



Board of Trustees

Governance Committee Meeting

May 20, 2024

## Table of Contents

- Agenda
- Past Governance Committee Meeting Minutes
  - November 29, 2023
- Governance Charters adopted December 11, 2023
- APFC Governance Policy Recommendations from Fungston Advisory Services  
Report – May 12, 2023
- Governance Changes Memo presented at the May 18, 2023 Quarterly Meeting
- APFC PMP – Employee Handbook

## 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](mailto:jloesch@apfc.org) by 9 am on May 20\***

**Written comments can be sent to Trustees anytime at**

[boardpubliccomment@apfc.org](mailto: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. | DISCUSSION OF POTENTIAL AMENDMENTS TO THE GOVERNANCE POLICIES AND PERSONNEL MANAGEMENT PLAN (Information)<br>Governance Committee Chair Ellie Rubenstein<br>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  
Pauly 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

### Table of Contents

#### Charters

Charter of the Board of Trustees .....	1
Charter of the Audit Committee of the Board .....	5
Charter of the Governance Committee of the Board .....	8
Charter of the Chair of the Board .....	10
Charter of the Vice Chair of the Board .....	11
Charter of the Investment Advisory Group .....	12
Charter of the Executive Director .....	14

#### Policies

Board Policy Development <b>Process</b> .....	<b>18</b>
<b>Strategic Planning and Budgeting Policy</b> .....	<b>20</b>
<b>Monitoring and Reporting Policy</b> .....	<b>23</b>
<b>Trustee Education Policy</b> .....	<b>26</b>
Board Communications Policy.....	30
Executive Director Performance Evaluation <b>Policy</b> .....	<b>33</b>
<b>Board Standards</b> .....	<b>35</b>

# 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 24<sup>th</sup>, 24<sup>th</sup> 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:

Alaska Permanent Fund Corporation  
Charter of the Investment Advisory Group

- 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 out 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 <b>recommendations of the Board's review of</b> 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 <b>part of the Board's review of its policies</b> 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 <b>Fund's Investment Policies</b>	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 <b>Fund's Investment Managers</b>	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: <ul style="list-style-type: none"> <li>▪ Audited Financial Statements</li> <li>▪ <b>Management's</b> Discussion and Analysis</li> <li>▪ <b>Auditor's Opinion</b></li> </ul>	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 <b>current year's budget, showing the variance</b> 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**



## Table of Contents

Background	3
Purpose of the Review	4
Policy Review Process	4
Enterprise Governance Framework	5
Proposed Governance Improvements Organized by Board Powers	6
Conduct the Business of the Board	7
Set Direction and Policy then Prudently Delegate	12
Approve Key Decisions	13
Oversee Execution of Direction within Policy	14
Verify then Trust	15
Staff Actions, Policy Clarifications & Formalization Recommendations	16
Implementation Roadmap	19

## 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.<sup>1</sup>

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.

---

<sup>1</sup> 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.<sup>2</sup>

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.

---

<sup>2</sup> 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 its 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.<sup>3</sup> **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**

---

<sup>3</sup> 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 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 <sup>4</sup>
<b>Conduct Board Business</b>	
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
<b>Set Direction &amp; Delegate</b>	
Strategic Planning	Critical
Investment Beliefs	Necessary
Risk Management	Critical
Compliance	Critical
<b>Approve Key Decisions</b>	
Board Approval Tasks	Important
Board Duties Performed	Important
Investment Due Diligence	Necessary
<b>Oversee Execution</b>	
Exception Reporting Format	Necessary
Compliance Reporting	Necessary
<b>Verify</b>	
Compliance with Audit Recommendations	Necessary
Audit Plan Contents	Necessary
Internal Audit Capability	Necessary

---

<sup>4</sup> Prioritization is ranked Critical, Necessary, Important (i.e., High, Medium, Low priority).

## Staff Implementation Roadmap<sup>5</sup>

Recommendation	Criticality	Difficulty	Resources Required	Responsibility
<b>Conduct Board Business</b>				
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			
<b>Set Direction &amp; Delegate</b>				
Strategic Planning	5			
Investment Beliefs	3			
Risk Management	3			
Compliance	3			
<b>Approve Key Decisions</b>				
Board Approval Tasks	3			
Board Duties Performed	2			
Investment Due Diligence	1			
<b>Oversee Execution</b>				
Exception Reporting Format	2			
Compliance Reporting	4			
<b>Verify</b>				
Compliance with Audit Recommendations	3			
Audit Plan Contents	3			
Internal Audit Capability	3			

<sup>5</sup> 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.

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:

Alaska Permanent Fund Corporation  
Charter of the Investment Advisory Group

- 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. Other**

- 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.

