



APFC

ALASKA PERMANENT  
FUND CORPORATION

Board of Trustees

Governance Committee Meeting

February 13, 2026

## Table of Contents

- Agenda
- Past Governance Committee Meeting Minutes
  - July 18, 2024
- WilmerHale APFC Governance Recommendations
  - Staff Memo
  - Staff Presentation
  - February 21, 2025 WilmerHale Memo

## Board of Trustees Governance Committee Meeting

February 13, 2026

10 a.m. – 12 p.m.

### Virtual

Teams Webinar Access  
[Join here](#)

*Teleconference Option*

Phone: 323-792-6284

Phone Conference ID: 277 972 172#

Written comments can be sent to Trustees anytime at  
[boardpubliccomment@apfc.org](mailto:boardpubliccomment@apfc.org)

### AGENDA

Friday, February 13, 2026

- |            |   |
|------------|---|
| 10:00 a.m. | CALL TO ORDER   |
|            | ROLL CALL (Action)  |
|            | APPROVAL OF AGENDA (Action)   |
|            | APPROVAL OF MINUTES (Action)  |
|            | <ul style="list-style-type: none"><li>• July 18, 2024 Governance Committee Meeting</li></ul>  |
|            | OPPORTUNITY FOR PUBLIC PARTICIPATION  |
| 10:15 a.m. | DISCUSSION OF THE WILMERHALE APFC GOVERNANCE RECOMMENDATIONS (Information)<br>Governance Committee Chair Ethan Schutt<br>General Counsel Chris Poag |
| 11:45 a.m. | OTHER MATTERS / FUTURE AGENDA ITEMS / TRUSTEE COMMENTS  |
| 12:00 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: February 13, 2026

INFORMATION:

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**BACKGROUND:**

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

- July 18, 2024                      Governance Committee Meeting

**RECOMMENDATION:**

The Chair of Governance Committee should ask whether any member has any questions or corrections regarding the minutes from the July 18, 2024 Governance Committee Meeting. If there are not corrections, The Committee 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  
GOVERNANCE COMMITTEE MEETING**

July 18, 2024  
1:00 pm.

Originating at:  
Michael J. Burns Building  
David Rose Board Room (3rd Floor)  
801 West 10th Street  
Juneau, Alaska 99801

**Trustees Present:**

Gabrielle Rubenstein  
Adam Crum

Craig Richards  
Jason Brune

**APFC Staff Present:**

Deven Mitchell  
Marcus Frampton  
Val Mertz  
Chris Poag  
Paulyn Swanson  
Jennifer Loesch  
Alexander Smith  
Allen Waldrop  
Alysha Guthrie  
Adrian Balazhi  
Brittney Ortega  
Catherine Hatch  
Chirag Shah  
Cody Graves  
Damien Miller  
Jackie Mallinger  
Jessica Thornsburry  
Joe Shinn  
Jordyn Elie

Joseph Jerals  
Juliette Alldredge  
Lara Pollock  
Larissa Murray  
Lesley Creswell  
Norix Mangual  
Ross Alexander  
Sarah Clark  
Sarah Struble  
Scott Balovich  
Shannon McCain  
Steve Adams  
Tara Mendoza  
Terek Rutherford  
Tim Andreyka  
Vera Faudree  
Luke Kirkham  
Tom O'Day

**Investment Advisors:**

John Skjervem  
Britt Harris

George Zinn

**Others Participating:**

Amory Lelake; Ben Hofmeister; Dan Abramson; Emily Stoermer; Gina Romero; James Brooks;  
Larry Smith; Lee Cruise; Maggie Duffy; Philip Nunes; Sean Maguire; Sophia Torres; Rose  
Foley

## **ACTION ITEMS**

### **CALL TO ORDER**

COMMITTEE CHAIR RUBENSTEIN called the meeting to order.

### **CALL TO ORDER**

Roll call confirmed the presence of Trustees Richards, Brune, Crum, Advisors Harris, and Zinn.

