification deficiencies and manage inherent conflicts of interest. A cash-based internal rate of return (IRR) will be used when evaluating the long-term performance of a Timberland Investment. Time-weighted returns will be used to measure comparative performance.

## **Section 9.**     Lines of Responsibility

The Timberland investment program will be implemented and monitored through the coordinated efforts of the ARMB, Staff, and the ARMB Timberland Advisors. A description of the program participants and their general responsibilities are as follows:

ARMB – The statutorily created board which is the fiduciary for the retirement trust funds, comprised of trustees appointed by the Governor to represent the beneficiaries’ interest. ARMB hires qualified ARMB Timberland Advisors and consultants; approves the ARMB Investment Guidelines and revisions to them; and approves the Annual Investment Plan prepared by Staff.

Staff- Investment professionals on staff at the Department of Revenue assigned to ARMB Timberland Investments, who will assist in the Timberland investment program's design, policy implementation, and administration. Staff coordinates program and guidelines compliance among all participants and communicates the investment policies, objectives, and performance criteria to the ARMB Timberland Advisors; monitors diversification compliance on a quarterly basis; and coordinates the receipt and distribution of capital. Staff will review and approve each ARMB Timberland Advisor's annual business plan, including revisions to the investment budgets in accordance with Section 13 hereof, and annual portfolio level strategic plan. Staff will recommend, to ARMB, revisions to the Timberland Investment Guidelines as may be necessary from time to time.

Annually, Staff will prepare an Annual Investment Plan after reviewing the annual business and annual portfolio level strategic plan prepared by the ARMB Timberland Advisors. This document will recommend, as appropriate, revisions to the overall Timberland Investment strategy, revisions to the Timberland Investment Guidelines, and make recommendations for additional allocations to the ARMB Timberland Advisors as may be desirable.

ARMB Timberland Advisors – Qualified entities selected by ARMB that provide institutional Timberland investment management services to ARMB. ARMB Timberland Advisors will invest and manage the Timberland Investment portfolios in accordance with their contracts.

#### **Section 10.**    Property Management

The selection of on-site property management will generally be left to the discretion of the applicable ARMB Timberland Advisor. It is expected the ARMB Timberland Advisor will retain the highly qualified, market rate property management service either through a third party fee manager or the ARMB Timberland Advisor's affiliated property management division. This business relationship will be periodically reviewed by Staff and ARMB.

#### **Section 11.**    Insurance Coverage

Each ARMB Timberland Advisor shall obtain insurance coverage with respect to the Timberland and the Timberland Investments in such amounts and against such risks as, in such ARMB Timberland Advisor's professional judgment, are in accordance with sound institutional practices applicable to Timberland Investments.

#### **Section 12.**    Environmental Evaluations

As part of the pre-acquisition analysis for all prospective new Timberland Investments, each ARMB Timberland Advisor shall conduct a Phase 1 Environmental Site Assessment to identify the presence or likely presence of hazardous substances or petroleum products under conditions that indicate an imminent, existing or past release, or a material threat of a release into structures, or into the ground, groundwater or surface water.

### **Section 13.** Delegation of Authority

ARMB shall delegate authority to Staff to approve the following:

- Annual business plans and annual portfolio strategic plans prepared by the ARMB Timberland Advisors;
- Revised investment budgets and variances in approved annual business plans for unanticipated activity; and
- Line item variances in approved capital expenditure budgets in amounts up to \$500,000 with a cumulative fiscal year maximum of \$3,000,000 per Advisor.

### **Section 14.** Confidentiality

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by ARMB Timberland Advisor(s) or consultant(s) which is reasonably designated by ARMB Timberland Advisor(s) or consultant(s) as being confidential or proprietary, within the meaning of Alaska Statutes regarding rights to public information, except to the extent that the information is needed by ARMB in order to adequately report on the status and performance of the portfolio, or to comply with a court subpoena or with an official criminal investigation.

Those portions of reports provided pursuant to the Agreement with ARMB Timberland Advisor(s) shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by ARMB Timberland Advisor(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of ARMB Timberland Advisor(s) or ARMB to manage, lease, market or sell such property or Assets.

### **Section 15.** Unrelated Business Income Tax

Each ARMB Timberland Advisor will manage its respective Separate Account with a view toward minimizing the recognition of unrelated business taxable income (“UBTI”) to the extent consistent with the Investment Objective set forth in Section 1 above. Each ARMB Timberland Advisor will consult with ARMB prior to entering into any transaction that could reasonably be expected to result in the recognition of significant amounts of UBTI.

### **Section 16.** Revisions

The ARMB Investment Guidelines are to be reviewed no less than annually and revised as appropriate.

