Board of Trustees

Governance Committee Meeting

May 20, 2024

APFC ALASKA PERMANENT FUND CORPORATION
801 W 10TH SUITE 302 | JUNEAU, AK 99801
907.796.1500 | apfc.org

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- APFC PMP – Employee Handbook

Additional Material Added 5/18/24

- APFC Ethics Opinion by Department of Law – June 18, 2007
- Schwabe-Williamson-Wyatt Report To Legislative Council 9.28.22 Public Report

Additional Material Added 5/20/24

- List of Possible Governance Reforms discussed at the May 20, 2024 Governance Committee Meeting

APFC ALASKA PERMANENT FUND CORPORATION
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Governance Committee Meeting

May 20, 2024
1:00 pm – 3:00 pm

Virtual

Day 1 Webinar Access:
https://apfc.org/bot-governance-committee
Event Password: GovCom

Teleconference Option

Phone: 415-655-0003

Access Code: 2634 070 2404
Numeric Password: 468266

If giving public testimony by phone, please sign-up for public testimony by emailing jloesch@apfc.org by 9 am on May 20

Written comments can be sent to Trustees anytime at
boardpubliccomment@apfc.org

AGENDA

Monday, May 20, 2024

1:00 p.m.	CALL TO ORDER
	ROLL CALL (Action)
	APPROVAL OF AGENDA (Action)
	APPROVAL OF MINUTES (Action) • November 29, 2023
	OPPORTUNITY FOR PUBLIC PARTICIPATION
1:15 p.m.	ADVISOR REPORT ON GOVERNANCE (Information)
1:35 p.m.	DISCUSSION OF POTENTIAL AMENDMENTS TO THE GOVERNANCE POLICIES AND PERSONNEL MANAGEMENT PLAN (Information) Governance Committee Chair Ellie Rubenstein APFC Staff
2:30 p.m.	ADVISOR Q&A (Information)
2:45 p.m.	OTHER MATTERS / FUTURE AGENDA ITEMS / TRUSTEE COMMENTS
3:00 p.m.	ADJOURNMENT

NOTE: TIMES MAY VARY AND THE CHAIR MAY REORDER AGENDA ITEMS
(Please telephone Jennifer Loesch at 907.796.1519 with agenda questions.)

SUBJECT: Approval of Minutes ACTION: __X__

DATE: May 20, 2024 INFORMATION:

BACKGROUND:

Staff & Trustees reviewed the following Governance Committee meeting summary minutes. Draft copies are attached for your approval.

- November 29, 2023 Governance Committee Meeting

RECOMMENDATION:

The Chair of Governance Committee should ask whether any member has any questions or corrections regarding the minutes from the November 29, 2023 Governance Committee Meeting. If there are not corrections, The Board Chair should announce, "that there being no corrections the minutes are hereby approved". A formal motion to approve the minutes is not required under §41 of Robert's Rules of Order.

ALASKA PERMANENT FUND CORPORATION
BOARD OF TRUSTEES MEETING

WEBEX/TELECONFERENCE
November 29, 2023
11:00 am

Held at:
Alaska Permanent Fund Corporation
801 West 10th Street
Juneau, Alaska 99801

Trustees Present:

Gabrielle Rubenstein, Committee Chair
Craig Richards
Adam Crum
Ethan Schutt
Jason Brune

APFC Staff Present:

Deven Mitchell, CEO
Val Mertz, CFO
Paulyn Swanson
Alysha Guthrie
Christopher Poag, General Counsel
Eric Ritchie
Jedediah Smith
Joe Shinn
Julia Mesdag
Lara Pollock
Norix Mangual
Sarah Clark
Scott Balovich
Steve Adams
Marcus Frampton, CIO
Sebastian Vadakumcherry
Tanya Boozer
Brittney Ortega
Cody Graves
Jacki Mallinger
Jennifer Loesch
Joseph Jeralds
Juliette Alldredge
Larissa Murray
Rachel Price
Sarah Struble
Shannon McCain
Tara Mendoza

PROCEEDINGS

CALL TO ORDER

MS. LOESCH called the meeting by confirming that they were on the record

MS. LOESCH called the roll, acknowledged the quorum and proceeded to the approval of the agenda.

APPROVAL OF AGENDA

CEO MITCHELL asked for any additions or objections to the agenda. Hearing none, the motion passed

APPROVAL OF MINUTES

MS. LOESCH moved on to the approval of the minutes from the May 9th Governance Committee Meeting.

MOTION: A motion to approve the minutes from the previous Governance Committee Meeting was made by TRUSTEE RUBENSTEIN, seconded by TRUSTEE CRUM.

There being no objection, the MOTION was APPROVED.

TRUSTEE RUBENSTEIN proposed the motion to approve the minutes from the previous Governance Committee Meeting, with Trustee Crum making the motion and Trustee Richards seconding it.

MS. LOESCH confirmed the absence of objections, and the minutes were approved.

SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION
MS. LOESCH opened the floor for public participation but found no participants.

TRUSTEE RUBENSTEIN returned to the main agenda, summarizing the purpose of the meeting regarding the Executive Director Evaluation.

MS. LOESCH acknowledged Trustee Brune's difficulty in joining and arranged for technical assistance.

TRUSTEE RUBENSTEIN suggested trying to connect Trustee Brune via a cell phone for better audio.

MS. LOESCH facilitated the technical adjustments, including a call with Trustee Brune.

CEO MITCHELL proposed alternative options for Trustee Brune to participate, including submitting written statements or having someone speak on his behalf.

TRUSTEE BRUNE expressed difficulty connecting but eventually joined the meeting, apologizing for the technical challenges.

EXECUTIVE DIRECTOR REVIEW
TRUSTEE RUBENSTEIN expressed the importance of discussing the Executive Director Review, specifically concerning the Alaska State Policy. She highlighted the previous discussions in Board Meetings, the Strategic Plan, and Governance Review. Trustee Rubenstein invited Deven to summarize the recommendations from Funston and involve Chris to discuss potential legal changes to streamline and enhance the fairness of the CEO evaluation.

CEO MITCHELL acknowledged Trustee Rubenstein and provided an overview of the Funston Group's priorities, emphasizing the need to address the confidentiality of personnel records related to the Executive Director position. Deven outlined three potential alternatives for consideration: maintaining the existing policy with a simplified written evaluation and an Executive Session for detailed feedback, disregarding the current policy, or implementing a modification that replaces the written review with a verbal process during an Executive Session. Deven also mentioned ongoing efforts to explore statutory fixes for the confidentiality issue. Trustee Rubenstein turned the floor over to Chris for further explanation. However, technical issues prevented Chris from delivering his remarks, prompting Deven to suggest troubleshooting the audio problem.

MS. LOESCH provided technical assistance to Chris, suggesting the use of *6 to unmute.

CEO MITCHELL clarified that *6 did not work for Chris, and Larissa suggested trying another approach.

MS. LOESCH confirmed that Chris's audio issue had been resolved, and Chris began providing background information on the discovery of the issue with personnel file confidentiality.

C. POAG, APFC General Counsel, outlined the gap in the State Personnel Act, which did not expressly cover the personnel files of exempt employees. He explained that the Alaska Supreme Court had interpreted this gap, resulting in the conclusion that personnel files for exempt employees were not confidential. Chris referenced a specific court case, Doe vs. Alaska Superior Court, and explained how the court's decision affected the confidentiality of personnel files for exempt employees. Chris further discussed the Personnel Confidentiality statute and how it lacked explicit coverage for exempt employees. He highlighted the need for a statutory fix to ensure confidentiality for personnel files of exempt employees, including the Executive Director. Chris explained that Department of Law pointed out the gap in coverage, and the legal opinion was based on a balancing test under the Alaska Constitutional Right to Privacy. He cited the Municipality of Anchorage vs. ADN case as an example of the court weighing public interest against privacy interest in public records disclosure. Chris emphasized that the legal advice received indicated that the personnel file of the Executive Director (currently Deven Mitchell) was subject to public disclosure, creating challenges for providing candid and confidential feedback during evaluations.

TRUSTEE RUBENSTEIN thanked Chris for the detailed explanation and opened the floor for questions.

TRUSTEE BRUNE thanked Chris and sought clarification on the application of the Constitutional Right to Privacy and other statutes to all exempt employees at APFC. He raised concerns about the potential for media, bloggers, or the general public to request personnel files for any APFC employee, not just the Executive Director. Trustee Brune highlighted the chilling effect such requests could have on the organization, emphasizing that it extends beyond APFC to all exempt employees within the state of Alaska. He urged Chris to elaborate on the distinctions between employees like Deven and others within the organization.

C. POAG explained that the test for privacy is somewhat inartful, relying on a case-by-case evaluation. He admitted that determining whether to disclose personnel files depends on various factors, such as the nature of the request, the public interest, and the impact on the individual's private life. The Department of Law, upon being consulted, stressed the need for a case-specific assessment. Chris clarified that for each public records request, APFC would present the details to the Department of Law, outlining what is being requested and the reasons for non-disclosure. The decision on disclosure would hinge on whether the public interest outweighs the privacy interest in each unique scenario. The Department of Law emphasized the difficulty in pinpointing where the line breaks along the spectrum, as it heavily relies on the specific facts of each case. While acknowledging the lack of a crystal clear answer, Chris conveyed that, according to the Department of Law, the public's interest in personnel files diminishes as you move down the employee salary spectrum. They recognized that evaluating requests for lower-

ranking employees might be more questionable and could lead to denials and potential legal challenges. Despite the uncertainties, Chris emphasized the commitment to handling requests on a case-by-case basis. The Department of Law acknowledged the importance of maintaining the proprietary nature of evaluations to provide feedback crucial for the corporation and its employees' performance, especially considering the substantial reliance on generated revenue for the state's budget.

TRUSTEE BRUNE expressed dissatisfaction with the answer, attributing it to the Department of Law. He emphasized the need for consistency in handling public disclosure of feedback provided by Deven or his direct reports. He raised concerns about potential variability based on the assigned Attorney General, leading to a possible witch hunt against individuals. Trustee Brune advocated for a uniform approach for all exempt employees, allowing media or bloggers to request information consistently. He found the current legal perspective troubling.

TRUSTEE RUBENSTEIN acknowledged Trustee Brune's concerns.

C. POAG responded, recognizing the validity of Trustee Brune's point. He mentioned the Board's consideration of seeking a legislative solution for clarity. As a lawyer, Poag refrained from blaming legal professionals and explained that the evaluation depends on the specific facts and needs involved. He likened it to a medical evaluation where recommendations are made based on the individual's situation. Poag stated that the current legal stance avoids categorically declaring all records as confidential and emphasized the need for a legislative fix to address the lack of clarity. He supported the idea that personnel files should be confidential, expressing hope for Board and Legislative support to resolve the issue.

TRUSTEE RUBENSTEIN acknowledged the floor and addressed Trustee Brune, expressing concern about the conversation she had with the Governor's Legislative Office regarding a certain issue. Rubenstein inquired if there was an echo on his end and urged Brune to share details about the discussion. It seemed that the Governor's Office might not include this matter in their list of supported initiatives, requiring the board to decide on the next steps.

TRUSTEE BRUNE responded, clarifying that the bill in question wouldn't originate from the Governor's Office. He emphasized that the issue wasn't exclusive to the Permanent Fund but applied to all exempt employees statewide, where personnel files could potentially be disclosed under a records request. Brune highlighted that this issue didn't reach the threshold for a bill proposed by the Governor. He brought attention to a concern previously discussed about the potential disclosure of records for job applicants, emphasizing that it was a broader issue affecting all entities, not just the APFC. Brune expressed worry that the ability to provide honest, written feedback to employees might be hindered if there was uncertainty about whether the information could be disclosed. He underscored the importance of supporting growth and helping individuals succeed through open communication without fear of unintended consequences.

TRUSTEE RUBENSTEIN opened the floor for discussion, expressing the need to determine the board's approach given the lack of specific support from the Governor. She mentioned different suggestions she had heard, including Craig's proposal to simplify the process by eliminating written documentation. Additionally, she noted Board Chair Ethan's idea of using a basic questionnaire without sentences. Rubenstein invited comments on these options and also referred

to Deven's conversation with the Department of Law, seeking insights into potential alternatives if a legislative change wasn't feasible.

TRUSTEE RICHARDS responding to Rubenstein, conveyed his understanding that everyone on the Board favored a legislative change, but acknowledged the challenges of getting such changes through the legislature. He supported the plan of adopting proposed changes from the board packet until a legislative change occurred. This involved having an Executive Director provide a written statement before the meeting about their positive accomplishments, with the overall evaluation and discussions taking place in Executive Session in an oral manner. Richards explained that this approach addressed the dilemma of providing candid feedback in written form, which might be disclosed and harm the Executive Director's interests. He emphasized the importance of fair and constructive feedback for the Executive Director's leadership and corporation growth. In summary, Richards endorsed the approach outlined in the board packet until confidential written information became possible for the Executive Director's review.

TRUSTEE RUBENSTEIN turned to Trustee Schutt, asking for their comments.

TRUSTEE SCHUTT aligned their views with the summary provided by Trustee Richards.

TRUSTEE RUBENSTEIN then directed the question to Trustee Crum.

TRUSTEE CRUM agreed with the proposed approach, emphasizing that the absence of support from the Governor's Office shouldn't deter the pursuit of a statutory fix.

TRUSTEE RUBENSTEIN sought comments from Deven, clarifying the goal of the discussion—ensuring alignment among Board Members before the Board Meeting.

CEO MITCHELL confirmed this, noting that the meeting provided an opportunity for the Committee to explore available alternatives. He clarified that he hadn't spoken to the Department of Law but had consulted with Trustee Chris. Deven mentioned an alternative discussed within the Committee—leaving the bylaws intact but not following the outlined process. However, he cautioned that historically, this approach had garnered criticism. Deven expressed his preference for the proposed alternative in the packet, which allowed for presenting important achievements to the Board, conducting a verbal review, and holding the possibility of pursuing a statutory fix in the long term.

TRUSTEE RUBENSTEIN acknowledged the alignment within the committee and clarified its role, emphasizing adherence to policies outlined in the Governance Manual. She highlighted that the purpose of the meeting was to accept and recommend the changes in the packet, which would be fully discussed during the upcoming Board meeting on December 13th and 14th. Rubenstein confirmed with Deven that a follow-up meeting or Executive Session would be arranged to receive his written comments. She then raised a concern about the impact of the proposed changes on the evaluation process for Deven's team. She questioned whether this should be addressed in a future Board or Governance Committee meeting.

CEO MITCHELL responded, explaining that the corporation had been following the existing evaluation process, providing written feedback to direct reports, which was held confidentially in their personnel files.

TRUSTEE BRUNE intervened, expressing concern about the confidentiality of these files. He highlighted the uncertainty about whether the files were held confidentially and raised the possibility of requests being made in the future.

CEO MITCHELL affirmed Trustee Brune's concerns, acknowledging that no requests had been made for the personnel files, emphasizing his commitment to maintaining confidentiality. He expressed confidence in his competent team and believed that disclosure could enhance employment opportunities. However, Deven assured that efforts would be made to keep the records confidential within the existing legal constraints while expressing the ongoing pursuit of a statutory amendment for clearer protection.

TRUSTEE BRUNE reiterated his agreement with Deven's statements but voiced apprehension about potential differing interpretations by Assistant Attorneys General based on the General Counsel's advice.

TRUSTEE RUBENSTEIN acknowledged the shared concerns and pointed out that the situation had primarily arisen concerning the Executive Director. She sought clarification on whether personnel files for other employees had ever been requested and disclosed, referencing a past evaluation during Val's tenure as interim Executive Director.

CEO MITCHELL clarified that no personnel files, aside from the Executive Director's, had been requested or disclosed.

TRUSTEE RUBENSTEIN suggested updating the process, specifically for the Executive Director, and emphasized the need for a statutory change to enhance confidentiality. She proposed moving forward with the discussed amendment and sought clarification on whether a formal vote was required.

CEO MITCHELL expressed agreement with moving the proposed amendment to the entire Board at the upcoming meeting, emphasizing that it would need ratification by the entire Board. He deferred to Chris, the legal perspective, and conveyed that staff understood the recommendation to proceed unless there were objections.

TRUSTEE SCHUTT suggested taking a formal vote for a formal recommendation of the Committee’s action.

TRUSTEE RUBENSTEIN agreed and initiated a motion to approve the recommendations for changes to the Executive Director Review and updating the Governance Manual.

TRUSTEE RICHARDS moved the motion, Trustee Brune seconded it, and the roll call vote confirmed unanimous approval. The motion carried, indicating Committee’s endorsement of the proposed changes.

> **MOTION:** A motion to approve recommendations for changes to the Executive Director Review and updating the Governance Manual was made by TRUSTEE RUBENSTEIN, seconded by TRUSTEE BRUNE.

After the roll-call vote, the MOTION was APPROVED. (Unanimous vote)

CLOSING COMMENTS

TRUSTEE RUBENSTEIN expressed gratitude for the discussion, acknowledging the efforts of the staff and thanking Chris for providing a legal summary. Noting the limited experience of the Board Members who had gone through a similar process before, Trustee Rubenstein suggested adjourning the meeting.

CEO MITCHELL confirmed the absence of any other business and agreed to the suggestion of adjourning the meeting.

TRUSTEE RUBENSTEIN confirmed the absence of additional matters and mentioned that the discussion would be brought before the Full Board in December, as one Board Member was not present. CEO Mitchell acknowledged and proposed a motion to adjourn as the last action item.

TRUSTEE BRUNE seconded the motion.

TRUSTEE RUBENSTEIN thanked everyone and announced the next meeting in December.

TRUSTEE RUBENSTEIN adjourned the meeting.

(AFPC Board of Trustees adjourned at 11:45 am)

Alaska Permanent Fund Corporation

Board of Trustees Charters and Governance Policies

December 11, 2023

BOARD CHARTERS AND GOVERNANCE POLICIES

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ALASKA PERMANENT FUND CORPORATION

Charter of the Board of Trustees

INTRODUCTION

1. The State of Alaska has established the Alaska Permanent Fund Corporation (APFC) to manage and invest the assets of the Alaska Permanent Fund and other funds designated by law (Fund). [AS 37.13.040]

2. The Board of Trustees of the APFC (Board) consists of six members appointed by the Governor. Two of the members are required by law to be heads of principal departments of state government, one of whom shall be the commissioner of revenue. Four members shall be appointed by the Governor from the public with recognized competence and wide experience in finance, investments, or other business management-related fields. [AS 37.13.050]

DUTIES AND RESPONSIBILITIES

Governance

3. The Board will establish a committee structure that it considers necessary and appropriate.

4. The Board will establish charters setting out the duties and responsibilities of:

   (a) The Board of Trustees;
   (b) The Chair and Vice Chair of the Board;
   (c) The Committees of the Board;
   (d) The Investment Advisory Group; and
   (e) The Executive Director.

5. The Board will establish governance policies as necessary, including bylaws and other Board standards, to ensure effective operation of the affairs of the Board.

6. The Board will establish a process for the evaluation of the performance of the Executive Director and will conduct such performance evaluation annually.

Investments

7. In managing and investing the assets of the Fund, the Board is required to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while

maximizing the expected total return from both income and the appreciation of capital. [AS 37.13.120]

8. The Board will establish an investment policy which shall include the Board's overall investment philosophy, as well as other related policies as necessary for the effective management and investment of the assets of the Fund.

9. The Board will establish a framework and process for the management of the investment risk of the Fund, which shall be set out in the investment policy.

10. At least every five years the Board will review the investment policy and approve the long-term or strategic asset allocation of the Fund in terms of the proportion of total assets to be invested within a minimum-maximum range at any point in time.

Finance, Accounting and Audit

11. The Board will ensure that appropriate financial and operational controls and procedures are in place to safeguard the assets of the Fund.

12. The Board will ensure that audits of these controls and procedures are conducted from time to time by an independent external auditor in order to ensure that the assets are properly accounted for, and that the investments of the Fund are in accordance with applicable laws and regulations.

13. The Board will ensure that annual financial statements of the Fund are prepared and that these statements are audited by an independent external auditor. It will approve the annual financial statements, and include them as part of an annual report for distribution to the Governor, the Legislature and the public. [AS 37.13.170]

Operations and Human Resources

14. The Board will appoint an Executive Director and review the performance of the Executive Director annually.

15. The Board will establish a four-year strategic plan for the APFC and review the strategic plan annually.

16. The Board will approve an annual operating budget for the APFC.

17. The Board will establish human resources policies and procedures necessary for the effective management of the APFC, including a compensation and benefit policy and a succession plan for the senior management of the organization.

Communications

18. The Board will establish a communications policy which sets out guidelines with respect to how the Board and individual trustees should communicate with:

    (a) The staff of the APFC;
    (b) Service providers;
    (c) The media, including social media such as Facebook, LinkedIn, and Twitter and
    (d) Other external parties.

Appointments

19. The Board will approve the appointment of the following key service providers and advisors:

    (a) The External Auditor;
    (b) The Custodian;
    (c) The Investment Consultant;
    (d) The members of the Investment Advisory Group; and
    (e) At the Board's election, any other service providers.

Monitoring and Reporting

20. The Board will establish a policy which sets out its requirements regarding the reports the Board will receive on a regular basis in order to meet its responsibility for the oversight of the management of the APFC.

21. The Board will review on a regular basis, without limitation, the following:

    (a) The investment performance of the Fund and each asset class, including the costs of managing the Fund;
    (b) The asset allocation and investment risk of the Fund; and
    (c) The compliance program of the Fund and the APFC in relation to applicable laws and regulations, as well as all policies, procedures and bylaws established by the Board.

22. The Board will review the compliance of the Board, its committees, the Chair and Vice Chair of the Board, and the Executive Director with the duties and responsibilities set out in their respective charters.

23. The Board will review all policies established by the Board as frequently as required under the terms of the individual policy.

REVIEW AND AMENDMENT OF THE CHARTER

24. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

25. The Board of Trustees adopted this Charter on September 24th[rd], 24th 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Audit Committee of the Board

INTRODUCTION

1. The Board has established an Audit Committee ("the Committee") to assist the Board in the financial oversight of the APFC.

2. The Board has established this Charter which sets out the duties and responsibilities of the Committee.

ROLE

3. The role of the Audit Committee will be to:

   (a) Monitor the integrity of the financial reporting process and the system of internal controls and procedures regarding finance, accounting, and legal compliance;
   (b) Review the performance and independence of the APFC's external auditors; and
   (c) Provide an avenue of communication among the external auditors, management, the Chief Financial Officer, and the Board.

AUTHORITIES

4. The Committee will have the authority to conduct any investigation appropriate to fulfill its responsibilities.

5. The Committee will have direct access to the external auditors, as well as all APFC management and staff, legal counsel, as well as all advisors, consultants and investment managers of the Fund.

6. The Committee may retain, at the expense of the APFC and consistent with applicable procurement requirements, consultants or experts it considers necessary in the performance of its duties.

OPERATING PROCEDURES

7. The Committee will consist of at least three Trustees, each of whom must have a basic understanding of finance and accounting and be able to read and understand financial statements.

8. The Committee will meet at least two times annually, or more frequently as circumstances dictate. The Committee Chair will approve an agenda in advance of each meeting.

9. The Committee will invite members of management, auditors, or other professionals as deemed necessary, to attend meetings and provide pertinent information. The Committee may meet in executive sessions as necessary within the requirements of the Alaska Open Meetings Act [AS 44.62.310].

10. The Committee will maintain minutes or digital recordings of Committee meetings and periodically report to the board of Trustees on significant results of the Committee's activities.

11. The Committee will annually perform a self-assessment of the Committee's performance.

DUTIES AND RESPONSIBILITIES

Financial Reporting and Internal Controls

12. The Committee will carry out the following responsibilities with respect to financial reporting and internal controls:

    (a) Review the annual audited financial statements prior to filing or distribution of the final report. This review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and judgments;

    (b) In consultation with management, the external auditors, and the Chief Financial Officer, consider the integrity of the financial reporting processes and controls; discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures; and review significant findings prepared by the external auditors and the Chief Financial Officer together with management's responses;

    (c) Discuss any significant changes to applicable accounting principles and any items required to be communicated by the independent auditors;

    (d) At least annually, review with the APFC's counsel any legal matters that could have a material impact on the Fund's financial statements, the APFC's compliance with applicable laws and regulations, and any inquiries received from regulators or governmental agencies; and

External Audit

13. The Committee will have the following responsibilities with respect to the APFC's external auditors:

(a) Review the external auditors' audit plan - discuss scope, staffing, locations, reliance upon management, and general audit approach;

(b) Consider the external auditors' judgments about the quality and appropriateness of the APFC's accounting principles as applied in its financial reporting;

(c) Discuss with management and the external auditors the quality of the accounting principles and underlying estimates used in the preparation of the Fund's financial statements;

(d) Discuss with the external auditors the clarity of the financial disclosure practices used or proposed by the APFC;

(e) Review the performance and independence of the auditors and periodically recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant; and

(f) On an annual basis, review and discuss with the external auditors all significant relationships the auditors have with the APFC that could impair the auditors' independence.

REVIEW AND AMENDMENT OF THE CHARTER

14. The Governance Committee, in consultation with the Audit Committee, and staff will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

15. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Governance Committee of the Board

INTRODUCTION

1. The Board has established a Governance Committee ("the Committee") to assist the Board in the governance of the APFC.

2. The Vice Chair of the Board will serve as the Chair of the Governance Committee. The Vice Chair may act on behalf of the Governance Committee in performing the duties set forth in this Charter with the approval of the full Board.

DUTIES AND RESPONSIBILITIES

Governance

3. The Governance Committee will review the charters of the Board, its committees, the Chair, the Vice Chair, the Investment Advisory Group, and the Executive Director, as well as the governance policies of the Board as frequently as required under the terms of the individual charter or policy. The Committee will recommend any proposed changes in the charters and policies to the Board for approval as necessary.

4. The Committee will review compliance by the Board, its committees, the Chair, the Vice Chair and the Executive Director with the duties and responsibilities set forth in their respective charters.

5. Every three years, the Committee will review and update the senior management personnel (including Executive Director, Chief Investment Officer, Chief Risk Officer and Chief Financial Officer) succession plan.

Strategic Planning and Budgeting

6. The Committee will assist the Board in establishing a Strategic Plan. It will undertake a comprehensive review of the Plan every three to four years, and supervise the preparation of a new Strategic Plan.

Monitoring and Reporting

7. The Committee will review and approve any changes to the list of reports that the Board will receive on a regular basis as set out in the *Monitoring and Reporting Policy*.

REVIEW AND AMENDMENT OF THE CHARTER

8. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

9. The Board of Trustees amended this Charter on December 11, 2023.

ALASKA PERMANENT FUND CORPORATION

Charter of the Chair of the Board

INTRODUCTION

1. Alaska Statute 37.13.050 requires the Board to elect a Chair annually from among its members.

DUTIES AND RESPONSIBILITIES

2. The Chair will perform the duties and responsibilities and exercise the powers as specified below:

   (a) Appoint the members of the committees of the Board and the committee chairs (other than the chair of the Governance Committee);

   (b) Coordinate Board meetings, agendas, schedules and presentations, in consultation with the Executive Director;

   (c) Preside at the meetings of the Board and ensure that such meetings are conducted in an efficient manner and in accordance with Alaska's Open Meetings Act and agreed-upon rules of order;

   (d) Facilitate effective and open communications between the Board and the Executive Director;

   (e) Act as one of the official spokespersons for the APFC, together with the Executive Director;

   (f) Review and approve travel and other expenses of the members of the Board of Trustees;

   (g) Review and approve travel outside of the United States and other expenses of the Executive Director; and

   (h) Carry out any other duties and responsibilities as assigned by the Board.

REVIEW AND AMENDMENT OF THE CHARTER

3. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

4. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Vice Chair of the Board

INTRODUCTION

1. The Bylaws of the APFC establish the Vice Chair as an officer of the Board. The Vice Chair is elected annually.

DUTIES AND RESPONSIBILITIES

2. The Vice-Chair will perform the duties and responsibilities and exercise the powers as specified below:

   (a) Assume the duties of the Chair when the Chair is absent, or when the Chair designates the Vice-Chair to act in that capacity;

   (b) Temporarily act as the Chair in the event of death, resignation, removal from office, or permanent disability of the Chair, until the election of a new Chair;

   (c) Serve as the Chair of the Governance Committee; and

   (d) Carry out any other duties and responsibilities as assigned by the Board.

REVIEW AND AMENDMENT OF THE CHARTER

3. The Board of Trustees will review this Charter at least once every three (3) years and make any amendments as necessary to ensure that the Charter remains relevant and appropriate.

4. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Investment Advisory Group

INTRODUCTION

1. The Board of Trustees has established an Investment Advisory Group consisting of at least one but not more than three individuals who have considerable knowledge and experience in the management and investment of large endowment or trust funds to serve as independent advisors to the Board of Trustees.

2. This Charter sets out the duties and responsibilities of the Investment Advisory Group, which includes evaluating Fund performance, asset allocation, the merits of specific investment proposals, and other investment topics identified by the Board.

3. The Board will have full authority over the selection and appointment of the members of the Investment Advisory Group who will serve at the pleasure of the Board.

DUTIES AND RESPONSIBILITIES

4. The Investment Advisory Group (or "IAG") members are expected to attend in-person at least three of the quarterly Board meetings and present at least one topic annually for the Board's consideration on best practices in the management of large institutional funds, with input from the Board on the specific topic for presentation.

5. The IAG will provide comments to the Board on the following issues:

   (a) The long-term or strategic asset allocation of the Fund;

   (b) The risk management framework of the Fund;

   (c) Any changes to the investment policy;

   (d) Any proposed investment in new asset classes;

   (e) Any proposed investment in new or innovative investment products or strategies, particularly those involving alternative or non-traditional asset classes;

   (f) Any significant changes to the investment management structure of the Fund, including the following:

i) The relative proportion of assets in an asset class managed by external investment managers versus internal staff;
ii) The relative proportion of assets in an asset class managed using active versus passive investment strategies;
iii) The total number of active investment managers or portfolios in an asset class; and

(g) Any other issue at the discretion of the Investment Advisory Group or as requested by the Board.

6. The IAG shall make contact with the Chief Investment Officer prior to each quarterly Board meeting to discuss topics on the agenda for the upcoming meeting, including:

(a) Fund performance for the quarter;

(b) Changes being considered or implemented to the asset allocation or investment policy; and

7. Each Quarter, the Staff shall provide documentation included as a regular Board report, demonstration that the IAG had met with the CIO as required in Section 6.

8. Any special topics that are to be discussed at the upcoming Board meeting.

9. Each member of the Investment Advisory Group will annually visit the Juneau office of the APFC and attend in-person an investment committee meeting of the APFC Staff.

REVIEW AND AMENDMENT OF THE CHARTER

10. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

11. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Charter of the Executive Director

INTRODUCTION

1. Alaska Statute 37.13.100 states that the Board of the APFC may employ and determine the salary of an Executive Director.

2. The Bylaws of the APFC state that the Executive Director will be the chief executive officer of the Corporation and serve at the pleasure of the Board. The Bylaws, set out, in general terms, the duties of the Executive Director.

3. The Board has, for greater clarity, established this Charter which sets out, in more specific terms, the duties and responsibilities of the Executive Director.

4. The Executive Director may delegate certain of these duties to staff. The Executive Director will, however, remain responsible for ensuring that these duties are carried out.

DUTIES AND RESPONSIBILITIES

Leadership

5. The Executive Director will provide executive leadership to the APFC in setting and achieving its mission, goals and objectives and will manage the APFC in accordance with guidelines and parameters established by the Board. In doing so, the Executive Director may solicit advice and counsel from the Board as necessary.

Policy Development

6. The Executive Director will provide support to the Board in establishing the policies of the Board. This will involve working with the Board and the Governance Committee to identify issues requiring Board policy, conducting the necessary analysis of such issues and providing clear and well-supported policy recommendations for Board approval.

Investments

7. The Executive Director will develop and recommend to the Board:

   (a) An investment policy, including the Board's overall investment philosophy, and mechanism for monitoring and managing investment risk;

   (b) The long-term or strategic asset allocation of the Fund in terms of the proportion of total assets to be invested within a minimum-maximum range at any point in time; and

8. The Executive Director will implement all investment policies and strategies as approved by the Board.

Finance, Accounting and Audit

9. The Executive Director will direct that appropriate financial and operational controls and procedures are put in place to safeguard the assets of the Fund.

10. The Executive Director will direct and supervise a review of the Corporation's internal controls and procedures to ensure that the operations of the Corporation are performed in a secure and appropriate manner.

11. The Executive Director will direct and supervise the preparation of annual financial statements of the APFC and cooperate in the audit of these statements by an independent external auditor prior to their submission to the Audit Committee for its review.

12. The Executive Director will prepare and coordinate management's response to any issues of significant concern on the part of the external auditor, and will meet and discuss with the Audit Committee the findings of the audit.

Operations and Human Resources

13. The Executive Director will develop and recommend to the Board the overall organizational structure of the APFC.

14. The Executive Director will be responsible for managing the day-to-day operations of the APFC.

15. The Executive Director will have the authority to make all necessary operational expenditures, consistent with budgets, policies, and internal controls established by the Board.

16. The Executive Director will have the authority to execute all formal documents and contracts on behalf of the APFC.

17. The Executive Director will develop and recommend to the Board:

    (a) A strategic plan; and
    (b) An annual operating budget for the APFC.

18. The Executive Director will select and employ the staff necessary to manage the APFC and develop appropriate staff training and development programs.

19. The Executive Director will develop and recommend to the Board human resources policies and procedures necessary for the effective management of the APFC,

including a compensation and benefit policy and a succession plan for the senior management of the organization.

20. The Executive Director will determine the appropriate level of compensation for staff within the benefits and compensation policy approved by the Board.

Communications

21. The Executive Director will develop and recommend to the Board a communications policy which sets outs guidelines with respect to how the Board and individual trustees will communicate with:

    (a) The staff of the APFC;
    (b) Service providers;
    (c) The media, including social media such as Facebook, LinkedIn, and Twitter; and
    (d) Other external parties.

22. The Executive Director will serve as one of the official spokespersons for the APFC, together with the Chair of the Board.

Appointments

23. The Executive Director will direct and supervise the conduct of all necessary due diligence that is appropriate in the search and selection of all service providers of the Fund.

24. The Executive Director will develop and recommend to the Board the appointment of the following key service providers and advisors:

    (a) The External Auditor;
    (b) The Custodian;
    (c) The members of the Investment Advisory Group;
    (d) The Investment Consultant; and
    (e) Other service providers as the Board may direct.

25. The Executive Director will be responsible for the selection and appointment of all other service providers not appointed by the Board.

26. The Executive Director will negotiate and execute the terms and provisions of all agreements and contracts with the service providers of the Fund, including those appointed by the Board.

Monitoring and Reporting

27. The Executive Director will develop and recommend to the Board a monitoring and reporting policy which sets out the Board's requirements regarding the reports it will receive on a regular basis in order to meet its responsibility for the oversight of the management of the APFC.

28. The Executive Director will provide the Board with all relevant and appropriate information in a timely manner so as to enable the Board to meet its responsibilities.

29. The Executive Director will monitor on an ongoing basis, without limitation, the following:

    (a) The investment performance of the Fund, asset classes, and investment managers and portfolios, including the costs of managing the Fund;
    (b) The asset allocation and investment risk of the Fund; and
    (c) The compliance of the Fund and the APFC with all applicable laws and regulations, as well as all policies, procedures and bylaws established by the Board, including those set forth in the Board standards.

30. The Executive Director will periodically review the performance, level of service and fees of the service providers appointed by the Executive Director.

31. The Executive Director will direct and supervise the preparation of an annual report of the APFC for distribution as required by Alaska Statute 37.13.170.

REVIEW AND AMENDMENT OF THE CHARTER

32. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

33. The Board of Trustees adopted this Charter on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Board Policy Development Process

OBJECTIVES OF THE POLICY

1. The Board of Trustees of the APFC has established this *Board Policy Development Process* in order to meet the following objectives:

   (a) To set out the process by which the Board will develop and establish the policies of the Board; and

   (b) To ensure that the process is sound and reasonable and provides the Board with effective policies that achieves the goals and objectives of the APFC.

POLICY GUIDELINES

Roles and Responsibilities

2. The role of the Executive Director in the policy development process will be to:

   (a) Assist the Board in identifying appropriate areas or subject matters in which a board policy may be required;

   (b) Provide the Board with sound and comprehensive analysis of the underlying issues;

   (c) Undertake any research and analysis required in the development of the proposed policy, with the assistance of external advisors and consultants if necessary; and

   (d) Prepare a draft of the proposed policy for the Board's consideration.

3. The role of the Board is to review the proposed policy, including the research and analysis undertaken, and approve it if the Board determines that the policy will achieve the goals and objectives of the APFC.

Development and Approval

4. Any member of the Board, a Board committee, or the Executive Director may propose to the Board that it consider the development of a new Board policy.

5. In determining whether a particular matter warrants a Board policy, the Board should consider whether it meets the following criteria:

   (a) The matter may have a significant impact on the APFC's ability to achieve its goals and objectives;

(b) It is an ongoing concern which is expected to come up again or remain indefinitely; and

(c) It is not an operational matter that would otherwise fall within the responsibility of the Executive Director.

6. If the Board determines that the matter warrants a Board policy, it will pass a motion directing the Executive Director to prepare and submit a draft policy to the Board for its consideration.

7. A Board policy should contain, at a minimum, the following sections:

(a) Objectives of the policy – what the policy is intended to achieve;
(b) Policy guidelines – the actual terms and provisions of the policy; and
(c) Review and amendment of the policy – how often the policy will be reviewed, and the date(s) on which the policy was adopted and/or amended.

8. The Board will approve the final language of a policy by a roll call vote.

Maintenance and Review

9. All Board policies will be maintained in up-to-date form in a single volume or a series of volumes within the APFC's offices, and will be accessible to trustees, staff and the public. Trustees will be provided with a copy of the Board policies which will be updated as necessary.

10. The Board will formally review a Board policy within the time period specified in the policy, but no less frequently than once every three years. Any Trustee, Board committee, or the Executive Director may propose to the Governance Committee that a particular policy be reviewed earlier than required.

REVIEW AND AMENDMENT OF THE POLICY

11. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.

12. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Strategic Planning and Budgeting Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Strategic Planning and Budgeting Policy* in order to meet the following objectives:

   (a) To ensure that the APFC plans, in a deliberate and systematic way, for the future needs of the organization; and

   (b) To achieve a consensus among the Board and staff on how those needs and priorities are going to be met.

POLICY GUIDELINES

The Strategic Plan

2. The APFC will establish a Strategic Plan, extending over a period of four years into the future, to be reviewed and updated annually, which will address, without limitation, the following:

   (a) The mission of the APFC;
   (b) The philosophy and core values of the organization;
   (c) The goals and objectives of the APFC over the four-year period;
   (d) An evaluation of the external environment in which the APFC operates;
   (e) An assessment of the organization's internal resources and capabilities; and
   (f) The strategies for achieving the APFC's goals and objectives.

3. The Strategic Plan will include a list of the specific projects and initiatives to be started and/or implemented over the next fiscal year, including for each project or initiative:

   (a) Its potential benefit or impact;
   (b) Responsibility for implementation;
   (c) Timeline for completion; and
   (d) Budgetary implications.

4. The Board, with the assistance of the Executive Director, will undertake a comprehensive review of the Strategic Plan at least every four years.

The Planning and Budgeting Process

5. The Executive Director will review and update the Strategic Plan annually and present a report to the Governance Committee that includes:

   (a) A review of the implementation of the Strategic Plan for the current fiscal year; and

   (b) The updated Strategic Plan, including the current projects and initiatives in progress to be carried forward and new initiatives to be undertaken in the next fiscal year.

6. The Executive Director will present to the Board semi-annually a variance report on the current year's Budget that provides:

   (a) A comparison of actual expenditures versus the budget; and
   (b) An explanation for significant differences in actual and budgeted amounts for any budget item.

7. The Executive Director will prepare and present to the Board annually a proposed Budget for the next fiscal year which provides:

   (a) A breakdown of the Budget by line item, and within each line item by major expense category;

   (b) A comparison of each budget item to the current year's budget and actual expenditure (projected to year-end);

   (c) An explanation of significant changes from the previous year for any budget item; and

   (d) The identification of budgetary amounts tied to any project or initiatives in the Strategic Plan for the next fiscal year.

8. Any significant revisions to the Strategic Plan or Budget must be reviewed and approved by the Board.

9. The Executive Director shall inform the Board Chair in a timely manner, if for any reason, a particular project or initiative cannot be implemented or completed as planned.

REVIEW AND AMENDMENT OF THE POLICY

10. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.

11. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Monitoring and Reporting Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Monitoring and Reporting Policy* in order to set out its minimum requirements with respect to the reports it expects to receive on a regular basis.