### **APPROVAL OF AGENDA**

COMMITTEE CHAIR RUBENSTEIN requested approval of the agenda.

TRUSTEE BRUNE moved to approve the agenda, and the motion was seconded by Trustee Crumb.

### **APPROVAL OF MINUTES**

Approved minutes from the May 20, 2024, Governance Committee Meeting.

### **OPPORTUNITY FOR PUBLIC PARTICIPATION**

There were no public comments.

TRUSTEE BRUNE suggested that public comments could be emailed during the meeting for consideration at the end.

### **DISCUSSION OF POTENTIAL AMENDMENTS TO THE COMMUNICATIONS AND OTHER GOVERNANCE POLICIES TO FORWARD TO THE BOARD (Information)**

COMMITTEE CHAIR RUBENSTEIN led the discussion on potential amendments:

#### **Education Sessions and Charter Updates**

COMMITTEE CHAIR RUBENSTEIN proposed updates to the investment advisory group's charter, emphasizing the need for formalized board education sessions.

ADVISORS HARRIS AND ZINN were asked for their input, with Advisor Harris mentioning that while these sessions were valuable, they were not part of the original advisory scope.

TRUSTEE RICHARDS expressed that the updates made sense, as they would formalize practices already in place.

#### **Expansion of Investment Advisory Group**

COMMITTEE CHAIR RUBENSTEIN suggested increasing the number of advisory group members from 3 to 5 to bring in additional expertise, particularly in audit and private markets.

ADVISORS HARRIS AND ZINN cautioned against expanding the group without fully considering the increased responsibilities, and the idea was noted for further review.

#### **Committee Assignments**

COMMITTEE CHAIR RUBENSTEIN discussed the possibility of assigning advisory group members to specific board committees. This was intended to streamline their involvement and avoid overburdening them with attending all meetings.

ADVISOR ZINN mentioned that this could help focus their contributions but highlighted that it would need to be balanced with their existing workloads.

### **Quarterly Reporting**

ADVISOR HARRIS proposed a transparency report to update the board on key investment processes, asset allocation, and issues discussed with APFC staff. He emphasized that this report should not be too burdensome to prepare.

TRUSTEE BRUNE supported the idea, noting that it would help trustees stay informed without needing to delve into every detail of the advisory group's work.

### **Formalizing Communication Protocols**

TRUSTEE BRUNE AND TRUSTEE RICHARDS debated the necessity of formalizing communication between the board, executive director, and CIO.

TRUSTEE BRUNE stressed the importance of transparency and reporting.

TRUSTEE RICHARDS suggested that the board should also have direct communication with the CIO without needing to go through the executive director.

EXECUTIVE DIRECTOR MITCHELL agreed that transparency was essential but emphasized the need for clear governance and reporting structures to avoid miscommunication.

### **Use of Technology**

The committee discussed the use of laptops, tablets, or state-issued phones for board communications.

TRUSTEE RICHARDS AND TRUSTEE BRUNE shared differing views on the necessity of these tools.

TRUSTEE RICHARDS was in favor of state-issued devices to ensure compliance with public records laws.

TRUSTEE BRUNE suggested that technology, like tablets with pre-loaded board packets, could streamline operations without mandating additional devices for all trustees.

## **OTHER MATTERS / FUTURE AGENDA ITEMS / TRUSTEE COMMENTS**

### **Review of Roles and Responsibilities**

The idea of further clarifying trustee roles and responsibilities was raised. This suggestion came from the Funston review and was supported by Britt Harris, who noted that while the current roles were outlined, there could be more clarity.

CEO MITCHELL AND COMMITTEE CHAIR RUBENSTEIN agreed to review the existing documents and consider updates to ensure all roles are clearly defined.

### **Evaluation Processes**

TRUSTEE BRUNE discussed improving the executive director evaluation process, possibly involving independent advisors in the evaluation. He referenced a model used in Colorado that anonymizes feedback through a third-party facilitator.