### **Section 17.** ARMB Timberland Advisors

The following entities have been selected and appointed as ARMB Timberland Advisors to acquire Timberland properties on a discretionary basis for the Alaska Retirement Management Board:

**Timberland Investment Resources, LLC**

115 Perimeter Center Place, Suite 940

Atlanta, GA 30346

Telephone: 404-848-2000

Fax: 404-848-2006

[www.tirllc.com](http://www.tirllc.com)

**Section 18.** Definitions

(a) “Timber” means trees growing on Timberland, or trees which have been cut but not removed from Timberland.

(b) “Timberland” means real property which is to be planted with Timber or real property on which Timber is growing.

(c) “Timberland Investment” means, in general, all interests (including fee ownership, leasehold interests or management rights) in Timberland; timber deeds, timber cutting contracts and other rights, contracts or agreements relating to the ownership, cutting and/or use of Timber; options to acquire or sell Timber or Timberland or interests therein; mineral rights (including oil and gas rights), biomass or carbon credits attendant to the ownership of Timberland; and personal property, both tangible and intangible, directly associated or connected with the use of Timberland.

## Infrastructure

### ARMB Investment Guidelines

In addition to the Infrastructure Guidelines, public infrastructure investments shall comply with ARMB's Investment Guidelines for Domestic, International and Alternative Equities.

#### **Section 1. Investment Objective**

To develop a diversified portfolio of infrastructure investments with a focus on total return which will seek to produce a net-of-fee total return between public equities and fixed income over rolling six-year periods. Each ARMB infrastructure advisor will place an emphasis on the preservation of capital and diversify the infrastructure investments to minimize risk. To the extent return objectives can be met, current income shall be given preference over appreciation.

#### **Section 2. ARMB Infrastructure Advisor Selection**

ARMB will select qualified investment managers who have the discretion to invest in infrastructure. In order for entities to be considered, the entity must demonstrate that it is able to add value through its infrastructure knowledge, experience and strategy; evaluate the risks of each infrastructure investment which is contemplated; and comply with these ARMB Infrastructure Investment Guidelines.

ARMB will implement an investment process for infrastructure which will, over time, include a minimum of two private investment advisors who have been selected on a competitive basis. Each ARMB infrastructure investment advisor will provide services according to an agreed upon investment management agreement (contract) and the ARMB Investment Guidelines. ARMB will endeavor to allocate specific funds to each ARMB infrastructure investment advisor. ARMB infrastructure advisors will invest funds on a discretionary basis in infrastructure investment opportunities to the extent of its specific allocation.

Compensation for investment management services will be done on a fee basis that is competitive. The preferred method of calculating ARMB infrastructure investment advisor fees will be based upon a formula, which considers 1) the cost basis of assets under management and 2) market value of the assets under management.

#### **Section 3. Allocation**

ARMB's allocation to infrastructure investments shall be determined by the Board of Trustees and reviewed annually.

**CIO Discretionary Investment Authority** – The CIO shall have the following discretionary investment authority:

- a) To increase or decrease existing separate account allocations and investments in open-end funds;
- b) To commit to new investment funds up to \$100 million for each fund; and,
- c) To engage consultants and take other action as may be necessary to ensure sufficient due diligence is performed on all investments under consideration.

The CIO shall exercise this discretion within Board approved asset allocations, investment plans, and guidelines as they may apply.

The CIO will provide prior notification to the Chair of ARMB before committing to any investments under this authority. All discretionary CIO investment actions shall be reported to the Board.

#### **Section 4. Performance Benchmark**

The benchmark for the total infrastructure portfolio will be CPI + 4%. Investment managers for public stock portfolios will be allowed to use their preferred infrastructure benchmark. Private investment advisors will be evaluated based on the income and total return objectives of their strategies. The inflation index used to calculate the actual real rate of return is the CPI All Urban.

#### **Section 5. Investment Constraints**

- (a) Private infrastructure investment strategies shall be constrained by the partnership agreements and other agreements establishing the contractual arrangement with ARMB's infrastructure investment advisors.
- (b) Location: No more than 10% of ARMB's infrastructure investments shall be located in emerging markets.
- (c) Strategy: No more than 20% of ARMB's infrastructure investments shall be focused on development of infrastructure assets.
- (d) Diversification and Concentration: Each ARMB infrastructure advisor shall ensure that the infrastructure investments under its control are adequately diversified in the context of its investment strategy.
- (e) Leverage: The total amount of leverage utilized by private infrastructure managers shall not exceed 75% of the value of the asset as measured at the time the leverage is placed on the asset. Public infrastructure investment managers shall not use leverage.