POLICY GUIDELINES

2. The Board will receive the reports specified in the Appendix to this Policy. The reports will be provided on a regular basis at the frequency indicated in the Appendix.

3. The Board may receive additional reports on an ad hoc basis as necessary.

4. Any request by Trustees for additional reports to be provided on a regular basis will require approval by the Board and an amendment to the Appendix of this Policy.

REVIEW AND AMENDMENT OF THE POLICY

5. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.

6. The Board of Trustees amended this Policy on December 11, 2023.

Monitoring and Reporting Policy

APPENDIX

Governance Reports

Name of Report	Frequency	Prepared By	Description of Report
1. Review of Governance Policies and Charters	Every 3 years	Staff	Report on the findings and recommendations of the Board's review of its governance policies and charters. There could be separate reports, for policies one year and charters another year.
2. Governance Report	Every 3 years	Third Party or staff	Report on compliance with governance policies and charters. This report should be part of the Board's review of its policies and charters, and produced with the same frequency, i.e. every 3 years, with separate reports for policies and charters.
3. reserved			
4. Board Education Report	Annual	Staff	Report on the activities of the Board and its members with respect to education.
5. IAG Report	Quarterly	Staff	Report on compliance with IAG requirements

Investment Reports

Name of Report	Frequency	Prepared By	Description of Report
6. Investment Performance Report	Monthly and Quarterly	Staff and/or Investment Consultant	Report on the asset allocation and investment performance of the Fund, including the performance of asset classes
7. Risk Management Report	Quarterly	Staff and/or Investment Consultant	Report on the investment risk of the Fund, its asset classes and investment portfolios.
8. Asset Allocation Study	At least every 5 years	Staff and/or Investment Consultant	Report on the findings and recommendations of a review of the long-term or target asset allocation policy of the Fund.
9. Review of the Fund's Investment Policies	At least every 5 years	Staff and/or Investment Consultant	Report on the findings and recommendations of a review of the investment policy statement and related policies and procedures of the Fund.
10. Review of the Fund's Investment Managers	Quarterly	Staff and/or Investment Consultant	Report on the performance and strategies of the investment managers of the Fund.

Financial, Audit and Operational Reports

Name of Report	Frequency	Prepared By	Description of Report
11. Annual Financial Report, including: ▪ Audited Financial Statements ▪ Management's Discussion and Analysis ▪ Auditor's Opinion	Annual	Staff and External Auditor	Report on the financial position and activities of the Fund.
12. Cybersecurity/IT Audit	Every 3 years	Staff and/or Third Party	Report on the safety and security controls of the Fund.

Planning and Budgeting Reports

Name of Report	Frequency	Prepared By	Description of Report
13. Budget Variance Report	Semi-Annual	Staff	Report on the implementation of the current year's budget, showing the variance between actual and budgeted expenditures.
14. Operating Budget	Annual	Staff	Report on the proposed budget for the next fiscal year.

ALASKA PERMANENT FUND CORPORATION

Trustee Education Policy

OBJECTIVES OF THE POLICY

1. The Board of the APFC has established this *Trustee Education Policy* with the following objectives:

   (a) To ensure that the members of the Board have access to the knowledge and information necessary for them to fulfill their fiduciary duties as trustees of the Alaska Permanent Fund; and

   (b) To assist them in becoming well informed in all matters pertaining generally to the management of a large institutional fund, both public and private, and more specifically to the management and investments of the Fund.

POLICY GUIDELINES

2. The education program for Trustees will be based on the following principles:

   (a) The program should include both in-house education, so that Trustees can share in a common base of knowledge and information relevant to their tasks, as well as external conferences and seminars, so that Trustees can benefit from exposure to alternative perspectives and interaction with trustees of other organizations;

   (b) There should be diverse sources for education, beyond APFC staff and current service providers, including other external consultants, advisors and experts, so that Trustees may benefit from a wide range of views and opinions; and

   (c) Trustees are expected to participate in any in-house education sessions that may be organized for their benefit, including an orientation session for new Trustees. They are also encouraged to attend external conferences and seminars.

3. The education program will consist of the following:

   (a) A formal orientation for new Trustees;
   (b) A Trustee Reference Manual containing key information about the APFC;
   (c) In-house education, including:
      i) At the request of the Board, an annual education session
      ii) Seminars and briefings from time to time;
      iii) Selected reading material provided by staff; and
   (d) External conferences and seminars.

Orientation Program

4. The Executive Director will develop an orientation program designed to introduce new trustees to all relevant operations of the APFC, and to the duties and responsibilities of the Trustee. The aim of the orientation program will be to ensure that a new Trustee is in a position to contribute fully to the deliberations of the Board, and effectively carry out their duties and responsibilities as soon as possible after joining the Board.

5. The orientation program should include the following:

   (a) A briefing by the Executive Director on the history, mission, organization and operations of the APFC;

   (b) A briefing by the Chief Investment Officer on the investment philosophy, asset allocation, investment managers, and the major investment portfolios of the Fund;

   (c) A briefing on the laws and regulations governing the APFC, the fiduciary duties and responsibilities of the Trustees, the Board Charter, Committee structure, Bylaws and other Board standards including disclosure requirements;

   (d) A briefing on administrative policies and procedures relating to Board members;

   (e) An introduction to the APFC's website and the educational resources available there for Trustees; and

   (f) A briefing by the Chair of the Board and the Executive Director on the major issues currently before the Board.

6. The new Trustee will also, as part of the orientation program, be provided with the following:

   (a) The Trustee Reference Manual;
   (b) Selected articles and papers on the APFC and institutional fund management;
   (c) A list of upcoming conferences and seminars; and
   (d) The most recent Annual Report, including the audited financial statements.

Trustee Reference Manual

7. The Trustee Reference Manual will include the following:

   (a) The laws and regulations governing the Alaska Permanent Fund;
   (b) The Bylaws of the APFC;
   (c) The Charters and Governance Policies established by the Board;
   (d) A list of Board committees and committee members;
   (e) Names and contact information for Trustees, members of the Investment Advisory Group and the Executive Director;

(f) Organization chart of the APFC;
(g) List of the APFC's major service providers; and
(h) The Investment Policy for the Fund.

In-house Education

8. The Board will periodically conduct assessments of its educational requirements to ensure it will be provided with the knowledge and information necessary to discharge its functions.

9. Trustees are encouraged to attend, if scheduled, an annual educational session which may be organized either by the Executive Director or in conjunction with other Alaska public funds such as the Alaska Retirement Management Board.

10. The Executive Director will, from time to time, organize short seminars or presentations on various topics by APFC staff and service providers, as well as other external consultants, advisors and experts. The Executive Director will consult with Trustees to identify topics of special interest or relevance to the Board, taking into account the results of the educational needs assessment. These sessions may be organized either as part of regular Board meetings or as stand-alone events.

11. The Executive Director will also provide Trustees with relevant and appropriate reading material (e.g., journal articles, research studies, news clippings, etc.).

External Conferences and Seminars

12. The Executive Director will maintain a list of conferences and seminars that Trustees may wish to attend, with expenses to be paid for by the APFC upon approval of the Chair. The Executive Director will update the list from time to time taking into account new information and feedback from previous conference attendees.

13. The Executive Director will notify the Board of upcoming conferences on a regular basis at Board meetings.

14. Trustees are free to attend any other conferences, seminars, or workshops, other than those recommended by the Executive Director. The potential reimbursement of expenses incurred by Trustees will be subject to prior approval by the Chair.

Trustee Education Report

15. The Executive Director will present to the Board annually a report on the various educational activities undertaken by the Board and individual Trustees during the year.

REVIEW AND AMENDMENT OF THE POLICY

16. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.

17. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Board Communications Policy

OBJECTIVES OF THE POLICY

1. The Board has established this *Board Communications Policy* in order to facilitate effective communication by the Trustees with each other, and with APFC staff and service providers, the media and other external parties.

POLICY GUIDELINES

Communication among Trustees

2. Trustees are free to communicate with each other on matters concerning the APFC, subject to the requirements of Alaska's Open Meetings Act.

Communication with Staff

3. While Trustees have the right to communicate with any member of the APFC staff, they should direct questions and requests for information regarding the APFC's management and operations to the Executive Director or senior management staff.

4. Any question or request for information which can reasonably be expected to take up a significant amount of time, effort or resources on the part of APFC staff or service providers should be made through a formal request at a Board or committee meeting or with the consent of the Chair of the Board.

5. Trustees may directly contact the Executive Director or members of the senior management staff or APFC legal counsel, with any other question or request for which an answer or response is readily available or can be quickly and easily obtained.

Communication with Service Providers

6. Trustees should communicate with the APFC's investment managers and other service providers on matters concerning the APFC generally at Board or committee meetings, or through staff. If Trustees have any questions or wish to request any information from service providers, they should contact the Executive Director or a member of the senior management staff.

7. If Trustees do communicate directly with a service provider, they should be careful not to disclose any privileged information, make any commitments on behalf of the Board, or provide any special treatment or favoritism to the service provider. Trustees should disclose the nature of any communication with the service provider that is important or material to the APFC to the Board at their earliest convenience.

8. Trustees should refer any investment opportunities or proposals they receive from a service provider which may be of relevance to the APFC directly to the Executive Director.

9. The provisions of Section 6 through 8 above will not apply to Trustees' communication with the Investment Consultant, the Investment Advisory Group, the Auditor and APFC legal counsel.

Communication with the Media and Other External Parties

10. The Chair and the Executive Director will both serve as the official spokespersons for the APFC.

11. In their role as spokespersons, they should communicate in a manner consistent with the established policies and decisions of the Board and should not make comments which represent their personal views.

12. The Executive Director will be responsible for all "press releases" or written communications with the media. Such communications should clearly and accurately represent the actions and decisions of the Board.

13. All Trustees, including the Chair, are free to communicate with the media on matters concerning the Board or the APFC in their capacity as individual Trustees. If approached by the media for interviews or information on the APFC, they may refer the matter to one of the official spokespersons. If Trustees do communicate with the media, they should observe the following guidelines:

    (a) Trustees, other than the Chair, should not speak on behalf of the Board unless specifically authorized to do so by the Board;

    (b) If authorized to speak on behalf of the Board, Trustees should follow the provisions of Section 11 above; and

    (c) If Trustees, including the Chair, are speaking as individual Trustees, they should indicate that they are doing so, and not speaking on behalf of the Board.

14. Any written material on the APFC prepared by Trustees for publication or general distribution should be submitted to the Executive Director for review prior to its publication or distribution. The review will be only for the purpose of verifying the accuracy of the material to ensure that the APFC is not being inadvertently misrepresented.

REVIEW AND AMENDMENT OF THE POLICY

15. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.

16. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Executive Director Performance Evaluation Policy

OBJECTIVES OF THE POLICY

1. The Board of Trustees of the APFC has established this *Executive Director Performance Evaluation Policy* with the following objectives:

   (a) To ensure that the Executive Director receives appropriate and useful feedback on their performance from the Board on an annual basis; and

   (b) To help develop clear and meaningful performance objectives for the Executive Director.

POLICY GUIDELINES

Roles and Responsibilities

2. The Board will be responsible for evaluating the performance of the Executive Director on an annual basis.

3. The Board may retain the services of an independent third party to facilitate and administer the performance evaluation in order to ensure the integrity and confidentiality of the process.

Evaluation Survey and Criteria

4. The Board will evaluate the performance of the Executive Director based on a number of criteria, including the following:

   (a) Achievement of the goals and objectives of the APFC;
   (b) Completion of the specific projects and initiatives set out in the strategic plan for that fiscal year;
   (c) Implementation of Board policies and reporting requirements;
   (d) General leadership and management skills; and
   (e) Compliance with the Executive Director's charter.

The Evaluation Process

5. Towards the end of the calendar year and before the fourth quarter meeting of the Board, the Chair will distribute a package of materials to each Trustee which may include the following:

   (a) A report prepared by the Executive Director that lists their achievements for the previous year;
   (b) The strategic plan and budget for the fiscal year or a summary thereof; and
   (c) Any other materials that might be relevant to Board's performance evaluation of the Executive Director.

6. Trustees should review the materials provided prior to the meeting during which the Executive Director will be evaluated.

7. The Board, consistent with Alaska's Open Meetings Act, will meet in executive session to review and discuss the Executive Director's performance for the prior year.

8. The Board, consistent with Alaska's Open Meetings Act, will then meet with the Executive Director in executive session to discuss their performance for the prior year and any opportunities for improvement.

9. The Board, after coming out of executive session, will then take any action on the record that may be required to complete the evaluation.

REVIEW AND AMENDMENT OF THE POLICY

10. The Governance Committee will review this Policy at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Policy remains relevant and appropriate.

11. The Board of Trustees amended this Policy on December 11, 2023

ALASKA PERMANENT FUND CORPORATION

Board Standards

OBJECTIVES OF THE STANDARDS

1. The Permanent Fund was established by Article IX, Section 15 of the Alaska Constitution. The statutory purpose of the APFC is to manage and invest the assets of the Permanent Fund. The Trustees' conduct is subject to Alaska Constitution and Statutes, regulations under the Alaska Administrative Code, and various other rules and policies. The Board of Trustees has established the *Board Standards* to identify applicable rules and policies and provide further guidance to Trustees in conducting their affairs and activities as Board members.

POLICY GUIDELINES

2. Trustees will conduct themselves with honesty, integrity, decorum, and professionalism in all aspects of their duties, and in their interaction with fellow trustees, APFC staff, service providers, and other external parties.

With Respect to Compliance with Laws, Regulations and Policies

3. Trustees will abide by all applicable laws and regulations, including, in particular, the following:

   (a) Alaska Statutes at Title 37, Chapter 13;
   (b) Alaska Administrative Code at Title 15, Chapter 137;
   (c) APFC Bylaws;
   (d) The Alaska Open Meetings Act and regulations thereunder;
   (e) The Alaska Executive Branch Ethics Act and regulations thereunder, administered by the Department of Law; and
   (f) The Alaska Conflict of Interest Act and regulations thereunder, administered by the Alaska Public Offices Commission (APOC).

4. Trustees will abide by all policies of the APFC.

With Respect to Confidentiality and Use of Information

5. Trustees will respect the confidentiality of all information pertaining to the APFC to which they become privy to by virtue of their position. They will not disclose any confidential information to any external party unless required to do so by law.

6. Any information on the APFC that Trustees request in their capacity as Trustees will only be to fulfill their responsibilities as Trustees of the APFC and not for use in their own personal or business affairs.

With Respect to Enforcement of the Board Standards

7. The Chair of the Board will enforce and attempt to rectify any breach of the Board Standards.

8. If a Trustee has reason to believe that a material violation of the Board Standards has taken place, they will notify the Chair (or the Vice Chair if the allegation is against the Chair) and the Executive Director.

REVIEW AND AMENDMENT OF THE POLICY

9. This Policy will be reviewed periodically and amended by the Board as necessary or appropriate.

10. The Board of Trustees adopted this Policy on September 24th, 2020.

ALASKA PERMANENT FUND CORPORATION

Best-In-Class Governance Policy Recommendations

Final Report

May 12, 2023

Funston Advisory Services LLC

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1. Background

APFC Purpose and Functions

The Alaska Permanent Fund Corporation (APFC) was created by the Alaska Legislature in 1980 as a quasi-independent state entity tasked with the important mission of prudently investing and managing the assets of the Alaska Permanent Fund. The APFC was one of the first sovereign wealth funds and is the largest state-level fund of its kind in the United States. The APFC has 59 staff in investment management, accounting, information technology and administration.

The APFC operates as an independent state corporation under the oversight of a Board of Trustees that serves as fiduciary of the APFC. The APFC Board of Trustees sets investment policy, reviews the portfolio's performance, and works together with management to determine the Corporation's strategic direction.

The Board is composed of six governor-appointed Trustees. Two of the members must be heads of principal departments of state government, one of whom must be the commissioner of revenue. Four public members fill the remaining seats, which have staggered, four-year terms. The four public members of the Board must have recognized competence and wide experience in finance, investments, or other business management-related fields.

The Alaska Permanent Fund was established by Article IX, Section 15 of the Alaska Constitution, while the objectives and investment guidelines of the Fund are defined in Chapter 37.13 of the Alaska Statutes. The Statutes contain legislative findings that the Fund was established to conserve a portion of the state's revenues from mineral resources to benefit all generations of Alaskans. (AS 37.13.020) Among other things, AS 37.13.120 requires that Fund investments be made in accordance with the prudent investor rule and be reasonably diversified. The APFC Board of Trustees is required to draft and maintain a list of allowed investments in regulations. This list is maintained in Alaska Administrative Code 15 AAC 137.

2. Purpose of the Review

In January 2023, the Board requested the Governance Committee seek the assistance of an external governance consultant in the review of its governance policies. The purpose of the review was to ensure that the Board's existing governance policies remain consistent with best governance practices for an endowment fund of similar size and purpose to the Alaska Permanent Fund (Fund). This included the APFC Board of Trustees (Board) annual performance review process for the APFC executive director (ED).

After a competitive RFP process, Funston Advisory Services (FAS) was selected to undertake the review. The goal of the project is to identify and recommend practical improvements to the governance policies that guide how APFC conducts its business; sets direction and prudently delegates authorities and resources; approves key decisions; oversees the execution of its direction within policy; and verifies reliability of the information that it receives and it reports to stakeholders.

3. Policy Review Process

Iterative Consultation

The following report presents our recommendations to achieve "best-in-class" improvements in APFC's Bylaws, Charters, Governance Policies and related practices. This report was prepared after an evaluation of current APFC policies by FAS and interviews with trustees and executives. It provides recommendations on improvements that should be considered by APFC but does not address how to implement those recommendations. The implementation step will require deliberations by APFC which are likely to take time, as well as additional staff or external resources, which are beyond the scope of this project.[1]

The review has been an iterative process of consultation with APFC trustees and executives which recognizes that "one size fits one" and that what constitutes "best-in-class" is a matter of opinion. This may vary between investment organizations, depending on differences in liabilities, size, governance structure, resources, time horizons, legal authority, stakeholder expectations and other distinguishing factors. What is best for APFC will need to be determined by APFC with a view to the long-term. The recommendations were developed with the intent that underlying practices remain appropriate well into the future, beyond changes in current staff and Board membership. However, determination of fit and priorities are the job of the Board.

[1] FAS would welcome being considered by APFC for a follow-on project to provide further assistance for the deliberation and implementation process phases.

Prioritized Implementation Roadmap

After initial consideration of FAS recommendations at the May 10, 2023 meeting of the APFC Governance Committee, FAS is submitting this Final Report. The Final Report contains an implementation roadmap (see Appendix B) that provides suggested prioritization rankings of the FAS recommendations for consideration by the Board and staff in development of their final implementation roadmap.

Staff Input

At the request of the Governance Committee, comments from APFC staff are included after each recommendation. Staff input appears in red.

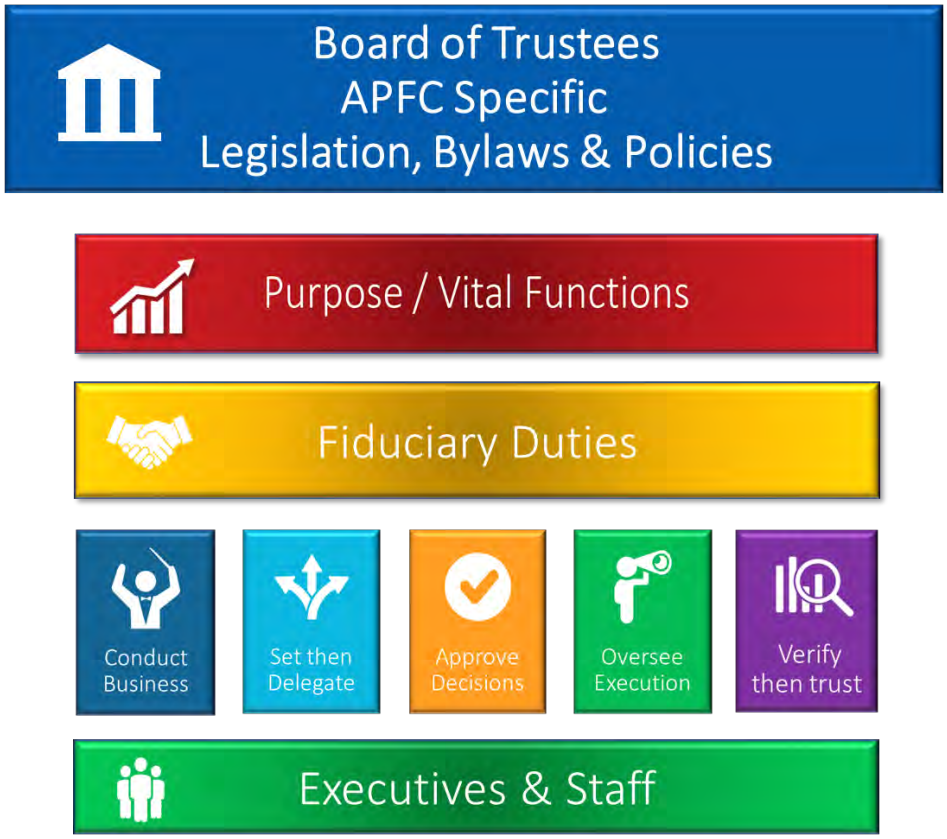
4. Enterprise Governance Framework

To promote role clarity between the APFC Board, executives and staff and its auditors and advisors, as well as assist in aligning the exercise of the Board's powers with its fiduciary responsibilities, our governance policy recommendations are organized into the Enterprise Governance Framework shown below in Figure 1.[2]

The Framework structures the Board's governance powers into five categories: Conduct the business of the board; set direction, then prudently delegate; approve key decisions; oversee execution; and verify, then trust.

[2] The Enterprise Governance Framework. ©Copyright 2022. All rights reserved. Funston Advisory Services LLC

Figure 1 – Powers Reserved for the APFC Board



5. Proposed governance policy improvements organized by Board powers

While current APFC policies appear to be generally reasonable, appropriate and consistent with prevailing peer practices, there are always improvement opportunities at any institutional investor. Recommendations in this report focus on provisions not fully covered in existing APFC governance documents, opportunities for improving clarity or completeness and governance practices we consider best-in-class.

In most instances, the rationale for the recommendation should be self-evident. In others, further background was provided by FAS at the May 10, 2023 Governance Committee meeting. Recommendations that involve only changes within purview of the staff or that are limited to clarification of existing policy or formalization of established practice have been separated from those that are likely to require Board deliberation and are set forth in Appendix A.

Conduct the Business of the Board

The first power reserved to the Board to fulfill its fiduciary duties is to conduct the business of the Board and its committees. This includes, for example. governance policies and the selection, evaluation and planning for the succession of the ED.

Bylaws, Charters and Governance Policies

1. Add a section on trustee duties and role expectations (e.g., meeting preparation and attendance, time commitment, asking questions, forming independent conclusions, meeting behavior expectations, commitment to skills development, etc.) to the Board Standards Policy or in the Charter for the Board of Trustees. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation and thinks it fits better in Board Standards Charter.

2. Develop an annual or multi-year calendar of key Board meeting agenda topics, along with corresponding Board continuing education sessions as a new provision in the Monitoring and Reporting Policy. APFC Staff Input: Staff supports this but recognizes that only certain recurring agenda items can be calendared years in advance. For example, annual edits to Investment Policy Statement, Annual Fiduciary Training, Annual Executive Director performance evaluation are items that can be advanced calendared. That said, Staff thinks setting out these dates in advance can prove helpful, especially for new Board Members, regarding when certain decisions need to be made and approved by the Board.

3. Clearly reference the powers reserved for the Legislature, those delegated to the Board and those delegated by the Board to the Executive in the Board Charter. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.
    a. The Board Charter could also include a provision which recognizes that the Board may, from time to time, request legislative changes where circumstances have changed; authority or resources assigned to the APFC are inadequate for the Board to perform it duties or meet its obligations; or other amendments would be appropriate. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation. Staff could create an annual list of legislative proposals for the Board to consider at the annual meeting and then the Board could vote on such proposals at the December meeting before the start of session.
    b. The Board should consider requesting legislation that:
        i. Recognizes confidentiality under the Open Records Law of work papers related to evaluation of the ED and to self-evaluation of the Board, a committee or individual trustee. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.
        ii. Expands the number of Board members to avoid tie votes and be more consistent with Boards for similar size institutional investors with an

uneven number of members to avoid tie votes (peer median = 9). APFC Staff Input: This is a policy call for the Board.

iii. Establishes a limit on the number of consecutive terms that a Board member may serve. APFC Staff Input: This is a policy call for the Board.

4. Reorganize existing governance documents and Board meeting agendas using the Enterprise Governance Framework shown in Figure 1 above to provide greater governance role clarity. APFC Staff Input: Staff does not currently support this recommendation. Staff's reluctance is to go from a system we know well to a system which may have the same information but with a very different organizational system.

CEO/ED Selection, Evaluation and Succession Planning

5. Simplify the ED evaluation policy and adjust it to reflect any enacted legislation establishing related confidentiality standards to encourage candor in the evaluation process; or, if no legislation is adopted, adjust the policy to encourage candor by allowing oral communication of sensitive personal information conveyed in the process of developing a final publicly available ED evaluation document. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation with emphasis placed on the Board providing clear annual guidance to the Executive Director what his/her goals and objectives are for the short and long-term. Staff thinks this discussion might fit well with an annual discussion of the Boards goals and objectives for the upcoming year (i.e. annual review of strategic plan).

6. Benchmark evaluation practices used by other Alaskan state agencies for "at will" employees (i.e., those who serve at the pleasure of the employer) if those practices reflect the same public access status as accorded to APFC evaluations. APFC Staff Input: The other state agencies face the same public records issue as APFC.
    a. To the extent practicable, develop and adhere to an annual ED evaluation process that includes (a) mutual agreement prior to beginning of the performance period on the ED's performance goals and objectives (both annual and longer-term), (b) a component of the evaluation that compares the ED's actual performance over the period to the expected objectives/goals, (c) identifies strengths and opportunities for improvement, and (d) provides constructive feedback to the ED. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.
    b. The process should be led by the Board Chair based on oral or written input received from the trustees using Board-approved criteria. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.
    c. The Board may elect to use a third-party facilitator to gather the input or otherwise assist in the evaluation process. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.

d. To avoid conflicts, employees who report to the ED should not be used to gather trustee input or convey evaluation results to the ED. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.

7. Consider including provisions in the ED's charter to improve APFC's ability to attract and retain qualified candidates and clarify legal rights (e.g., provide for compliance with "at will" employee discipline due process rights, use Enterprise Governance Framework to provide clarity of board and ED governance roles, retention bonus). APFC Staff Input: This is a policy call for the Board.

Governance Committee

8. Include in the Charter of the Governance Committee, a mandate to review the format and content of reports in the Monitoring and Reporting Policy to identify improvements in format and content, including use of exception reporting, compliance dashboards and additions to a consent Board meeting agenda section, for recommendation to the CEO and Board. See also recommendation 25. APFC Staff Input: This is primarily a policy call for the Board, but Staff supports this recommendation.

Audit Committee

See below: Verify then Trust

Investment Advisory Group

9. Consider an amendment to the Governance Committee Charter or Board Charter to provide for periodic trustee consultation with the Investment Advisory Group (IAG), ED and CIO about IAG assistance to the Board on new or timely topics (e.g., review of Philosophy/Investment Beliefs and/or Strategic Planning). APFC Staff Input: The IAG is the Board's advisor, so staff defers to the Board on the role of the IAG.
    a. Include on the Board calendar an annual/biennial agenda item to discuss with the IAG ways to improve its contribution (or delegate this task to the Governance Committee). APFC Staff Input: The IAG is the Board's advisor, so staff defers to the Board on this issue.

Onboarding and Continuing Education

10. Revise the Trustee Education Policy to set minimum continuing education requirements and provide for development of personalized annual trustee development plans that are based on the individual expertise and experience of each trustee, consider Board self-evaluation results in planning education and coordinate education with upcoming Board agenda items. APFC Staff Input: This is a policy call for the Board, but staff is prepared to help with any/all education efforts that the Board chooses to pursue.

11. Provide a list of key topics on which education should be provided (e.g., biennial fiduciary duty and ethics refreshers, regular key investment and risk management topics) and the number of attendance hours required, with compliance tracked and reported to the Board. APFC Staff Input: This is a policy call for the Board, but staff is prepared to help with any/all education efforts that the Board chooses to pursue.

12. Consider requiring trustees to rate and report on externally provided educational events to assist in prioritizing high quality programs. APFC Staff Input: This is a policy call for the Board, but staff supports this recommendation.

13. Consider offering on-line continuing trustee education in addition to education at Board meetings and external conferences.[3] APFC Staff Input: This is a policy call for the Board.

Trustee discipline

14. Expand the Board Standards Policy provisions on trustee discipline to specify due process rights and identify sanctions that could be imposed by the Board (e.g., reprimand, referral to external enforcement agency, remedial training, notice to appointing authority). APFC Staff Input: This is primarily a policy call for the Board with the caveat that the removal of any Board member is a power vested with the Governor under AS 37.13.070.

Board Self-Evaluation

15. Conduct regular (annual or biennial) self-evaluations of the entire Board and/or each committee. Focus on the exercise of the powers reserved for the Board (i.e., how effectively does the Board conduct its business and that of its committees, set direction and policy and then prudently delegate, approve key decisions, oversees the execution of direction within policy and verify the reliability of information and reports). APFC Staff Input: Staff recommends the Board annually review the strategic plan to see how much progress was made in the prior year on the goals identified in the plan. Staff thinks annual review of the strategic plan is an important board task.
    a. Identify areas for improvement and coordinate any training recommendations with trustee education. APFC Staff Input: Staff defers to Board on this issue.

Stakeholders and Communications

16. Given the extraordinary scrutiny APFC receives due to its statewide importance, develop an annual stakeholder communications plan that sets priority goals for two-way communications with important stakeholder groups on issues of concern. APFC Staff Input: There already exists opportunities for the public to provide feedback at board meetings and

[3] In full disclosure, this is a service offered by Board Smart LLC (a FAS affiliated company) in addition to several other providers.

through the website. That said, Staff supports providing more formal opportunities for input from the Legislature and Governor's Office, which could in include invitations to attend specific Board meetings. For example, Staff from the Governor's Office could be invited to attend the annual meeting when the upcoming budget is reviewed/approved and the Legislature could be invited to attend the February meeting when session is underway.

a. Develop crisis management capabilities with identification of staff and/or consultants to implement crisis management plans. APFC Staff Input: This plan already exists and is still in the process of being refined by Staff.

Referrals and Access to Staff

17. Revise the Communications Policy to designate the ED as the single point of contact for communications from trustees to staff, outside of Board or committee meetings, for purposes of coordination, prioritization, accountability, and workload control. This should include referrals of investment opportunities or service providers and substantive requests for information from staff. APFC Staff Input: Staff supports this recommendation. The current method of communication between Board members and Staff makes it difficult to provide transparent and uniform information/advice to all board members and to keep the Executive Director and Board Chair in the loop on communications between staff and Board members.
    a. Responses to substantive trustee requests for APFC business information should be provided to all trustees. APFC Staff Input: Staff supports this recommendation.
    b. Investment-related requests may be made directly to the CIO, and legal inquiries may be made to the General Counsel, with contemporary notice given in each case to the ED and furthermore provided that privileged legal communications may be treated as confidential with consent of the General Counsel. APFC Staff Input: Staff supports this recommendation.
    c. An exception to the sole source of contact rule may be provided for ordinary course or non-substantive inquiries (e.g., travel reimbursements, conflicts questions, education/training issues and requests for APFC forms, meeting items, scheduling, public reports, etc.) made to other assigned staff members. APFC Staff Input: Staff supports this recommendation.
    d. A "referrals and request for information" log should be kept that documents all trustee-staff business contacts, referrals, and requests made outside of Board or committee meetings, other than ordinary course, non-substantive, administrative or ministerial requests. APFC Staff Input: Staff supports this recommendation.
    e. A quarterly report should be provided to the Board or Audit Committee on the request log entries. APFC Staff Input: Staff supports this recommendation.
    f. The Investment Policy and Board Charter should explicitly state that all trustee referrals of investments and vendors must go through APFC standard due diligence processes applying established evaluation criteria. APFC Staff Input: Staff supports this recommendation.

Set Direction and Policy then Prudently Delegate

The second power reserved for the Board to fulfill its fiduciary duties is to set direction and policy include setting goals, risk appetite, tolerance ranges, compensation, investment policy, and delegating related authority and resources.

Strategic Planning

18. To be consistent with legislative findings in AS 37.13.020 regarding the long-term purpose of the Fund being to benefit all generations of Alaskans, amend the Strategic Planning and Budgeting Policy to require the strategic planning time horizon to be at least five years ahead and provide for identification of strategies to develop critical capabilities (e.g., people, process, systems), to address impediments to achieving APFC objectives, develop long-term action plans with metrics to determine progress or outcome success and prepare an annual plan with implementation action initiatives, all in coordination with the Board or a Board Committee (e.g., Governance). APFC Staff Input: Staff supports this recommendation.

Investment Beliefs

19. Consider expanding the APFC Investment Philosophy to provide further guidance for decisions on strategic planning and investment policies (e.g., on use of passive investments; importance of managing fees and costs; the role of private market transactions; unique APFC advantages and disadvantages; appropriate time horizon(s) for investment strategies; importance of asset allocation decisions; views on investment and enterprise risk management, etc.). APFC Staff Input: Staff supports this recommendation. We could include a section in the Investment Policy Statement that reflects the investment philosophy that supports the current asset allocation, which, although reviewed annually, the asset allocation is usually set based on a five-year term.
    a. Also consider engaging the IAG in providing input on investment philosophy. APFC Staff Input: this is a policy call for the Board.

Enterprise Performance Risk Management Process

20. The APFC should establish an Enterprise Performance Risk Management process with corresponding policies, reporting requirements and assigned responsibilities. See also Exception-based reporting Recommendations 21 and 25. APFC Staff Input: We already have this framework in place but only investment risk is outlined in the Investment Policy. The other risk management components exist in stand-alone documents, like the business continuity disaster recovery plan. If the Board would like, a stand-alone Enterprise Risk Management Policy could be created that would include the operational risk components that do not belong in the Investment Policy.

Compliance

21. Develop a consolidated list of compliance requirements ranked as critical, necessary or important. APFC Staff Input: Staff supports this recommendation. A monthly compliance meeting and report already exist. These reports can be modified to remove proprietary information and allow for the disclosure of these reports to the Board or Audit Committee (whichever the Board prefers).
    b. Require quarterly exception reports to the Audit Committee and then the full Board on compliance. Staff Input: Staff supports this recommendation but thinks it makes more sense for this report to go the full board in the Board meeting packet.
    c. Provide for immediate escalation of non-compliance with critical requirements to the ED and the Audit Committee. APFC Staff Input: Appendix B to the Investment Policy Statement outlines the green, yellow, and red zones of authority which include the escalation to the ED and Board when certain risk measures are out of compliance with their identified zones. So, it might make sense to simply augment this existing Appendix to cover any additional areas the Board identifies as needing to be reported on.
    d. Confirm assignment of operational policy compliance (e.g., ethics, continuing education, budget) and reporting duties. APFC Staff Input: Staff supports this recommendation.

Approve Key Decisions

The third power reserved for the Board to fulfill its fiduciary duties is to approve key decisions and require appropriate due diligence as well as to identify those authorities which can be wholly delegated to management versus those retained by the Legislature.

Decisions requiring Board approval.

22. Clarify in the Board charter the key decisions which require Board approval - such as asset allocation, portfolio benchmarks, risk parameters and budgets. APFC Staff Input: Staff supports this recommendation.

23. Determine whether there are duties assigned to the Board which are not actually being performed (e.g., approval of custodian, periodic evaluations of Board service providers, compliance of Board, Chair and ED with their charters) and either amend the Board charter or bring practices into compliance. APFC Staff Input: Staff supports this recommendation. The last three-year review of the Governance Policies did much of this work already but the exercise can be repeated again in this three-year review.

Due diligence and Compliance Reporting

24. Require formalization of investment due diligence processes and compliance reporting in the Investment Policy. APFC Staff Input: Staff supports this recommendation. Much of this framework already exists in the Investment Policy but additional details can be provided on both the due diligence process and compliance reporting.

Oversee Execution of Direction within Policy

The fourth power reserved for the Board to fulfill its fiduciary duties is to oversee the execution of approved direction within policy. This includes monitoring vital signs of vital functions to ensure performance remains within established policy ranges and in compliance with policies.

Insight for Oversight

25. Consider formally adopting standard formats for board reports that use exception-based reporting and emphasize use of summary APFC dashboards which compare trends in expected performance (for example, as described in the investment policy statement) to actual performance and that highlight exceptions together with related policy implications. APFC Staff Input: Staff supports this recommendation. The daily risk dashboard already sets out the framework for this concept and can be further refined as the Board sees fit. Additionally, the Callan quarterly performance report provides the Board with a lot of detail on how each asset class is performing against all Board assigned Benchmarks.
    e. Establish a reporting process that provides electronic links/exhibits to underlying data and operational policies to help streamline the flow of information and to clarify the Board's governance policy setting and oversight responsibilities versus day-to-day management. APFC Staff Input: Staff supports this recommendation. But Board members do not currently have a direct link to APFC networks, so this will require close work with the IT section to achieve this safely.
    f. Modify the format of Board meeting reports as necessary to provide for use of consent agendas, exception reporting and concise summaries of key information or decision options. APFC Staff Input: Staff supports this recommendation. To some extent this already happens with a host of quarterly reports being provided to the Board in the Board packet that only get discussed if Board members have specific questions.
    g. Consider delegating oversight of the development of improved report formats to the Governance Committee, in coordination with the ED, CIO and IAG. APFC Staff Input: Staff supports this recommendation.

Compliance Monitoring

26. Formalize compliance monitoring and reporting processes for investment and ethics policy provisions that identify compliance obligations for matters such as Pay to Play Prohibitions, Federal Insider Trading Regulations, APFC transaction Front Running, Personal Trading with Confidential Information, Use of Placement Agents and misuse of confidential information. See also Recommendation 21. APFC Staff Input: Staff supports this recommendation. Each of these areas is already being monitored internally and many have policies to guide them but having a centralized report that outlines them would be helpful.

Verify then Trust

The fifth power reserved for the Board to fulfill its fiduciary duties is to verify the reliability of the information it receives and the reports it issues. This power includes obtaining independent internal and external audit, advice and verification that the system of internal controls is effective.

27. Add responsibility for monitoring compliance with audit report recommendations to the Charter for the Audit Committee. APFC Staff Input: Staff supports this recommendation.

28. Include a provision in the Audit Committee Charter that audit plans include (in addition to financial audits) periodic audits of the reliability of the investment and operational information presented to the Board for decision-making and oversight. APFC Staff Input: Staff supports this recommendation but will need to work with the external auditor to flesh out how this would take place.

29. Consider development of internal audit capabilities using either internal or external resources. APFC Staff Input: Staff supports this recommendation but is not sure if there is sufficient work to justify a full-time position so it might make sense to start with trying this with the use of external resources.

Appendix A

Staff Actions, Policy Clarifications and Formalization Recommendations

The following recommendations relate to items presently within the purview of staff to take action under authority that has already been delegated, formalize current APFC practices or more clearly describe existing policy. In some instances, Board approval of new or revised bylaw, policy or charter language may be required.

Conduct the Business of the Board

1. The Governance Manual containing APFC's Bylaws, Board Charters, Governance Policies, and Investment Policy should also be made available in a highly visible location on the website and kept up-to-date for electronic access by the public and trustees. APFC Staff Input: Staff supports this recommendation. This information is already on the website but Staff plans to add a new window/tab to the website entitled "Governance" to make these files and policies easier to locate.
    a. Relevant APFC governance statutes, board resolutions and other source documents should be made more user friendly in the electronic version by embedding links to those source documents in the policy text where they are referenced. APFC Staff Input: Staff supports this recommendation and will work with IT to determine how to achieve this task.
    a. Policy provisions contained in Board resolutions should be incorporated into the relevant policy or charter (or a link to an electronic version of the resolution inserted) so that related governance provisions are all in one place and easily located. APFC Staff Input: Staff supports this recommendation and will work with IT to determine how to achieve this task.

2. Staff should consider establishing a long-term goal to leverage use of Microsoft Sharepoint (or a similar program) as a secure online portal for Board meeting and reference materials, in addition to hard copies of the Governance Manual that are already distributed. This should provide a more user-friendly and less expensive alternative to conventional off-the-shelf board portals. APFC Staff Input: Staff supports this recommendation and will work with IT to determine how to achieve this task.
    a. Consider providing a dedicated and secure APFC tablet to each trustee to enable access to confidential APFC documents and email without using personal systems to proactively address security and public records concerns associated with personal devices and emails. APFC Staff Input: Staff supports this recommendation and will work with IT to determine how to achieve this task.

