

Arkansas Public Employees' Retirement System Board of Trustees
Investments and Finance Sub-Committee
May 15, 2025

A meeting of the Investment Finance Subcommittee of the Arkansas Public Employees' Retirement System (APERS) was held on Thursday, May 15, 2025, at 1:00 p.m. This meeting was held via Zoom remote conferencing as well as in person in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Mr. Larry Walther presided.

Board Members Present

Mr. Larry Walther, (Retired Member), Chair of Investment Finance Sub-Committee
Secretary Jim Hudson, Department of Finance and Administration (State Employee)
Mr. Jason Brady, (State Auditor's Office) proxy
Mr. Gary Wallace, (Retired Law Enforcement)
Mr. Gary Carnahan, (Non-State Employee), Hot Springs, AR*

APERS Staff Present

Ms. Amy Fecher, Executive Director
Ms. Allison Woods, Deputy Director of Benefits
Mr. Carlos Borromeo, Deputy Director of Investments & Finance
Ms. Jacobia Bates, Director of Public Affairs
Ms. Laura Gilson, General Counsel
Ms. Ashley Golleher, Deputy Director of Operations
Ms. Patty Shipp, Assurance Officer
Mr. Richmond Giles, Legal Staff
Ms. Usha Doolabh, Investments Accounting Operations Manager*
Ms. Julianna Alamina, Investment Analyst*
Mr. Daryl Bussell, Information Systems Coordinator

Visitors Present

Mr. Mark White, Arkansas Teacher Retirement System
Ms. Melissa Cahill, HarbourVest
Mr. Bill Cole, HarbourVest
Mr. Gabe Feghali, Neuberger Berman
Mr. Will Proctor, Neuberger Berman
Mr. Michael Schwartz, Neuberger Berman
Mr. Mike Wickline, Democrat Gazette
Mr. Seth Middleton, Stephens
Mr. Bo Brister, Stephens
Mr. Larry Middleton, Stephens
Mr. Chris Villines, Association of Arkansas Counties*
Ms. Lauren Barber*
Mr. Rod Graves, Arkansas Teacher Retirement System*
Ms. Tammy Porter, Arkansas Teacher Retirement System*
Mr. Joe Ebisa, WithIntelligence*
Ms. Kelsi Hogg, Arkansas Legislative Audit*
Ms. Stacie Jackson, APERS*

*Denotes remote attendees

The meeting focused on providing clarity on the characteristics of the private credit asset class and explain why it is considered complementary.

Board Member Walther then asked Carlos what direction he would recommend for APERS moving forward. Carlos stated that he and Stephens plan to evaluate and determine the appropriate balance between public and private credit within the portfolio. He also noted that approximately 70% of the total fund remains highly liquid and could be accessed within a few days if needed.

Israel Bonds

Board Member Jason Brady introduced a discussion on Israel Bonds, noting that it had come to his attention that APERS currently does not hold any, unlike the State Treasurer's Office. He explained that in 2017, during his tenure as Chief Deputy Treasurer, then-Treasurer Dennis Milligan led an initiative to pass legislation—Act 644 of 2017—that granted the Treasurer's Office authority to invest directly in Israel Bonds. Since then, both Treasurer Milligan and his successors, Treasurer Thurston and Treasurer Walther, have purchased Israel Bonds on behalf of the state.

Brady shared that the State Treasury currently holds approximately \$55 million in Israel Bonds as part of its \$11 billion portfolio. He described Israel Bonds as being backed by the full faith and credit of the State of Israel, rather than being tied to specific assets. While they are considered illiquid, they are also widely regarded as low-risk investments, with a current bond rating of A. He added that several other states—including Oklahoma, Louisiana, Texas, and Mississippi—also hold Israel Bonds, citing their solid returns and sound investment profile.

Following his remarks, Jason Brady made a motion to authorize APERS staff to invest a minimum of \$25 million and a maximum of \$50 million in Israel Bonds. The motion was seconded by Jim Hudson and carried without dissent.

New Business

Secretary Jim Hudson requested that Director Fecher work with APERS Staff to develop a proposed staffing plan and timeline for taking the system's investment advisor services to market. The intention is to ensure a fair and transparent process for evaluating potential service providers.

Board Member Jason Brady inquired how long it would take to bring a formal recommendation and plan to the Board. Director Fecher responded that a plan and recommendation could be presented by the September Board meeting. He noted that while these contracts are legally exempt from procurement law, APERS would still conduct an open and transparent competitive bidding process through an internal Request for Proposal (RFQ).

Following the discussion, Secretary Jim Hudson made a motion that the Investment and Finance Subcommittee direct APERS Staff to prepare a proposed timeline and methodology to take APERS investment advisor services out for competitive bidding, with the plan to be submitted at the next Investment Finance Subcommittee meeting. The motion was seconded by Jason Brady and carried without dissent.

With no further business, the meeting was adjourned.



Larry Walther, Sub-Committee Chair



Amy Fecher, APERS Executive Director