CHRIS POAG, the legal counsel, cautioned that Alaska's public records laws might make it difficult to maintain confidentiality even with third-party involvement. He agreed to review the legal implications with state representatives.

### **Communication Committee**

The committee considered forming a communication committee to guide the board's messaging and external communications.

TRUSTEE BRUNE AND TRUSTEE RICHARDS discussed whether a formal committee was necessary or if a more flexible approach could be taken.

PAULYN SWANSON, the Director of Communications, expressed her willingness to work with trustees interested in communication, noting that she had been collaborating with trustees on messaging.

### **ADJOURNMENT**

COMMITTEE CHAIR RUBENSTEIN adjourned the meeting at 3:00 p.m. The committee agreed to continue refining their discussions and bring formal proposals to the next meeting in September.

SUBJECT: WilmerHale Governance Recommendations –

DATE: February 13, 2026

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## Introduction:

On March 8, 2025, APFC received copy of the WilmerHale Governance Recommendations prepared for the Office of the Governor by Alyssa DaCunha and Benjamin Neaderland. Below is a summary of the WilmerHale Governance Recommendations and an identification of which items require Board input before implementation and which items can be or have been implemented by the Executive Director without further Board input. Because the Governance Committee is charged with recommending governance changes to the full Board, each of the items that requires Board action should be considered by this Committee so that the Committee can offer its recommendation to the full Board on these possible governance changes. To that end, at the end of a memo is a list of these possible governance changes and a tool for staff to memorialize this Committee's feedback on these items for consideration by the full Board at a future meeting.

## Summary of WilmerHale Governance Recommendations:

1. Anonymous Confidential Reporting Portal for APFC Employees- This tool has already been procured and is available for use by APFC employees. The WilmerHale report recommends the adoption of a policy to memorialize the process and timelines for the use of this portal. Director Mitchell has followed this recommendation, and an internal policy has been shared with staff to outline the process and timelines for the use of this anonymous employee reporting portal. Because this recommendation has already been implemented, it does not require additional input from the Board.
2. Annual Staff/Trustee Attestation and Questionnaire-WilmerHale recommends the use of annual forms for completion by staff and Trustees aimed at ensuring

potential conflicts of interest are disclosed annually. Currently, Trustees and most investment staff are already required to complete annual APOC filings disclosing and/or updating their business/economic interests. Additionally, all Trustees and staff that have made investments that the permanent fund also holds are disclosed annually by March 15<sup>th</sup>. Finally, APFC staff currently are required to complete an annual Ethics Training Program put together by the Department of Law and attest to this fact in writing. So, because these annual disclosures and ethics training are already required, Board input on this recommendation is requested.

3. Investment Referral Process-WilmerHale offers two suggestions in lieu of, or in addition to, the current Trustee Investment Referral Process that is outlined in the Governance Charters (i.e. all referrals are logged and tracked and reported in the board packet). WilmerHale's first suggestion is to consider implementing a bright line rule that would prohibit all investment referrals by Trustees. This recommendation is based on the supposition that implementing a referral ban will not result in the loss of any potentially interesting investment opportunities because such investment opportunities are already available to and being considered by the APFC investment staff. WilmerHale's alternate suggestion, if investment referrals are continued, is to make a statement in the Governance Charters that any Trustee referred investment shall receive the same investment rigor as an investment that investment staff identify on their own. The purpose of this suggestion is to provide the investment staff with direction that referred investments are not to receive special attention because they came from a Trustee. These recommendations require Board input.
4. Board Member Contact Policy- WilmerHale recommends providing staff with more direction on the process for reporting contacts with Board members. Director Mitchell has followed this recommendation and adopted an internal policy providing staff with guidance on reporting contact with Board members.
5. Staff Recruitment and Retention- Because competing with private sector compensation will always be a recruitment and retention challenge for APFC, WilmerHale recommends that additional consideration be given to expanding