3. The APFC mission statement and a short overview of fiduciary duties (as important governance guidance provisions) should be incorporated into the Charter of the Board of

Trustees near the beginning with links to more detailed explanatory material as needed. APFC Staff Input: Staff supports this recommendation.

4. A short description of the process for submission of trustee travel expense reimbursements should be included in the Charter of the Board of Trustees. APFC Staff Input: Staff supports this recommendation.
    a. Relevant forms and related source documents could be referenced via electronic links or attached exhibits. APFC Staff Input: Staff supports this recommendation and will work with IT to determine how to achieve this task.

5. Duties assigned in the Charter of the Executive Director should be identified as delegations of authority from the Board consistent with the Bylaws. APFC Staff Input: Staff supports this recommendation.

6. Both emergency and long-term succession plans for the ED and CIO should be developed and communicated by the ED to the Board to address key person risk. APFC Staff Input: Staff supports this recommendation. There is already a delegation in place that covers emergency succession planning for the ED. But, the additional layers will still need to be developed and implemented.

7. References to indemnification and representation of trustees by the Attorney General or outside counsel should be Included in the Board Charter. APFC Staff Input: Staff supports this recommendation.

8. New trustee orientation training should be spread over several months to accommodate the learning curve but should include an early introduction on how to locate key policies and other resources. APFC Staff Input: This is a policy call for the Board, but staff is prepared to spend more time providing trustee orientation and training as the Board sees fit.

9. As provided in the Trustee Education Policy, staff should explore joint training opportunities with other Alaskan state corporations and agencies. APFC Staff Input: Staff supports this recommendation.

Set Direction and Policy then Prudently Delegate

10. Incorporate reference to applicability of the Alaska Whistleblower Law into APFC policies and adjust personnel practices accordingly. APFC Staff Input: Staff supports this recommendation.

11. The ED should confer with the Board for input on the evaluation of the CIO. APFC Staff Input: This is a policy call for the Board but notes that the CIO reports to the ED.

12. Formalize internal CIO investment committee membership structure and duties in more detail in the Investment Policy and provide for meeting minutes (or reports on actions/approvals) of the internal CIO investment committee to be provided to trustees. APFC Staff Input: Staff supports this recommendation but the meeting minutes often contain proprietary information so this information will need to be shared via the Intranet or some other secure portal.
    a. Also formalize the process for distribution of investment pipeline reports to the trustees. APFC Staff Input: Staff supports this recommendation but these reports contain proprietary information so this information will need to be shared via the Intranet or some other secure portal.

Appendix B

Implementation Roadmap

Recommendation	Criticality[4]
Conduct Board Business	
Trustee Duties	Necessary
Annual Calendar	Necessary
Legislative Changes	Critical
Governance Framework	Important
CEO Evaluation Policy	Critical
CEO Evaluation Process	Critical
CEO Retention Provisions	Important
Report Format Improvements	Necessary
IAG Tasks	Necessary
Continuing Education Standards	Necessary
Education Topics	Necessary
External Education Ratings	Necessary
Online Education	Necessary
Trustee Discipline	Necessary
Board Self-Evaluation	Critical
Stakeholder Communications	Critical
Trustee-Staff Contacts	Critical
Set Direction & Delegate	
Strategic Planning	Critical
Investment Beliefs	Necessary
Risk Management	Critical
Compliance	Critical
Approve Key Decisions	
Board Approval Tasks	Important
Board Duties Performed	Important
Investment Due Diligence	Necessary
Oversee Execution	
Exception Reporting Format	Necessary
Compliance Reporting	Necessary
Verify	
Compliance with Audit Recommendations	Necessary
Audit Plan Contents	Necessary
Internal Audit Capability	Necessary

[4] Prioritization is ranked Critical, Necessary, Important (i.e., High, Medium, Low priority).

Staff Implementation Roadmap[5]

Recommendation	Criticality	Difficulty	Resources Required	Responsibility
Conduct Board Business				
Trustee Duties	3			
Annual Calendar	3			
Legislative Changes	3			
Governance Framework	1			
CEO Evaluation	5			
Evaluation Process	4			
CEO Retention	2			
Report Format Improvements	2			
IAG Tasks	3			
Continuing Education Standards	3			
Education Topics	3			
External Education Ratings	2			
Online Education	2			
Trustee Discipline	2			
Board Self-Evaluation	3			
Stakeholder Communications	4			
Trustee-Staff Contacts	5			
Set Direction & Delegate				
Strategic Planning	5			
Investment Beliefs	3			
Risk Management	3			
Compliance	3			
Approve Key Decisions				
Board Approval Tasks	3			
Board Duties Performed	2			
Investment Due Diligence	1			
Oversee Execution				
Exception Reporting Format	2			
Compliance Reporting	4			
Verify				
Compliance with Audit Recommendations	3			
Audit Plan Contents	3			
Internal Audit Capability	3			

[5] Staff Input is in red, using scoring of 1-5, with 5 being most critical. Columns on Difficulty, Resources Required and Responsibility are merely suggested planning and prioritization categories that may be used by APFC.

APFC ALASKA PERMANENT FUND CORPORATION
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SUBJECT: Governance ACTION: ____X___

DATE: May 18, 2023 INFORMATION: _____

The Governance Committee met on May 9, 2023, to discuss the recommendations of Funston Advisory Services regarding possible changes to the Board of Trustees governance policies. The Governance Committee reviewed the recommendations of Funston Advisory Services. Following that review, the Committee requested:

- Staff compile a list of the Funston recommendations that Trustees individually identified during the meeting as priorities. These items require additional analysis, discussion, and ultimately work in the form of policy documentation and implementation. The list is set forth on the attached.

- Staff compile a list of Funston recommendations that are likely consensus items that both Trustees and Staff agree should be implemented without further discussion. A proposed list is set forth on the attached.

- Staff circulate the Investment Advisor Group charter to members of the IAG and seek comment on how the scope of services should be implemented and views on how it can be amended. The IAG charter and RFP scope of services are attached.

- Staff circulate the policy regarding the Investment Committee. The relevant page from the Investment Policy Statement is attached.

Funston Recommendations the Members of the Governance Committee Individually Identified as Priorities at 5/9/23 Meeting

- Simplify ED evaluation process with applicable legal constraints
- Work with Legislature to recognize confidentiality of CEO and Board evaluation workpapers
- Work with Legislature to expand size of Board (1 member suggested expanding to 7)
- Revise policy on trustee requests for information from staff and on referral of investments or vendors
- Schedule Board/committee consultations with executive staff and the IAG on new IAG tasks
- Amend IAG Charter scope of services
- Initiate Board/committee self-evaluations
- Work on strategic planning: time-frame, scope, execution, role of strategic plan in Board self-evaluation and Executive Director evaluation process
- Improve stakeholder communications and crisis management plans
- Consider development of internal audit capabilities using external or internal resources

Staff recommends this item be added to the Board's list of priorities:

- Provide greater clarity on trustee duties and role expectations

Funston Recommendations that Staff Have Identified as "Consensus Items"

- Develop a Board multi-year calendar with key action and education topics
- Standardize formats for Board reports
- Improve the Trustee education policy
- Incorporate the Alaska Whistleblower Law into HR policy and personnel practices
- Review existing policies, resolutions and practices for consistency
- Explore new joint education opportunities with other State entities

Funston Recommendations Not on Either Trustee Priority List or Staff Consensus List

- Establish Board term limits
- Establish an Enterprise Performance Risk Management Program
- Formalize internal CIO Investment Committee structure, duties and reporting practices
- Develop clear and expanded compliance monitoring and reporting responsibilities
- Formalize due diligence processes and related compliance reporting
- Spell out Board Standards Policy discipline options and procedure
- Consolidate all governance bylaws, charters and policies into Manual
- Provide secure laptops or tablets to trustees for APFC business
- Develop investment beliefs to further guide planning and policies
- Revise the Audit Committee Charter to provide for:
    - Committee monitoring of compliance with audit report recommendations
    - Audits of investment and operations reports for accuracy and reliability

ALASKA PERMANENT FUND CORPORATION

Charter of the Investment Advisory Group

INTRODUCTION

1. The Board of Trustees has established an Investment Advisory Group consisting of at least one but not more than three individuals who have considerable knowledge and experience in the management and investment of large endowment or trust funds to serve as independent advisors to the Board of Trustees.

2. This Charter sets out the duties and responsibilities of the Investment Advisory Group, which includes evaluating Fund performance, asset allocation, the merits of specific investment proposals, and other investment topics identified by the Board.

3. The Board will have full authority over the selection and appointment of the members of the Investment Advisory Group who will serve at the pleasure of the Board.

DUTIES AND RESPONSIBILITIES

4. The Investment Advisory Group (or "IAG") members are expected to attend in-person at least three of the quarterly Board meetings and present at least one topic annually for the Board's consideration on best practices in the management of large institutional funds, with input from the Board on the specific topic for presentation.

5. The IAG will provide comments to the Board on the following issues:

   (a) The long-term or strategic asset allocation of the Fund;

   (b) The risk management framework of the Fund;

   (c) Any changes to the investment policy;

   (d) Any proposed investment in new asset classes;

   (e) Any proposed investment in new or innovative investment products or strategies, particularly those involving alternative or non-traditional asset classes;

   (f) Any significant changes to the investment management structure of the Fund, including the following:

i) The relative proportion of assets in an asset class managed by external investment managers versus internal staff;
ii) The relative proportion of assets in an asset class managed using active versus passive investment strategies;
iii) The total number of active investment managers or portfolios in an asset class; and

(g) Any other issue at the discretion of the Investment Advisory Group or as requested by the Board.

6. The IAG shall make contact with the Chief Investment Officer prior to each quarterly Board meeting to discuss topics on the agenda for the upcoming meeting, including:

(a) Fund performance for the quarter;

(b) Changes being considered or implemented to the asset allocation or investment policy; and

7. Each Quarter, the Staff shall provide documentation included as a regular Board report, demonstration that the IAG had met with the CIO as required in Section 6.

8. Any special topics that are to be discussed at the upcoming Board meeting.

9. Each member of the Investment Advisory Group will annually visit the Juneau office of the APFC and attend in-person an investment committee meeting of the APFC Staff.

REVIEW AND AMENDMENT OF THE CHARTER

10. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

11. The Board of Trustees adopted this Charter on September 24th, 2020.

Absolute Return has a target allocation of 6%. The APFC's absolute return strategies are managed through three limited partnerships, in which the APFC is the only limited partner. The absolute return strategies involve investments in specialized funds with low market correlation. APFC is contemplating investing directly in managers rather than solely through Fund-of-Funds.

APFC's **Private Markets** portfolio is comprised of both fund commitments and co-investments. Total invested capital as of December 31, 2013 was approximately $2.2 billion in private equity, $1 billion in infrastructure, and $1.3 billion in private credit. Private equity commitments have historically been managed primarily by HarbourVest and Pathway. BlackRock assists the APFC in connection with certain co-investment activity designed to refine and complement our core fund investment activity. APFC is looking to augment the program capabilities with additional consultants for special opportunities.

The **Special Opportunities** portfolio consists of an array of asset classes and strategies. The strategy of special opportunities is to opportunistically allocate capital depending on the market environment. Currently included in this category are absolute return strategies, emerging markets multi-asset class, distressed debt and other credit opportunities, domestic aggregate fixed income, real return, and "true special opportunities". "True special opportunities" can be effected through a managed fund vehicle or by investing directly into an operating company or asset. Generally these investments will be designed to target an opportunity in a market experiencing unusual supply and demand imbalance; temporary distress and illiquidity; an identifiable structural or legal impediment; or an investment opportunity with a radically asymmetric expected return profile. Examples of recent special opportunities investments include: (1) American Homes for Rent (NYSE:AMH), a $625 million investment in a portfolio of distressed homes; (2) Blackstone Strategic Capital Holdings, a cornerstone commitment to a vehicle targeting minority interests in promising absolute return management companies; (3) Riverstone Equity, a cornerstone investment into a publicly-listed vehicle, investing parallel to Riverstone's core private equity fund; and (4) Juno Therapeutics, a direct venture capital investment in a cancer therapeutics company applying immunotherapy technology from Fred Hutchinson Cancer Research Center, St. Jude Children's Research Hospital, Seattle Children's Research Institute, and Memorial Sloan-Kettering Cancer Center.

More information about the APFC and the Fund is available on the APFC's website: http://www.apfc.org/home/Content/home/index.cfm

II. Scope of Service

The APFC is soliciting consulting expertise to support three distinct areas of our alternatives program: 1) Private Markets; 2) Absolute Return; and 3) Special Opportunities. Firms may apply to provide consulting services to any or all of the specialized areas. APFC is seeking consultants to act as independent fiduciaries able to provide written investment recommendations supported by detailed due diligence and industry expertise.

APFC will potentially choose multiple consultants within each distinct area to warehouse an array of expertise. Investing in these areas, especially in special opportunities, can include a variety of legal structures, industries, and can span the capital structure. Since the work may require an interdisciplinary team, consultants may subcontract with other consultants or subject matter experts to achieve the expertise needed to produce a world-class best practices opinion and investment recommendation.

The general scope of work includes:

1. **Investment policies and procedures review and recommendation**
   - Portfolio objectives
   - Portfolio design
   - Liquidity management
   - Investment selection
   - Portfolio and investment monitoring
   - Portfolio management
   - Due diligence
   - Risk controls and compliance systems
   - Internal infrastructure development

2. **Strategy development and tactical planning**
   - Long term investment strategy
   - Annual tactical plans to implement strategies

3. **Asset allocation, modeling, benchmarking**
   - Alpha and beta or return estimates
   - Rates of returns and volatility interpretation
   - Fee assessment
   - Reallocation of assets recommendations
   - Identification of potential issues
   - Sub-asset allocation and commitment pace modeling recommendations
   - Portfolio exposure modeling
   - Industry standards
   - Performance benchmarking

4. **Sourcing, screening, and analyzing potential investments**
   - Identification of new and constrained-access investments
   - Efficient and structured analysis of the full universe of available investments
   - Analysis of investments identified by APFC staff
   - Due diligence and fiduciary investment recommendations on: direct deals (special situations, venture, buyouts, PIPEs, debt including DIP, currency transactions, derivatives); co-investments, secondaries, and primary fund commitments in all asset classes
   - Provision of a manager/deal database
   - Provision of domain area expertise in industry and specialty areas either directly or through sub-contractors

5. **Negotiating terms**
   - Provision of information regarding market terms and the industry standard for a particular type of investment or transaction
   - Direct or indirect assistance in negotiating the most advantageous structure for a potential investment

6. **Monitoring and reporting on a portfolio or investment**
   - Status updates with consultant notes regarding manager communications
   - Review and analysis of market, organization, or regulatory events that may impact a program, including legacy managers and funds
   - Portfolio performance
   - Analysis of key drivers and forward positioning

- Portfolio detail on underlying investments
- Risk reporting of individual and aggregated fund holdings
- Portfolio composition and objectives analysis
- Formal sector and strategy outlook
- Model performance
- Benchmarking review and optimization
- Recap of portfolio performance / drivers
- Fee reconciliation

7. <u>Other</u>

- Board and staff meeting presentations and attendance as appropriate
- Ad hoc consultations and special projects
- Investment records custodian
- Review and analysis of APFC governance and business practices

III. Minimum Eligibility Requirements

To qualify to respond to the RFP, a proposer must (1) meet the minimum qualification requirements set forth below, and (2) describe with specificity in the proposal how your firm satisfies such requirements. A proposer's failure to meet these minimum prior experience requirements will cause their proposals to be considered non-responsive and will be rejected.

<u>Minimum Qualifications and Requirements:</u> All firms submitting must meet the following minimum requirements in order to be considered:

1. The proposing firm must have been in business for the past two (2) years.
2. The firm's principals must have a minimum of five (5) years of experience advising institutional clients on relevant investment strategies.
3. The firm's principals must have experience in providing absolute return, private equity, private credit or infrastructure advisory services to at least two institutional clients with investable AUM of at least $500 million each.

IV. Selection Process and Schedule

The following schedule has been set by APFC and may be changed by APFC if necessary. In no event will the dates listed below be changed to earlier dates.

Target Dates

Issuance of RFP	March 21, 2014
Deadline for written questions	April 4, 2014
Answers to questions provided	April 8, 2014
Proposal Due Date	April 18, 2014
Finalist Selection	May 2, 2014
Finalist Presentations and Negotiations	Week of May 12 and/or May 19, 2014
Selection of Vendor(s)	Late May, 2014

D. Total Fund Performance Measurement and Reporting

1. The Board looks to its General Consultant as the primary source of quantitative evaluation of the performance of the Fund and its investment managers. As promptly as possible after the close of each calendar quarter, the General Consultant shall submit a report to the Board, Executive Director ("ED") and Chief Investment Officer ("CIO") analyzing the performance of the Fund, its asset classes and investment programs, including both internally and externally managed assets. The report shall include a comparison of total Fund performance with the Board's long-term investment objective, an analysis of the returns of each asset class as measured against established benchmarks; and an analysis of the returns of each manager or relevant groupings of managers as measured against relevant benchmarks. For the purpose of evaluating the value-added by the Fund's investment strategy, the report shall also compare the performance of the total Fund on a one-year basis to a passive benchmark that represents the following: (1) 60% MSCI ACWI IMI; (2) 20% Barclay Global Aggregate (less fees); (3) 10% FTSE EPRA/NAREIT Rental Index; (4) and 10% US TIPs. The General Consultant's report shall also address any special concerns or observations the General Consultant concludes should be brought to the attention of the Board, ED and CIO.

2. At each regular Board meeting, the General Consultant will also report on the investment performance of the Fund and each asset class in comparison with Fund peers (i.e., large US Public Funds and Endowment Funds). The comparative performance of the Fund and each asset class will be assessed and reported across multiple timeframes, including ten-year, five-year, three-year, and one-year. To the extent that peer comparisons may not be directly available for specific asset class comparisons, the General Consultant should use the Fund's Policy Benchmarks (see Table 2) as a proxy.

E. Total Fund Portfolio Implementation and Delegations

APFC Staff directs all investment activities through a delegation of investment authority in the By-Laws from the Board to the ED and then from the ED to specific APFC Staff, as deemed appropriate by the ED and CIO. For all remaining investment decisions not delegated from the ED and CIO to specific APFC Staff, the CIO will convene an investment committee ("Investment Committee"). The make-up and voting members of the CIO's Investment Committee will be determined by the CIO. Any changes to the voting membership of this committee will reported to the ED and Board. The Investment Committee will meet regularly and will work with APFC Staff to make investment recommendations ("Investment Recommendations") to be considered for authorization and execution by the ED.

Approval of any Investment Recommendations referred to the ED requires the ED to take into consideration any relevant input from various non-investment functions at APFC (e.g. Legal, Finance, Operations, Admin, IT, and Risk) before making a final decision. Investment Recommendations from the Investment Committee to the ED shall be in writing and the ED shall be required to create a written record that approves or disapproves all Investment Recommendations. Any Investment Recommendations disapproved by the ED shall be reported to the Board within ten calendar days. If deemed appropriate by the Board Chair, as outlined in the APFC By Laws, the Board may hold a special meeting to consider any Investment Recommendation disapproved by the ED.

PMP - EMPLOYEE HANDBOOK

2018

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MISSION, VISION & VALUES

Mission

To manage and invest the assets of the permanent fund and other funds as designated by law

Vision

To deliver sustained, compelling investment returns as the United States' leading sovereign wealth endowment manager, benefitting all current and future generations of Alaskans

Values

Integrity: We act in an honorable, respectful, professional manner that continually earns and justifies the trust and confidence of each other and those we serve.

Stewardship: We are committed to wisely investing and protecting the assets, resources and information with which we have been entrusted.

Passion: We are driven to excellence though personal improvement, innovative solutions and an open creative culture; and are energized by the challenges and rewards of serving Alaskans

INTRODUCTION

The PMP formalizes in policy important corporate employment practices, initially developed with input from Alaska Permanent Fund Corporation (APFC) employees, Trustees, and a consultant. The Executive Director is responsible for PMP implementation.

This Employee Handbook (Handbook) outlines those elements of the PMP with which all employees must be knowledgeable to effectively carry out their job responsibilities and contribute appropriately to the APFC mission. As support for employees, the PMP establishes an obligation for APFC to provide each employee the most appropriate opportunity to perform effectively.

Open and timely communication and understanding at all levels of APFC employment is vitally important to PMP implementation. The value of teamwork is critical to the success of the PMP and each employee; teamwork extends employees' understanding of job responsibilities, supervisory roles, and other work-related relationships. Each employee's individual contribution adds to the success of the entire APFC organization.

No employee manual can anticipate every circumstance or question about policy. As APFC continues to grow, the need to change policies may arise. Therefore, APFC reserves the rights to revise, supplement, or rescind any policies or portion of this manual. The HR Officer will notify employees as soon as is practicable of changes to the Handbook.

In order to retain necessary flexibility in the administration of policies and procedures, APFC reserves the rights to revise any of the policies and/or benefits described in this handbook.

Employment-at-will Status

APFC is an at-will employer and neither the employee nor APFC is obligated to continue the employment relationship if either chooses, at will, to end the relationship at any time for any or no reason. The protection of general employment laws applies to APFC employees.

EMPLOYMENT OVERVIEW

Organizational Chart

APFC Organizational charts are updated periodically as needed and available through the HRIS system or by request.

Disclosure Requirements

APFC employees are required to disclose financial investments in writing on an annual basis and within 30 days of a transaction for holdings they control an interest in whether or not they are a beneficiary of those investments. They must also disclose investments for household members and others they exercise a role as power of attorney or trustee. These disclosures are public documents.

Investment officers, Trustees and the Executive Director must additionally submit – online – conflict of interest statements to the Alaska Public Offices Commission (APOC) through the APOC website. Also as condition of employment, both APFC and the State of Alaska require employees to disclose conflicts of interest.

For more information on disclosure requirements please see the APFC Administrative Policy relating to Personal Investments Conduct and Reporting Conflict of Interest Law Alaska Executive Branch Ethics Act.

Equal Employment Opportunity

APFC provides equal employment and advancement opportunities to all. APFC follows all applicable laws and does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, or any other class protected by law.

Employees with questions or concerns about discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor, any department head, or the HR Manager. Employees can raise employment-related concerns and make reports without fear of reprisal. APFC prohibits employment decisions based on whether or not an employee files or does not file a discrimination complaint regarding himself/herself or a coworker. Anyone found engaging in unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

Disability Accommodation

APFC is committed to complying with the Americans with Disabilities Act (ADA) and ensuring equal opportunity in employment for qualified persons under this Act. All employment practices and activities are conducted on a nondiscriminatory basis. APFC also prohibits discrimination against qualified employees or applicants because they are related to or associated with a person with a disability.

Nepotism and Hiring of Immediate Family Members

The Executive Director must preauthorize all APFC hires. Immediate family members of APFC employees may be hired only if: (1) Executive Director approval is obtained, (2) they will not work directly for or supervise a relative, and (3) they will not work in the same department within APFC.

For the purposes of this policy, a relative or immediate family member includes the spouse of the employee, another person cohabiting with the employee in a conjugal relationship that is not a legal marriage, a child, including a stepchild and an adoptive child of the employee; a parent, sibling, grandparent, aunt, or uncle of the employee, and a parent or sibling of the employee's spouse.

APFC prohibits hiring APFC Board of Trustee members (per AS 37.13.100). Additionally, APFC prohibits hiring immediate family members of current APFC Trustees. If a Trustee is appointed to the APFC Board and is also related to a current employee, the Boards and Commissions Office within the Office of the Governor is notified. APFC will then follow appropriate recommendations made by the Boards and Commissions Office.

Before finalizing a decision to hire an employee's immediate family member, APFC may require both family members to sign a nepotism waiver, stating that both members understand the policy and limitations for potential future career advancement due to the position held by the other family member. APFC does not accommodate organizational movement of an immediate family member for the sole purpose of allowing career advancement for the other family member.

In other cases where a conflict or the potential for conflict arises, even if there is no supervisory relationship involved, the parties may be separated by reassignment or terminated from employment.

Outside Employment

Employees may hold employment outside of APFC as long as they meet the performance standards of their APFC job and that such outside employment does not conflict with APFC job duties and responsibilities, corporate values, or the Alaska Executive Branch Ethics Act. All employees are encouraged to read the Alaska Executive Branch Ethics Act, as they will be responsible for abiding by it. Employees are judged by the performance standards and measurements detailed in their

individual position descriptions and/or their individual employee performance appraisals without consideration for the outside work requirements and are subject to APFC's scheduling demands, regardless of existing outside work requirements.

Employees are required to notify the APFC ethics supervisor in writing about outside employment immediately upon accepting outside employment in accordance with the Alaska Executive Branch Ethics Act (AS 39.52.170). The ethics supervisor determines if a conflict of interest exists. If a conflict exists, the employee must rectify the conflict immediately.

If APFC determines at any time, even after granting initial approval, that an employee's outside work interferes with his/her ability to meet APFC work requirements, APFC's needs supersede the other employer considerations.

Employees are prohibited from receiving any income or material gain from individuals outside APFC for materials produced or services rendered from performing their job responsibilities or duties with APFC. The Alaska Executive Branch Ethics Act restricts certain employment for two years after leaving state service. All former employees are required to notify the ethics supervisor of employment with outside agencies for up to two years after leaving APFC service.

Nondisclosure of Confidential Information

APFC sometimes presents at public forums featuring employee panelists that provide information regarding APFC and staff opinions on economic and market trends and other topics. APFC employees are sometimes guest speakers for public and community organizations. As a public corporation, APFC is also subject to the state public records act and federal Freedom of Information Act, whereby citizens may rightfully request information from the Corporation.

However, the protection of APFC confidential business information and trade secrets is vital to its interests and success. Such confidential information may include, but is not limited to, the following examples:

- investment information
- financial information
- personnel information
- computer processes
- computer programs and codes
- pending projects and proposals
- building or equipment security information

Employees who improperly use or disclose trade secrets or confidential business, security, or personnel-related information will be subject to disciplinary action, up to and including termination of employment, even if they do not benefit from the disclosed information.

COMPENSATION CLASSIFICATION

APFC Market Guided Classification Method

Elements of the APFC Market Guided Classification (MGC) method are:

- Authority, scope and responsibility for making decisions
- Level of risk and ability to add value to the Corporation
- Supervisory and/or expert knowledge as well as decision-making complexity and difficulty as defined by mental and physical effort and required job skills

The Executive Director may consider corporate equity within the classification process. Under MGC, positions performing similar work are grouped under one broad classification where possible to provide classification flexibility while maintaining objectivity and discipline.

Class Specifications and Job Descriptions

Class Specifications

- Captures the body of work that belongs to the Corporation
- Serves as the framework of employment

Job Description

- Reflects what the person in the position does
- Determines where the person fits in the class specification
- Changes with the person
- Serves as the basis of evaluation

Supervisors and employees are encouraged to annually review class specs and job descriptions to ensure they continue to fit the actual duties. The HR Officer and the supervisor review any revisions to ensure the job description fits the class specs and is consistent with the corporate structure. Both parties periodically review the class specs to ensure current relevance.

COMPENSATION PHILOSOPHY & STRUCTURE

APFC strives for a compensation program that competes well in the market and motivates all employees to bring their best efforts to the workplace. The program provides a systematic means of tracking, measuring, and compensating employee performance and allows flexibility for APFC to act quickly.

Salary Structure

APFC's salary structure identifies the position hierarchy and the resulting salary ranges for each classification. The basis for calculating competitive pay is achieved through:

- Market compensation surveys conducted periodically
- An effort to place APFC's salary range midpoint based on the 50th percentile of market where feasible and consistent with the classification plan

Market Surveys

APFC tries to achieve external parity in compensation through the use of periodic market surveys and other appropriate techniques. As a general rule, the HR Officer oversees scheduling market surveys every other year. Circumstances may dictate a departure from this schedule.

Structure Calculation

Midpoint	50th percentile of market data
Minimum and Maximum	Calculation of range spread from midpoint
Range Spread	50% to 100%, depending on the classification level
25th and 75th percentiles	Calculated from minimum, midpoint and maximum

Classification & Compensation Authority

AS 37.13.100

Provides that the Executive Director may, with board approval, select and employ additional staff as necessary.

APFC Bylaws, Article II, Section 4

Provides that the Executive Director shall provide for execution of all corporate operational and administrative functions.

APFC Bylaws, Article II, Section 8

Provides that the Executive Director shall employ personnel he/she deems necessary to exercise his/her powers, duties, and functions under AS 37.13; determine employee compensation; and makes these decisions within APFC budget limitations as approved by the Board in compliance with polices established by the Board.

Positions	Department	Classification	Salary Level	Min	25th	Mid	75th	Max
Intern	Admin	O-01	1	$ 31,660	$ 35,618	$ 39,576	$ 43,533	$ 47,491
Administrative Assistant	Admin	O-02	2	$ 37,802	$ 42,528	$ 47,253	$ 51,978	$ 56,703
Administrative Assistant II	Admin	O-03	3	$ 42,906	$ 48,269	$ 53,632	$ 58,996	$ 64,359
Administrative Specialist - General	Admin	O-03	3	$ 42,906	$ 48,269	$ 53,632	$ 58,996	$ 64,359
Administrative Assistant III	Admin	O-04	4	$ 48,702	$ 54,789	$ 60,877	$ 66,965	$ 73,053
Administrative Specialist - Procurement	Admin	O-04	4	$ 48,702	$ 54,789	$ 60,877	$ 66,965	$ 73,053
Accountant	Finance	O-04	4	$ 48,702	$ 54,789	$ 60,877	$ 66,965	$ 73,053
IT Desktop Support	IT	O-05	5	$ 55,276	$ 62,186	$ 69,095	$ 76,005	$ 82,914
Administrative Assistant IV	Admin	O-05	5	$ 55,276	$ 62,186	$ 69,095	$ 76,005	$ 82,914
Administrative Specialist II	Admin	O-05	5	$ 55,276	$ 62,186	$ 69,095	$ 76,005	$ 82,914
Accountant II	Finance	O-05	5	$ 55,276	$ 62,186	$ 69,095	$ 76,005	$ 82,914
Operations Analyst	Finance	O-05	5	$ 55,276	$ 62,186	$ 69,095	$ 76,005	$ 82,914
IT Desktop Support II	IT	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Administrative Specialist III	Admin	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Executive Assistant	Admin	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
HR Generalist I	Admin	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Portfolio Accountant I	Finance	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Investment Analyst	Investments	I-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
IT Specialist	IT	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Operations Analyst II	Finance	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Performance & Compliance Analyst	Finance	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Sr Operations Analyst	Finance	O-06	6	$ 60,303	$ 69,349	$ 78,394	$ 87,440	$ 96,485
Compliance Officer	Finance	O-07	7	$ 68,455	$ 78,723	$ 88,991	$ 99,259	$109,527
Portfolio Accountant II	Finance	O-07	7	$ 68,455	$ 78,723	$ 88,991	$ 99,259	$109,527
HR Generalist II	Admin	O-07	7	$ 68,455	$ 78,723	$ 88,991	$ 99,259	$109,527
Investment Analyst II	Investments	I-07	7	$ 68,455	$ 78,723	$ 88,991	$ 99,259	$109,527
IT Specialist II	IT	O-07	7	$ 68,455	$ 78,723	$ 88,991	$ 99,259	$109,527
Sr Operations Analyst II	Finance	O-07	7	$ 68,455	$ 78,723	$ 88,991	$ 99,259	$109,527
Sr Compliance Officer	Finance	O-08	8	$ 77,770	$ 89,436	$101,102	$112,767	$124,433
Adminstrative Services Officer / Manager	Admin	O-08	8	$ 77,770	$ 89,436	$101,102	$112,767	$124,433
Investment Analyst III	Investments	I-08	8	$ 77,770	$ 89,436	$101,102	$112,767	$124,433
Sr Accountant	Finance	O-08	8	$ 77,770	$ 89,436	$101,102	$112,767	$124,433
Sr IT Specialist	IT	O-08	8	$ 77,770	$ 89,436	$101,102	$112,767	$124,433
Adminstrative Servisces Officer / Manager II	Admin	O-09	9	$ 88,251	$101,488	$114,726	$127,964	$141,201
RE Investment Analyst	Investments	I-09	9	$ 88,251	$101,488	$114,726	$127,964	$141,201
Sr Accountant II	Finance	O-09	9	$ 88,251	$101,488	$114,726	$127,964	$141,201
Sr Investment Analyst	Investments	I-09	9	$ 88,251	$101,488	$114,726	$127,964	$141,201
HR Officer / Manager	Admin	O-10	10	$ 95,555	$112,277	$128,999	$145,721	$162,443
RE Investment Analyst II	Investments	I-10	10	$ 95,555	$112,277	$128,999	$145,721	$162,443
Sr Accountant III	Finance	O-10	10	$ 95,555	$112,277	$128,999	$145,721	$162,443
Sr Investment Analyst II	Investments	I-10	10	$ 95,555	$112,277	$128,999	$145,721	$162,443
Sr IT Specialist II	IT	O-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
Controller	Finance	O-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
Director of Admin/Operations	Admin	O-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
Portfolio Manager	Investments	I-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
Communications Manager	Admin	O-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
Sr Investment Analyst III	Investments	I-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
Risk Manager	Investments	I-11	11	$109,171	$128,276	$147,381	$166,486	$185,591
HR Officer / Manager II	Admin	O-12	12	$124,630	$146,440	$168,250	$190,061	$211,871
Portfolio Manager II	Investments	I-12	12	$124,630	$146,440	$168,250	$190,061	$211,871
Sr Investment Analyst IV	Investments	I-12	12	$124,630	$146,440	$168,250	$190,061	$211,871
Risk Manager	Investments	I-12	12	$124,630	$146,440	$168,250	$190,061	$211,871
Director of Human Resources	Admin	I-13	13	$142,411	$167,333	$192,255	$217,177	$242,099
Sr Portfolio Manager	Investments	I-13	13	$142,411	$167,333	$192,255	$217,177	$242,099
Sr Portfolio Manager	Investments - Pri	I-13	13	$142,411	$167,333	$192,255	$217,177	$242,099
Director of Risk Management	Investments	I-13	13	$142,411	$167,333	$192,255	$217,177	$242,099
Sr Portfolio Manager	Investments - FI	I-13	13	$142,411	$167,333	$192,255	$217,177	$242,099
Director of IT	Executive	O-14	14	$162,676	$191,144	$219,612	$248,080	$276,548
Sr Portfolio Manager II	Investments - RE	I-14	14	$162,676	$191,144	$219,612	$248,080	$276,548
Sr Portfolio Manager II	Investments - FI	I-14	14	$162,676	$191,144	$219,612	$248,080	$276,548
Chief Financial Officer	Executive	O-15	15	$185,743	$218,248	$250,753	$283,259	$315,764
General Counsel	Executive	O-15	15	$185,743	$218,248	$250,753	$283,259	$315,764
Director of Investments	Investments - FI	I-15	15	$185,743	$218,248	$250,753	$283,259	$315,764
Director of Investments	Investments - RE	I-15	15	$185,743	$218,248	$250,753	$283,259	$315,764
Director of Investments	Investments	I-15	15	$185,743	$218,248	$250,753	$283,259	$315,764
Sr / Managing Director of Investments	Investments	I-16	16	$212,175	$249,306	$286,436	$323,567	$360,698
Deputy CIO	Investments	I-17	17	$218,134	$272,668	$327,201	$381,735	$436,269
Chief Investments Officer	Executive	I-18	18	$249,175	$311,468	$373,762	$436,056	$498,350
Executive Director / CEO	Executive	O-18	18	$249,175	$311,468	$373,762	$436,056	$498,350
Pay Grade Future Growth		O-19/I-19	19	$284,632	$355,790	$426,948	$498,107	$569,265
Pay Grade Future Growth		O-20/I-20	20	$325,136	$406,419	$487,703	$568,987	$650,271

Authority for Position Classification & Compensation Actions

Classification / Compensation Action	Approval Authority
• Hiring Executive Director • Establishing and adjusting Executive Directory compensation • Amending the compensation structure	Board of Trustees
• Amending position classification structure • Hiring employees (within Board approved budgeted appropriation) • Establish pay rates for new hires • Promoting staff • Adjusting staff compensation for performance based increases (excluding ED) • Adjusting staff compensation outside the evaluation cycle and merit increase provisions but within existing classification and compensation structure • Reclassifying positions within existing classification structure	Executive Director

Administrative Guidelines for Classification & Compensation

The administrative guidelines provide definitions and directions for implementing and maintaining the classification and compensation structures. Any substantive change to the compensation structure requires Board review and approval.

Review of Classification and Compensation Structures

APFC will periodically review class specifications to update the type and level of work described in the class specification for each position, or to reclassify the position.

- One of the purposes of the review is to check the internal balance of the compensation scheme
- The supervisor and the HR Officer conduct class specification reviews
- The HR Officer periodically obtains a professional market compensation survey
- The Executive Director has final approval of all changes to class specs within the existing classification and compensation structures

Compensation Considerations at Hire

APFC salary administration strives to balance the need to attract strong talent while maintaining a fiscally responsible approach to the hiring process. Each hire will be extensively evaluated and offers will be made with a commitment to ensure we provide compelling compensation commensurate with positional responsibilities and candidate experience.

Appointment below the minimum may be allowed as an under-fill option. This option allows APFC to hire individuals who lack the minimum qualifications for the position. There are many reasons this may occur, including but not limited to lack of candidates fully qualified for a position. Individuals hired below the minimum qualifications must meet the minimum qualifications within that position's introductory period. (Refer to the "Introductory Period" section of this Guide.)

Post-Survey Salary Adjustments

Employee compensation shall not be less than the minimum or exceed the classification's salary range maximum. After a market survey (normally scheduled every other year) is completed and the compensation structure is adjusted, an employee's salary may fall outside the new range. If (a) the salary is below the minimum, it shall be adjusted upward to fall within the range; if (b) the salary is above the maximum, the salary will be frozen and not reduced to fall within the range.

Length of Introductory Period

The new hire orientation and introductory period is designed to provide a sufficient length of time that allows the employee to perform the full range of essential duties of the job. Administrative support positions require six months; all others require 12 months. In allowing for an orientation and introductory period, APFC as an "at will" employer makes no guarantee of employment for a particular period of time up to, through, or beyond the orientation and introductory period.

Promotion and Reclassification

Promotion

Employee promotion is defined as when an employee accepts the offer extended from APFC to move into an existing position within the same occupational area at a higher-level class specification. The higher position may have a different "personnel classification number" (PCN), however, the PCN is not a criterion defining a promotion. Among other considerations, promotion offers are based on an employee's current performance. At the time of offer, or by the end of the introductory period, an employee must meet the minimum qualifications of the position offered. A promoted employee's salary must be at least the minimum of the higher position's salary range. Other general Guidelines are that the salary may remain the same if it is at or above the new position's minimum, or may be increased to typically 10% over the promoted employee's current salary; but if over 10% it usually does not exceed the midpoint of the higher position's range.

Reclassification

Reclassification occurs when a significant change in the responsibilities of a position warrants moving the position to another classification. This change can be to a higher, lateral or lower class level. Reclassification may or may not be to an already existing job class spec. Reclassification of a position may or may not warrant a change in the reclassified position's salary grade.

Merit Salary Increases (not incl. promotions and reclassifications)

Decisions to extend a performance-based salary increase are based on merit and positive work contribution; not longevity. The granting of merit increases is not a guarantee of continued employment and does not alter the "at will" status of APFC employees.

The appropriate times to offer performance-based salary increases are:

1. **Upon January 1 for performance during the prior year,** in accordance with the performance appraisal process and merit scale (see following section). An employee who has worked an incomplete year in a position may receive a pro-rated performance-based salary increase on January 1 based upon the amount of time worked between their new position starting date and December 31, the end of the performance review period.

2. **One-time allowance** (*with controls in place to ensure that it is not awarded a second time during the fiscal year annual review*). A one-time allowance is a percentage increase to the base salary for a specific period:

- *For an employee who assumes full authority, for at least a month, to execute all job responsibilities for a supervisor or coworker whose class specification is at a higher classification level, while the supervisor or coworker is absent from work (e.g., family leave), or while the position is vacant.* The employee's salary may be temporarily increased to the minimum of the higher position's salary grade or 10% over the employee's current salary but typically does not exceed the midpoint of the higher-level position's salary grade. If the employee assumes a major portion (at least

50% but not 100%) of the authority level and job responsibilities of the higher position, the salary may be temporarily increased in proportion to the additional higher-level job functions but cannot exceed the increase paid for assuming 100% authority level.

- *For an employee whose work performance results in a work product that adds value to the ongoing operations of the APFC*. The work product belongs to the corporation when the employee leaves. APFC allows for one-time recognition of performance that would not otherwise be compensated, except as part of the employee's base pay.