## **Section 6. Ownership Structure**

Private infrastructure investments will be owned in a structure designed to limit ARMB's liability to the amount of its investment and, where feasible, to recognize and preserve tax-exempt status.

## **Section 7. Reporting System**

Staff will develop and implement a comprehensive and responsive reporting and monitoring system for each ARMB infrastructure advisor.

## **Section 8. Lines of Responsibility**

The infrastructure investment program will be implemented and monitored through the coordinated efforts of the ARMB, staff, and the ARMB infrastructure advisors. A description of the program participants and their general responsibilities are as follows:

ARMB – The statutorily created board which is the fiduciary for the retirement trust funds, comprised of trustees appointed by the Governor to represent the beneficiaries' interest. ARMB hires qualified infrastructure investment advisors and consultants, approves the ARMB Investment Guidelines and revisions to them, and approves the Annual Investment Plan prepared by staff.

Staff - Investment professionals on staff at the Department of Revenue assigned to ARMB infrastructure investments, which will assist in the program's design, policy implementation, and administration. Staff will recommend revisions to the Infrastructure Investment Guidelines as may be necessary from time to time to ARMB.

Annually, staff will prepare an Annual Investment Plan. This document will recommend, as appropriate, revisions to the overall infrastructure investment strategy, revisions to the Infrastructure Investment Guidelines, and make recommendations for additional allocations as may be desirable.

ARMB Infrastructure Advisors – Qualified entities selected by ARMB that provide institutional infrastructure investment management services to ARMB. ARMB Infrastructure Advisors will invest and manage the portfolios in accordance with their contracts.

## **Section 9. Confidentiality**

Pursuant to 15 AAC 112.770, ARMB shall withhold from other persons all information furnished to it by ARMB Infrastructure Advisor(s) or consultant(s) which is reasonably designated by ARMB Infrastructure Advisor(s) or consultant(s) as being confidential or proprietary, within the meaning of Alaska Statutes regarding rights to public information, except to the extent that the information is needed by ARMB in order to adequately report on the status and performance of the portfolio, or to comply with a court subpoena or with an official criminal investigation.

Those portions of reports provided pursuant to the Agreement with ARMB Infrastructure Advisor(s) shall be considered confidential pursuant to 15 AAC 112.770 to the extent that information is reasonably designated by ARMB Infrastructure Advisor(s) as being confidential or proprietary, or to the extent the disclosure of which would unfairly prejudice the ability of ARMB Infrastructure Advisor(s) or ARMB to manage, lease, market or sell such property or assets.

**Section 10. Revisions**

The ARMB Investment Guidelines are to be reviewed no less than annually and revised as appropriate.

**Section 11. ARMB Infrastructure Advisors**

The following entities have been selected and appointed as ARMB Infrastructure Advisors to acquire infrastructure investments on a discretionary basis for the Alaska Retirement Management Board:

<b>IFM Investors</b> 114 West 47 <sup>th</sup> Street New York, NY 10036 Phone: 212-784-2260 www.ifminvestors.com	
<b>JPMorgan Asset Management</b> 270 Park Avenue, 7 <sup>th</sup> Floor, NY1-K141 New York, NY 10017 Phone: 212-648-2219 www.jpmorgan.com	



Attachment 6:

# ALASKA BIDDER PREFERENCE CERTIFICATION

## AS 36.30.321(A) / AS 36.30.990(2)

BUSINESS NAME: [Click or tap here to enter text.](#)

<b>Alaska Bidder Preference:</b> Do you believe that your firm qualifies for the Alaska Bidder Preference?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Alaska Veteran Preference:</b> Do you believe that your firm qualifies for the Alaska Veteran Preference?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Please list any additional Alaska Preferences below that you believe your firm qualifies for.	
<b>1.</b>	<b>2.</b>
<b>3.</b>	<b>4.</b>
<b>5.</b>	<b>6.</b>

To qualify for and claim the Alaska Bidder Preference you must answer **YES** to all questions below in the Alaska Bidder Preference Questions section. To qualify for and claim the Alaska Veteran Preference, you must answer **YES** to these questions as well as answer **YES** to all the questions in the Alaska Veteran Preference section. A signed copy of this form must be included with your bid or proposal no later than the deadline set for receipt of bids or proposals.

If you are submitting a bid or proposal as a **JOINT VENTURE**, all members of the joint venture must complete and submit this form before the deadline set for receipt of bids or proposals. [AS 36.30.990\(2\)\(E\)](#)

**If the procuring agency is unable to verify a response, the preference may not be applied.** Knowingly or intentionally making false or misleading statements on this form, whether it succeeds in deceiving or misleading, constitutes misrepresentation per [AS 36.30.687](#) and may result in criminal penalties.