- the use of work remote as a tool to increase the size and caliber of the potential employment pool. Board input is required for this recommendation.
6. Out-of-State Board Members-WilmerHale recommends consideration be given in the future to the appointment of Trustees from within and outside of Alaska, as a tool to finding Board members with the required expertise in institutional investing. Because appointment of Board members is a power assigned to the Office of the Governor, this recommendation does not apply to APFC and does not require additional input from APFC.
  7. Trustee Orientation-WilmerHale recommends providing new Board members with an enhanced orientation process to better prepare them for their board service. WilmerHale also recommends consideration be given to having all Trustees attend parts of the orientation. Board input on this recommendation is required.
  8. Continuing Education-WilmerHale recommends bolstering the existing staff and Board member educational program/topics to keep staff and Board members up to date on the most current issues and trends in institutional investing. Board Input is requested.
  9. Investment Advisory Group (IAG) Presentations-WilmerHale recommends the Executive Director should confer with the Board to identify helpful topics for the IAG to present to the Board. Director Mitchell has adopted this recommendation and makes an inquiry of the Board at each quarterly meeting for IAG presentation topic ideas for future board meetings.
  10. Relationship Building-WilmerHale recommends creating additional opportunities for staff and Board members to interact outside of the Board Meeting context to build stronger relationships with each other. Board input is requested.
  11. Public Education on Board Member Role-WilmerHale recommends APFC provide additional public education on the roles that staff and Board plays in the management of the Permanent Fund. Board input is requested.

## Which Governance items identified by WilmerHale should be forwarded to the full Board for consideration?

- Additional annual Staff/Trustee conflicts of interest Disclosures?  
Yes \_\_\_\_ No \_\_\_\_;
- Prohibit all investment referrals by Trustees?  
Yes \_\_\_\_ No \_\_\_\_;
- Amend the Trustee Investment Referral charter provisions to require staff to provide the same level of investment due diligence to investments referred to staff by Trustees?  
Yes \_\_\_\_ No \_\_\_\_;
- Should the Board consider expanding the use of Work Remote to improve APFC's ability to recruit and retain APFC staff?  
Yes \_\_\_\_ No \_\_\_\_;
- Should the Board enhance the Trustee Orientation process to better equip new Trustees to serve on this Board, including some participation by the other Trustees in the orientation process?  
Yes \_\_\_\_ No \_\_\_\_;
- Should the regular Board meetings include more Board educational presentations from Staff on current issues and trends in institutional investing?  
Yes \_\_\_\_ No \_\_\_\_;
- Should the Trustees and staff participate in more non-meeting social events to build stronger relationships with each other?  
Yes \_\_\_\_ No \_\_\_\_;

- Should APFC provide further public education on the roles that staff and Trustees plan in the management of the Permanent Fund?

Yes \_\_\_\_ No \_\_\_\_;



**APFC**

ALASKA PERMANENT  
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# 2025 Governance Recommendations

# Already Implemented

Below is a list of the Governance Recommendations that have already been implemented:

1. **Anonymous Employee Reporting Portal/Hotline:**
  - May 1, 2025, APFC implemented electronic/phone hotline that provides staff with the ability to anonymously report any concerns they have that they are not comfortable raising directly with their supervisor.
2. **Board Member Contact Policy:**
  - April 7, 2025, Executive Director adopted Board Member Contact Policy providing staff direction on how to report contact with a Board member and providing a process for responding to Board member requests for information.
3. **Investment Advisory Group (IAG) Presentations:**
  - At each quarterly Board Meeting, Executive Director seeks Trustee input on future IAG presentation topics.