3. **Other:** The Executive Director has the authority to make adjustments to assure internal equity

PERFORMANCE MANAGEMENT

Performance Management provides opportunities for official recognition of an employee's achievements, provide suggestions for performance improvement, and provide the opportunity for employee career counseling. Performance appraisals relay APFC work expectations, develop performance objectives, and evaluate work performance.

APFC supervisors are encouraged to regularly review employee work performance on an informal basis. Annually, supervisors conduct a formal Employee Work Performance Appraisal/Evaluation. This is the official documentation of an employee/ supervisor discussion of employee work performance for the annual review period. The performance appraisal process or rating does not alter the "at will" status of APFC employees.

Performance Appraisal system elements

Class Specification	Captures the body of the work that belongs to the Corporation and is the legal framework of employment.
Job Description	Reflects what the person in the position does, determines where the person fits in the class specification, changes with the person, and provides criteria against which the employee is evaluated.
Periodic Interim Reviews	As needed – provides an informal and interactive process during the year to identify changes in the position or goals and promotes open communications.
Annual Performance Appraisal	Documents the formal process using a performance measurement system that focuses on competencies and goals. (See "Performance Appraisal Process" for details.)

It is upon the completion of the performance appraisal, and based on work performance, that pay adjustment or position movement is based. The appraisal is also a planning tool that details the next year's work performance objectives, the employee development plan, and measurable goals.

Annual Performance Appraisal/Evaluation Process

The annual performance appraisal/evaluation process begins in the 4th Quarter of the Calendar Year during performance period year end. The process may involve an employee self-review and may include peer reviews. Self-reviews will not technically factor into the quantitative rating but rather be used as information for the supervisor, who is the only person in the process whose rating technically factors into the evaluation score. Following the supervisor's review is a review and approval hierarchy, which varies depending on the position under review. Upon completion of each step in the process, the next individual in the queue is prompted to complete their task until the review is final. Salary adjustments may occur when all parties involved in the process for an employee have completed their tasks. The performance appraisal discussion between supervisor and employee and any resulting pay adjustment or position movement discussion may occur at different times and are processed separately.

The Performance Appraisal includes

Looking back by:

- Conducting a position review, documenting changes since hire or since the last position review
- Conducting a comprehensive review of the employee's performance during the performance review period to compare expectations to actual performance

Looking forward by:

- Determining measurable goals and/or projects for the next year
- Identifying tools and creating a training program to meet those new goals
- Identifying specific performance areas needing concentrated effort during the next year

Recommendation for pay action

If the supervisor's rating of an employee's performance warrants a pay increase after all levels of review and approval are completed, HR initiates a pay action. A copy of the pay action is placed in the employee's personnel file. HR notifies employees of upcoming changes to their compensation.

Change of supervisor

Outgoing supervisors should conduct change of supervisor performance appraisals for employees under supervision who have not received an appraisal within the past six (6) months.

Merit Scale

The merit scale is calculated each year, based upon criteria determined by management; e.g., anticipated percentage of money available for salary adjustments. The scale has five performance levels. Employees receive merit increases to their base salaries each year based upon the results of their annual fiscal year performance evaluations.

Detailed definitions of the Ratings Used in Employee Work Performance Appraisals

Far exceeded the expectations; this year's contribution clearly moved the business forward. Employees with this overall rating consistently far exceed the requirements in all areas of their position. Or, the employee worked at length on a project, the results of which far exceeded requirements and expectations of this single, extraordinary event that clearly moved the business forward. Their supervisor and other staff easily recognize the employee's high achievements for success of the project, and can clearly attribute the success to the employee's contribution. Employees with this overall rating consistently and constructively review the processes of their work to look for efficiencies and quality. They propose or implement revisions. Employees with this overall rating work with co-workers/supervisors and offer assistance to others that contributes to the success of others. Rating any competency or goal at this level means that the employee clearly exceeded the requirements - much more than fulfilling the requirements at an outstanding level - of that competency, or goal.

Exceeded expectations; this year's contribution is clearly identifiable.
Employees with this overall rating correctly complete and exceed the requirements in the majority of areas of their position. Their supervisor and other staff easily recognize the employee's consistent high achievements. Employees with this overall rating work with co-workers/supervisor to assist the high achievements of others, and may seek or take on work from other employees, or perform the tasks of their position, but at a higher level. Rating any competency or goal at this level means that the employee exceeded the requirements of that competency or goal.

Fully met expectations in all key areas; minimal errors of execution or strategy.
Employees with an overall rating correctly complete the requirements of their position. Rating any competency or goal means that the employee completed the requirements of that competency or goal.

Partially met expectations; some substantial errors of execution or strategy.
Employees with this overall rating only partially complete some of the requirements of their position. Others may have to complete a portion of the required work, or portions of the work may go uncompleted or may be incorrect. Rating any single competency or goal at this level means that the employee is expected to perform substantially better in this area. This rating means that when performance was discussed with the employee, he/she took responsibility and initiative and/or shows potential to improve either overall or in a competency or goal.

Did not meet expectations in the majority of areas; repeated errors of execution or strategy. Employees with an overall rating in this area are not completing the requirements of their position and likely others must complete the work or the work is going undone, or is incorrect. This rating also means that the employee lacks the skill-set, ability, or initiative for improvement. Rating any competency or goal at this level means that when performance was repeatedly discussed with the employee, the employee did not take steps to improve or did not improve.

RECRUITMENT OVERVIEW

APFC's recruitment program offers an uncomplicated course of action for filling vacant positions; encourages internal applicants; promotes APFC values; reflects a sense of urgency to reduce impact on other employees.

APFC is a State of Alaska entity exempt from the Personnel Act, with no requirement to follow a set recruitment procedure. A vacancy provides a unique opportunity to review the organization's needs outside of the normal budget cycle organizational review process APFC recruitment generally follows the process outlined below. However, the Governor may re-direct the recruitment and hire process of exempt positions at her/his discretion. The Executive Director retains the authority to change the following process.

1. Determine Organization's Need for Position
2. Develop Recruitment Plan
3. Create Recruitment Notices
4. Implement Recruitment Plan
5. Interview Process
6. Final Selection
7. Personnel Action
8. Orientation and training

EMPLOYMENT CATEGORIES

Employment categorizations provide a framework for staff appointments consistent with APFC mission, vision, values and goals. They establish a framework for necessary position types requisite to APFC mission; they create standards for planning and budgeting for APFC position appointments.

APFC is exempt from the State Personnel Act and associated regulation per AS 39.25.110s. APFC must conform to the Executive Budget Act (AS 37.07) which likely means that legislative approval is required for new positions of more than one-year duration.

A position must be established prior to an appointment. Full time, regular appointment categories require prior approval by the Alaska Legislature. APFC may directly establish others. Except for short-term temporary appointments, the Board of Trustees must approve the establishment of all positions (AS 37.13.100).

A position established in one of APFC's categories of appointment refers to the position in APFC organizational structure and to the budget. These terms categorizing position appointments do not alter the APFC "employment-at-will" status. Either the employee or APFC may terminate the employment relationship at any time, for any or no reason.

Categories of Appointment List

- Regular Full-Time
- Regular Part-Time
- Regular Seasonal
- Temporary Long-Term
- Temporary Short-Term
- Emergency
- Intern
- Job Sharing

Categories of Appointment Descriptions

Regular Full-Time Appointments

A regular full-time position must be approved by the legislature through the executive budget process. An employee working in a full-time position is scheduled to work 30 or more hours per week.

Characteristics

- Compensation at salaried rate either hourly or annualized
- May be overtime eligible or ineligible as defined by exempt criteria under FLSA
- SBS eligible (annuities & select benefits)
- Full PERS accrual
- May participate in Deferred Compensation
- Full health insurance
- Full basic life insurance
- Full leave accrual
- All paid holidays

Regular Part-Time Appointments

A regular part-time position must be approved by the legislature through the executive budget process. An employee working in a part-time position is scheduled to work at least 15 hours but less than 30 hours per week.

Characteristics

- Compensation based on an annualized hourly rate
- May be overtime eligible or ineligible as defined by exempt criteria under FLSA
- SBS eligible (annuities & select benefits)
- PERS accruals are prorated (based on a 1560 hour year) by hours worked
- May participate in Deferred Compensation
- Employee-may elect health insurance by paying half of premium rate or may opt out of coverage
- Employee may elect basic life insurance by paying half of premium rate (if electing health insurance) or may opt out of coverage
- Leave and holiday accruals are prorated based on a 37.5 hour workweek

In-House Intern Appointments

APFC established an intern classification to provide substantive training experience in varied occupations designed to enhance and complement a student's course of study. An internship of 120-calendar days' duration or less shall be treated as a temporary short-term appointment as defined previously. APFC does not provide for internships lasting more than 120 calendar days. Interns are distinguished from other temporary employees because their work is part of an applied academic program. The Executive Director must approve the decision for an internship to exceed one semester.

Special Considerations for Intern Appointments

- To be eligible for participation in the internship program, the candidate must meet the APFC Intern Program qualifications.
- All APFC interns are compensated on an Hourly basis
- Intern positions are Temporary Short Term Appointments and as such are FLSA overtime eligible

Regular Seasonal Appointments

A regular seasonal position must be approved by the legislature through the executive budget process. An employee working in a seasonal position is scheduled to full-time for an assigned period of weeks during the work year. Outside of the assigned period, the employee is placed on "seasonal leave without pay" (SLWOP) status.

Temporary Long-Term Appointments

A temporary long-term position is established by APFC. A temporary long-term employment period exceeds 120 calendar days but cannot exceed 12 months. If 12 months is exceeded, APFC must request a regular position through the executive budget process. The same set of duties cannot be performed by a second long-term temporary appointment after the first expires within a 60 day period.

Temporary Short-Term Appointments

A temporary short-term position is established by APFC. A short-term temporary employment period shall be for 90 calendar days or less but can be extended once for 30 calendar days by APFC. If 120 calendar days are exceeded, the appointment shall be treated as a temporary long-term appointment for specific benefit purposes (health/life insurance, personal leave, and holidays), and such benefits shall be awarded retroactively to the date of appointment unless waived by the employee. Internships are included in this category. The same set of duties cannot be performed by a second temporary short-term appointment after the first expires within a 60-day period. This appointment category provides no paid leave, no paid holidays, or other employee benefits other than hourly compensation and SBS eligibility.

Emergency Appointments

APFC may occasionally appoint emergency/substitute personnel to fill critical and unanticipated vacancies. Such appointments can be made for an employment period of no more than 30 calendar days. If 30 calendar days are exceeded, the appointment shall be treated as a short-term temporary appointment. The same set of duties cannot be performed by a second emergency appointment after the first appointment expires.

INTRODUCTORY PERIOD

APFC provides an introductory time period for new employees to familiarize them to the Corporation and to provide focused orientation on APFC expectations for performing essential duties of the position and to help management determine the capabilities of the employee new to that position. This period stresses open communications, periodic position and performance reviews and an APFC orientation.

Purpose of Introductory Period

The purpose of the "introductory period" is to determine if the new or recently promoted employee is capable of performing all essential duties of the position. This is an opportunity for the supervisor to orient and train the new employee and to focus the employee's efforts toward fulfilling the job responsibilities. In addition to learning job responsibilities and gaining an understanding of APFC mission, goals, and values, the introductory period also emphasizes incorporating new employees into the APFC team environment. In this way, the APFC standard is set, and new employees are prepared to offer support to the next new employee. Disciplinary actions taken during the introductory period follow the Guidelines outlined in the appropriate section of this Guide.

All APFC employees are "at will" employees. This means that employment at APFC is not for a fixed period and does not guarantee any length of employment. Either an employee or APFC may terminate the employment relationship at any time, with or without reason, and with or without notice. Completion of the introductory period is not a guarantee of continued employment.

Length of Introductory Period

In regard to the scope and complexity of positions in the APFC classification system, the lengths of the introductory periods are six months for FLSA Non Exempt positions and one year for FLSA Exempt.

WORK HOURS, OVERTIME AND LEAVE

This guidance is intended to maintain consistent office hours and employee scheduled attendance. APFC recognizes that we are an organization of professionals whose body of work does not always adhere to standard work times and days.

Work Hours and Office Hours

- Official APFC office hours are 8:00 a.m. through 4:30 p.m., Monday through Friday
- The APFC employee standard work week is Monday through Friday
- Most APFC employees work 7.5 hours per day, with an additional one-hour lunch break
- Each employee observes a consistent work and lunch schedule, which may vary from those of other employees and from official office hours
- Supervisors may approve employee requests to temporarily flex from their regular work schedule
- The schedules of employees involved in trading are tied to the capital markets, and breaks including lunch are generally taken on site

Attendance and Absence

- APFC requires daily on-time employee attendance
- Employees must notify their supervisors as soon as possible if they have an unexpected absence or are going to be late for work
- Planned employee absences (leave) require advance supervisory approval
- Paid work conducted at home is allowable under extraordinary circumstances. (See "Work at Home")

Flexible Workday Schedule

- APFC may require or APFC employees may use the option of "flexing" their workday outside the standard APFC office hours with the approval of their supervisor and department head

- The official lunch break is from noon to 1:00 p.m. upon supervisor and department head approval, employees may take a lunch break at other scheduled times and may take a lunch break from .5 to 1.5 hours in duration. APFC management considers lunchtime a necessary break and discourages regularly working through lunchtime
- "Flexing" within a workday or for short-term periods is allowed with supervisory approval
- In extraordinary circumstances, paid work conducted at home, is allowable (See "Work at Home")

Overtime

Compensatory (Comp) Time for FLSA Overtime Eligible Employees who are Leave Earning

For APFC employees who are FLSA overtime eligible and leave earning, Compensatory (Comp) Time accrual and usage is the standard compensation for overtime work. Such employees are advised prior to hire of the APFC comp time in lieu of overtime pay understanding.

For these employees:

- Comp time is accrued for any work over 37.5 hours per week
- Comp time is accrued hour for hour for work between 37.5 hours and 40 hours per week, and 1.5 hours for hours worked beyond 40 hours per week
- Overtime requires supervisory pre-authorization. Overtime worked and compensatory time used is reported on the employee's time sheet
- Overtime eligible employees must claim overtime worked, in accordance with the FLSA
- Comp time must be used prior to personal leave
- At separation, an employee's accrued comp time is converted to a cash value

Other employee categories as regards overtime

- Employees in position categories that do not earn leave are not eligible to earn comp time. These employees are paid at the overtime rate only when they work over 40 hours per week
- Comp time is not available for FLSA overtime-exempt employees.

Holidays

APFC recognizes the following 11 State Holidays per AAM 270.020. APFC also recognizes days publicly proclaimed by the US President as a national holiday or by the Alaska governor as a legal holiday. On occasion the SIFA and NYSE Market holidays do not line up with State Holidays. Based on business need, managers of employees work on those days are expected to plan on having appropriate staff in the office to ensure safe and effective operations.

Holiday		
New Year's Day	Jan	1st
MLK Jr.'s Birthday	Jan	3rd Monday
President's Day	Feb	3rd Monday
Seward's Day	Mar	Last Monday
Memorial Day	May	Last Monday
Independence Day	July	4th
Labor Day	Sept	1st Monday
Alaska Day	Oct	18th
Veteran's Day	Nov	11th
Thanksgiving Day	Nov	4th Thursday
Christmas Day	Dec	25th

Work Status on APFC Holidays

APFC is required to follow State of Alaska employee leave and holiday rules. However, some State holidays occur when the financial markets are open and therefore, APFC operations must continue. Because certain employees are directly responsible for these mission-critical operations, they are required to be at work on some State holidays.

Typically, only certain employees in the Investments, Finance and IT Departments are required to work on a State holiday. The head of these departments will determine which staff members must work.

FLSA Overtime Exempt: FLSA Overtime Exempt employees required to work on a State holiday may take another supervisor-approved day off in lieu of their holiday, but within 30 calendar days after having worked the holiday. The holiday must accrue to the employee before taking off a day from work.

FLSA Overtime Eligible: Typically, Fair Labor Standards Act (FLSA) overtime eligible employees will not be required to work on State holidays. However, if an employee is FLSA overtime eligible, and is required to work on a holiday, that employee will be paid for their time worked and will accrue comp time at 1.5 hours per hour worked.

Work at Home

The purpose of this policy is to allow employees to work from their homes if their work can be transferred from the workplace.

Employees may conduct paid work out of their homes for only specific and approved reasons. Work at home is at the discretion of an employee's supervisor and the department head with approval by the Executive Director.

LEAVE

APFC is governed by AS 39.20.200 – 39.20.350 regarding leaves of absence. These statutes outline leave and leave usage requirements. In addition, APFC has the following policies regarding leave:

Administrative Absence from Work

Administrative absence from work allows the Executive Director the option to grant employees absence from work on an individual or corporate level that does not affect the employee's leave balance.

An Administrative Absence is not typically a leave-type that may be requested, but may be offered to an employee by the Executive Director who recognizes a reason to provide them time off from work that does not affect the employee's leave balance. Administrative absences typically do not require a time sheet report.

Short-Term Leave of Absence

APFC recognizes that allowing a short-term absence strengthens employee morale and increases productivity. The goals of this leave type are to provide employees an opportunity for an extended leave/sabbatical of up to three months without loss of position and/or to allow short-term leave to assist employees seeking professional or personal endeavors

- Short-term leave is not granted automatically; APFC needs must be the first priority
- Short term leave is approved by the Executive Director for a period of not more than three months
- Examples of uses for short-term leaves are to finish an academic degree or certification, to complete a professional licensing requirement, mission work, or travel. This list is meant merely as an example; other reasons may be approved
- If the employee terminates during short-term leave, the termination date is retroactive to the first day of leave
- All employee benefits are frozen and accrual ceases while on leave. In accordance with state policy and regulations medical benefits coverage may continue if the employee pays for coverage
- Use of this leave option is without pay. However, with Executive Director approval, accrued personal leave may be used for all or as part of the short-term leave period

PROFESSIONAL PRACTICES

APFC encourages staff to conduct themselves in a professional manner at all times, reflecting APFC values in their interactions with others, ever cognizant of their responsibilities to the public as managers of Fund assets.

Professional Codes of Conduct

APFC business operations and its reputation are built upon the principles of fair and ethical conduct of its employees. APFC complies with all applicable laws and regulations and expects employees in all positions to conduct business in accordance with all relevant laws and to refrain from illegal, dishonest, and unethical conduct or practices.

APFC success depends upon Alaskans' trust; we are dedicated to preserving it. Employees have an obligation to APFC and Alaskans to act in a manner that merits continued public trust and confidence in APFC.

APFC expects employees to use their best judgment, based on high ethical principles, as a guide to acceptable conduct. In a situation that is difficult to determine the proper course of action, openly discuss the matter with your immediate supervisor and, if necessary, with the HR Officer for advice and consultation.

Compliance with this policy of business ethics and conduct is the responsibility of every APFC employee. Disregard of or failure to comply with this standard of business ethics and conduct could lead to disciplinary action, including immediate termination of employment.

Gifts

Business associates, contractors, vendors, or others doing business, or wishing to do business with APFC, occasionally offer APFC employees gifts, services, or other items. APFC employees are strictly prohibited from accepting gifts that benefit the employee's personal or financial interest if it can be reasonably inferred the gift is intended to influence the employee's action or judgment. APFC employees are strictly prohibited from soliciting gifts. APFC employees must follow AS 39.52.130, and are encouraged to read this statute.

Interpersonal Communications

APFC strives for open, two-way communications among all authority levels. Communications must be professional and respectful so that each employee feels free to express divergent thoughts and concerns. Active communication involves taking responsibility for contributing your ideas respectfully and clearly, and listening carefully to the ideas of others.

APFC expects professional relationships within and outside the Corporation through the use of professional communication. Hurtful communications, such as malicious gossip, name-calling, slurs, spoken, circulated in hard copy or via an electronic device, are unacceptable and will not be tolerated. An employee using hurtful communication may be disciplined up to and including termination of employment.

Public Communications

APFC employees are sometimes called upon to make public presentations on APFC or other topics. APFC strives for open public communications and has responsibility as a public trust. This responsibility requires us to clearly communicate APFC goals, mission, values, and corporate activities. APFC recognizes the Board Chair, the Executive Director, and Communications Director as the official spokespersons for the organization. Questions about the Corporation from outside sources that require an official response should be directed to these official spokespersons.

Disputes

APFC encourages employees to bring disputes or conflicts with other employees to the attention of their supervisors, the Executive Director, the HR Officer, or to follow the Employee Grievance Procedure included in this Guide, if appropriate. APFC is eager to assist in the resolution of employee disputes.

Dress Code

APFC expects a high degree of professionalism in all aspects of work including dress and grooming that recognizes a diverse workforce.

When representing APFC, employees are required to present a clean and neat appearance. Everyday wear should project a professional image and should be chosen to fit the occasion. The Executive Director or designee reserves the right to define the dress code. Each employee is responsible for following the dress code. Department heads are responsible to ensure the employees they supervise follow the dress code.

Political Activities

APFC employees are in the Exempt Service of the Executive Branch of state government and as such, are exempt from the State Personnel Act (AS 39.25). While APFC encourages employees to exercise their constitutional rights and civic responsibilities in the political process by voting, supporting candidates and issues, and expressing personal views, some basic guidelines and restrictions apply. In addition, a clear separation must be established between state-related functions performed with state resources and private political activities, which cannot be supported with public funds.

APFC employees must follow AS 39.25.160 regarding political activities and AS 39.52, the Alaska Executive Branch Ethics Act. We summarize these legal requirements as follows. However, APFC employees should read the provisions of AS 39.25.160 (see the State of Alaska Division of Personnel Employee Orientation web page) and review the Executive Branch Ethics section (in the State of Alaska Department of Law web site).

- APFC resources – including but not limited to employee time, equipment, information, or supplies – may not be used to finance or influence, directly or indirectly, candidates for political office, ballot propositions, or public issues of a municipal, statewide or national character, or any other political activities, either partisan or nonpartisan, unless specifically appropriated by the Alaska Legislature and signed by the Governor.

- In the performance of official duties, employees responding to politicians, candidates, or the general public about public policy, political issues, or general information concerning APFC or the Fund shall treat all requests equally and impartially.

- Unless authorized by the Executive Director to represent APFC to outside parties, employees shall not purport to the public that they are representing APFC. To prevent misconceptions when making public statements about a political issue or when representing personal opinions, employees must issue a disclaimer stating they are not representing APFC; failure to do so will result in disciplinary action, up to and including termination.

- No APFC employee may display or distribute partisan political material on APFC work premises or while conducting official business.

- No APFC employee may solicit, require, or coerce funds or support for any political activity in the office or while on official business. In the course of performing official duties, an individual may speak in favor of APFC policy issues reflective of APFC values and goals.

- No APFC employee may solicit, require or coerce any employee or subordinate to submit to any interrogation or examination or psychological test which is designed to elicit information concerning political affiliation or philosophy except as directly related to the performance of the employee's official duties.

PROFESSIONAL EDUCATION AND TRAINING

This policy is intended to increase the value and retention of APFC employees

The APFC recognizes that skilled employees bring added value to the workplace, and encourages employee participation in higher and continuing educational pursuits, and education relating to some professional designations. The APFC Employee Training Policy (not included in this Guide) covers details about employee eligibility, types of training eligible for employer-covered costs, and training types that are employee cost reimbursable.

EMPLOYEE DISCIPLINE

This policy is to provide uniform guidelines for employee discipline when that is the chosen option of the supervisor. Employee discipline actions may be used typically for work performance issues when an employee is out of compliance with APFC standards and is not meeting position requirements. Termination of the employment relationship may be the outcome of the employee disciplinary action.

At-Will Employment Status

All APFC employees are "at will" employees. Employment at APFC is not for a fixed period. Either an employee or APFC may terminate the employment relationship at any time, with or without cause or notice. Thus, the following disciplinary measures do not guarantee continued employment or entitlement of the discipline process by the employee. There is no requirement that any or all of the described disciplinary procedures be followed in any order, or at all, before termination. Depending on the circumstances, any or all of the disciplinary actions or steps noted below may be omitted at any time. Employees in management positions are all excluded from the disciplinary and the grievance processes.

Employee Discipline

An open disciplinary process is one way in which APFC strives to attain its goal of enhancing the best work performance of employees and supervisors. Supervisors should immediately (or as soon as practicable) address employee problems in order to minimize misunderstandings. APFC encourages employees to inform their supervisors of challenges or obstacles that impede deadlines, expectations, or other work-related concerns. APFC encourages supervisors to maintain ongoing contact with employees under their supervision to better assist them in allocating time, energy and resources towards the highest priority projects, and to help minimize the need for disciplinary action. APFC expects employees to be responsible for their own actions and to maintain standards of performance and behavior that reflect APFC's status as a premier organization.

There are many standards upon which an employee's performance and behavior are guided. APFC mission and value statements, PMP policies, job descriptions, class specs, performance objectives and measures, and ethics and disclosure policies are some of the standards to which supervisors determine desired conduct. These standards aid supervisors in determining misconduct that warrants disciplinary actions. When an employee's work performance or behavior on the job becomes inconsistent with APFC standards, APFC reserves the right to take action necessary to resolve the problem.

Supervisor Assesses When to Use Disciplinary Action

Ongoing, two-way communication between supervisors and employees often mitigates the need for disciplinary actions. Under certain circumstances, formal corrective disciplinary action may be appropriate. An incomplete list of possible disciplinary actions follows, to serve as examples. Dependent upon the severity of the offense, these actions may occur at any time and in any order. Depending on the circumstances, any or all of the disciplinary measures may be omitted at any time, and termination of employment may be the first option. Employment at APFC is "at will," and there is neither a requirement nor a prescribed order to follow any or all of the described disciplinary procedures prior to termination.

Possible Disciplinary Options

The actions that follow are examples of disciplinary actions. Additional disciplinary actions or immediate termination may be taken as APFC determines.

Verbal Warning

The supervisor informs the employee of the work-related problem, poor performance, offense, breach of policy, breach of standards of conduct, etc. The two discuss the problem, and the supervisor advises the employee of the necessary corrective measures and provides a timeline for completion of the corrections. The reasons for the verbal warning and any required follow-up are documented in a memo, signed by the employee and supervisor both sign and retained in the supervisor's working file. Verbal warning documents are not placed in an employee's permanent personnel file unless a related offense is committed or the problem recurs and warrants further disciplinary action.

Written Warning

At the supervisor's discretion, an initial offense may warrant a written warning to the employee. The written warning summarizes previous warnings of a similar nature, the nature of the current problem, the method and actions necessary to correct the problem, a reasonable time period within which the problem must be corrected, and the outcome (termination, demotion, etc.) should the employee prove unable or unwilling to correct the problem. The written warning requires a review by the HR Officer, the department head, and the Executive Director before its delivery to the employee. After management review, the supervisor (and the HR Officer, if desired) meets with the employee to discuss the written warning. The warning memo must be dated and signed by both supervisor and employee to verify that the supervisor informed the employee of the work-related problem and that the employee understands the issues and recommendations for correction. The employee is provided a copy, and HR retains the original for the employee's permanent personnel file.

Recommendation for Suspension/Termination

If the problem has not been corrected within the period specified in the written warning or if within 60 days after completion of the specified period, the employee commits a similar offense, further disciplinary action up to and including termination of employment may be recommended. At the supervisor's discretion, immediate termination without verbal or written warning may be recommended. The termination recommendation must be in writing that includes a supervisory summary outlining the reasons for dismissal and an outline of actions, if any, already taken to correct the problem. The department head must review the recommendation before it is forwarded to both the HR Officer and the Executive Director for approval.

Suspension

Department heads and the Executive Director have the authority to suspend employees. Other supervisors may suspend employees under their supervision, but typically suspension results from consultation with a department head or the Executive Director. However, if immediate action is necessary, at their discretion, supervisors may suspend an employee.

Termination

Only the Executive Director has the authority to terminate an employee. In accordance with the "exempt" and the "employment at will" status of all APFC employees, the Executive Director has the right to discharge an employee at any time, with or without reason or notice regardless of whether or not disciplinary (corrective) action has been taken.

Supervisor Authority to Impose Disciplinary Action

For purposes of disciplinary action, the employee's direct supervisor per the organizational chart is the individual who supervises the day-to-day work of the employee and provides direction regarding work projects. The employee may occasionally work on projects or perform regularly assigned duties for a coworker who is not the employee's supervisor. However, no one other than the supervisor, the department head, or the Executive Director is authorized to impose disciplinary action on employees.

Disciplinary Actions and Performance Appraisals

If an employee's regularly scheduled annual performance appraisal date falls within the period for complying with corrective measures specified in a disciplinary action, the appraisal proceeds as scheduled. In such an instance, the supervisor judges the severity of the problem, while also considering the employee's yearlong conduct and performance, including the problem's effect on job performance. The supervisor may recommend a salary adjustment commensurate with performance, regardless of the employee's current disciplinary action status. The fact that an employee is under disciplinary action must be noted in the performance evaluation.

First-time Discharge Offenses

Certain types of employee behavior are serious enough to warrant immediate termination of employment without benefit of the corrective disciplinary steps. It is not possible to list all the forms of behavior that are considered unacceptable in the workplace and warrant immediate termination, however, this list provides broad examples:

- Theft
- Violence
- Dishonesty; i.e., falsification of a major record
- Possession, distribution, sale, transfer of illegal drugs, or substance abuse in the workplace, while on duty, or while operating employer-owned vehicles or equipment
- Sexual or other unlawful harassment or discrimination
- Possession of dangerous or unauthorized materials, such as explosives or firearms in the workplace
- Unauthorized disclosure of confidential business information
- Gross negligence in the performance of duties

Employment with APFC is "at will," and either party may terminate the work relationship at any time, with or without reason or advance notice.

GRIEVANCE PROCEDURE

The goals of this policy are to resolve employment complaints at lowest possible level within APFC before more serious problems develop; to provide a channel for APFC employees to voice employment concerns or complaints in an appropriate manner; and to provide a grievance procedure that employees may use without fear of reprisal.

Grievance Defined

In this Guide, grievance means an employee's expressed feeling of dissatisfaction with aspects of working conditions, environment, relationships with supervisors and other employees, a disciplinary action, and the official manner of execution of the personnel policies established or interpreted by the Executive Director.

Employee Complaints and the Formal Grievance Process

The existence of the Employee Complaint and Grievance Process does not alter APFC's "at will" status. Successful completion of the process does not guarantee continued employment. Employees in management positions and other positions which the Executive Director may designate from time to time are all excluded from the disciplinary and the grievance processes.

Employee Complaints

Misunderstandings and conflicts are often best addressed directly between the parties involved before more serious problems develop. APFC encourages ongoing, two-way communication between coworkers, employees, and supervisors to alleviate misunderstandings and conflict. APFC provides employees the opportunity for training in respectful workplace, interpersonal skills and related topics as one of several ways it demonstrates commitment to employees and value for communication.

When direct communication with the involved party does not resolve an employee's employment-related concern, or if direct communication is not appropriate, the next step involves taking the complaint to the next authority level within the department. APFC strongly advocates personal responsibility in all aspects of work roles and at all authority levels. Therefore, in most instances the supervisor or department head may provide guidance for complaint resolution rather than directly managing the process, unless he/she determines that direct involvement is the most appropriate method for resolution. If necessary, the supervisor, department head, or HR Officer may mediate a discussion between the involved parties. If the employee is unable to resolve the complaint after a mediated discussion, the mediator may recommend a peer review. However, the supervisor or department head may recommend a peer review without a mediated discussion.

Peer Review Committee

If appropriate, a peer review committee may be used to assist in employee complaint resolution. The authority of the peer review committee is advisory. The purpose of the committee is to help resolve employee complaints at the lowest level possible.

Each department solicits volunteers for a primary and an alternate committee member. However, only three employees from other departments serve on the active peer review committee, which typically comprises only the committee members from the uninvolved department(s).

Grievance Filing Procedures

Eligible employees who have a grievance related to their position, working conditions, or employment over which the Executive Director may lawfully exercise discretion, may file a grievance as follows:

1. The employee discusses the grievance with his/her supervisor.
2. If the employee is dissatisfied with the outcome of the discussion, the employee may file a written complaint to his/her supervisor (and a copy to the HR Officer) as soon as possible to retain accuracy of detail, but no later than ten (10)

days from the incident causing concern. If the grievance involves the employee's supervisor, an alternate channel is the department head. If the grievance involves the department head, an alternate channel is the HR Officer. The written grievance must include:

- Name, title, signature of the author, and date
- Full description of the complaint, including full names and direct quotes, if applicable, date(s) and time(s) of incident(s), names of witnesses, if any, location(s) of incident(s)
- Desired outcome to relieve the grievance
- Attachment of related documents

3. The supervisor receiving the grievance must respond in writing within five working days of receipt of the grievance. A complete investigation within a five-day period may not be possible due to many factors such as witness travel, records search etc. Therefore, within the five-day period, the responding management staff provides a status report on the investigation phase and provides an expected completion date. The response includes:

- Name, title, signature of the author, and date
- Summary of the grievance
- Steps taken to investigate the grievance
- Findings of the investigation
- Recommended resolution

Appeal Process

1. If the aggrieving employee is dissatisfied with the written response, the decision may be appealed in writing to the next level of authority.
    i. The written appeal must be made within five workdays of receipt of the response and must be attached to the original grievance and the APFC management response, and must include the reasons for the employee's appeal.

2. If the grievance:
    i. first went to the employee's supervisor, the appeal is to the department head
    ii. was filed with the department head, the appeal is to the HR Officer
    iii. was filed with the HR Officer, the appeal is to the Executive Director

3. The final appeal may be filed with the Executive Director who has the authority to offer final determination for resolution.

4. Each level of appeal has five days to respond in writing to the aggrieved party. If no written appeal is made within this time frame, APFC considers the matter resolved to the employee's satisfaction.

Filing a Complaint of Sexual Harassment or Unlawful Harassment or Discrimination

APFC follows Alaska Administrative Order No. 81 regarding the State's policy on discriminatory harassment. Employees believing they have been subjected to sexual harassment or other forms of discriminatory harassment should contact either their supervisor, department head, the HR Officer for immediate assistance in the grievance process.

Unlawful Harassment Prevention

APFC commits to providing a work environment free from unlawful discrimination and harassment. Therefore, APFC observes a "Zero Tolerance" policy of unlawful discrimination and harassment.

Employee Protection

Employees covered by these procedures may seek resolution to their grievances without fear of constraint, interference, or reprisal.

EMPLOYEE SEPARATION FROM APFC EMPLOYMENT

The goal of this policy is to aid in developing an individual separation plan that helps ensure uninterrupted workflow, work product integrity, and completion of all necessary employee separation documentation.

APFC employees are "at will" employees. APFC employment is not for a fixed period. Either an employee or APFC may terminate the employment relationship at any time, with or without cause or notice.

Types of Separation

Layoff due to Reduction in Force

Separation initiated by APFC for management reasons outside an employee's control and not relating to an employee's service or performance; e.g., abolition of position, shortage of work, budgetary constraints, etc.

Dismissal or Discharge

Involuntary employment termination initiated by APFC

Resignation

Voluntary employment termination initiated by the employee

Presumed Resignation

Unauthorized absence from work for a period of five consecutive working days may be considered an abandonment of duties and a presumed resignation

Retirement

Voluntary employment termination for eligible staff that meet the specific provisions for retirement eligibility as governed by the State of Alaska Public Employees Retirement System and as administered by the Division of Retirement and Benefits.

Separation Process

Many APFC employees have access to sensitive information, resources, systems, or have significant decision-making authority affecting the Fund. In order to safeguard APFC and the employee, the employee's supervisor is responsible for completing a checklist of items upon receipt of the employee's notice of intent to separate. The exact events and their timing are determined on a case by case basis by circumstances of the departure. In all cases however, both the HR Manager and Executive Director require immediate notification of an employee's intent to separate.

Steps of the Separation Process:

- Remove the employee from normal job duties and access to sensitive areas
- Review the employee's job duties and specifically authorize level of access the employee is to retain, up to and including normal working access
- Review possibility of immediate departure
- Executive Director may authorize severance pay
- Review whether to grant severance pay as determined by the Executive Director
- Provide the employee a copy of the written exit interview questionnaire
- Conduct a face-to-face exit interview with the supervisor, department head, Executive Director and/or HR Officer
- Conduct an employee performance appraisal if the last appraisal was effective six or more months prior. The appraisal period covers the date of the last appraisal to the present
- Provide the employee with a copy of the Reference Authorization Form for his/her signature to keep in the employee's file. Signing the form is optional
- Provide the employee with the link to the State of Alaska "PX/EX Separating" website

Resignation Notice

All APFC employees are "at will" and may resign their employment at any time for any or no reason. As a courtesy from the employee, APFC will ordinarily expect at least two weeks advance notice from employees resigning from a position designated from support positions and least four weeks advance notice from employees resigning from all other positions. To the extent permitted by circumstances and available funding, APFC will provide notice of layoffs due to reorganization or budgetary reasons with at least four weeks advance notice or with as much advance notice as feasible.

Immediate Acceptance of Resignation

If an employee provides APFC with notice of resignation and requests, or states, a future effective date, the Executive Director may determine that an immediate departure is appropriate and elect to accept the resignation effective immediately.

Salary and benefits

Regardless of when an employee's salary terminates, the employee's benefits (medical, retirement, paid leave accrual, etc.) are based on the last day actually worked.

Severance Pay

The Executive Director may recommend severance pay to employees involuntarily separated from APFC. All APFC employees are "at will" and may be discharged at any time, for any reason, without notice. APFC has no obligation to provide severance pay to any employee or group of employees. APFC guarantees no length of employment.

Exit Interviews

APFC requests all departing employees to participate in an exit interview, or when that is not possible, to complete an exit interview form. The exit interview is designed to provide employees an opportunity to relay their job-related experiences. APFC strives to elicit honest and candid responses and may use the interview data as suggestions for improvements. Whenever possible, supervisors provide the form to the employee at least two weeks before his/her exit date. The exit interview form may be completed during regular office hours. If departure occurs without warning, the employee may be requested to complete and return the exit interview form on his/her own time. The exit interview form is used as a

Guideline for the departure interview with the supervisor, department head, HR Officer or the Executive Director. Ideally, it should be completed before the departing employee's final day on the job.

Separation Performance Appraisal

If/when a departing employee provides separation notice, the supervisor will ordinarily complete a Separation Performance Appraisal if the last performance appraisal occurred longer than six months before their last day of employment. If the exiting employee's supervisor decides a Separation Performance Appraisal is unnecessary, the Executive Director must approve that decision.

The written appraisal requires review by the Executive Director or, in his/her absence, by the HR Officer before the supervisor meets with the departing employee. When signed, the original is retained in the employee's personnel file. The Separation Performance Appraisal is the basis upon which APFC makes future re-hire decisions and employment references.

Reference Authorization Form

At departure, APFC provides a Reference Authorization Form to the employee that authorizes release of his/her personnel record information. Except for information ordinarily available to the public, the APFC will not release any information about the employee's work performance unless APFC has a signed employee release authorization form. It is advisable that ex-employees make a separate written request for release of reference information every time they require information to be released.

Letters of Recommendation

Occasionally, departing employees request letters of recommendation from their supervisors or the Corporation. All letters of recommendation require review from the HR Officer. At the employee's specific written authorization, additional documents may be attached to a recommendation letter from APFC including copies of performance appraisals and job description(s) and/or class specification(s).

Employment References

All requests for employment references for ex-employees are routed to the HR Officer. Through a signed Reference Authorization Form the separating employee authorizes a release of information, and either the supervisor or HR Officer provides the requested employment information. The primary source of information for reference checks comes from the Separation Performance Appraisal.

Use of Personal Leave during Notice Period

APFC limits the use of leave time during the notice period. Leave approval must follow the normal leave request process. The Executive Director must approve any exception to this policy.

PERSONNEL RECORDS

The goals of this policy are to prescribe procedures that help ensure the maintenance of accurate, timely, secure and complete personnel records and; to inform employees and applicants which records are maintained and where they are stored.

RECORDS MAINTENANCE

Personnel Records

Personnel records are documents relating to an individual's employment, the purpose of which is to accurately record employment histories for every APFC employee. APFC is required to follow the State of Alaska Records Retention Schedule and Guidelines regarding personnel records.

File Locations

Central Personnel File/s

Official hard copy personnel record usually includes employment application/resume and salary & benefit records, normally located in three central files, at: 1) the Department of Revenue, Division of Personnel, 2) Department of Administration, Division of Retirement and Benefits, and 3) APFC HR Offices. Only the APFC personnel file and online secure software contains performance appraisal documents. APFC also keep files on site of personal investment and other disclosure reporting documents.

Departmental Personnel File/s

APFC employees involved in an employee's hire/termination (immediate supervisor, oversight department head, or the Executive Director) may establish/maintain a department personnel file for that individual.