**Minimum Qualifications and Requirements:** 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

# TABLE OF CONTENTS

## CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>2</b>
<b>MISSION, VISION &amp; VALUES</b> .....	<b>5</b>
MISSION.....	5
VISION .....	5
VALUES.....	5
<b>INTRODUCTION</b> .....	<b>6</b>
EMPLOYMENT-AT-WILL STATUS.....	6
<b>EMPLOYMENT OVERVIEW</b> .....	<b>6</b>
ORGANIZATIONAL CHART.....	6
DISCLOSURE REQUIREMENTS .....	6
EQUAL EMPLOYMENT OPPORTUNITY .....	7
DISABILITY ACCOMMODATION.....	7
NEPOTISM AND HIRING OF IMMEDIATE FAMILY MEMBERS.....	7
OUTSIDE EMPLOYMENT .....	7
NONDISCLOSURE OF CONFIDENTIAL INFORMATION .....	8
<b>COMPENSATION CLASSIFICATION</b> .....	<b>8</b>
APFC MARKET GUIDED CLASSIFICATION METHOD .....	8
CLASS SPECIFICATIONS AND JOB DESCRIPTIONS .....	9
<b>COMPENSATION PHILOSOPHY &amp; STRUCTURE</b> .....	<b>9</b>
SALARY STRUCTURE.....	9
MARKET SURVEYS.....	9
STRUCTURE CALCULATION.....	9
<b>APFC SALARY STRUCTURE – EFFECTIVE 12/2017 (PENDING APPROVAL)</b> .....	<b>10</b>
AS 37.13.100.....	10
APFC BYLAWS, ARTICLE II, SECTION 4 .....	10
APFC BYLAWS, ARTICLE II, SECTION 8 .....	10
AUTHORITY FOR POSITION CLASSIFICATION & COMPENSATION ACTIONS.....	11
ADMINISTRATIVE GUIDELINES FOR CLASSIFICATION & COMPENSATION.....	12
REVIEW OF CLASSIFICATION AND COMPENSATION STRUCTURES .....	12
COMPENSATION CONSIDERATIONS AT HIRE.....	12
POST-SURVEY SALARY ADJUSTMENTS .....	12
LENGTH OF INTRODUCTORY PERIOD.....	13
PROMOTION AND RECLASSIFICATION .....	13
MERIT SALARY INCREASES (NOT INCL. PROMOTIONS AND RECLASSIFICATIONS).....	13
<b>PERFORMANCE MANAGEMENT</b> .....	<b>14</b>
ANNUAL PERFORMANCE APPRAISAL/EVALUATION PROCESS .....	14
THE PERFORMANCE APPRAISAL INCLUDES .....	15
MERIT SCALE .....	15
<b>RECRUITMENT OVERVIEW</b> .....	<b>16</b>
<b>EMPLOYMENT CATEGORIES</b> .....	<b>16</b>
REGULAR PART-TIME APPOINTMENTS.....	17
IN-HOUSE INTERN APPOINTMENTS.....	17
REGULAR SEASONAL APPOINTMENTS .....	18
TEMPORARY LONG-TERM APPOINTMENTS.....	18
TEMPORARY SHORT-TERM APPOINTMENTS .....	18
EMERGENCY APPOINTMENTS .....	18
<b>INTRODUCTORY PERIOD</b> .....	<b>18</b>
PURPOSE OF INTRODUCTORY PERIOD .....	19
LENGTH OF INTRODUCTORY PERIOD.....	19
<b>WORK HOURS, OVERTIME AND LEAVE</b> .....	<b>19</b>

