Schwabe, Williamson & Wyatt, P.C.
Report To The
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REPORT OF INVESTIGATION REGARDING TERMINATION OF ALASKA PERMANENT FUND CORPORATION EXECUTIVE DIRECTOR

I. INTRODUCTION

A. Purpose of Investigation as Directed by LB&A

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

B. Scope of Investigation

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

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

II. EXECUTIVE SUMMARY OF FINDINGS & CONCLUSIONS

A. Findings Regarding Evaluation Process and Substantive Evaluation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[1] Rodell Depo. at 7 – 8.

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

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

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

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

resolutions directed the Executive Director to support the need for a rules-based framework in front of the Legislature. She did so, despite what she acknowledges were misgivings about the APFC advocating policy positions in front of the political branches. Some Trustees perceived, fairly or not, that the Executive Director was not advocating forcefully enough for the positions adopted by resolution.

9. In light of the high stakes and politically charged operating environment for anyone serving as the chief executive officer of the APFC, the need to have a fair, objective evaluation instrument that measures performance in relation to clear objectives and implementation of the strategic plan will be critical to preserving the sustained performance and independence of the Fund. The Charter provides a good and effective process for evaluating the performance of the Executive Director. The Trustees should follow the mandates of the Charter to minimize bias and improper attribution of unsupported motives.

III. SPECIFIC FACTUAL FINDINGS AND SUMMARY OF INTERVIEWS

A. The Reasons the Executive Director was Terminated

1. Overview

The Trustees' decision to terminate the Executive Director in December 2021 did not precipitate from any single event or occurrence. Rather, a series of circumstances—many of which were perceived differently by different Trustees—resulted in a majority of Trustees losing confidence in the Executive Director's leadership. This report addresses the most significant issues cited by Trustees as bearing on their loss of confidence and their respective decisions to terminate.

Some of the concerns contributing to the Trustees' loss of confidence were not accurately perceived or supported in fact, but nevertheless appear to have been sincerely held. Other factors contributing to the Trustees' loss of confidence are not in material dispute. For example, both the Trustees and Executive Director acknowledged the existence of stressed relationships between the Executive Director and certain Trustees, and between the Executive Director and some of APFC's investment staff, although the latter relationships appeared to be improving. The Executive Director was not necessarily the cause or source of these stressed relationships, some of which inhered in the structure of the APFC. But the tense relationships, in and of themselves, were cited by several Trustees as important to their deliberations about moving in a new direction. Set forth below are the most significant and/or frequently cited circumstances contributing to Trustee loss of confidence.

2. Stressed Relationship Between Executive Director and Certain Trustees

Among the most frequently cited reasons that Trustees provided for voting in favor of termination related to a stressed or strained relationship between the Executive Director and certain Trustees. The Executive Director's performance evaluations did not suggest a strained relationship with the Board or any individual Trustees prior to 2018.[2] But in that year, evaluator comments for the first time suggested a perceived breakdown in the relationship.[3] One comment noted that the Executive Director's "relationship with the Board varies between Board members."[4] Another comment suggested that "some Board interactions with the [Executive Director] feel hostile," and attributed that hostility to the Executive Director's communications "lack[ing] a certain level of authenticity" and "feel[ing] as if the Board is being managed to the [Executive Director's] agenda[.]"[5] A second Trustee also reported "I often feel I'm being 'managed' -- that information that is delivered, or arguments and responses that are made are designed to achieve a particular outcome and not to have a full review of facts and information."[6]

Several Trustee comments in the Executive Director's 2019 evaluation also suggested tension in the Executive Director's relationship with certain Trustees. One trustee reported their view that the Executive Director's "relationship with the Board of Trustees is broken" and attributed this to the Executive Director "manipulat[ing] the Board," "disregard[ing] guidance," "pursu[ing] her own agenda," and having a "real veracity problem."[7] These serious charges were not accompanied by any actual examples of conduct the evaluating Trustee thought was problematic. Another Trustee commented that the Executive Director could "repair[ ] her relationship with the Board" by working harder to embrace and implement the Board's vision on Senate Bill 26 (related to POMV rules-based draws from the ERA).[8]

The Executive Director's 2020 evaluation report, which was facilitated and prepared by a third party evaluation expert, did not reflect the same level of tension with Trustees. The Executive Director had completed leadership training in 2019, and was making an effort to communicate regularly with the Board with written reports and updates.[9] Trustee Richards testified that the Executive Director's relationship with the Board had improved

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[2] *See* Exhibit 18, APFC Board's Annual Executive Director Evaluation Form for October 28, 2015 – November 30, 2016; Exhibit 20, Annual Executive Director Evaluation Form 2017.
[3] *See* Exhibit 21, Annual Executive Director Evaluation Form 2018.
[4] *Id.*
[5] *Id.*
[6] *Id.*
[7] Exhibit 23, 2019 Executive Director – Board Assessment.
[8] *Id.*
[9] Richards Depo. at 61–62; Rodell Depo. at 26.

during this period.[10] The Executive Director similarly testified that things started improving in early 2020.[11]

The Executive Director's 2021 evaluation report, coordinated and prepared by Vice Chair Mahoney, again reflected tension between the Executive Director and certain Trustees.[12] One Trustee commented that "the Director's relationship with the Board is soured" and that "information that comes to the Board is controlled and manipulated, Board goals are sometimes ignored or even undermined."[13] These serious allegations were not accompanied by any actual examples of conduct the evaluator viewed as problematic.