Confidentiality and Access to Personnel Files

The APFC HR Officer maintains hard copy APFC personnel records. These records are confidential to the extent they include an analysis, evaluation, or critique of an employee's performance. Access to these records is ordinarily limited to the employee, the supervisor, the department head, and the Executive Director. With advance notice, employees may review their own personnel files in the presence of the HR Officer (or the custodian of the department personnel file). Employees may receive copies of any documents in their personnel files with a written request. Employees have the opportunity to include their written comments about each document in their personnel files if the written comments are provided within two weeks of the originating document's completion or within two weeks of reading the file. Employees may not change or remove documents in their file. Employees may access their performance evaluations at any time through logging into APFC's secure online performance evaluation software system.

Employee Complaint Procedure re: Personnel Files

If an employee disagrees with anything in his/her personnel file, in addition to speaking with the HR Officer and writing a note for the file, the employee may also appeal to that employee's supervisor. If necessary, the employee may appeal to the head of his/her department. The final appeal authority is the Executive Director.

Release of Information from Personnel File

Ordinarily, personal information will not be released from a personnel file over the objection of the employee. An employee may provide a written authorization that allows APFC to release information from the file.

Recruitment Files

Position Recruitment Documents (typically resumes, applications and interview records) are maintained separately in a position search file. APFC follows protocol for maintaining the search file in accordance with the state records retention schedule.

MISCELLANEOUS POLICIES

APFC has additional miscellaneous polices intended to: provide a safe, secure, healthful work environment for employees, customers, vendors, and visitors. Ensure critical operational functions are maintained during an emergency. Ensure the professional appearance of APFC public and shared areas. Assign appropriate accountability and a sense of ownership in all staff. Encourage recycling and waste management in everyday business practices. Enhance the spirit of community, both inside and outside of APFC

General Office Safety

The APFC safety program addresses what to do in the event of a fire, bomb threat, earthquake, medical emergency, and other types of emergency situations. Certain employees are designated as safety officers. (See APFC Emergency Procedures Handbook)

Medical Emergencies

When a medical emergency occurs, direct another employee or individual to call 9-911, for the Juneau Fire Department paramedics. The caller advises the paramedics of the nature and location of the emergency while assisting as necessary with the emergency. APFC schedules CPR certification training periodically for all interested staff. First Aid Kits are kept in the mailroom and break room.

Fire, Fire Drills and Evacuation

In case of a fire, call 9-911 and pull the fire alarm. Alert the Safety Officers and direct others to assist in the effort. If feasible, use a fire extinguisher to put the fire out only if others are calling 9-911 and helping to sound the fire alarm to evacuate the building.

All individuals within the office are required to immediately evacuate the building when the alarm sounds or when there is evidence of fire in the building according to the APFC Emergency Procedures Handbook.

Staff should always inform the receptionist when leaving the office to ensure at least one person at APFC is informed about employees' whereabouts. In case of fire, the receptionist (or Administration staff member) informs authorities of the estimated employee headcount. If you are not in the parking lot and the receptionist is uninformed of your whereabouts, we presume that you are still in the building.

Workplace Safety Hazards

The Administrative Specialist is the building liaison for ongoing maintenance issues and coordinates an internal safety evaluation to identify and correct potential safety hazards. The HR Officer ensures work areas meet ADA accessibility codes.

Bomb Threat Response Plan

In general, APFC will telephone the Juneau Police Department to report the threat and will follow safety recommendations including assisting with searching the building, securing IT operations, and evacuating the building.

Personal Safety while in Travel Status

- The APFC Travel Officer recommends, schedules or provides periodic personal safety training
- Consult with the Travel Officer and/or supervisor regarding questions about personal safety while on travel status
- Your hotel front desk or security personnel may address hotel safety concerns

Visitors in the Workplace

The APFC reception area is the designated entrance for all visitors. The receptionist will alert employees that a visitor has arrived and will request the employee to escort the authorized visitor, or the receptionist will escort the visitor to the appropriate location. Visitors authorized by staff must be escorted on site to provide for the safety and security of employees and facilities. Employees are responsible for the conduct and safety of their visitors here by invitation. Employees may request assistance from management if their visitor becomes unruly, disruptive, or violent. If an employee observes an unauthorized individual in the office, the employee should inquire whether the individual needs assistance and to escort them to the reception area.

Workplace Violence Prevention

APFC has "Zero Tolerance" for violence in the workplace. A safe and secure work environment is of utmost importance. All employees, visitors, vendors, contractors, and business associates are always to be treated with courtesy and respect. Employees are expected to refrain from fighting, "horseplay," or other misconduct that may be dangerous to others.

In the case of threats or actual violence committed at the APFC work site, or against an APFC employee offsite, outside authorities may be called to intervene and investigate. This policy applies to employees and non-employees. Any APFC employee threatened with violence or who has a violent act committed against him/her while at the APFC office, or while representing APFC offsite, must report the incident to the supervisor or any APFC department head as soon as possible. Your report of violence, threats of violence, or suspicions of violence is the first step in halting further occurrences. Retaliation against an employee for making a good faith report is forbidden.

Weapons

APFC prohibits weapons of any kind at the workplace. APFC employees who bring weapons to the workplace – even if they have permits to carry a concealed weapon – are subject to employee discipline, up to and including immediate employment termination.

Building Security

- The Michael J. Burns Building management contracts with a local firm for building security. Contact APFC Administration or management staff to report security or safety-related problems or concerns regarding the building or APFC offices
- Inform your supervisor, the receptionist and others whom you trust if you will be working after normal office hours so that others know you are in the building
- Use the elevator to enter or exit the APFC floor if you are working beyond posted work hours
- Your key fob opens doors to both the building and APFC office suites during non-business hours
- Do not prop the office suite door open, even if you are in the office
- Shut the main office suite door behind you to ensure security of the office in your absence when exiting the office suites for any length of time
- Park your car in the well-lit areas of the parking lot
- Be aware of individuals near the building entrance when entering or exiting after hours

- Do not enter or exit the building if you are concerned for your safety
- Do not prop the building exterior doors open for any reason
- If you are concerned for your safety after hours and are in the office alone, call the Juneau Police to check building security or to escort you to your car. If two or more employees are working after hours, ask your coworker to escort you to your car or leave together
- Locks to all APFC doors are monitored by Administration
- At hire and when necessary, key fobs are issued to employees and are collected at separation
- Immediately report a lost key fob to Administration to guard against unauthorized access

Emergency Office Closing

At times, emergencies such as severe weather, fires, power failures, or earthquakes can disrupt company operations. Extreme circumstances may require APFC to close the office.

In the event of an emergency that affects all State of Alaska employees in Juneau or statewide during work or nonworking hours, APFC follows the Executive Branch's announcement. Upon hearing the broadcast, APFC employees require no further verification from APFC management about office closure.

A separate emergency closing process is required for investment-related responsibilities in conjunction with management and appropriate IT staff. Investment staff may be required to work in another location at the direction of the Executive Director or the Chief Investment Officer or a designee. If appropriate, employees may need to follow the Business Continuity Plan.

If an emergency occurs and affects only APFC employees or Michael J. Burns Building workers and the APFC office must be closed, APFC will observe the following procedures:

- The Executive Director, HR Officer, or any other department head in the absence of these two, announces the APFC office closure
- APFC follows procedures required by the Executive Branch emergency closure announcement

If an emergency closure is called either through an order of the Executive Branch or through APFC management, employees are compensated in accordance with State rules and regulations regarding such events. In cases where an emergency office closure is not authorized, employees who fail to report for work will be required to submit a leave slip.

APFC Technology

Workplace Monitoring

To ensure quality control, employee safety and security, APFC management may conduct workplace monitoring. APFC is responsible for all employee workstations. Your use of the station and the equipment is as an employee and not owner. All resources furnished to employees are APFC property. APFC is obliged to ensure that equipment and employee time are used for business purposes. Therefore, computer use and files may be monitored or accessed and other equipment use justified to APFC satisfaction. APFC makes every effort to conduct workplace monitoring ethically and respectfully. Through the practice of this policy, APFC disallows any expectation of employee privacy of workstations, email, electronic and hard copy files.

Computer Rooms/Access to Network

- IT Staff ensure computer rooms are secured at all times
- IT Staff update the electronic systems security periodically and review security to ensure only authorized staff members have access. IT staff immediately relay systems security concerns to APFC management. IT staff remain current in security technology to apply necessary upgrades
- All employees are required to follow IT staff recommendations regarding systems security

Employee Responsibilities for APFC Technology

- Follow IT staff instructions for the safe use of computer networks
- Follow all applicable laws regarding use of digital devices while driving. The same policy applies for avoiding other driving distractions
- Keep technology devices that are under your care within your control
- Safeguard data integrity through the use of strong passwords
- Follow IT staff recommendations regarding care in opening email attachments and Internet downloads to keep computer systems secure and virus-free
- Learn to correctly use the technology in your care to safeguard against damage and privacy breaches
- Bring questions about the use of APFC technology resources to APFC IT staff

Employee Personal Use of APFC Resources

APFC'S mission is accomplished through efficient use of time and resources. To that end, APFC provides employees with the technology and resources necessary to perform their jobs and requests employees to make the best use of the resources provided. APFC requires legitimate business use of employee time and resources. APFC is governed by the Alaska Executive Branch Ethics Act, AS 39.52 and by the State Policy on Employee Use of State Technology. Employees must acknowledge the Employee Use Policy in writing.

Office Resources

Lobby, Conference rooms, Break room, Mailroom

- All staff share responsibility for the upkeep of APFC shared areas. A tidy and presentable appearance is necessary to represent APFC as a professional organization. All areas should be left in the same or better condition than you found it.
- Administration will periodically coordinate team-cleaning efforts
- Coffee and food service items from individual staff, meetings or guests are the responsibility of the individual or departmental staff hosting the meeting

Coffee/Tea Fund

The employee break room and coffee equipment and supplies are 100% APFC employee-funded. Administration collects user fees and maintains a staff coffee fund.

Break Room

The break room is for employees needing a break from job duties and a place to prepare and eat food. Break room upkeep operates on the honor system: If you mess it up, clean it; if you empty it, replenish it; if you take it out, put it back. Employee donations operate this room since no APFC funds may be used.

Storage Room Supplies

The storage room contains bulk office supplies or occasional-use items. Access to this room is limited and is not suitable for storing records, even temporarily. Administration oversees layout, content, security, and quarterly cleanups by staff using the room

Board Room and Conference Rooms

Users are responsible to ensure the room is returned to the same order in which it was found.

Community Volunteer Involvement

APFC supports employee involvement in the community through volunteer efforts and encourages employee time contributions to community service organizations

Waste Reduction and Recycling

APFC complies with state statutes requiring and encourages recycling.

Smoking

APFC abides by AS 18.35.300-18.35.365 and CBJ laws regarding smoking. Smoking, which includes E-Cigarettes, is prohibited in the Michael J. Burns Building complex and within 10 feet of the building exterior except in a designated covered smoking shed. This policy applies to all employees, customers, and visitors.

Solicitation

Employees may not solicit business, interest, recognition, or distribute literature or promotional items concerning non-work activities during working time. Working time does not include lunch periods or other periods in which employees are not on duty. For more information see the State Employees Ethics Handbook.

18.35.100 - 18.33.365 Regulation of Smoking in Public Facilities

AS 37.07 Executive Budget Act

It may be construed from AS 37.07 that the legislature must approve all new positions of more than one-year duration.

AS 37.13.100 Alaska Permanent Fund Corporation / Staff

Provides that the Executive Director may, with board approval, select and employ additional staff as necessary.

AS 39.20.110-350 Compensation, Allowances and Leave

Provides that State travel and leave rules apply to APFC

AS 39.25.110(11)(B) State Personnel Act / Exempt Service

Exempts APFC from the State Personnel Act AS 39.25, thereby authorizing APFC to design and implement rules and a salary program that provides a framework for salary, hiring and related personnel decisions.

AS 39.25.160 State Personnel Act

Prohibitions Generally: Includes exempt service in subsection regarding political activities and other topics

AS 39.52 Executive Branch Ethics Act

Addresses: Outside Employment Restrictions, Gifts, and other topics

APFC Bylaws Article II, Section 4

Provides that the Executive Director shall provide for execution of all corporate operational and administrative functions.

Article II, Section 8

Provides that the Executive Director shall employ personnel s/he deems necessary to exercise her/his powers, duties and functions under AS 37.13; determine employee compensation; and that those decisions shall be made within APFC budget limitations as approved by the Board and in compliance with policies established by the Board.

Administrative Order 81 Regarding unlawful harassment

Employees are required to acknowledge receipt of the Employee Guide and the "at will" status of employment, through signing this page.

The Personnel Management Program (PMP) Employee Guide describes important information about APFC, employment policies, employee benefits, and employee and employer obligations. I understand that I should contact and request clarification from my supervisor, the HR Officer or the Executive Director regarding any questions not answered in the Guide.

I have entered into my employment relationship with APFC voluntarily and acknowledge there is no specified length of employment. Employment is considered "Employment-At-Will." Accordingly, either APFC or I can terminate the employment relationship "at will," with or without reason, at any time.

Since the information, policies, and benefits described here are necessarily subject to change, I understand there may be revisions to the Guide. If changes are made, they will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the APFC Executive Director has the ability to authorize revisions to the policies in this Guide.

Employee Acknowledgment

Through my signature below, I acknowledge that I have received the APFC PMP Employee Guide, and I accept responsibility to read, understand, and comply with the policies and revisions of the Guide.

Employee Name _____ Title: _____

Employee Signature: _____ Date: _____

MEMORANDUM

State of Alaska

Department of Law

TO: Carl Brady
Chair, Board of the Trustees
Alaska Permanent Fund Corporation

THRU Michael Burns
Executive Director
Alaska Permanent Fund Corporation

FROM: Judy Bockmon
Assistant Attorney General
Opinions, Appeals and Ethics

DATE: June 18, 2007

FILE NO.: 661-07-0014

TEL. NO.: 269-5216

FAX:

SUBJECT: Ethics Act Procedure for Addressing Conflicts of Interest Disclosed at Public Meetings of the Board of Trustees

As we recently discussed, your quarterly report for the first quarter of 2007 and another inquiry suggested that the Board of Trustees of the Alaska Permanent Fund Corporation (APFC) did not follow the procedures set out in AS 39.52.220 of the Executive Branch Ethics Act when addressing a conflict of interest you disclosed at the board's February meeting. This advisory opinion confirms in writing the required procedure and our conclusion that the board's action in the matter before it at the time was not compromised by the failure to follow the prescribed procedure.

I. ETHICS ACT PROCEDURES FOR DISCLOSING CONFLICTS

The procedural requirements for disclosures are set out in AS 39.52.220 and 9 AAC 52.120. Under the statute, APFC trustees must declare potential conflicts of interest and other matters that may violate the Ethics Act on the public record and in writing. This requirement provides to the trustees the opportunity to seek review of conflicts in advance of taking action to ensure that actions taken will be consistent with the Act.

A. Disclosure on the Public Record.

Each trustee must identify actual and potential conflicts orally at the board's public meetings in advance of participating in deliberations or taking any official action on a matter. Violations of the Ethics Act may occur when a public officer takes official action that may affect the officer's own personal or financial interests or those of an

immediate family member.[1] The definition of "official action" means more than "vote." Under the recently passed amendments to the Ethics Act, the new definition reads: "[A]dvice, participation, or assistance, including, for example, a recommendation, decision, approval, disapproval, vote, or other similar action, including inaction."[2]

A trustee may always choose to refrain from voting, deliberations or other participation regarding a matter, if the trustee believes he or she has a conflict.[3] If a trustee is uncertain whether participation or action on a matter would result in a violation of the Ethics Act, the trustee should disclose the circumstances on the public record and seek a determination from the chair of the board. When the chair discloses a conflict, participation is addressed by the entire board.

B. Determination by the Chair or Board.

The chair of the board, as designated ethics supervisor, or the board must make a determination regarding the propriety of the disclosing trustee's participation on the record. Alaska Statute 39.52.220 prescribes the following procedure for addressing conflicts disclosed on the public record:

- The chair states a determination whether the trustee may participate based on the disclosure.
- Any other trustee may then object to the chair's determination.
- If an objection is made, the trustees present, excluding the trustee who made the disclosure, vote on the matter.
- Exception: A chair's determination that is made consistent with advice provided by the Attorney General may not be overruled.
- If the chair, or the trustees by majority vote, determines that a violation will exist if the disclosing trustee participates or takes other official action on a matter, the trustee must refrain from voting, deliberating or participating in the matter.

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1 AS 39.52.120.

2 AS 39.52.960(14)(2007).

3 In most, but not all, situations, refraining from participation ensures that a violation of the Ethics Act does not occur. Abstention does not cure a conflict with respect to a significant direct personal or financial interest in a state grant, contract, lease, or loan because the Ethics Act prohibition applies whether or not the public officer actually takes official action. These conflicts should be addressed with the appropriate designated ethics supervisor in advance, if possible.

When the chair of the Board of Trustees identifies a potential conflict, the trustees present, except for the chair, vote on the matter. If a majority determines that a violation of the Ethics Act will occur if the chair continues to participate, the chair shall refrain from voting, deliberating or participating in the matter.

Following the correct procedures is important. A trustee who takes action in accordance with a determination of the chair or vote of the board is not liable if the action is later found to violate the Ethics Act. There must be full disclosure of the facts reasonably necessary to the determination and the attorney general must not have previously advised that the action violates the Act.[4]

C. Disclosure in Writing.

In addition to an oral disclosure on the public record at a board meeting, the Ethics Act requires that a disclosure also be in writing.[5] However, if the meeting is recorded, a tape or transcript of the meeting is preserved and there is a method for identifying the declaration in the record, an oral disclosure may serve as the written disclosure.[6] It appears that the APFC procedures for making a record of its meetings meet these requirements. Alternatively, the disclosing trustee should note the conflict on a Notice of Potential Violation disclosure form and the chair must record the determination.[7]

The chair will report all disclosures and determinations in the board's quarterly ethics report, attaching the notice of potential violation and determination forms, if used. In the case of a disclosure by the chair, the written notice with note of the board's vote or copy of the public record reflecting the oral disclosure and board's determination should be forwarded to the Office of the Governor for review by the chair's designated ethics supervisor as well.

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4 9 AAC 52.120(b).

5 AS 39.52.220.

6 9 AAC 52.120(a).

7 The Notice of Potential Violation form and a sample determination form are found on the ethics web page at the Department of Law website (http://www.law.state.ak.us/doclibrary/ethics.html).

II. CONFLICT DISCLOSURE AT FEBRUARY 2007 BOARD MEETING

Your quarterly ethics report for the Board of Trustees reported that the agenda for the board's February 28, 2007 meeting included consideration of a management contract with Crestline Investors, Inc.[8] You advised that at the meeting, you notified the other trustees that you are a customer of Crestline, including an investment in a product like the one the board was considering, Trustee Bill Hudson objected to your recusing yourself, and you participated in the vote on the Crestline contract.

In addition to discussing this circumstance with you and the APFC executive director, we have reviewed the February meeting minutes and the Crestline proposal. The minutes confirm that you stated that you were recusing yourself because you were an investor with Crestline, as you have in the past when the board considered matters relating to Crestline. The executive director clarified that you were a customer of the firm, not an investor in the firm. Trustee Hudson objected to your recusal and you expressed uncertainty about participating in view of the conflict. No other trustee voiced an opinion. Discussion of the Crestline matter ensued and the board, including you, voted 5-0 to proceed with the Crestline contract.[9]

The meeting minutes reflect that earlier in the meeting, the board had received a briefing on the statutory public officers' disclosure requirements and the Ethics Act and discussed the board's own disclosure policy. Although the Ethics Act procedures for addressing conflicts were reviewed, they were also compared to those used by the Alaska Legislature.[10] The legislature's procedures require a legislator to vote unless the body unanimously permits the legislator to refrain. That is, if one objection to recusal is voiced, the legislator must vote.[11] We understand that two trustees, including Trustee Hudson, are former legislators.

Thus, you disclosed your conflict appropriately, but the Ethics Act procedures for determining participation were not followed. The lack of a vote of the entire board and your subsequent participation in the vote on the Crestline contract seems to have occurred

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[8] This contract related to the allocation of additional APFC funds with Crestline for an investment product and strategy different from that of an existing management contract.

[9] February 28-March 1, 2007 Minutes, pp. 60-62.

[10] *Id.* at pp. 13-20.

[11] *See* Alaska State Legislature 2006 Standards of Conduct Handbook, pp. 12-13, and Uniform Rule 34(b).

because of a misunderstanding or confusion with the legislature's procedure. The meeting minutes confirm that the APFC staff strongly recommended approval of the contract and the matter was carefully considered. All other trustees voted in favor and therefore the matter would have been approved had you not voted. In addition, Mr. Burns has reported that at the board's May 31, 2007 meeting, the board considered and approved the subsequently negotiated contract terms and you declared your conflict and refrained from participating in the action.

Based on our review, we have found nothing to suggest that the board's decision was compromised by the failure to have the entire board vote on whether you should participate in view of the declared conflict as required by the Ethics Act and your participation.

Finally, we recommend review of the board's own disclosure policy, which appear to impose stricter conflict disclosure requirements, to ensure that the trustees are aware of their obligations under that policy.

If you have further questions about the Ethics Act procedures or the above advice, please do not hesitate to contact us.

cc: Linda Perez, Designated Ethics Supervisor, Office of the Governor
Michael Barnhill, Assistant Attorney General
James Baldwin, Esq.

Schwabe, Williamson & Wyatt, P.C.
Report To The
Legislative Budget & Audit Committee

September 28, 2022

PUBLIC REPORT

Schwabe, Williamson & Wyatt, P.C.
Howard S. Trickey
Christopher J. Slottee
Peter A. Scully

REPORT OF INVESTIGATION REGARDING TERMINATION OF ALASKA PERMANENT FUND CORPORATION EXECUTIVE DIRECTOR

I. INTRODUCTION

A. Purpose of Investigation as Directed by LB&A

The Alaska Permanent Fund Corporation ("APFC") terminated its Executive Director, Angela Rodell, on December 9, 2021. Pursuant to its authority under AS 24.20, *et seq.*, the Legislative Budget and Audit Committee of the Alaska Legislature undertook to investigate the reasons Ms. Rodell was terminated and the procedures and processes employed by the Permanent Fund Corporation's Board of Trustees to evaluate the Executive Director's performance. Of particular concern to the Legislative Budget and Audit Committee was whether political considerations unrelated to performance played a role in the Trustees' decision to terminate Ms. Rodell. Schwabe, Williamson & Wyatt conducted the investigation under the direction of the Legislative Budget and Audit Committee ("LB&A").

B. Scope of Investigation

The investigation focused on three primary issues: (1) the processes employed by the APFC Board of Trustees to assess and evaluate the Executive Director's performance; (2) the reasons underlying the trustees' decision to terminate the Executive Director's employment; and (3) what role, if any, political considerations played in that decision.

In the course of our investigation, Schwabe, Williamson & Wyatt deposed each of the Trustees who participated in the decision to terminate Ms. Rodell: Then-Chair Craig Richards, then-Vice Chair and Department of Revenue Commissioner Lucinda Mahoney, Department of Natural Resources Commissioner Corri Feige, Steven Rieger, Ethan Schutt, and William Moran. Schwabe, Williamson & Wyatt also interviewed and deposed Ms. Rodell, and conducted interviews with APFC staff: Human Resources Director Chad Brown, Chief Financial Officer and Acting Executive Director Valerie Mertz, and Communication Director Paulynn Swanson. Commissioner Mahoney's former special assistant Genevieve Wojtusik was also interviewed. In addition to interviews and depositions, Schwabe, Williamson & Wyatt reviewed APFC's governing documents (bylaws, Charter and Governance Policies), resolutions, and meeting minutes, Ms. Rodell's personnel file, and internal and external correspondence (predominantly emails), provided to us by the Board of Trustees. Schwabe, Williamson & Wyatt also consulted with an expert in the field of executive performance evaluations. Documents referenced in this report are attached as exhibits.

II. EXECUTIVE SUMMARY OF FINDINGS & CONCLUSIONS

A. Findings Regarding Evaluation Process and Substantive Evaluation

1. The Alaska Permanent Fund Corporation Board of Trustees Charters and Governance Policies (the "Charter") governs the management and operations of the Alaska Permanent Fund. The Charter also includes an Executive Director Performance Evaluation Policy, which establishes a process and substantive criteria for evaluating the performance of the Executive Director on an annual basis. The Charter provisions are detailed, specific, and meet fiduciary standards for governance of the Alaska Permanent Fund. The Trustees review and modify the Charter on a regular basis. The latest revision occurred in September, 2020.

2. The Charter includes a Charter of the Executive Director, which sets forth a detailed description of the Executive Director's duties and responsibilities. The Charter's substantive evaluation criteria direct the Trustees to measure the Executive Director's performance against those duties and responsibilities through the use of an anonymous survey tool. The evaluation criteria are, in large part, objective measures of the Executive Director's performance. In pertinent part, the Charter provides as follows:

> The Board will establish a survey to provide Trustees with a tool for evaluating the performance of the Executive Director based on a number of criteria, including the following:
>
> (a) Achievement of the goals and objectives of the APFC;
> (b) Completion of the specific projects and initiatives set out in the strategic plan for that fiscal year;
> (c) Implementation of Board policies and reporting requirements;
> (d) General leadership and management skills; and
> (e) Compliance with the Executive Director's charter.

3. Historically, the Trustees have not adopted a consistent evaluation instrument or process that complied with the relevant provisions of the Charter. While the Trustees have evaluated the Executive Director annually, the evaluation instrument has changed. For example, the Trustees made material changes to the evaluation instrument in 2018, 2019, 2020, and 2021, including changes in the individuals who administered the evaluation and compiled its results, changes in the individuals who actually completed the evaluation survey, and changes in the evaluation criteria themselves.

4. The Trustees' annual evaluation of the Executive Director did not result in the communication of clear, specific goals to the Executive Director that she was expected to achieve. The Executive Director received little guidance on whether her

performance needed to improve or where she might not be meeting expectations. The evaluation process provided inconsistent feedback.

5. In 2016 and 2017, the Executive Director received positive evaluations. In 2016, Trustees rated her performance between 4 ("Good: better than average most of the time") and 5 ("Outstanding: excellent quality; consistently exceeds expectations") in each of seventeen evaluation categories, and rated her overall performance a 4.66. Narrative comments were almost universally positive. In 2017, Trustees again gave the Executive Director positive performance ratings of between 4 and 5 in each of seventeen evaluation categories.

6. In 2018, the Executive Director's evaluations started taking on a less positive tone, and average performance scores assigned by the reviewing Trustees dropped substantially. The Trustees' average performance ratings in twelve of seventeen categories fell below 4, with two average ratings below 3 ("Adequate: meets minimum requirements; performs the job adequately") in the areas of staff communication and delegation. For the first time, some Trustees criticized the Executive Director's relationship with APFC staff, and began to express the sentiment that the Executive Director was trying to "manage" the Board to advance her own "agenda." At the end of the evaluation, the Board tasked the Executive Director and her executive team with attending executive leadership training to address concerns raised in the evaluation. Despite the more critical evaluation in 2018, the Trustees approved a 3% merit increase in the Executive Director's salary.

7. In 2019, then-Vice Chair Carl Brady drastically simplified the Trustees' evaluation tool to just two questions requiring a narrative response: (1) What are some things the Executive Director does well?; and (2) How could the Executive Director improve? Positive responses to the first question highlighted the Executive Director's passion, energy, and commitment to APFC's performance, as well as her comprehensive understanding of state government and APFC's governing documents and importance. Several negative responses to the second question criticized the Executive Director's relationship with APFC staff and the Board, and again expressed the sentiment that the Executive Director manipulated the Board to pursue her own agenda. Each Trustee was asked at their deposition for examples of situations in which the Executive Director attempted to manipulate the Board or pursue her own agenda. Most either disclaimed that characterization, or could not provide any concrete, specific examples, except for Trustee Richards. The few examples that were provided were not concrete, and instead related to interpretations or perceptions of the Executive Director's actions.

8. The critical performance evaluations beginning in 2018 coincided with turnover on the Board of Trustees and its officer positions. The evidence does not indicate any substantive change in the Executive Director's approach to performing her job duties. The critical reviews of the Executive Director's performance beginning in 2018

may be attributable to new evaluators on the Board of Trustees, with different expectations for, and perspectives on, the Executive Director's performance.

9. The Trustees elected Trustee Moran as Chair and Vice Trustee Rieger as Vice Chair at their September 2020 annual meeting in Anchorage. Under the Charter, the Vice Chair of the Board serves as Chair of the Governance Committee, which is responsible for initiating and coordinating the Executive Director's annual performance review, and presenting the evaluation to the full Board. In response to reports that prior evaluations had been tense and difficult, Trustee Rieger took the lead to develop a more thoughtful evaluation instrument that focused on the leadership and management of the Executive Director and the corporation. The APFC retained an independent human resources expert to develop the evaluation instrument and to summarize the results of the evaluation process. The evaluation instrument surveyed the Trustees, and, for the first time, the Executive Director's direct reports and a random sampling of APFC staff in what is referred to as a "360° review". Evaluators were asked to rate the Executive Director in fifteen categories of performance, with each area having multiple indicators. The Executive Director received overall ratings in each of the fifteen categories, ranging from 2.89 to 3.89 on a five point scale based on the 360° review conducted with the assistance of the independent human resources consultant. The lowest ratings on the survey came from the investment team. The narrative comments evaluating the Executive Director's performance were overwhelmingly positive. Five of the six Trustees completed the evaluation. The third party consultant compiled the survey results into a summary report and presented it to the Trustees. Even though this was a more thoughtful instrument, the 360° review did not comply with the express terms of the Charter. For example, the survey failed to reference or incorporate a number of objective evaluation criteria specifically identified in the Charter, including achievement of APFC's goals and objectives and achievement of special projects or initiatives set out in the strategic plan.

10. The Trustees elected Trustee Richards as Chair, and Trustee Mahoney as Vice Chair, at their September 2021 annual meeting in Kodiak. As Vice Chair, Trustee Mahoney became Chair of the Governance Committee. The other members of the Governance Committee, appointed by Chair Richards, were Chair Richards and Trustee Rieger. Trustee Mahoney, in consultation with Chair Richards, decided to administer the same evaluation tool designed the previous year, but without engaging the consultant who had designed it, coordinated the distribution of the survey, and reviewed and summarized the responses. Trustee Mahoney's rationale for dispensing with the consultant was to save money and because she had administered 360° reviews in the past. She decided to send the anonymous survey to all employees, thinking that a survey of everyone would be more accurate.

11. The 2021 survey largely replicated the 2020 survey in its content. But instead of limiting circulation of the survey to a small random sample of APFC staff,

Trustee Mahoney invited all APFC staff to respond, regardless of whether they had the experience or knowledge base to provide a meaningful review. Trustee Mahoney then compiled and curated the survey responses into a draft summary report for the full Board, in consultation with the APFC's Human Resources Director Chad Brown.

12. The 2021 survey results showed improved performance scores compared to 2020 in all leadership and management categories assessed in the survey. Average scores from all evaluators in fourteen performance categories ranged from 3.35 to 4.11, with an overall rating average across all categories of 3.6, under the following rubric:

Exceeds Expectations	5
Meets All Expectations	4
Meets Most Expectations	3
Meets Some Expectations	2
Does not Meet Expectations	1

Average ratings from Trustees and APFC employees who self-identified as investment staff were lower than ratings from APFC employees who identified as operations staff. Positive comments credited the Executive Director with, among other things, overseeing an organization that delivered record returns in a volatile market, overseeing a rapid expansion in assets under management without any evident problems, designing a functioning remote-work system early in the pandemic before there was any consensus on best practices, and addressing and managing risk and cyber threats in a responsible manner. Negative comments again cited purported stress in the Executive Director's relationship with Trustees and with APFC's investment staff and referenced a breakdown in the relationship between the Executive Director and some Trustees, with some comments asserting that the Executive Director was not being candid with the Trustees and manipulated information that was submitted to the Trustees.

13. The evaluation conducted under Trustee Mahoney's supervision did not follow the Charter and did not follow standard human resources practices. In particular, the evaluation tool lacked any meaningful focus on the objective performance criteria prescribed by the Charter's Evaluation Policy, including the achievement of the goals and objectives of the APFC; the completion of specific projects and initiatives set out in the strategic plan for that fiscal year; the implementation of Board policies and reporting requirements; and compliance with the Executive Director's charter. The evaluation further failed to comport with best practices because it went to some evaluators with no knowledge or experience with individual performance indicators within a rating category, who nevertheless provided ratings in those categories. The categories and indicators within categories were also occasionally redundant.

14. The evaluation summary prepared by Trustee Mahoney was also deficient. It overemphasized negative comments by including almost all negative comments, some verbatim, while summarizing some, but not all, of the evaluators' positive comments. It did not provide a comparison to scores from the prior year, when such a comparison showed an improvement in Ms. Rodell's scores. Finally, the evaluation summary Trustee Mahoney prepared did not account for the "halo/horn" effect of extreme raters who harbored obvious bias (favorable or unfavorable) toward the Executive Director. The 2021 evaluation tool did not provide a complete assessment of the Executive Director's performance.

15. The Executive Director's annual evaluation was on the agenda for the Trustees' quarterly meeting on December 8 and 9, 2021. On December 8, 2021, The Trustees convened an executive session to begin discussion and consideration of the annual evaluation results. The private, closed-door meeting extended over two days, reconvening on December 9, 2021. The Executive Director did not participate in the Board's evaluation of her performance during executive session. The Trustees discussed the Executive Director's performance in executive session over parts of two days but never allowed the Executive Director the opportunity to address their concerns. Initially, there was no unanimous decision to terminate the Executive Director, although several Trustees testified that things were clearly headed in that direction by the end of the first day. The Trustees reached a majority consensus to terminate the Executive Director by the end of their deliberations on the second day.

16. After the Trustees' deliberations, the Executive Director was called into the meeting and advised by Chair Richards that the Trustees had decided to move in a new direction. The Executive Director was given the option of resigning, or being terminated. The Trustees did not provide the Executive Director the reasons for her termination. Ms. Rodell elected to be terminated and angrily told the Trustees that there would be political consequences for their actions. When the Trustees came back into public session, Chair Richards, Vice Chair Mahoney, Trustee Feige, Trustee Schutt, and Trustee Rieger voted in favor of terminating the Executive Director. Trustee Moran voted against termination.

17. After terminating Ms. Rodell, the Trustees issued a press release that simply stated the Fund would be moving in a new direction: "After the review and completion of the annual Executive Director evaluation, the Board of Trustees of the Alaska Permanent Fund Corporation have decided to undertake a search for a new executive director to lead the Permanent Fund in its continued growth and evolving role in support of Alaska." The Trustees gave little to no consideration to how to explain the termination decision to the public or legislature. The Trustees did not anticipate that the public would seek some explanation for why Ms. Rodell was terminated.

18. Based on the testimony of the Trustees, each Trustee who voted in favor of termination had different reasons why they believed the Fund needed new leadership. The primary consensus reasons that emerged from the Trustees' deliberations justifying the termination was that the Trustees lacked confidence in the Executive Director's leadership, concerns over the Executive Director's relationship with the Board, and that some Trustees lacked trust in the Executive Director. The majority of the Trustees also thought the low scores in the survey from the investment team indicated that Ms. Rodell had not improved her working relationship with the investment team. The Trustees thought and feared there was a risk that the Corporation would lose top investment talent. For the majority of the Trustees, their fiduciary duty compelled them to support termination because the Trustees delegate their fiduciary duty to invest the funds for Alaskans to the investment team and retaining a talented investment team was paramount. Although various comments in the 2021 Evaluation Report cited a lack of trust and candor, there was little objective evidence supporting such considerations as a cause for termination. Each Trustee was asked under oath to provide concrete, specific examples of what the Executive Director had done or said that would support such a conclusion. The Trustees could not point to a situation in which the Executive Director actually misled the Trustees or withheld or manipulated information, though some Trustees voiced unsubstantiated concerns she may have done so. The Trustees gave little weight to the performance indicators in the survey evaluation, except for the scores from the investment team. Only four of the six Trustees actually completed the evaluation survey themselves.

19. The Trustees who voted to terminate Ms. Rodell also gave little to no weight to the fact that APFC has enjoyed record-breaking returns under her leadership. The Trustees declined to credit Ms. Rodell for these returns because they attributed them to prevailing market conditions and a team effort led primarily by investment staff.

20. While the Trustees chose not to explain their reasons for terminating Ms. Rodell to her when they called her into the executive session or to the public, lack of confidence in the leadership of a Chief Executive Officer is a sufficient reason to support the termination of such a high level executive. The Trustees' subjective assessment of their level of confidence in the Executive Director's leadership is a legally sufficient reason for their decision based on their direct working relationship, communications and interactions with Ms. Rodell.

21. Each Trustee testified, as summarized below, regarding their respective initial reasons for either supporting or opposing termination of the Executive Director.

- *Trustee Schutt* was troubled by a June 18, 2021, press release the Executive Director issued during an impasse in budget negotiations between the Governor and the Legislature. The press release explained the negative consequences that a government shutdown would have on the APFC. Trustee

Schutt viewed the press release as taking aim at the Governor, and improperly staking out a position in a politically fraught dispute between the executive and legislative branches. Trustee Schutt was also concerned that the press release was inaccurate, and that the APFC would be protected in the event of a government shutdown. Trustee Schutt was also concerned about what he described as an "unnatural and unhealthy tension" between the Executive Director and certain Trustees. He recalled an incident at the September 2021 annual meeting in Kodiak in which he claims the Executive Director acted unprofessionally toward Trustee Mahoney and unfairly accused her of not acting in the best interests of the APFC. Trustee Schutt also testified that, based on his experience serving as an executive and on boards of directors, when a senior executive's relationship with the board is negative, it can be better and more effective for the organization to go in a different direction than attempt to divert the resources and time needed to try and fix the problem. Trustee Schutt expressed concern about the low scores on the survey from the investment team. Trustee Schutt expressed concern about the risk of losing the top level members of the investment team. The Trustees delegate their fiduciary duty to invest APFC funds to the investment team, and protecting that team seemed paramount to fulling his fiduciary duty.

- *Trustee Mahoney's* primary concern was a tension between the Executive Director and APFC's investment staff, as reflected in comments and low ratings that investment staff provided in response to the 2021 survey. Trustee Mahoney worried about investment staff attrition. Trustee Mahoney testified that she began to question the Executive Director's leadership at the 2021 annual meeting in Kodiak and the budget workshops leading up to that meeting. According to Trustee Mahoney, the Executive Director's proposed budget was wildly inflated and unrealistic, and she felt the Executive Director lashed out at her when Trustee Mahoney expressed her view that the budget was too high. Trustee Mahoney testified she was also disappointed in the Executive Director's decision to invite a mediator to the Board meeting to facilitate a discussion about strategic plan implementation with the Board. Trustee Mahoney had a vision that the Fund would grow to a $100 billion fund and that new leadership would be needed for the Fund to reach this goal.

- *Trustee Feige* was troubled by the Executive Director's June 18, 2021 press release regarding the effects a government shutdown would have on the APFC. She viewed the press release as "wildly inappropriate," inaccurate, and overtly political. It played a "major role" in her decision to vote in favor of termination. Trustee Feige also described the Executive Director's plan to have a mediator facilitate discussions with the Trustees at the 2021 annual meeting in Kodiak as a "bright line event." In Trustee Feige's view, this plan demonstrated that the Executive Director was not comfortable engaging directly with the Board, and evidenced a break down in that relationship.

- *Trustee Richards* testified to a variety of concerns about the Executive Director's performance dating back to his original term as Trustee in 2015 and 2016 and continuing through 2021. He was candid that he may have been in favor of terminating the Executive Director in 2018 and 2019, but the Trustees at that time were not supportive of such a move. Trustee Richards's concerns were wide ranging, but his most pressing concerns during the 2021 evaluation process related to what he described as the Executive Director's strained relationship with investment staff, and the possibility of losing "another" CIO or other top investors because of that relationship. He also cited the Executive Director's proposed addition of 15 new staff and plan to use a mediator as examples of a breakdown in the Executive Director's ability to communicate candidly and directly with the Board.

- *Trustee Rieger* did not share the performance concerns expressed by Trustees Schutt, Mahoney, Feige and Richards. He testified that he had a lot of confidence in the Executive Director, and that the performance concerns raised by other Trustees could be addressed. Trustee Rieger nevertheless voted in favor of termination because he viewed the situation – in which a majority of the Board had lost confidence in the Executive Director – as "untenable," and believed it was therefore in the best interests of the APFC to move forward with the decision as quickly as possible. Trustee Rieger testified that the Trustees in favor of termination had valid bases for their concerns, though those concerns were not significant enough in Trustee Rieger's mind to justify terminating the Executive Director.