# For Consideration:

Below is a list of the Governance Recommendations that require Board input/direction:

1. Annual Conflict of Interest Disclosure Acknowledgement:
  - Should Board and staff be required to submit annual form acknowledging that all potential conflicts of interest have been disclosed and recusal occurred where necessary?
  - This would be in addition to: (1) annual investment disclosures required by AS 37.13.110(b); (2) annual Public Official Financial Disclosures required by AS 39.50; and (3) annual Executive Branch Ethics training required of APFC staff.
2. Investment Referrals by Trustees:
  - a) Should all investment referrals by Trustees be prohibited for simplicity and clarity?
  - b) If referrals are allowed, should staff be given a Board mandate to treat a referred investment using the same investment rigor/diligence as staff identified investment?
3. Work Remote:
  - Should APFC expand the use of work remote to improve staff recruitment and retention opportunities?
4. Trustee Orientation:
  - a) Should the Trustee Orientation be enhanced to better prepare Trustee for service on the Board?
  - b) Should the other Trustees participate in a portion of the orientation process?

# For Consideration:

Below is a list of the Governance Recommendations that require Board input/direction:

5. Continuing Education:
  - Should APFC bolster the educational opportunities provided to staff and Board members on issues and trends in institutional investing?
  
6. Relationship Building:
  - Should APFC provide more non-meeting/social opportunities for staff and Board members to interact?
  
7. Public Education on Board/Staff Roles:
  - Should APFC generate additional public education on the roles that staff and Board members play in investing and managing the Permanent Fund?

## Which recommendations should be advanced to the Full Board for consideration/action?

1. Annual Conflict of Interest Disclosure Acknowledgement.
2. Investment Referrals
  - a) Prohibit Investment Referrals by Trustees.
  - b) Direct staff to use same investment rigor for referred investments.
3. Expand the use of Work Remote.
4. Trustee Orientation
  - a) Enhance Trustee Orientation.
  - b) Include other Trustees in part of the Orientation.
5. Additional Educational Opportunities.
6. Additional Staff/Board Member interaction.
7. Public Education on role of Staff and Trustees.

Date February 21, 2025

To Office of the Governor

From Alyssa DaCunha  
Benjamin Neaderland

Re Alaska Permanent Fund Corporation – Governance Recommendations

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## I. Overview

The Office of the Governor engaged WilmerHale to conduct a targeted review of the applicable Alaska Permanent Fund Corporation (“APFC” or “the Fund”) regulations and governance documents to identify gaps and evaluate options for additional guidance or amendments. Recommendations were requested to improve governance processes and to avoid real or perceived conflicts of interest and related issues. The review focused on identifying forward-looking improvements.

As part of this review, WilmerHale analyzed the relevant bylaws, statutes, constitutional provisions, and governance policies. Other materials reviewed included select APFC Board of Trustee meeting minutes and packets, the 2023 Funston Advisory Services LLC report, ethics training materials, the PMP Employee Handbook, and the newly established investment referral tracking log. WilmerHale also examined a sample of other state funds, and industry standards. Throughout the review, WilmerHale provided periodic status updates to the project manager.

The Governor’s Office sought a wide range of views on the matter. WilmerHale interviewed current and recent former members of the Board of Trustees, current and former APFC staff, and members of the Investment Advisory Group. Some of these individuals were interviewed on multiple occasions. Interviewees shared their observations, perspectives, and recommendations related to the Fund’s governance structure.<sup>1</sup>

WilmerHale concluded that the APFC staff and Board of Trustees are dedicated to the Fund’s vision of delivering outstanding returns for Alaskans. All trustees and employees demonstrated a clear commitment to upholding ethical standards and a personal commitment to upholding the standards and mission of the APFC. This includes a commitment to ensuring that the APFC operates with the highest ethical standards, and the Fund has put in place a number of updates to existing guidance over the past months. WilmerHale commends the APFC for this work.

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<sup>1</sup> Several interviewees discussed how the APFC manages the Earnings Reserve Account (ERA) and raised Trustee Paper #10. We recognize that this is an important issue that is central to the future of the APFC, but providing structural recommendations falls outside the scope of this governance review.

Office of the Governor  
February 21, 2025

WilmerHale's review identified a number of additional ways in which the APFC could enhance its governance structure, which would bring the APFC into greater alignment with financial sector best practices and offer more accountability and transparency. Moreover, WilmerHale's review also led to recommendations aimed at improving recruitment, retention, and succession planning as well as developing stronger education and team building programming. These recommendations are outlined below in more detail. Overall, the recommendations are intended to improve the APFC's governance while, at the same time, furthering the APFC's values of integrity, stewardship, and passion.