### Alaska Bidder Preference Questions:

- 1) Does your business hold a current Alaska business license per [AS 36.30.990\(2\)\(A\)](#)?  
 YES  NO  
 If **YES**, enter your current **Alaska business license number**: [Click or tap here to enter text.](#)
- 2) Is your business submitting a bid or proposal under the name appearing on the Alaska business license noted in **Question 1** per [AS 36.30.990\(2\)\(B\)](#)?  
 YES  NO
- 3) Has your business maintained a **place of business** within the state **staffed by the bidder or offeror** or an employee of the bidder or offeror for a period of six months immediately preceding the date of the bid or proposal per [AS 36.30.990\(2\)\(C\)](#)?  
 YES  NO  
 If **YES**, please complete the following information:  
 A. **Place of Business**  
 Street Address: [Click or tap here to enter text.](#)

City: [Click or tap here to enter text.](#)

ZIP: [Click or tap here to enter text.](#)

“Place of business” is defined as a location at which normal business activities are conducted, services are rendered, or goods are made, stored, or processed; a post office box, mail drop, telephone, or answering service does not, by itself, constitute a place of business per [2 AAC 12.990\(b\)\(3\)](#).

Do you certify that the **Place of Business** described in **Question 3A** meets this definition?

YES  NO

B. The bidder or offeror, or at least one employee of the bidder or offeror, must be a resident of the state under [AS 16.05.415\(a\)](#) per [2 AAC 12.990\(b\)\(7\)](#).

1) Do you certify that the bidder or offeror OR at least one employee of the bidder or offeror is physically present in the state with the intent to remain in Alaska indefinitely and to make a home in the state per [AS 16.05.415\(a\)\(1\)](#)?

YES  NO

2) Do you certify that that the resident(s) used to meet this requirement has maintained their domicile in Alaska for the 12 consecutive months immediately preceding the deadline set for receipt of bids or proposals per [AS 16.05.415\(a\)\(2\)](#)?

YES  NO

3) Do you certify that the resident(s) used to meet this requirement is claiming residency ONLY in the state of Alaska per [AS 16.05.415\(a\)\(3\)](#)?

YES  NO

4) Do you certify that the resident(s) used to meet this requirement is NOT obtaining benefits under a claim of residency in another state, territory, or country per [AS 16.05.415\(a\)\(4\)](#)?

YES  NO

4) Per [AS 36.30.990\(2\)\(D\)](#), is your business (**CHOOSE ONE**):

A. **Incorporated** or **qualified to do business under the laws of the state**?

YES  NO

If YES, enter your current **Alaska corporate entity number**: [Click or tap here to enter text.](#)

B. A **sole proprietorship** AND the proprietor is a resident of the state?

YES  NO

C. A **limited liability company** organized under AS 10.50 **AND** all members are residents of the state?

YES  NO

Please identify each member by name: [Click or tap here to enter text.](#)

D. A **partnership** under former AS 32.05, AS 32.06, or AS 32.11 **AND** all partners are residents of the state?

YES  NO

Please identify each partner by name: [Click or tap here to enter text.](#)

#### **Alaska Veteran Preference Questions:**

1) Per [AS 36.30.321\(F\)](#), is your business (**CHOOSE ONE**):

A. A **sole proprietorship** owned by an Alaska veteran?

YES  NO

- B. A **partnership** under AS 32.06 or AS 32.11 **AND** a majority of the partners are Alaska veterans?  
 YES       NO
- C. A **limited liability company** organized under AS 10.50 **AND** a majority of the members are Alaska veterans?  
 YES       NO
- D. A **corporation** that is wholly owned by individuals, **AND** a majority of the individuals are Alaska veterans?  
 YES       NO

Per [AS 36.30.321\(F\)\(3\)](#) “**Alaska veteran**” is defined as an individual who:

(A) Served in the

- (i) Armed forces of the United States, including a reserve unit of the United States armed forces; or
- (ii) Alaska Territorial Guard, the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia; and

(B) Was separated from service under a condition that was not dishonorable.

Do you certify that the individual(s) indicated in **Question 1A, 1B, 1C, or 1D** meet this definition and can provide documentation of their service and discharge if necessary?

YES       NO

**SIGNATURE**

By signature below, I certify under penalty of law that I am an authorized representative of [Click or tap here to enter text.](#) and all information on this form is true and correct to the best of my knowledge.

Printed Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_  
 Signature \_\_\_\_\_