- *Trustee Moran* was the only Trustee who voted against terminating the Executive Director. In his view, the Executive Director's performance had been exceptional, and she deserved credit as one of the key principals in achieving record returns for the APFC, as measured both against internal benchmarks, and compared with other large sovereign wealth funds. Trustee Moran described these achievements as "spectacular" and noted that APFC's advisors were very complimentary of the whole organization. Trustee Moran did not agree with the substantive criticisms of the Executive Director in the 2021 evaluation, and he maintained confidence in her leadership. However, although Trustee Moran disagreed with the substantive criticisms and the decision to terminate, he did not have concerns about how the decision was reached. In his view, the Trustees who voted to terminate the Executive Director were acting in good faith in furtherance of what they believed was in the best interests of the APFC. In addition, a number of Trustees cited comments made by Trustee Moran in executive session as confirming their inclination to move in a new direction. According to these Trustees, Trustee Moran commented that the issues other trustees were raising with the Executive Director's leadership were part of her leadership style and were not likely to change.

22. Collectively, the reasons expressed by the Trustees for their decision to terminate the Executive Director supported the termination as a matter of employment law, in that they were a valid exercise of the Trustees' ability to terminate an at-will employee such as Ms. Rodell. A loss of confidence in the chief executive of an organization such as the APFC is a sufficient legal reason under the legal standards applicable to at-will employment in Alaska.

B. Findings Regarding Undue Political Influence as a Substantial Factor in Termination

1. The Alaska Permanent Fund Corporation is enmeshed in politics by virtue of its structure and purpose. APFC is a within the Department of Revenue — an executive branch agency. The Fund's annual budget is included in the Governor's budget and must be funded by legislative appropriations. The Trustees are appointed by the Governor and two Trustees are members of the Governor's cabinet. Given this structure, protecting the independence of the Fund requires vigilance and strict adherence to fiduciary duties by the Trustees. The Trustees all acknowledged and adhered to fiduciary standards as their compass in making decisions. The Trustees' strict compliance with their fiduciary duties of loyalty and due care protect the Fund from undue political interference.

2. The relatively recent transition to using the Fund's investment returns to fund state services has had further political implications for APFC. Historically, earnings on Permanent Fund investments were used primarily to fund Permanent Fund Dividends in accordance with a statutory formula. That changed in 2018 when, in the face of declining oil revenues, the state began drawing on investment returns to fund government services. The importance of the Fund's financial performance has therefore changed in importance to Alaska.

3. In addition, the Board of Trustees has adopted resolutions advocating for or supporting the adoption of specific legislative and constitutional policies. The Trustees expect the Executive Director to advance those policy positions in front of the legislature and the executive branch. These expectations are also inherently political.

4. The Executive Director testified to the political pressures inhering in the position as a result of these developments. Ms. Rodell explained that when she was hired in 2015, "the focus was to generate positive returns that would, in effect, be used for [the] Permanent Fund Dividend. During my time as Executive Director, that changed substantially in the sense that there was no change in generating returns, but there was a change in the use of the fund. The state began using the fund for state government purposes. And there was a lot of pressure placed on my position to testify to the long-term sustainability of some of those plans…. [T]here was a big focus on ensuring the

sustainability of the Permanent Fund. That was a turnaway from what historically had been the executive director role. So it raised the profile of the position."[1]

5. Given all of the foregoing, it is neither reasonable nor feasible to expect that the Executive Director can be insulated entirely from political pressure or influence, making adherence to fiduciary principles even more important.

6. There is no direct or circumstantial evidence that the Governor directed the Trustees to terminate the Executive Director. There was no direct evidence or credible circumstantial evidence that the Governor knew in advance that the Executive Director would be terminated. Chair Richards, Trustee Feige, and Trustee Mahoney denied when asked directly if there had been any advance communications or directions from the Governor regarding terminating the Executive Director. Non-commissioner Trustees Schutt, Rieger, and Moran also reported no contact whatsoever with the Governor or his administration related to the Executive Director and did not perceive the other Trustees to be acting at the direction or on the behest of the Governor's office. The Governor first learned about the termination from Trustee Feige when they were both attending a mining conference in Reno, Nevada. Trustee Feige testified the Governor reacted with surprise when she told him about the termination of the Executive Director.

7. Trustee Richards testified about several conversations with the Executive Branch regarding the Executive Director's performance. In a conversation with the Governor about other matters, Richards took the opportunity to advise the Governor that there were concerns about the Executive Director's performance. The Governor responded by telling Richards that any decision regarding the Executive Director's performance or termination was solely the Trustees' decision to make. Trustee Richards had two conversations about the Executive Director's performance with Governor Dunleavy's Chief of Staff in the months preceding the Trustees' decision to terminate. In late September or early October 2021, Trustee Richards advised Chief of Staff Randy Ruaro that there were serious performance issues with the Executive Director, and there was a possibility the Trustees would vote to terminate her. According to Trustee Richards, Mr. Ruaro advised him to make sure the Trustees followed a lawful process and documented the basis for any decisions. Trustee Richards initiated a follow-up call with Mr. Ruaro on or about November 20, 2021, and advised Mr. Ruaro he had spoken with APFC's lawyer and followed his advice. Trustee Richards explained he believed it was important to give the Governor notice of potentially important decisions under consideration by the Trustees that could impact state government. Our investigation did not find direct or circumstantial evidence credibly supporting a conclusion that the Governor or his staff directed or attempted to influence the Trustees' decision regarding Ms. Rodell.

[1] Rodell Depo. at 7 – 8.

8. In light of the Fund's critical importance to sustaining government services and payment of dividends to Alaskans, and the Trustees' adoption of resolutions requiring the Executive Director to advocate for certain policy positions, the Executive Director could not avoid being drawn into political discussions and debate around the funds available for appropriations to fund the budget and the amount of a dividend. When the Executive Director attempted to navigate these political waters, the Trustees ultimately held it against her. In some cases, Trustees viewed the Executive Director's actions and statements as being *too* political. In other circumstances, the Trustees faulted the Executive Director for not advocating APFC's policy positions forcefully enough. In both cases, several Trustees attributed the Executive Director's conduct as being driven by a personal "agenda," rather than APFC's agenda. For example:

- *The Press Release:* In June 2021, an impasse in budget negotiations was raising the specter of a government shutdown. On June 18, 2021, the Executive Director issued a press release explaining the negative consequences that a shutdown would have on APFC's operations and investments. Several Trustees viewed the press release as overtly and improperly political, and unnecessarily drawing APFC into a dispute with the executive and legislative branches. These Trustees saw the press release as an attempt to embarrass the Governor and evidence of poor judgment. The Executive Director had issued a substantially similar press release during a budget impasse in 2017 and Trustees at that time did not express any concerns that it was improper.

- *The Tweet*: On August 20, 2021, Governor Dunleavy's OMB Director Neil Steininger was giving a budget presentation to the House Finance Committee. The Committee asked Mr. Steininger what the balance of the Earnings Reserve Account would be if the Legislature adopted the Governor's proposed appropriation bill. Mr. Steininger did not have that figure readily available. The Executive Director, who was watching the presentation remotely, then published the following "tweet" on the social media platform Twitter, using a "hashtag" to index the tweet to the Legislature: "#akleg As of June 30th the ERA has an uncommitted balance of $9.3 billion of which the Governor's appropriation bill would use $3 billion leaving the balance of $6.3 billion for future appropriations." Trustee Richards characterized the tweet as a "very political, unprofessional, backhanded critique of the Governor." Members of the Governor's staff reached out to Trustee Mahoney to express the administration's displeasure with the tweet. Trustee Mahoney did not personally find the tweet problematic, but she conveyed the administration's concerns to the Executive Director and advised her to be mindful of how her public statements could be perceived.

- *Advocating Rules-Based Draws*: In 2018, the Trustees adopted resolutions supporting a rules-based legal framework for transfers into, out of, and between the Permanent Fund principal account and Earnings Reserve Account. The

resolutions directed the Executive Director to support the need for a rules-based framework in front of the Legislature. She did so, despite what she acknowledges were misgivings about the APFC advocating policy positions in front of the political branches. Some Trustees perceived, fairly or not, that the Executive Director was not advocating forcefully enough for the positions adopted by resolution.

9. In light of the high stakes and politically charged operating environment for anyone serving as the chief executive officer of the APFC, the need to have a fair, objective evaluation instrument that measures performance in relation to clear objectives and implementation of the strategic plan will be critical to preserving the sustained performance and independence of the Fund. The Charter provides a good and effective process for evaluating the performance of the Executive Director. The Trustees should follow the mandates of the Charter to minimize bias and improper attribution of unsupported motives.

III. SPECIFIC FACTUAL FINDINGS AND SUMMARY OF INTERVIEWS

A. The Reasons the Executive Director was Terminated

1. Overview

The Trustees' decision to terminate the Executive Director in December 2021 did not precipitate from any single event or occurrence. Rather, a series of circumstances—many of which were perceived differently by different Trustees—resulted in a majority of Trustees losing confidence in the Executive Director's leadership. This report addresses the most significant issues cited by Trustees as bearing on their loss of confidence and their respective decisions to terminate.

Some of the concerns contributing to the Trustees' loss of confidence were not accurately perceived or supported in fact, but nevertheless appear to have been sincerely held. Other factors contributing to the Trustees' loss of confidence are not in material dispute. For example, both the Trustees and Executive Director acknowledged the existence of stressed relationships between the Executive Director and certain Trustees, and between the Executive Director and some of APFC's investment staff, although the latter relationships appeared to be improving. The Executive Director was not necessarily the cause or source of these stressed relationships, some of which inhered in the structure of the APFC. But the tense relationships, in and of themselves, were cited by several Trustees as important to their deliberations about moving in a new direction. Set forth below are the most significant and/or frequently cited circumstances contributing to Trustee loss of confidence.

2. Stressed Relationship Between Executive Director and Certain Trustees

Among the most frequently cited reasons that Trustees provided for voting in favor of termination related to a stressed or strained relationship between the Executive Director and certain Trustees. The Executive Director's performance evaluations did not suggest a strained relationship with the Board or any individual Trustees prior to 2018.[2] But in that year, evaluator comments for the first time suggested a perceived breakdown in the relationship.[3] One comment noted that the Executive Director's "relationship with the Board varies between Board members."[4] Another comment suggested that "some Board interactions with the [Executive Director] feel hostile," and attributed that hostility to the Executive Director's communications "lack[ing] a certain level of authenticity" and "feel[ing] as if the Board is being managed to the [Executive Director's] agenda[.]"[5] A second Trustee also reported "I often feel I'm being 'managed' -- that information that is delivered, or arguments and responses that are made are designed to achieve a particular outcome and not to have a full review of facts and information."[6]

Several Trustee comments in the Executive Director's 2019 evaluation also suggested tension in the Executive Director's relationship with certain Trustees. One trustee reported their view that the Executive Director's "relationship with the Board of Trustees is broken" and attributed this to the Executive Director "manipulat[ing] the Board," "disregard[ing] guidance," "pursu[ing] her own agenda," and having a "real veracity problem."[7] These serious charges were not accompanied by any actual examples of conduct the evaluating Trustee thought was problematic. Another Trustee commented that the Executive Director could "repair[ ] her relationship with the Board" by working harder to embrace and implement the Board's vision on Senate Bill 26 (related to POMV rules-based draws from the ERA).[8]

The Executive Director's 2020 evaluation report, which was facilitated and prepared by a third party evaluation expert, did not reflect the same level of tension with Trustees. The Executive Director had completed leadership training in 2019, and was making an effort to communicate regularly with the Board with written reports and updates.[9] Trustee Richards testified that the Executive Director's relationship with the Board had improved

[2] *See* Exhibit 18, APFC Board's Annual Executive Director Evaluation Form for October 28, 2015 – November 30, 2016; Exhibit 20, Annual Executive Director Evaluation Form 2017.
[3] *See* Exhibit 21, Annual Executive Director Evaluation Form 2018.
[4] *Id.*
[5] *Id.*
[6] *Id.*
[7] Exhibit 23, 2019 Executive Director – Board Assessment.
[8] *Id.*
[9] Richards Depo. at 61–62; Rodell Depo. at 26.

during this period.[10] The Executive Director similarly testified that things started improving in early 2020.[11]

The Executive Director's 2021 evaluation report, coordinated and prepared by Vice Chair Mahoney, again reflected tension between the Executive Director and certain Trustees.[12] One Trustee commented that "the Director's relationship with the Board is soured" and that "information that comes to the Board is controlled and manipulated, Board goals are sometimes ignored or even undermined."[13] These serious allegations were not accompanied by any actual examples of conduct the evaluator viewed as problematic.

When asked under oath about tensions in the Executive Director's relationship with the Board, few Trustees would endorse the idea that the Executive Director tried to manipulate the Board, withhold or control information, or pursue her own "agenda." And few endorsed the suggestion that their own personal relationship with the Executive Director was "soured" or "broken." Nevertheless, regardless of its cause, tension between the Executive Director and certain Trustees was real. That tension was observable even to some APFC staff, who commented that the "CEO [is] at odds with [the] Board," the "dynamic between CEO and the Board appears difficult," and the "Board needs to empower the CEO."[14] And the Executive Director herself testified that while her relationship with Trustees really improved in early 2020, by September 2021 "it felt like it all fell apart" and "all felt, starting September 1st [2021], to go off the rails[.]"[15]

Most Trustees agreed that, at least by the time of her evaluation in December 2021, the Executive Director's relationship with at least certain Trustees was strained, and that strain likely impacted her relationship with the Board as a whole. Both the Executive Director and the Trustees provided a number of examples of tense interactions and other circumstances reflecting strain in their relationship.

The Executive Director recounted an executive session meeting with the Board to review her performance evaluation in 2018 or 2019.[16] According to the Executive Director, she was made to sit in a chair in front of the Trustees and told by Trustee Richards to "shut up," not say a word, and just listen to the evaluation.[17] No Trustee recalled the Executive Director being told to "shut up,"[18] a charge that Trustee Richards disputes.[19] But Trustee

[10] Richards Depo. at 61.
[11] Rodell Depo. at 59.
[12] Exhibit 7, 2021 Evaluation Report.
[13] *Id*.
[14] *Id*.
[15] Rodell Depo. p. 59 – 60.
[16] The Executive Director believed the meeting was in 2019. Trustee Moran described a meeting he believed was in 2018 that appears to be the same meeting the Executive Director was discussing.
[17] Rodell Depo. at 32–33.
[18] Mahoney Depo. at 99; Feige Depo. at 21; Moran Depo. at 27; Schutt Depo. at 89.
[19] Richards Depo. at 112.

Richards acknowledged "[t]here was a meeting in which her and I had a pretty sharp exchange where…I made it very clear that it was not her time to speak[.]"[20] And Trustee Moran corroborated parts of the Executive Director's account. At his deposition, Trustee Moran described the evaluation he was "probably most uncomfortable with[.]"[21] "[Trustee Richards] was chairman and [the Executive Director] was asked to come in, and [Trustee Richards] had her sit in a chair…in front of the rest of the trustees and didn't really let her talk much and gave her an evaluation that at the time I didn't think was probably the way it should have been handled because it was something that the vice chairman was supposed to handle."[22] Trustee Moran did not recall the Executive Director being told to "shut up," but believed "it very well could have happened, given the kind…of interaction between [Trustee Richards] and [the Executive Director]."[23] Trustee Feige testified she never witnessed the Executive Director and Trustee Richards act unprofessionally toward one another, but described their interactions as "very tense."[24]

Several Trustees also recounted a tense exchange between the Executive Director and Trustee Mahoney at the Board's 2021 annual meeting in Kodiak. According to Trustee Schutt, the Executive Director "attacked Trustee Mahoney on the record" during discussions about the proposed FY2023 budget, "saying [Trustee Mahoney] had acted in bad faith and…in a manner inconsistent with her fiduciary duty to the fund[.]"[25] Trustee Schutt described the exchange as "unprofessional and uncalled for."[26] Trustee Mahoney recalled that she had "shared [her] concern about an area [of the budget] that [she] thought was too high, and [the Executive Director] lashed out at [her] on the record."[27] Trustee Richards recalled "pretty stern words" exchanged between Trustee Mahoney and the Executive Director.[28] The Executive Director acknowledged she had contentious interactions with Trustee Mahoney related to the FY2023 budget proposal at the 2021 annual meeting and the budget workshops that preceded it, and in an exchange that occurred off the record during a break.[29] But she denied accusing Trustee Mahoney of breaching her fiduciary duties, and she denied engaging in conduct that could reasonably

[20] Richards Depo. at 112. It is not clear that Trustee Richards and the Executive Director are describing the same meeting. The Executive Director and Trustee Moran's recollection was of an exchange that occurred at a performance evaluation. Trustee Richards' recollection is of an executive session meeting in which the Trustees were interviewing a candidate for Chief Investment Officer.
[21] Moran Depo. at 28.
[22] *Id*. at 28.
[23] *Id*. at 27.
[24] Feige Depo. at 21.
[25] Schutt Depo. at 89.
[26] *Id*.
[27] Mahoney Depo. at 57.
[28] Richards Depo. at 69–70.
[29] Rodell Depo. at 84–87.

be characterized as an "attack."[30] Neither the minutes of the 2021 Annual Meeting nor the video recording of that meeting available on APFC's public-facing website contain an exchange between the Executive Director and Trustee Mahoney that can reasonably be characterized as an "attack" or "lashing out." This does not exclude the possibility that the exchange occurred off the record, or at a different meeting, for example at one of the budget workshops that preceded the annual meeting. But no such exchange appears to have occurred "on the record" at the annual meeting, as remembered by Trustees Schutt and Mahoney.

Another example that Trustees pointed to as evidence of a disconnect in their relationship with the Executive Director also occurred at the 2021 annual meeting in Kodiak. The Executive Director invited an executive leadership coach named Al Bolea, with whom she had worked in 2019, to facilitate a discussion with the Trustees about creating alignment between the Board's current priorities, and the priorities officially adopted in the Board's five-year strategic plan and Strategic Planning and Budgeting Policy.[31] The Executive Director explained in an informal interview that her purpose in inviting a facilitator was to tease out the Trustees' collective vision for APFC going forward, *i.e.* whether they envisioned it as a large investment management company, or something more streamlined. The Executive Director suggested that the Board's budgeting decisions around issues like incentive compensation did not always align with stated strategic goals, and resulted in confusion about the Trustees' strategic priorities. She believed a facilitator could help the Trustees and Executive Director be on the same page, "instead of the Executive Director having to guess what the Board was thinking."[32]

The Executive Director's plan to have a third party facilitate a public discussion with Trustees about the alignment of their strategic priorities caught most of the Trustees by surprise. Although the Board Packet each Trustee received prior to the meeting stated that "Al Bolea will facilitate a conversation of creating alignment of the strategic plan priorities with Trustees, APFC Staff, and APFC stakeholders," the agenda item for the discussion stated only "ALIGNMENT OF STRATEGIC PLAN" as presented by "Angela Rodell, CEO."[33] The Executive Director had vetted the idea with then Chair Moran,[34] but the other Trustees were not aware of it. When the Trustees returned from lunch on the second day of the annual meeting on September 29, 2021, the Executive Director introduced Mr. Bolea. The Trustees were confused. Trustee Mahoney testified that she "really didn't understand what was going on because [she] didn't know this person" and

[30] *Id*.
[31] *See* Board Packet for September 28 – 29, 2021 Annual Meeting at p. 394, *available at* *https://apfc.org/report-archive/#14-110-2021*.
[32] Rodell Interview, Feb. 16, 2022.
[33] *See* Board Packet for September 28 – 29, 2021 Annual Meeting at pp. 4, 394, *available at* *https://apfc.org/report-archive/#14-110-2021*.
[34] Moran Depo. at 47.

"didn't realize that the person was a mediator."[35] When Trustee Mahoney learned the reason Mr. Bolea was there, she thought it was an inappropriate way to engage the Board in a major discussion about its strategic plan.[36] Trustee Schutt testified that he thought the Executive Director's decision to bring in a mediator to facilitate a discussion about the strategic plan "without any advance notice…or buy-in of the board" demonstrated a "very significant disconnect."[37] He testified that is was "very embarrassing to everyone involved" and felt that "to bring an unknown consultant into the room without advance warning and agreement of the board is just not an appropriate way to deal with a board."[38] Trustee Feige described the situation as "very uncomfortable," and leaving "everyone on the board…very confused about what is the…real purpose here."[39] Trustee Rieger described the situation as "a curious one," "probably a mistake on [the Executive Director's] part," and "not one of her best short-term decisions."[40] Trustee Richards described "the whole situation with Al Bolea" as "off the charts."[41] He recalled "being pretty upset [at] having a mediation in a public meeting without notice [and] without consent building by the executive director."[42] Trustee Richards testified that the Trustees felt "ambushed" and that the situation reflected a problem with the relationship between the Executive Director and Board such that the Executive Director felt the need for a mediator to facilitate difficult discussions.[43] Ultimately, the Trustees dismissed Mr. Bolea without engaging in the planned discussion and moved on from the agenda item.

The Trustees had differing views on the degree to which that the Executive Director's relationship with the Board had "soured" or was "broken." Trustee Rieger testified that he did not view the relationship as soured and "before the [December 2021] executive session thought that overall the relationships between the board and the executive director were pretty good."[44] Trustee Mahoney testified that she would not use the word "soured," just "tense" to the point that meetings were "really stressful."[45] Trustee Schutt similarly testified that he would not have used the word "soured," but "the notion that there was a strained and deteriorated relationship with the board I would agree with."[46] Trustee Moran testified that he thought the relationship "was broken between the Executive Director and [Trustee Richards] but not the rest of the board."[47] But he acknowledged that

[35] Mahoney Depo. at 57.
[36] *Id*.
[37] Schutt Depo. at 31.
[38] *Id*. at 31 – 32.
[39] Feige Depo. at 82.
[40] Rieger Depo. at 62 – 63.
[41] Richards Depo. at 70.
[42] *Id*. at 72.
[43] *Id*.
[44] Rieger Depo. at 64.
[45] Mahoney Depo. at 77.
[46] Schutt Depo. at 62.
[47] Moran Depo. at 26.

by the time of the 2021 evaluation, and based on comments made in that evaluation, "it was pretty clear at that point that" the Executive Director's relationship with other Trustees was stressed as well.[48] Trustee Feige viewed the Executive Director's relationship with the Board as "good and truly broken."[49]

As noted above, the Executive Director acknowledged a strained relationship with certain Trustees, particularly Trustee Richards. She attributed that strain in part to what she viewed as an effort by Trustee Richards to undermine her authority as Executive Director by speaking directly to APFC staff without her knowledge. In her informal interview, the Executive Director explained that her predecessor had a firm policy that Trustees had to go through the Executive Director for requests to APFC staff. According to the Executive Director, she had the same policy, but Trustee Richards did not respect it, frequently going around her to speak directly with APFC's CIO and others. The Executive Director testified that "it became increasing clear that [she] wasn't being included in a number of conversations" between Trustees and staff "on a number of polic[ies]."[50] Other Trustees corroborated the Executive Director's account. Trustee Schutt testified "I know that [Trustee Richards] talks to the staff. He's said as much…. I try not to talk to staff too much, if at all. Having served on both sides of boards for 20-something years here, I understand the tenuous nature of those conversations for one side or the other or both. Chair Richards clearly has a different approach, philosophy to that."[51] Trustee Moran similarly testified that Trustee Richards had a more expansive view of the duties and responsibilities of the chairman's role, in that "he apparently decided that he would spend more time with the staff and get involved in the day-to-day operations more than [Trustee Moran] felt comfortable with."[52] In Trustee Moran's view, APFC has "a management structure and existing lines of authority and responsibility, and for the chairman of the board of directors to wander around and discuss policies and things without going through the proper channels just creates confusion."[53] Trustee Richards acknowledged that as Chair he started reaching out directly to APFC's CIO "probably once a quarter," usually to talk about "matters involving the agenda packet," but also regarding the CIO's "vision for the fund and some things he wanted to do as relates to platform investing," once or twice for "an update on the in-state investment program," and once or twice about the Executive Director's performance.[54]

The Executive Director explained that she also felt that Trustees were undermining her authority when they considered a proposal to have the CIO report directly to the Board,

[48] Moran Depo. at 58.
[49] Feige Depo. at 89 – 90.
[50] Rodell Depo. at 26.
[51] Schutt Depo. at 26.
[52] Moran Depo. at 81–82.
[53] *Id*. at 82.
[54] Richards Depo. at 18 – 20.

rather than to the Executive Director.[55] Trustee Richards acknowledged that proposal was intended to "take the [Executive Director] out of the investment process" as a way to relieve tension with the CIO.[56] The Trustees ultimately did not approve that proposal, but they adopted a procedure in which disputes between the Executive Director and CIO about investment decisions would be reported to the Board for a final decision.[57]

3. Stressed Relationships with Investment Staff

Another reoccurring theme expressed by Trustees as influencing their termination decision was ongoing stress involving investment staff relationships. There were several aspects to this stress, much of which was a persisting institutional problem related to the structure of the APFC itself.

One aspect was what the Executive Director, the Trustees, and staff referred to as a "silo" effect within the APFC. The "silo" effect was a disconnect between investment staff on the one side, and operational staff on the other. The Executive Director explained that this was a long-standing institutional problem that predated her tenure: "[w]hen I came into APFC, I found a very siloed, dysfunctional organization that didn't talk to each other, that really sort of lacked respect for each other's functions."[58] She described the problem as "a sheer lack of interpersonal communication between different teams within APFC. So if there was any communication, it tended to be through email. And there was very little collegiality of any kind."[59] When she was hired, the Executive Director believed her leadership team's "number one job [was] to get rid of this feeling, this feeling like we are not colleagues, that we are not in the trenches together[.]"[60] Trustee Richards similarly testified that "everybody knows that [silos between the two sides of the house is] an issue with the organization. And to be fair, it predates Ms. Rodell."[61]

The Executive Director took a number of steps to address the siloing issue. She obtained approval for a capital budget and oversaw the renovation of APFC's offices from an L-shaped facility in which it was "easy [for staff] to walk in, walk into [their] office, close the door, close the blinds and never see or talk to another person the entire day and then leave again" into an open floorplan where "you can see and hear everything going on [and] there is a lot of transparency."[62] The Executive Director also established an investment committee comprised of both investment staff and operational staff as "a way to share knowledge and understanding and increase communication across [the] silos as a

[55] Rodell Depo. at 112 – 116.
[56] Richards Depo. at 115.
[57] *Id*.; Moran Depo. at 86.
[58] Rodell Depo. at 10.
[59] *Id*. at 64.
[60] *Id*. at 66.
[61] Richards Depo. at 52.
[62] Rodell Depo. at 65–66.

way to help fix that problem."[63] Trustee Richards testified that this latter effort may actually have been counterproductive, because investment reported to him they were frustrated by having to "sit through this long meeting every Friday" to review their investment decisions with the investment committee, when the investment committee was "pretty disempowered" and the "outcome was going to be what it was already going to be."[64]

A second persistent source of stress involved APFC staff and their counterparts at the Department of Revenue. Trustee Moran described the issue as "chronic" and testified that it "came up pretty regularly in the time [he] was there."[65] Trustee Moran explained that APFC and the Department of Revenue have a number of functions that are very similar, so when there is a "divergence between the compensation of certain people in the Alaska Permanent Fund versus what's the compensation at the Department of Revenue, especially when someone from the Department of Revenue applies for an open position at the Alaska Permanent Fund and moves over there for a higher salary, there is a little bit of stress between the two organizations."[66] According to Trustee Moran, the issue "comes up pretty frequently right around budget time."[67] Trustee Schutt also addressed this issue. He explained that APFC competes for investment staff with "large institutional investors [who] compensate at a lot higher levels than [APFC]."[68] The Executive Director and some Trustees thought APFC should have the ability to compete by offering somewhat higher compensation packages.[69] But not all Trustees agreed. For example, Trustee Mahoney had "a dual role and has employees in sort of the same two classes at some level as the Permanent Fund. And so she was carrying kind of the state perspective…; is it fair that Department of Revenue employees who do the same functions are slotted in as state employees in the same classification."[70] The Trustees' annual meeting in Kodiak in September 2021 provides an illustration. APFC's FY2023 budget was under consideration.[71] The proposed budget that was on the table was the product of several Trustee workshop sessions in the weeks preceding the annual meeting. The proposed budget included funds to hire additional investment staff, and funds for APFC's incentive compensation program. Trustee Mahoney, who also was Commissioner of the Department of Revenue, opposed the budget in part because of how the compensation of APFC investment staff would be perceived by Department of Revenue employees who performed substantially similar functions for less money. Trustee Feige, Commissioner of the

[63] Rodell Depo. at 10.
[64] Richards Depo.at 24.
[65] Moran Depo. at 65.
[66] *Id*. at 65–66.
[67] *Id*. at 66.
[68] Schutt Depo. at 24.
[69] *Id*.
[70] *Id*. at 24.
[71] *See* Video Recording of September 28–29, 2021 Annual Meeting, Kodiak, *available at https://apfc.org/bot-video-archive/*.

Department of Natural Resources, joined Trustee Mahoney in opposition. Ultimately, the majority of the Board supported the proposed budget, and Trustee Mahoney's amendments to reduce the budget did not pass.[72] But the Executive Director and several Trustees cited the exchange as an example of stressed or strained relationships.

A third source of stress was an apparent resentment that some investment staff felt when the Executive Director reviewed their investment decisions. Trustee Moran explained that this tension arose because "the investment people don't always get what they want."[73] But in his view, it was just the "general give and take that goes on in any organization like [APFC] where you have got a pretty sophisticated and comprehensive set of internal controls and established lines of authority, and sometimes people get upset with some of the control that's placed on them."[74] It was nothing "out of the ordinary".[75] The Executive Director "didn't feel [she] had a strained relationship with members of the investment staff."[76] She testified that "at times there were professional differences" and "at times [members of the investment staff] resented that [she] held them to a high standard of performance and behavior in the office … but it didn't seem to hinder performance."[77] The Executive Director testified that she did at one point have a strained relationship with APFC's CIO, Marcus Frampton.[78] She attributed the strain to the fact that she "did not do a good job of laying down [her] expectations for him in how to conduct his role… that [she] expected him to step up, take over the investment group, manage it, figure out what was needed, run it, tell [her] what he needed, and it was his."[79] The Executive Director stated that "caused strain" because she and Mr. Frampton "reached a point where [they] were sort of talking past each other."[80] And this strain was exacerbated by the fact that the CIO "was talking directly to the trustees and not talking to [the Executive Director]," which created a "sense of distrust and disengagement."[81] However, the Executive Director testified that she made a concerted effort to work on her relationship with and empower Mr. Frampton, and their relationship improved.[82] The Trustees also attempted to relieve what they perceived as tension by establishing a mechanism for resolving disagreements between the CIO and the Executive Director over investment decisions. After a failed proposal to take the Executive Director "out of the investment process" by having the CIO report directly to the Board,[83] the Trustees adopted a procedure in which disputes between

[72] *Id*.
[73] Moran Depo. at 60.
[74] *Id*.
[75] *Id*.
[76] Rodell Depo. at 134.
[77] *Id*. at 134.
[78] *Id*. at 96.
[79] *Id*. at 96–97.
[80] *Id*. at 97.
[81] *Id*.
[82] *Id*. at 97–98.
[83] Richards Depo. at 112–116.

the Executive Director and CIO about investment decisions would be reported to the Board for a final decision.[84]

Trustee Richards described strain with investment staff as a "reoccurring issue" that the Trustees asked the Executive Director to work on through executive leadership training in the 2018 – 2019 timeframe, "to work on her relationship with the investment staff and to also work on trying to tear down the siloing between the two sides of the house."[85] Trustee Richards also testified that he was concerned about the persistence of the problem in 2020 and 2021 when APFC staff started participating in the Executive Director's evaluation and ratings from investment staff were consistently lower than other APFC staff.[86] Trustee Schutt testified that "the investment staff was generally very unhappy with the relationship with [the Executive Director]" but he was "not sure of the specifics necessarily."[87] He did not know "what the driver of that" was.[88] Trustee Schutt acknowledged that this assertion was not based on his own personal knowledge. Instead, he received his information from Trustee Richards: "There was a sense or expression from probably Chair Richards who presumably had direct conversations with Marcus Frampton, the CIO, that he was very dissatisfied with their relationship, and there was some fear that that could lead to a departure of the CIO, which would be a very large problem for the fund."[89] Trustee Schutt did testify, however, that the tension between the Executive Director and Mr. Frampton was observable: "I could definitely see from body language and just the general demeanor of Mr. Frampton and Ms. Rodell that they had tension between them in the meetings. You could see the tension as between them."[90]

Trustee Mahoney testified that she "was really concerned about the conflict and the stress that [she] sensed from the 360 review from the investment staff."[91] In 2020, average ratings from investment staff who completed the Executive Director evaluation ranged from 2.5 – 3.25 on a scale of 5 across fourteen categories, compared with 3.5 – 4.83 for operations staff, and 2.89 – 3.89 for all evaluators.[92] In 2021, the Executive Director's overall rating from members of the investment staff who took the survey was 3.0, compared with 4.3 from operations staff, and 3.6 from all evaluators.[93] Trustee Mahoney explained that is was important to her for the investment staff to "have a really collaborative, cohesive working relationship with the executive director."[94] "Based on what [she] read" in the 360

[84] *Id*.; Moran Depo. at 86.
[85] Richards Depo. at 51.
[86] *Id*. at 59.
[87] Schutt Depo. at 26.
[88] *Id*. at 26.
[89] *Id*. at 26.
[90] *Id*. at 27.
[91] Mahoney Depo. at 49.
[92] *See* Exhibit 4, 2020 Evaluation Report.
[93] *See* Exhibit 13, 2021 Evaluation Report, Weighted Average Results by Group.
[94] Mahoney Depo. at 49.

survey results, she was "concerned that it could possibly impact attrition, meaning they would leave, and that would negatively impact returns."[95] Trustee Feige testified that in 2021 she "personally was still seeing the tension at the quarterly board meetings between investment staff" and the Executive Director.[96]

While some Trustees were concerned about Ms. Rodell's relationship with the investment staff, several Trustees did not put any, or much, weight on the financial performance of APFC when evaluating Ms. Rodell's performance. Trustee Richards did not think that Ms. Rodell "was directly correlated enough to returns that it was viewed as a particularly important factor in terms of her individual evaluation."[97] This was because, in Trustee Richards' view:

> the Executive Director and the trustees aren't really involved in the investments decisions. So really the way that they would impact fund performance is more of an atmospheric kind of thing. Is it a happy place to work and therefore you retain people? Are people being well compensated? Are people getting the IT support they need? These are things that certainly influence the success of the organization, but they are not things that are directly impacting any one investment decision or a series of investment decisions or even the performance of an individual asset class.[98]

Other Trustees had similar viewpoints. Trustee Schutt testified that APFC's financial performance had "zero" impact on his evaluation of Ms. Rodell's performance because it was a "function of the team" and "[t]he market itself in that era coming up to, you know, January of this year was just riding an extraordinary set of circumstances."[99] Trustee Mahoney testified that the Trustees talked about the "exceptional returns," but also explained that:

> the thing to remember and the thing that you need to think about is the returns are delivered by 51 people working at the Permanent Fund Corporation, not one person. The Executive Director doesn't singlehandedly deliver performance. There is a group of investors. They are the ones that are making the buy/sell transaction decisions. They are the ones that are selecting the private equity investments, the managers.

[95] Mahoney Depo. at 50.
[96] Feige Depo. at 35.
[97] Richards Depo. at 42-43.
[98] *Id*. at 43.
[99] Schutt Depo. at 42.

> I mean, there are so many components associated with delivering returns. It's a team. It's a whole team that makes that happen. And so she was a part of that team, no doubt, but she was also not allowed to be involved in the investment decisions. And that was a decision that had been made.[100]

Trustee Feige identified the APFC's financial performance as "one metric, and it's a metric knowing that she's part of a team."[101] Trustee Rieger also testified that APFC's financial performance was a "team effort" and that he "looked at her job as mainly in areas other than investment performance. But obviously the scope included everything, so it wasn't like it didn't, but that was just one -- it was just one part of a much bigger set of requirements."[102] Trustee Moran testified that he raised APFC's financial performance during Ms. Rodell's evaluation in 2021 and that, in his view, "Angela's performance had been exceptional and she had been one of the key principals in achieving record returns over one-, three-, five-, and ten-year time frames against both the benchmarks and against the -- as a comparison against large sovereign wealth funds."[103]

4. The Executive Director's FY2023 Budget Proposal

One of the Executive Director's primary responsibilities is developing APFC's operating budget and recommending it to the Board of Trustees for approval.[104] After Board approval, the budget is submitted to the Governor, subjected to his or her revisions, and ultimately included as part of the Governor's proposed budget to the Legislature.

The Executive Director had accomplished important budgeting goals for the APFC, including obtaining approval by the Governor and the Legislature of an incentive compensation program for APFC's investment staff, and obtaining a capital budget to renovate APFC's offices. However, several Trustees were critical of the budget the Executive Director developed and recommended to the Board in 2021 for FY2023. The Executive Director's proposed FY2023 proposed budget included fifteen new hires, including seven new investment staff and eight new operational staff.[105] The proposal would have represented a 25% staffing increase for the 60-person organization.[106] Several Trustees viewed the proposed budget as excessive and not well vetted prior to presentation to the Board. Trustee Richards described the proposal as "obviously…a negotiation point to try to negotiate down" and viewed it as an example of the Executive Director "managing

[100] Mahoney Depo. at 28.
[101] Feige Depo. at 93.
[102] Rieger Depo. at 73-74.
[103] Moran Depo. at 56.
[104] Charter of the Executive Director, ¶ 17.
[105] Richards Depo. at 29; *see also* APFC FY2023 Proposed Budget, *available at https://apfc.org/report-archive/#14-110-2021*.
[106] Richards Depo. at 29.

the information coming to the board" in service of her own agenda.[107] Trustee Mahoney reported being confused by the proposal because the numbers were so high, and felt like the Executive Director was "using the board to make the tough decisions about the budget versus making them herself."[108] Trustee Feige testified that she was "not pleased at all with the amount of rigor that was put into the development" of the FY2023 budget, and that she expected more out of a CEO, "especially when we are talking about adding 15 people."[109] Budgeting issues did not factor into Trustee Schutt's evaluation of the Executive Director's performance, but he viewed the proposed FY2023 budget as "tone deaf" and not politically feasible at a time when oil prices were low and the State was facing budget deficits.[110] Trustee Moran recalled that the proposed budget generated a "fair amount of negativity" from other Trustees, though he did not feel that way.[111]

The Executive Director acknowledged in her informal interview that the FY2023 budget proposal presentation was "not one of her better presentations." She recognized that it was a "huge ask" – both in terms of added positions and increased salaries – and that it was intentional to "tease out where the Board wanted to go." For example, if the Trustees wanted to make a big investment into private and public markets, that required additional back office, operational staff. She wanted the Trustees to understand what that would look like. In her deposition testimony, the Executive Director testified that she regretted that she did not "take a scalpel" to the FY2023 budget before presenting it to the Board.[112]

5. Statements by the Executive Director that Trustees Perceived as Political

The Executive Director made two public statements in 2021 that some Trustees perceived as improperly political, and which factored into their loss in confidence in the Executive Director's leadership.

In June 2021, the deadline for the state to pass a budget without interrupting government services was approaching, and a budget impasse was raising the specter of a government shutdown. On June 18, 2021, the Executive Director issued the following press release explaining the negative consequences that a shutdown would have on APFC's operations and investments:

[107] Richard Depo. at 28–29.
[108] Mahoney Depo. at 54.
[109] Feige Depo. at 74.
[110] Schutt Depo. at 60 – 61.
[111] Moran Depo. at 45.
[112] Rodell Depo. at 69 – 86.

News Release
For Immediate Release: June 18, 2021
Contact: Paulyn Swanson, 907.796.1520

Alaska Permanent Fund Corporation prepares for Government Shutdown

Juneau – Chief Executive Officer Angela Rodell announced today that the Alaska Permanent Fund Corporation (APFC) is taking steps to ensure that the Alaska Permanent Fund and money managed on behalf of the Alaska Mental Health Trust Authority are prudently overseen in the event of a government shutdown.

The Chief Executive Officer and her staff have been diligently working to ensure that a business continuity plan is in place to protect the assets should there be a government shutdown. This includes ensuring that protocols with the Fund's custodial bank are in place and that the ability to transfer money and make payments under existing agreements are secured.

It is important to note that this plan does not provide for the active, forward-looking investment of the Fund that the Corporation engages in daily. Based on the advice received from the Department of Law, it is anticipated that during a shutdown, no new investments will be pursued. Therefore, there can be no assurance that a government shutdown will not have a material impact on the earnings and performance of the Fund.

CEO Angela Rodell asserts, "This is the second time in 5 years we have had to take these steps. The State depends on us more than ever, so this is a high-stakes game being played with serious impacts on the lives of every Alaskan, which could be felt for a long time to come. I encourage everyone to get back to the table so that we can continue to do our work uninterrupted and generate revenue for the State of Alaska."