## II. Recommendations

- A. Confidential Compliance Reporting Mechanism.** Following initial discussions with key individuals in the fall, WilmerHale recommended that an anonymous confidential reporting mechanism be implemented to bring APFC's compliance function into line with the practices of large financial institutions. WilmerHale understands that, since that time, a vendor has been selected to manage and implement a reporting system. WilmerHale recommends that the APFC ask that the vendor share complaints within a certain timeframe, such as within 5 days of receiving the complaint. Internally, at the APFC, WilmerHale recommends that complaints be addressed within a certain window, such as within 30 or 60 days (with the option to extend that period as necessary).

The reporting process and requirements should be memorialized in writing so staff and trustees can reference how the mechanism works. Instructions should articulate what information needs to be detailed in the complaint and how to submit the complaint to the vendor. If the vendor offers training on how the system operates, the APFC should require that all staff and trustees participate in the training. Staff and trustees should be encouraged to use this mechanism to raise concerns and questions.

- B. Questionnaires and Attestations.** To enhance the current compliance function, the APFC may wish to develop annual staff and trustee questionnaires that focus on conflicts of interest. These questionnaires could ask individuals to identify business, financial, and personal interests or relationships to ensure appropriate disclosure and recusal where necessary. Attestations would be an opportunity for staff and trustees to confirm awareness of and compliance with APFC policies surrounding appropriate channels for and uses of APFC business communications. An annual cadence for questionnaires and attestations is a good way to remind staff and trustees of their responsibilities. Through this process, individuals may also be prompted to raise compliance related questions, particularly if something has changed since the prior year's attestation or questionnaire was completed.

- C. Investment Referrals from Trustees.** Trustees and staff indicated that there is a general, unwritten practice that every investment referral from a trustee results in a response from an investment team member. In practice, it is highly unlikely that a referral from a trustee (that was not already under consideration by the investment team) will turn into an investment opportunity. Given the maturity of the Fund and the rigorous process in place for identifying investments, staff are generally already being made aware of the best opportunities. But receiving a referral via a

Office of the Governor  
February 21, 2025

trustee creates pressure for staff to consider these investment referrals even though the Fund is unlikely to invest in them. Going forward, the APFC may wish to further refine how it approaches referrals from trustees. Two options may include:

1. Implementing a rule that there will be no investment referrals from trustees. The Fund's investment philosophy is to focus on the highest quality opportunities, and leading managers know how to reach the staff to discuss those opportunities. The investment staff's professional judgment should be relied on when considering which investment opportunities to pursue.

Since the trustee referral meetings require investment staff time, a "no trustee referral" policy would instead allow staff to focus on isolating the top investment opportunities that the APFC will pursue. Moreover, the trustee referral meetings generally do not lead to any further action, which can turn into frustration on the part of the referee and the referring trustee. Trustees may also become invested in particular referred proposals, which is not their role. By eliminating trustee referrals, these issues would be removed.

Because this would be a bright line rule for trustees, it would take away ambiguity or expectation of action on the part of individuals or organizations who approach trustees. This simple rule on referrals would also help eliminate perceived or real conflicts of interest.

2. Alternatively, trustees could continue to refer investment opportunities, but staff would be directed that they should apply their professional judgement in determining whether to take further action on the referral. The Board of Trustee's Communications Policy would be updated to reflect this understanding that simply because a referral may come in from a trustee, it does not need to be treated differently than a referral that comes to the staff through other channels. This new policy would alleviate any pressure that staff may feel when they receive a trustee referral. It will also remind trustees to trust the staff in evaluating investment opportunities and in evaluating whether a meeting with a referral is necessary.