WORK HOURS AND OFFICE HOURS.....	19
ATTENDANCE AND ABSENCE .....	19
FLEXIBLE WORKDAY SCHEDULE .....	19
OVERTIME.....	20
HOLIDAYS .....	20
WORK AT HOME .....	21
<b>LEAVE.....</b>	<b>21</b>
ADMINISTRATIVE ABSENCE FROM WORK.....	21
SHORT-TERM LEAVE OF ABSENCE .....	21
<b>PROFESSIONAL PRACTICES .....</b>	<b>22</b>
PROFESSIONAL CODES OF CONDUCT.....	22
GIFTS .....	22
INTERPERSONAL COMMUNICATIONS .....	22
PUBLIC COMMUNICATIONS.....	23
DRESS CODE .....	23
POLITICAL ACTIVITIES.....	23
<b>PROFESSIONAL EDUCATION AND TRAINING .....</b>	<b>24</b>
<b>EMPLOYEE DISCIPLINE .....</b>	<b>24</b>
AT-WILL EMPLOYMENT STATUS.....	24
EMPLOYEE DISCIPLINE.....	24
DISCIPLINARY PROCEDURE.....	25
<b>GRIEVANCE PROCEDURE.....</b>	<b>26</b>
GRIEVANCE DEFINED.....	27
EMPLOYEE COMPLAINTS AND THE FORMAL GRIEVANCE PROCESS.....	27
EMPLOYEE COMPLAINTS.....	27
PEER REVIEW COMMITTEE .....	27
GRIEVANCE FILING PROCEDURES.....	27
APPEAL PROCESS .....	28
FILING A COMPLAINT OF SEXUAL HARASSMENT OR UNLAWFUL HARASSMENT OR DISCRIMINATION.....	28
UNLAWFUL HARASSMENT PREVENTION.....	29
EMPLOYEE PROTECTION .....	29
<b>EMPLOYEE SEPARATION FROM APFC EMPLOYMENT .....</b>	<b>29</b>
TYPES OF SEPARATION.....	29
SEPARATION PROCESS .....	29
STEPS OF THE SEPARATION PROCESS:.....	30
RESIGNATION NOTICE.....	30
IMMEDIATE ACCEPTANCE OF RESIGNATION .....	30
SALARY AND BENEFITS .....	30
SEVERANCE PAY .....	30
EXIT INTERVIEWS .....	30
SEPARATION PERFORMANCE APPRAISAL .....	31
REFERENCE AUTHORIZATION FORM.....	31
LETTERS OF RECOMMENDATION .....	31
EMPLOYMENT REFERENCES .....	31
USE OF PERSONAL LEAVE DURING NOTICE PERIOD .....	31
<b>PERSONNEL RECORDS .....</b>	<b>31</b>
RECORDS MAINTENANCE .....	32
CONFIDENTIALITY AND ACCESS TO PERSONNEL FILES.....	32
EMPLOYEE COMPLAINT PROCEDURE RE: PERSONNEL FILES.....	32
RELEASE OF INFORMATION FROM PERSONNEL FILE .....	32
RECRUITMENT FILES.....	32
<b>MISCELLANEOUS POLICIES.....</b>	<b>33</b>
GENERAL OFFICE SAFETY .....	33
MEDICAL EMERGENCIES.....	33
FIRE, FIRE DRILLS AND EVACUATION.....	33
WORKPLACE SAFETY HAZARDS .....	33
BOMB THREAT RESPONSE PLAN .....	33

PERSONAL SAFETY WHILE IN TRAVEL STATUS ..... 34

VISITORS IN THE WORKPLACE..... 34

WORKPLACE VIOLENCE PREVENTION ..... 34

WEAPONS ..... 34

BUILDING SECURITY..... 34

EMERGENCY OFFICE CLOSING..... 35

APFC TECHNOLOGY ..... 35

OFFICE RESOURCES..... 36

COMMUNITY VOLUNTEER INVOLVEMENT ..... 37

WASTE REDUCTION AND RECYCLING ..... 37

SMOKING..... 37

SOLICITATION..... 37

**AUTHORIZATIONS AND REFERENCES RELATING TO APFC PERSONNEL MANAGEMENT.....38**

**PMP EMPLOYEE HANDBOOK RECEIPT AND “EMPLOYMENT-AT-WILL” STATUS ACKNOWLEDGMENT .....39**

## 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 through 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

- 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 50<sup>th</sup> 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	50 <sup>th</sup> percentile of market data
Minimum and Maximum	Calculation of range spread from midpoint
Range Spread	50% to 100%, depending on the classification level
25 <sup>th</sup> and 75 <sup>th</sup> 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 policies 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
Administrative 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
Administrative Services 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

Classification / Compensation Action	Approval Authority
<ul style="list-style-type: none"> <li>• Hiring Executive Director</li> <li>• Establishing and adjusting Executive Directory compensation</li> <li>• Amending the compensation structure</li> </ul>	Board of Trustees
<ul style="list-style-type: none"> <li>• Amending position classification structure</li> <li>• Hiring employees (within Board approved budgeted appropriation)</li> <li>• Establish pay rates for new hires</li> <li>• Promoting staff</li> <li>• Adjusting staff compensation for performance based increases (excluding ED)</li> <li>• Adjusting staff compensation outside the evaluation cycle and merit increase provisions but within existing classification and compensation structure</li> <li>• Reclassifying positions within existing classification structure</li> </ul>	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.

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

---

<b>Class Specification</b>	Captures the body of the work that belongs to the Corporation and is the legal framework of employment.
<b>Job Description</b>	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.
<b>Periodic Interim Reviews</b>	As needed – provides an informal and interactive process during the year to identify changes in the position or goals and promotes open communications.
<b>Annual Performance Appraisal</b>	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 4<sup>th</sup> 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.

**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 | 5. Interview Process        |
| 2. Develop Recruitment Plan                   | 6. Final Selection          |
| 3. Create Recruitment Notices                 | 7. Personnel Action         |
| 4. Implement Recruitment Plan                 | 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.

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

## 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.

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.

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.

### *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 policies 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

**PMP EMPLOYEE HANDBOOK RECEIPT AND “EMPLOYMENT-AT-WILL” STATUS ACKNOWLEDGMENT**

---

*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: \_\_\_\_\_