The APFC staff manages and invests the assets of the Alaska Permanent Fund and assets on behalf of the Alaska Mental Health Trust Authority; they are among the many state employees who got lay-off notices. The unaudited market value of the Fund is currently over $ 80 billion, an all-time high.

The Executive Director had issued a substantially similar press release four years earlier in the face of a possible shutdown during the Walker administration:

News Release
For Immediate Release: June 8, 2017
Contact: Paulyn Swanson, 907.796.1520

Alaska Permanent Fund Corporation prepares for Government Shutdown

Juneau – Chief Executive Officer Angela Rodell announced today that the Alaska Permanent Fund Corporation (APFC) is taking steps to ensure that the Alaska Permanent Fund and money managed on behalf of the Alaska Mental Health Trust Authority are prudently managed in the event of a government shutdown.

The Chief Executive Officer and her staff have been diligently working to ensure that a business continuity plan is in place to protect the assets, should there be a government shutdown. This includes, ensuring that protocols with the Fund's custodial bank are in place and that the ability to transfer money and make payments under existing agreements are secured.

It is important to note that this plan does not provide for the active forward looking investment of the Fund that the Corporation engages in on a day to day basis. Based on the advice received from the Department of Law, it is anticipated that during a shut-down no new investments will be pursued. There can be no assurance that a government shutdown will not have a material impact on the earnings and performance of the Fund for Fiscal Year 2018.

The APFC staff manages and invests the assets of the Alaska Permanent Fund and assets on behalf of the Alaska Mental Health Trust Authority; they are among the many state employees who got lay-off notices. Ms. Rodell is hopeful that the legislature will reach an agreement and fully fund a budget prior to July 1, so that the Alaska Permanent Fund Corporation can continue to strive for excellence in the management and investment performance of the Fund.

The unaudited market value of the Fund is currently $59.8 billion, an all-time high. In the past five years, active management of the Fund's assets by APFC staff has generated an additional $4.1 billion in value for Alaska's Future.

When the Executive Director issued the press release in 2017, no Trustees raised any concerns about it being political or improper. In addition, on June 22, 2021, four days after the June 18, 2021 press release, the Executive Director and Chair Moran jointly circulated a more comprehensive memo to the Governor, the Senate President, and the Speaker of the House, addressing the risks of a government shutdown to APFC.[113] No Trustees objected to that memorandum, either. And no Trustee testified that they thought the June 22, 2021 memo was problematic or improperly political.

[113] *See* Exhibit 25, APFC Memo to Gov. Dunleavy, Sen. Micciche, and Rep. Stutes (June 22, 2021).

Nevertheless, several Trustees testified that they viewed the Executive Director's June 18, 2021 press release as overtly and improperly political, and unnecessarily drew APFC into a dispute between the executive and legislative branches.

Trustee Richards testified that he "rolled [his] eyes" and "thought [the Executive Director] was playing games" when he saw the press release, because he knew how the process worked, having been a commissioner in the Walker administration.[114] "People that are key to managing the fund's assets are just going to be declared as essential."[115]

Trustee Feige testified that the press release was "wildly inappropriate," "absolutely out of bounds" and that she was "absolutely furious."[116] She felt that it should have been cleared by the Board before going out.[117] She also believed it had an adverse impact on the Fund by "unnecessarily frighten[ing] the public," and that "at no time was it ever remotely contemplated that the APFC investment staff and the corporation would not be considered essential."[118] Trustee Feige viewed the press release as a "significant marker that [the Executive Director] did not believe she was accountable to the board" and it "cast doubt…on her judgment."[119] Trustee Feige further testified that "for an organization that works very hard in a very political world to be apolitical, [the press release was] about as political as it gets."[120] Despite her strong reaction, Trustee Feige testified that she did not raise her concerns with the Executive Director or the Board of Trustees at the time.[121]

Trustee Schutt was also troubled by the press release. He thought it was incorrect because APFC would be able to designate essential employees to keep the corporation running and manage investments.[122] Trustee Schutt viewed the press release as a kind of empty and inaccurate threat and "to use that as a lever in that public debate…was a very poor choice and over the line."[123] In his view, it was a "serious problem" that "undermine[d] the credibility of the fund" and a decision that should have been cleared in advance with the Board.[124]

Trustee Rieger testified that his reaction to the press release was focused on the merits, and what APFC could do to manage in the event of a government shutdown.[125] It did not occur to him at the time to react to whether it was prudent or imprudent, but "in

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[114] Richards Depo. at 94.
[115] *Id*.
[116] Feige Depo. at 59.
[117] *Id*. at 59.
[118] *Id*.
[119] *Id*. at 60.
[120] *Id*.
[121] *Id*. at 59–60.
[122] Schutt Depo. at 29.
[123] *Id*. at 30.
[124] *Id*. at 30–31.
[125] Rieger Depo. at 66–67.

retrospect" he could "see how this might have been the kind of thing someone was worrying about."[126] Trustee Rieger explained that "the whole idea of a government shutdown has a lot of political charge to it. And so anything that has a political charge [to it he] like[s] to see the Permanent Fund stay out of" because "part of our job is to stay out of the fray."[127]

Trustee Moran testified that nobody expressed any concerns to him about the press release until October.[128] He acknowledged that the press release was "perceived by some as a criticism of either the legislature or the executive branch," but he viewed it as "just a statement of the issues."[129] For her part, the Executive Director explained that she felt she had the authority to issue press releases like this within her role as spokesperson for APFC under the Charter.[130] She had issued a similar press release during a budget impasse under the Walker administration.[131]And her goal was to protect the Permanent Fund from the negative impacts of a government shutdown by signaling to the Governor and the Legislature the importance of passing a budget.[132]

The other event that some Trustees perceived as improperly political involved a tweet the Executive Director issued during a legislative presentation by the OMB Director. On August 20, 2021, Governor Dunleavy's OMB Director Neil Steininger was giving a budget presentation to the House Finance Committee. The Committee asked the Mr. Steininger what the balance of the Earnings Reserve Account would be if the Legislature adopted the Governor's proposed appropriation bill. Mr. Steininger did not have that figure readily available. The Executive Director, who was watching the presentation remotely, then published the following tweet:

[126] Rieger Depo. at 67.
[127] *Id*. at 67.
[128] Moran Depo. at 49.
[129] *Id*. at 50.
[130] Rodell Depo. at 80–81; *see also* Exhibit 1, Alaska Permanent Fund Corporation Board of Trustees Charters and Governance Policies dated September 24, 2020.
[131] Rodell Depo. at 80–81.
[132] *Id.*

Angela Rodell
@AmRodell

#akleg As of June 30th the ERA has an uncommitted balance of $9.3 billion of which the Governor's appropriation bill would use $3 billion leaving the balance of $6.3 billion for future appropriations.

Trustee Richards characterized the tweet as a "very political," unprofessional, "back-handed critique of the Governor."[133] A member of the Governor's staff, Brandon Brefczynski reached out to Trustee Mahoney to express the administration's displeasure with the tweet.[134] Trustee Mahoney did not personally find the tweet problematic and trusted that the Executive Director's numbers were correct.[135] But she conveyed the administration's concerns to the Executive Director and advised her to be "mindful" of how her public statements could be perceived.[136] The Executive Director characterized the conversation differently. According to her deposition testimony, Trustee Mahoney called more than once to "warn" her to "watch her back."[137] The Executive Director testified that the repeated warnings to "watch her back" put her on edge, and made her feel "physically threatened."[138] She offered to tender her resignation, but Trustee Mahoney told her that was not necessary.[139]

The foregoing were the bases for termination cited as most significant, or most frequently, by Trustees, but it is not a comprehensive list of the concerns that Trustees testified to at their depositions. Additional concerns are addressed below.

B. Each Trustee's Reason for Termination

As noted above, there was no consensus among the Trustees as to a specific incident or reason for terminating the Executive Director. Each Trustee had differing views and assigned different import to varying aspects of the Executive Director's performance.

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[133] Richards Depo. at 87.
[134] Mahoney Depo. at 59 – 63.
[135] *Id*. at 62–63.
[136] *Id*.
[137] Rodell Depo. at 143.
[138] *Id*. at 144.
[139] *Id*. at 143.

1. Trustee Moran

William Moran served as an APFC Trustee continuously from 2006 through June 2022. His tenure spanned the entire period during which Ms. Rodell was Executive Director. Mr. Moran was the lone vote against termination. In his view, Ms. Rodell's performance had been exceptional, and she deserved credit as one of the key principals in achieving record returns, as measured both against one-, three-, five-, and ten-year benchmarks, and compared with other large sovereign wealth funds.[140] Mr. Moran described these achievements as "spectacular" and noted that APFC's advisors were very complimentary of the whole organization.[141] Until Ms. Rodell's evaluation in 2021, Mr. Moran had not considered her relationship with Trustees to be stressed.[142] But it became clear to him through that evaluation process that her relationship with some Trustees was indeed stressed, based on the trustee responses to the evaluation survey and discussions in executive session.[143] Mr. Moran did not agree with Trustee comments that Ms. Rodell lacked candor, controlled information, or pursued her own agenda.[144] He maintained confidence in her leadership.[145] Although he disagreed with the substantive criticisms and the decision to terminate, he did not have concerns about how the decision was reached.[146] In his view, the Trustees who voted to terminate Ms. Rodell were acting in good faith in furtherance of what they viewed as being in the best interests of APFC.[147] He did not believe that the commissioner trustees or any others were taking direction from the Governor's office or acting on the Governor's behalf.[148] In addition, a number of Trustees cited comments made by Mr. Moran in executive session as confirming their inclination to move in a new direction. According to these Trustees, Mr. Moran commented that the issues other Trustees were raising with Ms. Rodell's leadership were part of who Ms. Rodell was as a person, and were not likely to change.[149]

2. Trustee Richards

Craig Richards served as an APFC Trustee in one of the commissioner seats under Governor Walker from October 28, 2015 until June 23, 2016, when he resigned as Attorney General. Governor Walker re-appointed Mr. Richards to the Board of Trustees on December 28, 2017. Governor Dunleavy re-appointed Mr. Richards for a four year term

[140] Moran Depo. at 56.
[141] *Id*. at 56.
[142] Moran Depo. at 58.
[143] *Id*. at 58.
[144] *Id*. at 59.
[145] *Id*. at 53.
[146] *Id*. at 89.
[147] *Id*.
[148] *Id*.
[149] Mahoney Depo. at 86; Feige Depo. at 90.

beginning July 1, 2021. Mr. Richards served as Board of Trustees chair from September 27, 2018 through September 24, 2020, and again from September 29, 2021, onward.

Mr. Richards reported having a myriad of concerns about the Executive Director's performance, candor, and alignment with Board priorities. He reported that he had concerns about Ms. Rodell's performance as Executive Director as early as 2016. At that time, Mr. Richards was working on the Alaska Permanent Fund Protection Act (APFPA) in his role as Attorney General in the Walker administration.[150] The proposal provided for, among other things, a rules-based framework for drawing on the Permanent Fund's investment returns to pay for government services. According to Trustee Richards, APFC's independent consultant Callan Associates presented a revised forecast of Earnings Reserve Account returns that impacted work Mr. Richards was doing on the APFPA. Mr. Richards was concerned that the revised forecast was an attempt to put a finger on the scale of the debate over the APFPA.[151] He discussed the issue with the Executive Director and was confused by her response, and why Callan Associates was issuing revised forecasts outside of its usual forecasting cycle.[152] Mr. Richards testified that, even today, he does not know or believe that the Executive Director or Callan Associates was doing anything wrong.[153] And there was no evidence substantiating his concern. But the issue appears to have set his relationship with the Executive Director on a difficult course.

Trustee Richards' early concerns also involved an Earnings Reserve Account durability analysis that Ms. Rodell commissioned from Bridgewater Associates and presented at the APFC's quarterly meeting in December 2017.[154] The analysis subjected the Earnings Reserve Account to stress tests based on a spending framework under consideration by the Legislature, and concluded that the ERA failed the stress test 48% of the time. Mr. Richards reported that the Executive Director was not helpful in seeking or providing additional insight into Callan's and Bridgewater's analyses, and, in his view, "actively attempted to prevent" additional financial modeling that would have brought more light to the analyses.[155] Ultimately, Trustee Richards worked directly with APFC's Chief Investment Officer Marcus Frampton to obtain additional modeling, which Trustee Richards believed the Executive Director tried to prevent.[156]

Trustee Richards had other wide-ranging concerns and criticisms of the Executive Director's performance. He believed she had a tendency to resist Board direction she did

[150] Richards Depo. at 10 – 13.
[151] *Id*. at 11.
[152] *Id*. at 11–12.
[153] *Id*. at 14.
[154] *See* James Brooks, *Alaska Permanent Fund Fails 'Stress Test' 48 Percent of the Time*, JUNEAU EMPIRE, (Dec. 12, 2017, 11:18 a.m.), https://www.juneauempire.com/news/alaska-permanent-fund-fails-stress-test-48-percent-of-the-time/.
[155] Richards Depo. at 31.
[156] *Id*.

not agree with, and to control the flow of information in order to achieve her desired results. He provided several examples. One area he believed that the Executive Director actively resisted Board direction was in advocating that the Legislature adopt a rules-based percent of market value framework for withdrawals and transfers from the Earnings Reserve Account.[157] In 2018, the Trustees adopted Resolutions 18-01 and 18-04, both of which established APFC's official position as supporting a rules-based framework for ERA withdrawals, and directed the Executive Director to advocate that position in front of the legislature. Trustee Richards testified that "there was a long time where [the Executive Director] was against that and kind of refused to carry that message."[158] The Executive Director testified that she agreed with the substance of the resolutions, *i.e.* with the rules-based approach to ERA withdrawals.[159] But she did not agree with the approach adopted by the Board to advocate for these policies in the political arena.[160] She was concerned that APFC could get drawn into political disputes and that would be detrimental to the Fund.[161] Nevertheless, once it was official Board policy, she in fact advocated for the Trustees' priorities in presentations to the Legislature.[162]

Trustee Richards also testified that he believed the Executive Director was not fairly presenting information about the costs of opening an APFC office in Anchorage. The five year strategic plan adopted by the Board called for the Executive Director to investigate the feasibility of APFC opening an office in Anchorage.[163] Trustee Richards believed that the Executive Director "went out of her way to make it look a little more expensive and throw a little cold water on it."[164] The Executive Director acknowledged at her deposition that she thought opening an Anchorage office was a bad idea and would be a waste of APFC resources.[165] In her view, APFC would have been better served by opening an office "in places you are making a lot of investments," like New York, Chicago, Nashville, or Toronto, and "having two offices in Alaska felt like a waste of money."[166] But she nevertheless directed APFC's Director of Business Operations Sara Race, and Human Resources Director Chad Brown to prepare a cost proposal for the Board.[167] The Executive Director told Ms. Race and Mr. Brown to "follow all the same rules" they were following in pricing out other potential office locations.[168] She testified that Mr. Brown obtained information for the cost analysis directly from the Alaska Department of Transportation

[157] Richards Depo. at 53.
[158] *Id*. at 92.
[159] Rodell Depo. at 18.
[160] *Id*. at 17.
[161] *Id*. at 17–18.
[162] *Id*.
[163] Richards Depo. at 29.
[164] Richards Depo. at 30.
[165] Rodell Depo. at 61.
[166] *Id*. at 61–62.
[167] *Id*. at 62.
[168] *Id*.

and Public Facilities, and passed the figures on to the Board.[169] They were not manipulated.[170] The Executive Director testified that she told Ms. Race and Mr. Brown she disagreed with opening an Anchorage office, but did not suggest they structure the cost analysis in a way to make it seem more expensive than it really was.[171] When Ms. Race and Mr. Brown completed the cost analysis, the Executive Director reviewed it but did not make any revisions before providing it to the Board.[172] No other Trustee believed the Executive Director manipulated the cost analysis, and no evidence was provided that substantiates that conclusion. Nevertheless, Trustee Richards' suspicion that that was the case appears to have been a material factor in his skepticism of the Executive Director's candor.

Trustee Richards also cited the Executive Director's FY2023 budget proposal as an example of what he viewed as the Executive Director controlling information presented to the Board in order to advance her priorities, instead the Board's priorities.[173] He viewed the budget proposal as "obviously…a negotiation point".[174]

Trustee Richards testified to a number of concerns he had with the Executive Director's relationship with investment staff, including its Chief Investment Officers. He believed that APFC's former CIO Russell Read left the corporation in part because of a difficult relationship with the Executive Director: "Russell Read left, which was a big deal. Certainly [the Executive Director's] dynamic with Russell and their relationship was a contributing factor in his leaving."[175] Trustee Richards testified that the Executive Director engaged in "unbecoming" conduct when the Trustees were interviewing Marcus Frampton for the open CIO position in 2018.[176] According to Trustee Richards, the Executive Director interrupted Mr. Frampton during his interview and "called him a liar during his own interview in front of the whole board, and that did not go over well."[177] The Executive Director acknowledged at her deposition that she "did interject on an answer [Mr. Frampton] was giving" and "apologized to him afterwards because [she] shouldn't have done that."[178] But the Executive Director denied that the exchange was unprofessional and did not recall using language that could have been construed as calling Mr. Frampton a "liar."[179] And no Trustee ever discussed the issue with her as a matter of concern.[180] Trustee

[169] Rodell Depo. at 62.
[170] *Id*. at 62–63.
[171] *Id*. at 63.
[172] *Id*.
[173] Richards Depo. at 29.
[174] *Id*.
[175] *Id*. at 35.
[176] *Id*. at 36.
[177] *Id*. at 37.
[178] Rodell Depo. at 95.
[179] *Id*. at 96.
[180] *Id*. at 96.

Richards testified that he believed the exchange was part of the reason there was "negativity…reflected in the survey results" for the Executive Director's 2018 performance evaluation.[181] Trustee Richards testified that there was discussion among the Trustees in 2018 and/or 2019 about terminating the Executive Director.[182] Trustee Richards was "on the fence" and "might have been there for it" if a majority of the Board supported that decision.[183] But Trustee Richards "didn't focus on it" because "the support wasn't there with a majority of the trustees."[184] Trustee Richards testified that since the Board did not support termination, "the important thing was to work on the problems."[185]

Trustee Richards testified that he was leaning towards termination going into the December 2021 executive session in which the Trustees would be discussing the Executive Director's performance evaluation.[186] Trustee Richards was leaning in that direction "for the same reasons and all the discussions [the Trustees] had been having for the last four years" with the Executive Director.[187] He testified that the "behavior [he] had witnessed over the years" that concerned him, he "was seeing again in almost a worse way" in 2021.[188] One of Trustee Richards' primary concerns was "a continued tough relationship with the investment staff" that could "result in the CIO again leaving and some of the other top-level folks."[189] Trustee Richards also cited the Trustees' 2021 budget workshops and annual meeting in Kodiak as a motivating factor in his decision to terminate the Executive Director.[190] He described those meetings a missed opportunity for the Executive Director to "build a trusting relationship with all the board members."[191] The specific issues Trustee Richards cited as arising at the Kodiak meeting and budget workshops were the Executive Director's proposed FY2023 budget (which he described as "totally out of bounds"), "stern words" exchanged between the Executive Director and Trustee Mahoney, and the Executive Director's plan to have Al Bolea facilitate a discussion about the Board's strategic plan, which Trustee Richards described as being "off the charts."[192]

3. Trustee Schutt

Governor Dunleavy appointed Ethan Schutt to the Permanent Fund Board of Trustees on April 12, 2020. Trustee Schutt cited the Executive Director's June 18, 2021

[181] Richards Depo. at 35.
[182] *Id*. at 62.
[183] *Id*.
[184] *Id*.
[185] *Id*.
[186] *Id*. at 68.
[187] *Id*.
[188] *Id*.
[189] *Id*.
[190] *Id*. at 69.
[191] *Id*.
[192] *Id*. at 69–70.

press release about the threat of a government shutdown as one of the primary reasons he supported termination.[193] It "really bothered" him that the Executive Director "had taken her position and the clout and influence of her position out in public a couple of times in what [he] thought was an inappropriate way to go after the governor in policy positions[.]"[194] Trustee Schutt explained that "he actually agreed with [the Executive Director's] ultimate policy position" but "the method and means and manner of her advocacy on the issue was, [he] felt, over the line."[195] Trustee Schutt was troubled by the fact that the Board "did not get advance notice" that the press release was going out.[196] He also believed the press release was inaccurate and overstated the risk of a government shutdown to the Permanent Fund: "while I actually agreed with Ms. Rodell on the policy question, using the kind of threat that the Permanent Fund would be stuck in a terrible performance situation because we couldn't [designate essential personal], that's factually incorrect."[197] Trustee Schutt testified that "to use that as a lever in that public debate was a very poor choice and over the line."[198]

Trustee Schutt testified that a second major factor in his decision to support termination was the Executive Director inviting a facilitator to the annual meeting in Kodiak to mediate a conversation between her and the Trustees.[199] Trustee Schutt described it as "a very significant disconnect in Kodiak when Ms. Rodell brought the consultant…to facilitate a discussion of the strategic plan without any advance notice who it was or buy-in of the board."[200] Trustee Schutt recalled that the Trustees "quickly dismissed the consultant" and "it was very embarrassing to everyone involved."[201] In his view, "to bring an unknown consultant into the room without advanced warning and agreement of the board [was] just not an appropriate way to deal with a board."[202]

Trustee Schutt also cited the 2021 evaluation survey scores as a substantial factor in his decision to support termination.[203] He viewed the survey's overall rating as being "fairly low" and a "bad score," which "bothered [him]"[204] In addition, "the significant

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[193] Schutt Depo. at 27–30.
[194] *Id*. at 28.
[195] *Id*.
[196] *Id*. at 29.
[197] *Id*. at 29 – 30.
[198] *Id*. at 30.
[199] *Id*. at 31.
[200] *Id*. The board packets Trustees received for the Kodiak meeting did identify Mr. Bolea and explain that he would be facilitating a discussion about the strategic plan. And the Executive Director did vet the plan with Chair Moran. It nevertheless appears that most other Trustees were taken by surprise.
[201] Schutt Depo. at 31.
[202] *Id*. at 32.
[203] *Id*.
[204] *Id*. at 32–33.

difference between the average scoring from the investment staff and the operations staff" was a "very significant concern" to Trustee Schutt, although not his "primary" concern.[205]

Trustee Schutt was also concerned about what he described as an "unnatural and unhealthy tension" between the Executive Director and certain Trustees.[206] He testified that one of the factors in his decision to vote in favor of termination was an incident at the September 2021 annual meeting in Kodiak in which he claims the Executive Director "attacked Commissioner Mahoney in open meeting saying things to the effect of 'you are not acting in good faith and you are violating your fiduciary duties.'"[207] He described the exchange as "extremely unprofessional and unbecoming."[208] As noted elsewhere in this report, a recording of the Kodiak meeting is available on APFC's website.[209] The recording does not contain an exchange between the Executive Director and Trustee Mahoney, or any other Trustee, that can reasonably characterized as an "attack." This does not foreclose the possibility that such an exchange occurred off the record, or at a different meeting. Trustee Schutt saw supporting termination as meeting his fiduciary duties. The Trustees delegated the investment of the funds to the CIO and the Fund's successful performance depended on retaining top investment talent.

Ultimately, Trustee Schutt viewed the Executive Director's relationship with the Board as "strained and deteriorated" and testified that "philosophically that as between an Executive Director, president, CEO, whatever that chief executive is, if it gets to that place with the board, I'm not sure that it's worth trying to repair it because it's so distracting from the overall function and leadership of the organization."[210]

4. Trustee Mahoney

Governor Dunleavy appointed Lucinda Mahoney as Commissioner of the Department of Revenue on February 4, 2020, and the Legislature confirmed her on May 11, 2021. As Commissioner of the Department of Revenue, Trustee Mahoney assumed an ex officio seat on the APFC's Board of Trustees.

Trustee Mahoney testified that she started to have concerns about the Executive Director's leadership at the 2021 annual meeting in Kodiak and the budget workshops leading up to that meeting.[211] Trustee Mahoney was surprised and troubled when the Executive Director brought in "what [she] was told was a mediator to discuss the strategic

[205] Schutt Depo. at 34 – 35.
[206] *Id*. at 22.
[207] *Id*.
[208] *Id*. at 23.
[209] *See* https://apfc.org/bot-video-archive/
[210] Schutt Depo. at 62 – 63.
[211] Mahoney Depo. at 56 – 57, 78.

plan."[212] Trustee Mahoney testified she "thought it was inappropriate…and should have been addressed in a different manner."[213] Trustee Mahoney also testified that she was disappointed by an exchange she had with the Executive Director about the proposed FY2023 budget: "I shared my concern about an area that I thought was too high, and [the Executive Director] lashed out at me on the record. It was really uncomfortable, and I was really disappointed in her for doing that."[214]

Trustee Mahoney testified that she was surprised by a call from Trustee Richards in mid-October or early November 2021 in which Trustee Richards raised concerns about the Executive Director's performance.[215] Trustee Mahoney explained that despite the call from Trustee Richards, she reserved her opinion about the Executive Director's performance until she saw the results of 2021 evaluation survey, and heard the concerns that other Trustees had.[216] Based on the survey results, Trustee Mahoney was "really concerned about the conflict and the stress that [she] sensed from…the investment staff."[217] Trustee Mahoney explained that it was very important for her that the investment staff "have a really collaborative, cohesive working relationship with the executive director."[218] The 2021 survey results made Trustee Mahoney concerned that tension between the investment staff and the Executive Director "could possibly [lead to] attrition, meaning they would leave, and that would negatively impact returns."[219] Trustee Mahoney also cited the "siloing" issue as a matter of concern, because "there were comments from both sides [operations and investments] in regard to the tension that that was creating in the organization."[220] Trustee Mahoney testified that her vision was to position APFC to be a $100 billion fund by 2030, and to accomplish that would take "an Executive Director who can work well with everybody in the organization and bring them all together, as well as have a good relationship with the board."[221] Trustee Mahoney explained that she was "on the fence" about termination going into the Executive Director's performance review,[222] but that based on the survey results, and comments from other Trustees, it appeared that "two of the three" most important sets of relationships (*i.e.* the Executive Director's relationships with investment staff and the Board) were "broken".[223] Trustee Mahoney ultimately decided to vote in favor of termination on the second day of the Executive Director's performance review.

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[212] *Id*. at 56.
[213] Mahoney Depo. at 57.
[214] *Id*. at 57.
[215] *Id*. at 45, 48.
[216] *Id*. at 49.
[217] *Id*.
[218] *Id*.
[219] *Id*. at 50.
[220] *Id*.
[221] *Id*.
[222] *Id*. at 49.
[223] *Id*.at 50 – 51.

5. Trustee Feige

Governor Dunleavy appointed Corri Feige as Commissioner of the Department of Natural Resources and to the APFC Board of Trustees in December 2018.[224] Trustee Feige was troubled by the Executive Director's June 18, 2021 press release regarding the effects a government shutdown would have on APFC. Trustee Feige testified that the press release was "wildly inappropriate," "absolutely out of bounds" and that she was "absolutely furious."[225] She felt that it should have been cleared by the Board before going out.[226] She also believed it had an adverse impact on the fund by "unnecessarily frighten[ing] the public," and that "at no time was it ever remotely contemplated that the APFC investment staff and [the] corporation would not be considered essential."[227] Trustee Feige viewed the press release as a "significant marker that [the Executive Director] did not believe she was accountable to the Board" and it "cast doubt…on her judgment."[228] Trustee Feige further testified that "for an organization that works very hard in a very political world to be apolitical, [the press release was] about as political as it gets."[229] Despite her strong reaction, Trustee Feige testified that she did not raise her concerns with the Executive Director or the Board of Trustees at the time.[230]

Trustee Feige also described the Executive Director's plan to have a mediator facilitate discussions with the Trustees at the 2021 annual meeting in Kodiak as a "bright-line event."[231] In Trustee Feige's view, this plan demonstrated that the Executive Director was not comfortable engaging directly with the Board, and evidenced a breakdown in that relationship.[232] Trustee Feige testified that the situation made her feel "there was some gamesmanship going on."[233] Trustee Feige also felt that the Executive Director was managing Board meetings in a way that suggested she was uncomfortable with the Board. According to Trustee Feige, the board packets prepared by the Executive Director "were getting bigger and heavier [with] a lot of…very technical information."[234] Trustee Feige viewed this as an effort by the Executive Director to fill Board meeting time with presentations and to "cut down on the amount of time that the board has for discussion."[235] In her mind, it demonstrated that the Executive Director was "uncomfortable" having open discussions with the Board and wanted to remove that opportunity.

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[224] Feige Depo. at 5.
[225] *Id*. at 59.
[226] *Id*.
[227] *Id*.
[228] *Id*. at 60.
[229] *Id*.
[230] *Id*. at 59–60.
[231] *Id*. at 82–83.
[232] *Id*.
[233] *Id*. at 84.
[234] *Id*. at 36.
[235] *Id*. at 37.

Trustee Feige testified that she expressed her view on the second day of executive session that the Executive Director had a "lack of vision for the organization broadly in moving forward and dealing with problems of recruitment and retention."[236] She was "very concerned that what [the Trustees] had asked to be improved going all the way back to the beginning of [her] tenure on the board [they] had seen no improvement in."[237] Trustee Feige testified she "had gotten to the point that [she] felt" that relationships between the Executive Director and both the Board and the investment staff "were good and truly broken."[238] "[A]ll of that led to [Trustee Feige's] lack of confidence that [the Executive Director] was the right person to take the corporation forward into 100 billion and beyond."[239]

6. Trustee Rieger

Steve Rieger served on the Permanent Fund Board of Trustees from 2009 through 2013. Governor Dunleavy re-appointed him to the Permanent Fund Board of Trustees on May 13, 2020. Trustee Rieger did not share the performance concerns expressed by Trustees Schutt, Mahoney, Feige and Richards. He testified that he had a lot of confidence in the Executive Director's leadership.[240] And he believed the performance concerns raised by other Trustees could be addressed.[241] Trustee Rieger nevertheless voted in favor of termination because he viewed the situation – in which a majority of the Board had lost confidence in the Executive Director – as "untenable," and believed it was therefore in the best interests of the APFC to move forward with the decision as quickly as possible:

> [I]t was clear to me there were at least four board members who wanted to make a change, [which] made it clear to me that there was just one path forward for the corporation. It was just untenable to try to continue on with an Executive Director who had lost the confidence of a majority of the board. So then it was how to make the best decision for the corporation at that point. And when there was a motion to commence to search for a new Executive Director as rapidly as possible, I felt compelled I had to vote for it. It was what the corporation needed at that point was to get this going as fast as possible and

[236] Feige Depo.at 89.
[237] *Id*. at 89.
[238] *Id*.
[239] *Id*.
[240] Rieger Depo. at 53.
[241] *Id*. at 53.

> get an Executive Director that had confidence and the corporation could move forward.[242]

Trustee Rieger also testified that the Trustees in favor of termination had valid bases for their concerns, though those concerns were not significant enough in Trustee Rieger's mind to warrant terminating the Executive Director.[243]

B. The Evaluation History and Evaluation Used in Terminating the Executive Director

1. The Executive Director Evaluation Policy

The APFC Board of Trustees has adopted an Executive Director Evaluation Policy as part of its Charters and Governance Policies. The policy sets out the objectives, processes, and criteria for assessing the Executive Director's performance on an annual basis. It is detailed, specific, and meets fiduciary standards for governance of the Alaska Permanent Fund.

The stated objectives of the evaluation policy are to (i) ensure that the Executive Director receives appropriate and useful feedback on their performance from the Board on an annual basis; and (ii) to help develop clear and meaningful performance objectives. The policy contemplates a survey tool for the Trustees to evaluate the Executive Director according, but not limited, to the following specified criteria:

- Achievement of the goals and objectives of the APFC;
- Completion of the specific projects and initiatives set out in the strategic plan for that fiscal year;
- Implementation of the Board policies and reporting requirements;
- General leadership and management skills; and
- Compliance with the Executive Director's charter.

The Governance Committee is responsible for initiating and coordinating the annual survey and review process. Pursuant to its charter, the Governance Committee is chaired by the Vice Chair of the Board of Trustees, who is elected annually by the Board.[244] Accordingly, a trustee serving as Vice Chair plays an important and influential role in the Board's evaluation of the Executive Director.

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[242] Rieger Depo. at 70.
[243] *Id*. at 71.
[244] The Vice Chair is selected annually pursuant to APFC's bylaws. *See* Alaska Permanent Fund Corporation Bylaws, Article II, § 6, *available at https://apfc.org/fund-news/wpfd_file/apfc-bylaws-2011/.*

As prescribed by Board policy, the evaluation process begins with a meeting between the Vice Chair and the Executive Director to review the existing evaluation criteria and survey questions and to discuss and agree upon any changes.[245] In 2014, the policy directed that this meeting between the Vice Chair and Executive Director occur "at the start of the fiscal year." Requiring evaluation criteria and survey questions to be established at the beginning of the fiscal year clearly furthered the policy's stated objective of establishing "clear and meaningful performance objectives" by providing the Executive Director with advance notice of how her performance would ultimately be measured at the end of the year. In 2017, the Trustees amended the evaluation policy to delete the requirement that these initial steps occur "at the start of the fiscal year." It appears that this change was made to bring the policy in line with the Board's actual practice, which was to initiate the evaluation process late in the fiscal year in advance of its fourth quarter meeting.

Pursuant to the policy, the evaluation itself takes place at the end of the fiscal year. The Vice Chair is tasked with circulating the evaluation survey to each Trustee in advance of the Board's fourth quarter meeting in December. The survey is to be accompanied by the Executive Director's self-assessment, and a copy of the Board's strategic plan and budget for that year. The policy contemplates that each Trustee will complete the survey and return it to a "facilitator." The facilitator is to tabulate the survey results and present a report summarizing them to the Governance Committee for review prior to its submission to the full Board. The completed surveys are also presented to the Governance Committee and then the Board.

The Board then meets in executive session to review and discuss the results of the Executive Director's performance evaluation, following which the Governance Committee is to prepare a draft Evaluation Report with the Executive Director's self-assessment and a summary of the evaluation results attached as appendices. Following completion of the draft evaluation report, the Board meets with the Executive Director to discuss the evaluation and opportunities for improvement. The Board then approves the final evaluation report, the Chair, Vice Chair, and Executive Director sign it, and it is placed in her personnel file.

Pursuant to the policy, the Board is tasked with reviewing and, as appropriate, amending its evaluation procedures at least every three years. It did so in 2014, 2017 and 2020, making revisions to the policy in each of those years as noted above. The revisions were minor, as noted above, and the evaluation policy remained essentially the same for the duration of Ms. Rodell's tenure.

[245] In 2014, the evaluation policy provided that any such changes would be submitted to the full Board for approval. The policy was revised in 2017 to remove the Board approval provision.

2. Application and Results of the Executive Director Evaluation Policy: 2016 - 2020

Although the evaluation policy itself was essentially the same over Ms. Rodell's tenure, the Trustees' adherence to and application of the policy was not. As set forth below, and in the attached expert report, the Trustees' evaluation procedures changed in material ways almost every year, and departed from both the Charter and from best practices.

The 2016 Evaluation: *Trustees Moran (Chair), Brady (Vice Chair), Cash, Fisher, and Hoffbeck*

The Board conducted Ms. Rodell's first evaluation in November and December 2016. It does not appear that the Vice Chair met or consulted with Ms. Rodell at the start of the fiscal year to discuss the evaluation survey or criteria, as the policy required at that time. Instead, the Board relied on a performance survey it had been using since at least 2006.[246] The survey asked Trustees to evaluate Ms. Rodell's performance in four general categories: (A) Administration and Management; (B) Staff; (C) Community and Public Relations; and (D) Board Relations. Within each category, Trustees were asked to rate Ms. Rodell's performance on a scale of one (unsatisfactory) to five (outstanding) on a series of skills or accomplishments. Trustees were also given an opportunity to provide narrative comments for each category. The 2016 survey results were exemplary. The Trustees' overall score for Ms. Rodell was 4.66 out of 5.00. Most individually scored questions averaged 4.5 or higher, and none was lower than 4.33:

A. ADMINISTRATION AND MANAGEMENT	
5	1. Establishes an effective communication system with the board, staff, and legislature
4.33	2. Implements board policies, directives, and operational goals as intended by the board
4.66	3. Sets long- and short-range corporate goals
4.66	4. Distinguishes between primary problems and trivialities
4.33	5. Prioritizes the important issues of the corporation when budgeting time

[246] Moran Depo. at 6.

B. STAFF

5	1. Develops and executes sound personnel procedures and practices
4.5	2. Communicates effectively and respectfully with staff
5	3. Delegates authority to appropriate staff according to position and ability
5	4. Holds staff accountable for consistent quality performance
5	5. Inspires staff to do their best and to consistently strive to improve professionally

C. COMMUNITY AND PUBLIC RELATIONS

4.66 1. Is perceived by those outside the corporation as a community leader

5 2. Interacts effectively with executive and legislature

Comments: Ms Rodell is highly respected by the legislature and continues to impress me every time I see her testify and or interact in legislative forums. She presents a professional and knowledgeable face for the APFC

D. BOARD RELATIONS

4.33 1. Keeps the board informed about corporate issues, needs, interests and operations

4.66 2. Maintains a harmonious working relationship with the board

4.33 3. Freely expresses any opposition to matters under board discussion until an official decision has been reached, after which time the ED subordinates personal views and supports the board's position

5 4 Plans for effective board meetings

4.66 5. Keeps the board informed of the organizations, committees, and boards s/he participates in

Comments: I have seen a marked improvement in the content and focus of the board meetings under Ms Rodell's tenure.

F. OVERALL RATING OF THE EXECUTIVE DIRECTOR'S PERFORMANCE

5 = Outstanding: excellent quality; consistently exceeds expectations

4.66 – Actual Score

4 = Good: better than average most of the time

Overall Comments:

I am thankful that Angela applied for and was selected for this position. I hope that she will continue in this position for many more years. APFC will go through significant change going forward as Alaska comes to terms with our cash flow problem that has been brought on/exacerbated by the price of Oil. We will need creative, practical thinking and leadership to craft a sustainable solution that involves new revenue, appropriate taxation, and more efficient/less costly government. I believe that Angela possesses the expertise and leadership skill that APFC needs in these times.

The 2016 survey also included a short answer section. That section asked Trustees to comment on (1) the Executive Director's greatest strengths; (2) areas needing improvement; (3) most significant achievements or successes in the past year; (4) most important areas to focus on in the year ahead; and (5) any additional information. A

summary of the Trustees' comments reflects that the Board viewed Ms. Rodell as having many strengths, including her vision for the Corporation, public communication, her relationship with the Legislature, team leadership, and her understanding of both the finance world and the APFC:

E. SHORT ANSWER SECTION:

1. The Executive Director's greatest strengths:

- Vision for the future of the Corporation
- Public communication
- Legislative relationship
- Understanding of the APFC
- Understanding of the Finance world
- Leadership of her team

Trustees specifically noted that the Executive Director "is not political [which is a] critical characteristic for her position."

5. List any additional items – not covered in this evaluation – that you want mentioned during the discussion of the Executive Director's performance:

- She loves Alaska, Loves living in Juneau, Loves working for APFC.
- I have watched her. She is not political. A critical characteristic for her position.

The 2016 Evaluation Report also identifies a number of significant achievements, including the recruitment of "excellent" new CIO Russell Read from the California Public Employees Retirement System; reorganizing and stabilizing APFC staff, and earning the respect of the APFC team, the Board, and the Governor's Administration:

3. List the Executive Director's most significant achievements or successes in the review period:

- Long range planning/visioning
- Staff reorganization
- CIO recruitment
- She had stabilized the APFC team since taking over behind Mike Burns. Big shoes to fill!!
- New CIO is excellent!
- Earned the respect of APFC team, Board, and Administration

The Trustees also identified several areas needing improvement, including building trust with the Governor's administration, understanding the limitations inherent in the APFC being a state corporation, adding in-house expertise to manage assets to save costs on outside managers, and updating APFC office space (a request which the evaluation reports note was denied by the Office of Management and Budget):

2. Areas needing improvement:

- APFC needs to add expertise in-house to manage more assets, save fees, add to the net.
- APFC office space needs to be up-dated. (Denied by OMB)
  - OMB has denied both of the above!!
- Building trust with the administration
- Understanding the limitations that are a reality of being a State Corporation

Finally, the 2016 Evaluation Report identified a variety of goals for Ms. Rodell to focus on in the upcoming year:

4: List the most important areas for the Executive Director to focus her attention on in the year ahead:

- Working pro-actively with Administration and Legislature.
- Sell the benefits of adding required expertise to bring asset more management in house.
- Sell the benefit/return to be realized by renovating the APFC offices.
- Structuring APFC to deal with the use of earnings for Government Services
- Procurement legislation
- Physical Plant restructuring
- Recruitment and Retention

It does not appear that the Vice Chair, Chair, and Executive Director signed the 2016 Evaluation Report before it was placed in Ms. Rodell's personnel file.