**D. Further Specificity in the Board Communications Policy.** The Board Communications Policy should include greater specificity on what is required of staff when they report communications with a trustee, service provider, or prospective investment manager to the Executive Director. Section 3 of the policy currently states, in part, "APFC Staff are required to report all communications with Trustees regarding the management and operations of APFC to the Executive Director." Similarly, Section 5 of the policy states, in part, "APFC Staff are required to report all communications with Trustees under this Section of the Communications Policy to the Executive Director." Moreover, Section 9 states, "Trustees should refer any investment opportunities or proposals they receive from a service provider or prospective investment manager which may be of relevance to the APFC directly to the Executive Director. The Executive Director will document all investment referrals from a Trustee and any action taken regarding such

Office of the Governor  
February 21, 2025

referrals and provide the Board with a report of such referrals at the next regularly scheduled meeting.”

The Policy should be updated to include instructions on specifically what content should be reported, how soon the communication should be reported, and the method of reporting, such as by email or through a portal. The ambiguity in the existing policy allows for a patchwork of either hallway conversations, emails, or other forms of communication to the Executive Director, which can generate an incomplete record and inconsistent levels of information being recorded regarding different communications.

#### **E. Recruitment, Retention, and Succession Planning.**

1. Staff. Hiring and retaining talented staff is important for the Fund to succeed in its mission. The financial sector is highly competitive, and a state entity like the Fund is not able to move as nimbly as entities in the private sector in acquiring and retaining talent, which can lead to losing out on top candidates. APFC’s private sector competitors can offer lucrative salaries, bonuses, and a quick hiring timeline. In addition to the financial constraints by nature of being a state entity, geography makes recruiting top investment talent to the APFC challenging.

When the APFC looks to fill future open positions, the APFC could consider creating more roles that are permitted to work remotely. This would expand the talent recruitment pool to include individuals who reside and work outside of Alaska. The APFC currently has a few team members who work outside of the state and visit the state as needed, but perhaps this number could be expanded to attract top talent.

The recent change to create an incentive compensation package for both investment and operations staff will also be beneficial to recruitment and retention efforts. Remaining sensitive to these types of issues will be advantageous for recruiting and retaining talent as well as for succession planning.

2. Board of Trustees. For future appointments to the Board of Trustees, consideration should be given to expanding the search criteria to include individuals who have the requisite finance, investment, or other business management experience and education both residing in Alaska and outside of the state. Such an approach would be consistent with governing statutes. Alaska Statute Sec. 37.13.050 states, “(a) The Board of Trustees of the Alaska Permanent Fund Corporation consists of six members appointed by the governor. Two of the members must 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 and may not hold any other state or federal office, position or employment, either elective or appointive, except as a member of the armed forces of either the United States or of this state. (b) The four public members of the board must have recognized competence and wide experience in finance, investments, or other business management-related fields.”

Office of the Governor  
February 21, 2025

An expanded geographic scope may provide a broader field of candidates for consideration who have relevant expertise.

**F. Detailed Orientation and Written Guidance for Trustees.** Understanding the nuances of fiduciary duties in the context of an entity like the Fund can be complicated. More detailed orientation sessions and real-world guidance should be developed for the trustees on this topic. The guidance could come in the form of a question-and-answer document or through illustrations of specific examples of conflicts that may arise in the APFC context. Given the complexity of the Fund's operations and the nuanced determinations that may be required to identify a conflict, providing trustees with more detailed guidance will help educate and inform trustees and allow for the avoidance of doubt in identifying issues that will require further discussion.

When a new trustee joins the Board, all the trustees should go through the fiduciary duty training again as a group. This will remind the trustees of the content covered as well as instill a sense of shared responsibility. Existing trustees may also benefit from hearing the questions and perspectives of new trustees in the course of these training sessions.

Given the unique nature of the Fund, orientation training should also include a discussion on what it means to be an APFC trustee as opposed to a trustee on another state board. Several trustees currently serve on or have served on other Alaskan state boards, which carry different responsibilities when compared with serving on the APFC's board. While the orientation materials require more detail, they still need to be manageable in length.