The 2017 Evaluation: ***Trustees Moran (Chair), Brady (Vice Chair), Cash, Fisher, Rutherford, and Mack***

In 2017, the Board utilized the same survey as 2016. The Evaluation Report in Ms. Rodell's personnel file is incomplete, and does not contain answers to the short answer section. The results of the scored survey section, however, were similar to the results in 2016:

A. Administration and Management	Average Score
Establishes an effective communication system with the board, staff, and legislature	4.33
Implements board policies, directives, and operational goals as intended by the board	4.66
Sets long- and short-range corporate goals	5
Distinguishes between primary problems and trivialities	4.66
Prioritizes the important issues of the corporation when budgeting time	4.66

B. Staff	Average Score
Develops and executes sound personnel procedures and practices	4.33
Communicates effectively and respectfully with staff	4.33
Delegates authority to appropriate staff according to position and ability	4.66
Holds staff accountable for consistent quality performance	5
Inspires staff to do their best and to consistently strive to improve professionally	4.66

C. Community & Public Relations	Average Score
Is perceived by those outside the corporation as a community leader	5
Interacts effectively with executive and legislature	4.66

D. Board Relations	Average Score
Keeps the board informed about corporate issues, needs, interests and operations	4.33
Maintains a harmonious working relationship with the board	4.33
Freely expresses any opposition to matters under board discussion until an official decision has been reached, after which time the ED subordinates personal views and supports the board's position	4.33
Plans for effective board meetings	5
Keeps the board informed of the organizations, committees, and boards she participates in	5

The 2018 Evaluation: ***Trustees Richards (Chair), Brady (Vice Chair), Moran, Rutherford, Tangeman, and Feige***

The Trustees used the same survey form again in 2018.[247] Numerical scores declined in almost every category, and were accompanied for the first time by comments critical of the Executive Director's performance:

[247] Exhibit 21, Annual Executive Director Evaluation Form 2018..

A. ADMINISTRATION AND MANAGEMENT	Overall Score – 3.60
1) Establishes an effective communication system with the board, staff, and legislature	3.00
2) Implements board policies, directives, and operational goals as intended. by the board	3.80
3) Sets long- and short-range corporate goals	4.40
4) Distinguishes between primary problems and trivialities	3.80
5) Prioritizes the important issues of the corporation when budgeting time	3.00

Comments:

The communication with the board and legislature is good, but given some staff concerns I'm not convinced the internal communications are adequate. Should work to improve internal communications

B. STAFF	Overall Score – 3.14
1) Develops and executes sound personnel procedures and practices	3.75
2) Communicates effectively and respectfully with staff	2.50
3) Delegates authority to appropriate staff according to position and ability	2.75
4) Holds staff accountable for consistent quality performance	3.50
5) Inspires staff to do their best and to consistently strive to improve professionally	3.20

Comments:

It is difficult from a Board to rate Angela on staff relations, and much of this is based on "hear say" which may be unfair. At the same time, I have heard a common theme from multiple sources that Angela does not have good staff relationships. The common theme seems to be that she is a bit autocratic and does not build a team approach to key decisions. Even decisions where she should be relying on the expertise of her team (such as investment decisions.) It seems from these reports that Angela is not effective at delegating and holding people accountable. If that is the case, I encourage her to work on these skills.

EXHIBIT

There is a morale issue with staff, particularly the investment staff, associated with the E.D.'s leadership style. The E.D. is encouraged. to adopt a more collaborative as opposed. to autocratic approach to management.

Again, staff indicates the communications and delegations are not optimal. E.D. needs to work on internal staff optimization

C. COMMUNITY & PUBLIC RELATIONS	Overall Score – 4.2
1) Is perceived. by those outside the corporation as a community leader	4.40
2) Interacts effectively with executive and legislature	4.00

Comments:

I was surprised. that a number of legislators that had been supportive of Angela in the past became frustrated. by her testimony. See comments under Board relations.

External interaction is strong, much better than internal effectiveness

D. BOARD RELATIONS	Overall Score – 3.56
1) Keeps the board informed. about corporate issues, needs, interests and operations	3.60
2) Maintains a harmonious working relationship with the board	3.00
3) Freely expresses any opposition to matters under board discussion until an official decision has been reached, after which time the E.D. subordinates personal views and supports the board's position	3.00
4) Plans for effective board meetings	4.00
5) Keeps the board informed. of the organizations, committees, and boards s/he participates in	4.20

Comments:

My primary concern with Angela is that I often feel I'm being "managed." -- that information that is delivered. or arguments and responses that are made are designed. to achieve a particular outcome and not to have a full review of facts and information. Angela is always supportive of the Board once a decision is made. It's the process leading to a decision that has left me with concerns.

The E.D.'s communication with the Board lacs a certain level of authenticity. It often feels as if the Board is being managed. to the E.D.'s agenda, as opposed. to the E.D. trying to internalize and achieve the Board's agenda. That makes some Board interactions with the E.D. feel hostile.

Relationships with Board varies between Board members.
RE: Question 3 – I'm uncertain how to answer as I've heard from Legislative and staff there are questions about how E.D. is supporting some board decisions with Legislature.

The short answer section of the 2018 Evaluation Report was also considerably more negative than it had been the prior two years:

1) List the Executive Director's three (3) greatest strengths:
   a. Smart
   b. Has vision for the Fund
   c. Willing to take on exiting norms
   d. High energy
   e. Genuinely cares about doing her job well
   f. Well informed. about issues relevant to the Corporation
   g. Gets things done
   h. Communicates well
   i. Works hard

2) List the three (3) areas needing the most improvement:
   a. See comments above
   b. Board Interaction – focus on Board's goals in addition to E.D.'s goals
   c. Less autocratic and more collaborative leadership style with staff
   d. Empower investment staff, particularly CIO
   e. Give more independence to staff at senior level, less oversight
   f. Internal Management
   g. Team Building
   h. Delegation

3) List the Executive Director's three (3) most significant achievements or successes in the review period:
   a. External recognition
   b. Legislative agenda success
   c. Focus on risk management improvements
   d. Legislature accomplishments
   e. Good budgeting
   f. Strategic plan implementation
   g. Successfully supporting APFC budget (Operations & Capital)
   h. Raising public awareness of the Corporation
   i. Identifying need. for risk focus of fund

4) List the three (3) most important areas for the Executive Director to focus her attention on in the year ahead:
   a. Improving morale of staff and relationship with Board
   b. Continued. focus on risk management
   c. APFC message on S.B 26 related. issues
   d. Lead, but not over control, or micro manage senior staff
   e. Internal Team Building
   f. Continuing to implement remaining items on Strategic Plan
   g. Articulating risks to fund if certain polices are pursued by legislature.

5) List any additional items – not covered. in this evaluation – that you want mentioned. during the discussion of the Executive Director's performance:
   a. Relax don't over control
   b. E.D. is already addressing the travel policy concerns which is appropriate

OVERALL PERFORMANCE	**Overall Score – 3.50**

Please rate the overall performance of the Executive Director

Comments:

I believe that Angela does many things well. However, if the issues I've identified. did not improve in the future, I would rate her a 2 next year.

Although this review was somewhat negative, I do feel the E.D. has the ability to fix the mentioned. issues and grow into a stronger manager. If the E.D. can combine a more collaborative approach with the Board and staff with her current level of energy and dedication she could be an exceptional E.D.

Not perfect but a very good E.D.

Trustee Richards testified that the "negativity" reflected in the 2018 survey results can be attributed to "some behavior in the summer and fall of 2018 which I think turned some people off."[248] However, the evidence does not indicate any significant change in the way that the Executive Director approached her duties and responsibilities between 2017 and 2018. It is likely that the difference in tone and numerical ratings between the Executive Director's 2018 and earlier evaluations may be attributed at least in part to turnover on the Board of Trustees, resulting in new evaluators who had different expectations for and/or perspectives on the Executive Director's performance.

[248] Richards Depo. at 35.

As a result of the evaluation, the Trustees directed the Executive Director to attend executive leadership coaching for herself and her executive team.[249] She did so. In November 2019, the Executive Director and her leadership team attended a four-day retreat in Girdwood, Alaska with a company called Applied Leadership run by Al Bolea.[250] The training focused on methods for improving communication and relationships within an organization.[251] The Executive Director testified that she found the training "very effective" and "incredibly helpful."[252] She continued working with one of the executive coaches for six months after the training as part of the contract, at then at her own expense for the rest of her tenure as Executive Director.[253] Both the Executive Director and Trustee Richards credited the leadership training for improved relationships between the Executive Director and the Board. [254]

The 2019 Evaluation: *Trustees Richards (Chair), Moran, Rutherford, Feige, and Barnhill*

In 2019, the Trustees replaced the evaluation survey the Board had been using in roughly the same form for over a decade with a two question survey that asked "What are some things the Executive Director does well?" and "How could the Executive Director improve?"[255] The following summary of the Trustees' responses was prepared in an evaluation report presented to the full Board:

[249] Exhibit 21.
[250] Rodell Depo. at 38.
[251] *Id*. at 39.
[252] *Id*. at 41.
[253] *Id*. at 41 – 43.
[254] Richards Depo. at 61.
[255] Exhibit 23, 2019 Executive Director Board Assessment.

What are some things the Executive Director does well?

The ED has energy and cares about her job and the performance of the APFC. The ED is committed to her job.

I believe the ED knows the state government system well and understands how the APFC fits within that structure.

I believe the ED understands how the Board is supposed to function – what can and can't happen in terms of communications and what must be publicly noticed, etc. I have confidence in the APFC and Board's compliance in this area.

I believe the ED understands the role and function of the APFC and the PF more broadly. She also clearly understands its importance to the people of AK

Angela has a comprehensive understanding of the corporation's charter and bylaws, the funds constitutional, statutory and regulatory structures, and state government structure overall. I believe Angela is also committed to the state and the corporations' responsibilities to Alaska's citizenry. Finally I believe Angela is committed to her job, the corporation and fund, and works very hard at all aspects of the job.

Angela has a comprehensive understanding of the duties and responsibilities delineated in the charter of the executive director and is conscientious in addressing all aspects of the job.

How could the Executive Director improve?

I believe the ED could improve the overall Employee and staff morale by creating a stronger sense of team and connectedness among her people. I would like to see the ED put her team before herself. I often get the impression that the ED's wishes, wants and desires outweigh the desires/feedback from her team.

I believe the ED should spend more time focusing on the functioning of the Corporation as opposed to directing strategic investment decisions. With a greater focus on her team and helping them to succeed when things like enhanced compensation may not be possible, she will build a stronger Corporation and ultimately enhance the performance of the fund through stability of the staff and investment professionals.

I would like to see the ED develop a plan for improving employee satisfaction outside of increasing compensation and opening satellite offices in locations outside Alaska.

In my opinion the ED's relationship with the Board of Trustees is broken. Being a good manager requires managing down to staff, but also up to your boss. The ED does not manage up to the Board. By that I mean rather than nurturing trusting relationships, really listening to concerns and direction of the Board, I feel like the

ED manipulates the Board and finds every excuse to disregard guidance. If there is misalignment with the Board's agenda and hers, then she pursues her own agenda. I know several Trustees, current and past, do not trust the information she provides is always forthright. There is a real veracity problem.

The ED's relationship with staff appears to be a mixed bag. A lot of the investment personal seem dissatisfied with her leadership (although certainly not all) to the point of observable tension. On the administrative side it appears better although I sometimes see they are hesitant to state their true opinions.

Perhaps my biggest disappointment with the ED is her failure to really work with the Board and take direction on legislative priorities. The ED has had good success on the legislative agenda she approves of (additional staffing, etc.) but on the bigger issues related to POMV structuring she has not embraced the Board's goals. I think if the ED did so and worked hard to implement the Board's vision on SB 26 and the ERA – rather than her own – it would go a long way to repairing her relationship with the Board.

As the organization grows in size and complexity, Angela needs to focus on the big picture management functions of planning, implementation, and follow up and control and to thoughtfully delegate derivative responsibilities to your senior staff.

I believe Angela needs to work harder on delegating greater responsibility and authority to her staff, recognizing each staffs role and helping them optimize those roles. It is an easy trap to fall into for a boss to interfere in those aspects of the organization's functions that most interest them, but this is not the job an ED is hired to execute. Rather it is to develop and enhance the overall organization's success. Finally, I believe Angela needs to recognize that criticism is a constant aspect of jobs on this level and work to accept this aspect of the role, which will aid her in working more effectively with her Board of Trustees, which should also be a desired result.

The 2019 evaluation summary repeated several themes that first appeared in 2018, namely a stressed relationship with the Board, tension with staff, and the existence of competing agendas.

The 2020 Evaluation: *Trustees Moran (Chair), Rieger (Vice Chair) Richards, Mahoney, Feige, and Schutt*

The Trustees elected Trustee Moran as Chair and Trustee Rieger as Vice Chair at their September 2020 annual meeting in Anchorage.[256] Under the Charter, the Vice Chair of the Board serves as Chair of the Governance Committee, which is responsible for initiating and coordinating the Executive Director's annual performance review, and presenting the evaluation to the full Board. In response to reports that prior evaluations "hadn't necessarily gone smoothly" and were "somewhat one-sided,"[257] Trustee Rieger took the lead to develop a more thoughtful evaluation instrument that focused on the leadership and performance of the Executive Director and the corporation. Trustee Moran believed hiring an outside facilitator was a good idea because "the process for the previous couple years had [not] been effective."[258] The APFC retained an independent human resources expert named Vicki Graham to develop the evaluation instrument and to summarize the results of the evaluation process.[259] Ms. Graham designed a survey

[256] *See* Minutes of the Board of Trustees Annual Meeting (Sept. 23–24, 2020), *available at https://apfc.org/report-archive/#14-95-2020-1592505919*.
[257] Rieger Depo. at 10–11.
[258] Moran Depo. at 8.
[259] Rieger Depo.at 14–15; Exhibit 2, Email from Trustee Rieger to Governance Committee dated Nov. 4, 2020.

questionnaire with some minimal feedback from Trustee Rieger.[260] The evaluation instrument surveyed the Trustees, and for the first time, the Executive Director's direct reports, and a random sampling of APFC staff in what is referred to as a "360° review".[261] Evaluators were asked to rate the Executive Director in fifteen areas of performance, with each area having multiple performance indicators.[262] Evaluators could identify their role within the organization as trustee, operations staff, or investment staff.[263]

Ms. Graham tabulated and summarized the survey results, including both comments and numerical scores, into a draft evaluation report and sent it to the Governance Committee.[264] Responses were anonymized.[265] The Governance Committee did not meet separately to review and discuss the report.[266] Ms. Graham also presented the evaluation report to the full Board of Trustees in an executive session on December 8, 2020.[267] The meeting was conducted virtually because of the ongoing pandemic.[268] Trustee Rieger testified that he found the consultant's involvement to be "helpful" and that he was happy with her work.[269] Trustee Rieger believed the evaluation resulted in a "positive" and non-confrontational discussion with the Executive Director.[270] The Executive Director agreed that she received "useful feedback" from the 2020 evaluation, and there as "an effort to have an actual conversation about positives, negatives, and feedback."[271] The Executive Director testified that the 2020 evaluation utilizing a third-party consultant was "the only time [she] ever felt that [she] received appropriate and meaningful feedback."[272] In previous years, "feedback wasn't given in a manner or conducive to improvement. [I]f [the feedback] was critical, [it] wasn't given in a way to help cure the criticism and to identify what it was that the board wanted to have happen instead."[273] The 2020 evaluation was a substantial improvement in that regard.

The Executive Director received overall ratings in each of the fifteen categories ranging from 2.89 to 3.89 on a five point scale based on the 360° review conducted with the assistance of the independent human resources consultant.[274] The narrative comments

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[260] Rieger Depo. at 20.
[261] *Id*. at 15; Exhibit 2, Email from Trustee to Governance Committee (Nov. 4, 2020).
[262] Exhibit 3, 2020 Survey Responses; Exhibit 4, 2020 Survey Report.
[263] Exhibit 4, 2020 Survey Report.
[264] Exhibit 4, 2020 Survey Report; Rieger Depo. at 25–26.
[265] Mahoney Depo. at 10.
[266] Mahoney Depo. at 16.
[267] Rieger Depo. at 28; Moran Depo. at 34.
[268] Rieger Depo. at 29.
[269] *Id*.
[270] *Id*. at 30.
[271] Rodell Depo. at 31.
[272] Rodell Depo. at 31.
[273] *Id*. at 32.
[274] Exhibit 4, 2020 Survey Report.

evaluating the Executive Director's performance were overwhelmingly positive.[275] However, some evaluators continued to report that that "the relationship between the [Executive Director] and some members of the board have been strained" and multiple evaluators noted that APFC still suffered from a siloing effect between investment and operational staff.[276] Five of the six Trustees completed the evaluation.[277] Even though this was a more thoughtful instrument, the 360° review did not comply with the express terms of the Charter. For example, the survey failed to reference or incorporate a number of objective evaluation criteria specifically identified in the Charter, including achievement of APFC's goals and objectives, and achievement of special projects or initiatives.[278]

The 2021 Evaluation: ***Trustees Richards (Chair), Mahoney (Vice Chair) Moran, Rieger, Feige, and Schutt***

The Trustees elected Trustee Richards as Chair, and Trustee Mahoney as Vice Chair at their September 2021 annual meeting in Kodiak.[279] As Vice Chair, Trustee Mahoney became Chair of the Governance Committee. The other members of the Governance Committee, appointed by Chair Richards, were Chair Richards and Trustee Rieger.[280] Trustee Mahoney, in consultation with Chair Richards, decided to administer the same evaluation tool designed the previous year, but without engaging the consultant who designed it.[281] Trustee Mahoney's rationale for dispensing with the consultant was to save money and because she had administered 360° reviews in the past. Trustee Mahoney explained that she "concluded that we didn't need the consultant because we were going to essentially use the same survey questions that she had developed" and Trustee Mahoney was already "very familiar with SurveyMonkey as a tool because we have deployed it at the Department of Revenue several times with over 450 people potentially using the survey."[282] Additionally, Trustee Mahoney testified that her natural disposition is "focused on saving money" and that APFC could save money if she compiled the survey herself.[283] The 2021 survey largely replicated the 2020 survey in its content. But instead of limiting circulation of the survey to a small random sample of APFC staff, Trustee Mahoney invited all APFC staff to respond, regardless of whether they had the experience or knowledge base to provide a meaningful review. Trustee Mahoney then compiled and curated the

[275] Exhibit 3, 2020 Survey Responses; Exhibit 4, 2020 Survey Report.
[276] Exhibit 4, 2020 Evaluation Report.
[277] Exhibit 3, 2020 Survey Responses
[278] *See* Exhibit 34, The Strive Group, Analysis and Opinion of H. Kinzie (Aug. 18, 2022).
[279] *See* Minutes of the Board of Trustees Annual Meeting (Sept. 28–29, 2021), *available at* https://apfc.org/report-archive/#14-116-2021-1621621986.
[280] *See* Exhibit 27, Email from Trustee Rieger to Governance Committee Members (Dec. 7, 2020).
[281] Mahoney Depo. at 17–18.
[282] *Id*. at 17.
[283] *Id*.

survey responses into a draft summary report for the full Board, in consultation with the APFC's Human Resources Director Chad Brown.

The 2021 survey results showed improved performance scores compared to 2020 in all leadership and management categories assessed in the survey. Average scores from all evaluators in fourteen performance categories ranged from 3.35 to 4.11, with an overall rating average across all categories of 3.6.

Average ratings from Trustees and APFC employees who self-identified as investment staff were lower than ratings from APFC employees who identified as operations staff. Positive comments credited the Executive Director with, among other things, overseeing an organization that delivered record returns in a volatile market, overseeing a rapid expansion in assets under management without any evident problems, designing a functioning remote-work system early in the pandemic before there was any consensus on best practices, and addressing and managing risk and cyber threats in a responsible manner. Negative comments again cited stress in the Executive Director's relationship with Trustees and with APFC's investment staff.

The evaluation conducted under Trustee Mahoney's supervision did not follow the Charter in all material respects and did not follow standard human resources practices. In particular, the evaluation tool lacked any meaningful focus on the objective performance criteria prescribed by the Charter's Evaluation Policy, including the achievement of the goals and objectives of the APFC; the completion of specific projects and initiatives set out in the strategic plan for that fiscal year; the implementation of Board policies and reporting requirements; and compliance with the Executive Director's charter. In addition, the evaluation summary prepared by Trustee Mahoney overemphasized negative comments, and largely ignored the evaluators' positive comments, and the fact that positive comments far outweighed negative ones. The evaluation also failed to comport with best practices because it went to some evaluators with no knowledge or experience with individual performance indicators within a rating category, who nevertheless provided ratings in those categories. The categories and indicators within categories were occasionally redundant. And the evaluation summary Trustee Mahoney prepared did not account for the "halo/horn" effect of extreme raters who harbored obvious bias (favorable or unfavorable) toward the Executive Director. The 2021 evaluation tool did not provide a fair assessment of the Executive Director's performance.

The Executive Director's evaluation was on the agenda for the Trustees' quarterly meeting on December 8 and 9, 2021. On December 8, 2021, The Trustees convened an executive session to begin discussion and consideration of the annual evaluation results. The private, closed-door meeting extended over two days, reconvening on December 9, 2021. The Executive Director did not participate in the Board's evaluation of her performance during executive session.

The Trustees discussed the Executive Director's performance in executive session over parts of two days but never allowed the Executive Director the opportunity to address their concerns. Initially, there was no unanimous decision to terminate the Executive Director, although several Trustees testified that things were clearly headed in that direction by the end of the first day. The Trustees reached a majority consensus to terminate the Executive Director by the end of their deliberations on the second day.

After the Trustees' deliberations, the Executive Director was called into the meeting and advised by Chair Richards the Trustees had decided to move in a new direction. The Executive Director was given the option of resigning, or being terminated. The Trustees did not provide the Executive Director the reasons for her termination. When the Trustees came back into public session, Chair Richards, Vice Chair Mahoney, Trustee Feige, Trustee Schutt, and Trustee Rieger voted in favor of terminating the Executive Director. Trustee Moran voted against termination.

The Trustees issued a press release that simply stated the Fund would be moving in a new direction: "After the review and completion of the annual Executive Director evaluation, the Board of Trustees of the Alaska Permanent Fund Corporation have decided to undertake a search for a new executive director to lead the Permanent Fund in its continued growth and evolving role in support of Alaska." The Trustees gave little to no consideration to how to explain the termination decision to the public or legislature. The Trustees did not anticipate that the public would seek some explanation for why Ms. Rodell was terminated.

C. Summary of Consultant's Report on Evaluation Procedures

Schwabe, Williamson & Wyatt retained an executive evaluation consultant to review the Executive Director's evaluation history. The consultant's report is attached as Exhibit 34. The consultant concluded that the Executive Director Evaluation Policy was consistent with best practices for executive evaluations, but that the Trustees failed to apply the policy consistently and in accordance with its requirements.

360° surveys can be an effective tool to evaluate the performance of an executive, but they must be used properly. Potential issues with their use include: (i) evaluators may not have a full understanding of the criteria or ranking without training or instruction; (ii) comments and rankings may reflect personal bias and subjective views that need to be accounted for; and (iii) evaluators may be asked to evaluate matters on which they have no personal knowledge. Moreover, while 360° surveys may be an appropriate tool to use when evaluating the Executive Director, it should not have been the only or primary tool used.

The executive evaluation consultant found the survey and process failed to focus on the objective performance criteria in the Evaluation Policy, including the following criteria identified in the Executive Director Performance Evaluation Policy:

(a) Achievement of the goals and objectives of the APFC;
(b) Completion of the specific projects and initiatives set out in the strategic plan for that fiscal year;
(c) Implementation of Board policies and reporting requirements; …and
(e) Compliance with the Executive Director's charter.

Rather than evaluate the Executive Director's performance on these objectively measurable criteria, the 2021 survey administered by Trustee Mahoney focused almost entirely on subjective assessments by the evaluators.

There were additional issues with the survey used by the Trustees in 2021. The 2021 survey did not instruct evaluators how they should resolve ratings conflicts for the performance indicators assessed within each rating category. The survey was circulated to all APFC staff, regardless of whether an evaluator had a sufficient knowledge or experience base to fairly assess the Executive Director's performance in any particular category. The survey did not instruct evaluators to skip a category if they lacked direct knowledge or experience sufficient to assess the Executive Director's performance in that category. The categories and indicators in the survey were redundant in some respects, and in other respects inadequate to assess performance criteria established in the Charter. Given these limitations and problems with the survey, it should have been administered by an independent third party with human resources experience.

There were also issues with the summary of the survey results that was prepared by Trustee Mahoney and reviewed by Chad Brown. Trustee Mahoney included eight bullet points that appeared to articulate significant or key areas noted by the evaluators. The remainder of the report consists of comments provided in the survey organized by category.

The summary ignored the Executive Director's improved performance in all leadership and management categories assessed with numerical ratings in the survey as compared to the prior year (2020), and focused on negative evaluation comments. Almost all of the negative comments found in the raw data ended up on the summary report, often verbatim. However, only portions of the positive comments found in the raw data ended up on these pages, and when they do appear, they are summarized. Given that raw comments were not provided to Trustees prior to the decision to terminate Ms. Rodell's employment, the Trustees had to rely on the summary, and there does not appear to have been an effort to identify and remove personal bias from the comments included in the summary report. The evaluation summary that Trustee Mahoney prepared also did not account for the "halo/horn" effect of extreme raters who harbored obvious bias (positive or negative) toward the Executive Director.

Ultimately the summary prepared for the Board did not fairly balance the weight of positive and negative evaluator comments, ignored some positive comments, and ignored the fact that positive comments significantly outweighed negative ones.

The impact of the summary on the Trustees' decision-making is unclear. The Trustees generally testified that they considered the summary and scoring, but afforded different weights to it.[284] Trustees Richards, Schutt and Mahoney focused on the investment staff scores.[285]

D. The Role of the Governor's Office in the Termination

There is no direct evidence or credible circumstantial evidence that Governor Dunleavy directed the Executive Director's termination. Trustees Richards, Feige and Mahoney denied when asked directly if anyone from the Governor's office had directed them to terminate Ms. Rodell.[286] Non-commissioner Trustees Schutt, Rieger, and Moran reported no contact whatsoever with the Governor or his administration related to the Executive Director's performance or termination.[287] And they did not perceive the other Trustees to be acting at the direction or on the behest of the Governor's office. Trustee Richards denied providing any advance communications or notice to the Governor that the Trustees had independently decided to terminate the Executive Director.[288] Trustee Feige explained that she was the one who told Governor Dunleavy that the Trustees had voted to terminate the Executive Director.[289] Trustee Feige and Governor Dunleavy were both presenting at a mining conference in Reno, Nevada at the time.[290] Trustee Feige was participating in the Trustees' quarterly meeting remotely by telephone.[291] Trustee Feige testified that she was scheduled to help staff a meeting that Governor Dunleavey was having with certain mining companies.[292] She was running late because she was attending the second day of the APFC Board meeting by telephone.[293] Trustee Feige testified that after the Board meeting gaveled out, she pulled the Governor aside, apologized for being late, "and then let him know we had taken the action to terminate [the Execute Director]."[294] Trustee Feige recalled that Governor Dunleavy was surprised and said "that might explain why I've gotten a text message from a reporter."[295]

Several Trustees did occasionally apprise the Governor or his staff about concerns they had with the Executive Director's performance. Trustee Richards testified that he

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[284] Richards Depo. at 59; Mahoney Depo. at 94; Feige Depo. at 87-88; Rieger Depo. at 69; Schutt Depo. at 34; Moran Depo. at 68.
[285] Richards Depo. at 59; Mahoney Depo. at 94; Feige Depo. at 87-88; Schutt Depo. at 34.
[286] Richards Depo. at 83-84, 97; Feige Depo. at 47, 99; Mahoney Depo. at 72.
[287] Schutt Depo. at 13, 80; Mahoney Depo. at 90; Feige Depo. at 48.
[288] Richards Depo. at 103, 121.
[289] Feige Depo. at 65–66.
[290] *Id*.
[291] *Id*.
[292] *Id*. at 99.
[293] *Id*.
[294] *Id*.
[295] *Id*. at 99–100.

spoke with Governor Dunleavy about concerns he had with the Executive Director's performance after a meeting about statutory royalties in February 2019.[296] Trustee Richards described it as a "three-minute conversation" in which the Governor related his own experience managing "problematic top-level people" as a school district superintendent.[297] According to Trustee Richards, the Governor explained that his approach was to identify the problems, work with the employee on improving them, and if that failed, to consider termination.[298] Trustee Richards testified that Governor Dunleavy made clear at that time that any decisions regarding the Executive Director was for the Board to make, and that he would not get involved.[299]

Trustee Richards initiated two conversations about the Executive Director's performance with Governor Dunleavy's Chief of Staff Randy Ruaro and Brandon Brefczynski in the months preceding the Trustees' decision to terminate.[300] Brandon Brefczynski was then a junior level policy advisor to the Governor and is now a deputy chief of staff.[301] In late September or early October 2021, Trustee Richards advised Chief of Staff Ruaro and Mr. Brefczynski that there were serious performance issues with the Executive Director, and there was a possibility the Trustees would vote to terminate her.[302] According to Trustee Richards, Mr. Ruaro advised him to speak with APFC's attorney, make sure the Trustees follow a lawful process and have proper grounds, and document the basis for any decisions.[303] Trustee Richards initiated a follow-up call with Mr. Ruaro on or about November 20, 2021, and advised Mr. Ruaro he had spoken with APFC's lawyer and followed his advice.[304] Trustee Richards explained he believed it was important to give the Governor notice of potentially important decisions under consideration by the Trustees that could impact state government.[305] Our investigation did not find direct or circumstantial evidence credibly supporting a conclusion that the Governor or his staff directed or attempted to influence the Trustees' decision.

Trustee Richards testified that he had two or three additional conversations about the Executive Director with Brandon Brefczynski around that same time period.[306] He described Mr. Brefczynski as a colleague and friend with whom he shared a mutual interest

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[296] Richards Depo. at 82–83.
[297] *Id*. at 83.
[298] *Id*.
[299] *Id*. at 83–84.
[300] Richards Depo. at 78–81.
[301] *Id*. at 81.
[302] *Id*. at 78.
[303] *Id*. at 79.
[304] *Id*. at 80. Trustee Richards's calendar reflected a meeting with Mr. Ruaro and Mr. Brefczynski on November 1, 2021. *See* Exhibit 31, Trustee Richards Calendar Entries. Trustee Richards testified this was probably one of the two meetings he described.
[305] Richards Depo. at 82.
[306] *Id*. at 81.

in the Permanent Fund and discussed the Permanent Fund with regularly.[307] Mr. Brefczynski discussed with him some issues he had with the Executive Director.[308] One issue was the tweet about the ERA balance that the Executive Director sent out on August 20, 2021, which Mr. Brefczynski thought was both inaccurate, and a back-handed criticism of the Governor.[309] Trustee Richards described these discussions as just a conversation between friends discussing topic of common interest.[310] Mr. Brefczynski also called Trustee Mahoney to express concerns about the tweet.[311] Trustee Mahoney did not personally find the tweet problematic and trusted that the Executive Director's numbers were correct.[312] But she conveyed the administration's concerns to the Executive Director and advised her to be "mindful" of how her public statements could be perceived.[313]

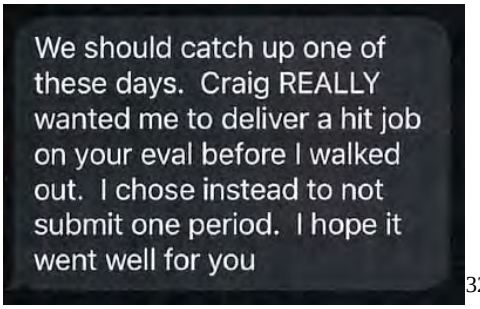
Trustee Richards had off-the-record discussions with Trustees Mahoney, Feige, and Schutt about the Executive Director's performance in the fall of 2021, prior to her performance evaluation.[314] Trustee Richards testified that he expressed his own concerns to Trustee Schutt and was "just kind of seeing where he was at, how he thought she was doing."[315] They did not discuss terminating the Executive Director at that time.[316] With respect to Trustees Mahoney and Feige, Trustee Richards did not recall whether or not he expressed his own concerns about the Executive Director's performance, and may have been "in listening mode to figure out where people were."[317] He characterized the calls as "something to the effect of, obviously there are some issues and I'm wondering what you guys are thinking and how we are going to handle this review process."[318] Trustee Richards recalled Trustee Feige "expressing frustration that it was not getting better," but that Trustee Mahoney was "defending [the Executive Director]…in an appropriate way."[319] According to Trustee Richards, they discussed the possibility of termination at that time, "something to the effect that I don't know where the board is at and I don't know where the individual trustees are at, but it seems like this [termination] might be a possibility and if they had thoughts on it."[320] Trustee Mahoney testified that Trustee Richards "called to tell [her] that he was concerned about [the Executive Director's] performance, and he

[307] *Id*. at 84.
[308] *Id*.
[309] *Id*. at 85, 87.
[310] *Id*. at 120.
[311] Mahoney Depo. at 59–63.
[312] Mahoney Depo. at 62–63.
[313] *Id*.
[314] Richards Depo. at 65.
[315] *Id*.
[316] *Id*. at 66.
[317] *Id*. at 67.
[318] *Id*.
[319] *Id*.
[320] *Id*. at 68.

wanted to open a discussion about whether she should continue to lead the fund."[321] Trustee Feige testified that she had discussions with Trustees Mahoney and Richards in the month leading up to the December 2021 quarterly meeting about her concerns with the Executive Director's performance and her interactions with the Board.[322]

The Executive Director perceived her termination as a political decision influenced by the Governor or members of his administration.[323] The Executive Director's perception was based on a number of communications she had with different individuals, including the following.

In late November 2019, outgoing Trustee and Department of Revenue Commissioner Bruce Tangeman sent the Executive Director the following text message:



[324]

Trustee Richards testified he had conversations with several Trustees, including Trustee Tangeman, regarding "concerns about [the Executive Director's] performance and how we were going to handle it."[325] But Trustee Richards testified that he never asked Trustee Tangeman, or any other Trustee during his time as a trustee or chair of the Permanent Fund Board, to provide negative scores or negative comments on the Executive Director's performance evaluations.[326] Mr. Tangeman's text was sent two years prior to the Executive Director's termination, such that its relevance to the Trustees' decision to terminate the Executive Director in 2021 is attenuated. The content of any discussion between Trustee Richards and Trustee Tangeman is not clear from the context of the text, in that Trustee Richards may have been expressing concerns about the Executive Director's performance in a manner similar to the discussions he had with Trustees Mahoney, Feige, and Schutt in the months leading up to the Executive Director's 2021 performance evaluation.[327] Trustee Richards also was not a member of the Governor's administration in 2019 and 2020, and

[321] Mahoney Depo. at 45–46.
[322] Feige Depo. at 52.
[323] Rodell Depo. at 116–17.
[324] Exhibit 32, Text from Bruce Tangeman to Angela Rodell; Rodell Depo. at 52.
[325] Richards Depo. at 39–40.
[326] *Id*. at 127–28.
[327] *Id*. at 39-40.

the evidence does not support a conclusion that he was acting on the Governor's behalf or at his direction.[328]

When Trustee Mahoney called the Executive Director to relay the administration's concerns about the tweet she issued on August 20, 2021, the Executive Director perceived it as a warning to "watch her back," and further evidence of political pressure being applied against her.[329] As noted above, Trustee Mahoney characterized the conversation differently, and explained that the Executive Director still had her support at the time.

Finally, in her interview, the Executive Director related a conversation she had with the Governor's former Deputy Chief of Staff Akis Gialopsos the evening before the Trustees voted to terminate the Executive Director. The Executive Director stated that they were discussing what had just occurred on the first day of the December 2021 quarterly meeting, in which the Trustees met in a two-hour executive session for the Executive Director's performance evaluation without asking to speak with her. According to the Executive Director, Mr. Gialopsos stated "I didn't think they could pull it off this quickly," referencing the Executive Director's possible termination. The Executive Director stated that "they" referred to Trustee Richards and Brandon Brefczynski. However, the statement attributed to Mr. Gialopsos is ambiguous and lacks context or substantiating evidence reasonably tending to indicate that the Governor's office was directing or involved in the Trustees' decision to terminate.

IV. CONCLUSIONS

In addition to the factual conclusions set forth in the Executive Summary, and based on the evidence, we provide the following findings:

1. Trustees did not follow the APFC Charter in all material respects with regard to their evaluation of the Executive Director. The Trustees did not use an evaluation instrument or process to assess the Executive Director's performance that was consistent with the Executive Director Performance Evaluation Policy.

2. Trustees lost confidence in the Executive Director's leadership and her relationship with several Trustees was strained. There were several incidents that Trustees testified about that eroded their confidence and trust in the Executive Director's leadership. The cumulative effect of these incidents motivated the decision to terminate the Executive Director, even though these incidents were not directly addressed through the evaluation process. The majority of Trustees were concerned that the lack of improvement in the relationship between the Executive Director and the investment team would lead to investment team departures.

[328] *Id*. at 39, 128.
[329] Rodell Depo. at 142–44.

3. Collectively, the reasons expressed by the Trustees for their decision to terminate the Executive Director supported the termination as a matter of employment law, in that they were a valid exercise of the Trustees' ability to terminate an at-will employee such as Ms. Rodell. A loss of confidence in the chief executive of an organization such as the APFC is a sufficient legal reason under the legal standards applicable to at-will employment in Alaska.

4. APFC's structure and importance as the primary source of funding for general government services and payment of dividends inevitably drew the Executive Director into political discussions and debates. The Executive Director, as the designated spokesperson, took actions and made statements that Trustees perceived as being "political" and advancing a personal "agenda".

5. There was no direct evidence or credible circumstantial evidence that the Governor knew in advance that the Executive Director would be terminated. There is no direct or circumstantial evidence that the Governor directed the Trustees to terminate the Executive Director.

6. Trustees did express a concern about the political impact of certain actions and statements by the Executive Director. These concerns were a factor the Trustees considered in the executive session discussions that lead to the termination decision. These concerns did not rise to the level of politics being a substantial motivating factor in the decision to terminate, but did undermine the confidence Trustees had in the Executive Director's ability to continue as Executive Director.

7. In order to prevent political concerns from becoming a factor in evaluating the Executive Director's performance, the APFC would be best served if Trustees use an evaluation tool or instrument and process that takes politics out of the equation. The Charter provisions on evaluating the Executive Director and the process for conducting the evaluation would reduce or possibly eliminate the political influence in evaluating the performance of the Executive Director, if followed by the Trustees. The stability and independence of the Fund can only be protected by insulating the Executive Director from political pressures and political repercussions of doing the job.

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Trustee Richards list of possible governance reforms for discussion at the May 20, 2024 Governance Committee Meeting

- Modify the Personnel Management Plan (PMP) to prohibit APFC staff from forwarding work emails to their personal email account without written approval of the Executive Director.

- If an ethics concern is raised by an APFC Staff or Board Member to their designated ethics supervisor, then within 30 days the designated ethics supervisor will make a written finding that will be shared with the Board Chair and the Board Chair will bring it to attention of the full board within seven days. This process will be outside of and in addition to the process that already exists in the Executive Branch Ethics Act.

- Modify the PMP and Charter for the Board of Trustees to require Staff and Trustees to use APFC assigned cell phones for APFC business, including emails, texts and phone calls.

- The APFC could create a process that will allow for Staff or Board members to lodge an anonymous complaint regarding behavior that is considered illegal or inappropriate. The anonymous compliant would then be investigated and the results will be brought to the attention of the Executive Director and/or Board Chair. Following the investigation, the actions to be taken, if any, would be at the discretion of the Executive Director and/or Board Chair.

- Modify the Communications Policy so that investment referrals from Board members to staff would either be prohibited or directed solely to the Executive Director. That said, the Communications Policy could also make clear that Board members are allowed to provide interested parties with the ED or CIO's contact information.

- Modify the Trustee Communication Policy to require all Board member questions and requests for information from Staff to be directed to the Executive Director and with the knowledge of the Board Chair, except:
    - Trustees may contact the CIO related to investments with the permission of the Executive Director.
    - Trustees may contact the GC related to questions of law with the permission of the Executive Director, unless the advice relates to

a matter that should not be discussed in the presence of the Executive Director.
    - The Trustees may contact the Communications Director about legislative and communication matters with the permission of the Executive Director.
    - Trustees can make contact with the Board Liaison for scheduling and administrative matters.

- Modify the Communications Policy to require substantive feedback by the Board about the performance of any Staff member, except the ED and CIO, will occur as a statement of the entire Board through the ED. Substantive feedback about the performance of ED will occur through the Annual ED Evaluation Policy. Substantive feedback about the performance of the CIO will be made through the ED or to the CIO directly through the whole Board in a public meeting or executive session.