**G. Continuing Education.** In addition to bolstering the orientation curriculum, a robust continuing education program is critical to the success of the Fund. Such a program should remind trustees and staff about important topics long after the initial orientation program concludes. In addition to keeping staff and trustees up to date on developments in asset classes in which the Fund invests, continuing education should focus on topics, such as what it means to be a fiduciary, how to report compliance related issues, and how to identify and address a real or perceived conflict of interest in the APFC setting. There should also be ongoing leadership training, which will help prepare junior professional staff to grow into more senior roles at the Fund and ease succession planning.

**H. Investment Advisory Group (IAG).** The IAG is a helpful resource for the Board of Trustees. Each IAG member brings a diverse set of experiences and opinions to the table. To enhance the IAG's contributions, it would be helpful if the Executive Director could confer with the Board of Trustees to select which topics would be most valuable or insightful for the IAG members to present on each year.<sup>2</sup> Given how integral the IAG is to the Fund, structured consideration about succession planning and recruitment for these positions would also be beneficial.

**I. Relationship Building.** Given the size of the organization, there is a premium on developing strong and effective interpersonal dynamics within and between the Board of Trustees and the senior staff. While some relationships may develop naturally, other relationships need to be

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<sup>2</sup> The IAG charter states, "At the request of the Board, IAG members may be invited to attend a special board meeting or committee meeting and be requested to present on topics that are to be discussed at the such meetings."

Office of the Governor  
February 21, 2025

cultivated through more intentional efforts. It is our observation that, over the past five years, there have been instances where stronger relationships between and among trustees and senior Fund staff could have created a higher level of trust, which is beneficial in resolving challenges that inevitably arise in such an organization.

Creating additional opportunities to build relationships both between and among senior APFC staff and trustees will likely benefit the APFC's long-term functioning. For example, a trustee/APFC senior staff dinner could be incorporated into the orientation program or as an annual event.

- J. Educating the Public on a Trustee's Role.** There is a perception among some in the public that APFC trustees can and do make individual investment decisions for the Fund. In fact, under the governance structure of the Fund, it is the professional investment staff that make individual investment decisions, while the trustees advise broadly on asset allocation, governance policies, the Executive Director evaluation process, and other matters. There are ways to more clearly convey the roles and responsibilities within the Fund to the public. For example, each time a new trustee is appointed, the accompanying press release could describe what the trustee's role includes, and public-facing fund materials should delineate the role of trustees versus that of the professional investment staff.

Office of the Governor  
February 21, 2025

## APPENDIX A

The state contract’s “Amended Appendix C” outlined the following as the “Scope of Services:”

“At the request of the Governor, the contractor’s services shall provide a review of the framework of the Permanent Fund Corporation and the Board composition, expertise, diversity and succession planning to assess and evaluate the strengths, weaknesses, opportunities, and concerns to make informed strategic decisions including but not limited to the following:

**Governance Review:** Conduct a targeted review of the applicable regulations and governance documents to identify gaps and evaluate options for additional guidance or amendments to policies and bylaws. Provide recommendations and options for improving governance processes and avoiding perceived conflicts of interest and related issues. This review would include interviews with key members of the board and staff and identification of potential additional areas for further review.

Provide periodic updates on the status of the comprehensive review as requested by the project manager.

**Second Phase Governance Review:** In the course of the targeted review of the applicable regulations and governance documents outlined in contract 250000139, WilmerHale identified a number of areas for further review. In the second phase of the governance review, WilmerHale will build on the work completed during contract 250000139 to conduct further research and interviews in these areas for purposes of providing fulsome recommendations on options for improving governance processes and avoiding perceived conflicts of interest and related issues.

The State of Alaska affirms that any correspondence, communications, and related documents are covered by one or all of the following privileges: the attorney-client communication privilege, attorney work product, and the executive privilege. The State will assert the appropriate privileges if a request under the Alaska Public Records Act is received.”