When asked under oath about tensions in the Executive Director's relationship with the Board, few Trustees would endorse the idea that the Executive Director tried to manipulate the Board, withhold or control information, or pursue her own "agenda." And few endorsed the suggestion that their own personal relationship with the Executive Director was "soured" or "broken." Nevertheless, regardless of its cause, tension between the Executive Director and certain Trustees was real. That tension was observable even to some APFC staff, who commented that the "CEO [is] at odds with [the] Board," the "dynamic between CEO and the Board appears difficult," and the "Board needs to empower the CEO."[14] And the Executive Director herself testified that while her relationship with Trustees really improved in early 2020, by September 2021 "it felt like it all fell apart" and "all felt, starting September 1st [2021], to go off the rails[.]"[15]

Most Trustees agreed that, at least by the time of her evaluation in December 2021, the Executive Director's relationship with at least certain Trustees was strained, and that strain likely impacted her relationship with the Board as a whole. Both the Executive Director and the Trustees provided a number of examples of tense interactions and other circumstances reflecting strain in their relationship.

The Executive Director recounted an executive session meeting with the Board to review her performance evaluation in 2018 or 2019.[16] According to the Executive Director, she was made to sit in a chair in front of the Trustees and told by Trustee Richards to "shut up," not say a word, and just listen to the evaluation.[17] No Trustee recalled the Executive Director being told to "shut up,"[18] a charge that Trustee Richards disputes.[19] But Trustee

[10] Richards Depo. at 61.
[11] Rodell Depo. at 59.
[12] Exhibit 7, 2021 Evaluation Report.
[13] *Id*.
[14] *Id*.
[15] Rodell Depo. p. 59 – 60.
[16] The Executive Director believed the meeting was in 2019. Trustee Moran described a meeting he believed was in 2018 that appears to be the same meeting the Executive Director was discussing.
[17] Rodell Depo. at 32–33.
[18] Mahoney Depo. at 99; Feige Depo. at 21; Moran Depo. at 27; Schutt Depo. at 89.
[19] Richards Depo. at 112.

Richards acknowledged "[t]here was a meeting in which her and I had a pretty sharp exchange where…I made it very clear that it was not her time to speak[.]"[20] And Trustee Moran corroborated parts of the Executive Director's account. At his deposition, Trustee Moran described the evaluation he was "probably most uncomfortable with[.]"[21] "[Trustee Richards] was chairman and [the Executive Director] was asked to come in, and [Trustee Richards] had her sit in a chair…in front of the rest of the trustees and didn't really let her talk much and gave her an evaluation that at the time I didn't think was probably the way it should have been handled because it was something that the vice chairman was supposed to handle."[22] Trustee Moran did not recall the Executive Director being told to "shut up," but believed "it very well could have happened, given the kind…of interaction between [Trustee Richards] and [the Executive Director]."[23] Trustee Feige testified she never witnessed the Executive Director and Trustee Richards act unprofessionally toward one another, but described their interactions as "very tense."[24]

Several Trustees also recounted a tense exchange between the Executive Director and Trustee Mahoney at the Board's 2021 annual meeting in Kodiak. According to Trustee Schutt, the Executive Director "attacked Trustee Mahoney on the record" during discussions about the proposed FY2023 budget, "saying [Trustee Mahoney] had acted in bad faith and…in a manner inconsistent with her fiduciary duty to the fund[.]"[25] Trustee Schutt described the exchange as "unprofessional and uncalled for."[26] Trustee Mahoney recalled that she had "shared [her] concern about an area [of the budget] that [she] thought was too high, and [the Executive Director] lashed out at [her] on the record."[27] Trustee Richards recalled "pretty stern words" exchanged between Trustee Mahoney and the Executive Director.[28] The Executive Director acknowledged she had contentious interactions with Trustee Mahoney related to the FY2023 budget proposal at the 2021 annual meeting and the budget workshops that preceded it, and in an exchange that occurred off the record during a break.[29] But she denied accusing Trustee Mahoney of breaching her fiduciary duties, and she denied engaging in conduct that could reasonably

[20] Richards Depo. at 112. It is not clear that Trustee Richards and the Executive Director are describing the same meeting. The Executive Director and Trustee Moran's recollection was of an exchange that occurred at a performance evaluation. Trustee Richards' recollection is of an executive session meeting in which the Trustees were interviewing a candidate for Chief Investment Officer.
[21] Moran Depo. at 28.
[22] *Id*. at 28.
[23] *Id*. at 27.
[24] Feige Depo. at 21.
[25] Schutt Depo. at 89.
[26] *Id*.
[27] Mahoney Depo. at 57.
[28] Richards Depo. at 69–70.
[29] Rodell Depo. at 84–87.

be characterized as an "attack."[30] Neither the minutes of the 2021 Annual Meeting nor the video recording of that meeting available on APFC's public-facing website contain an exchange between the Executive Director and Trustee Mahoney that can reasonably be characterized as an "attack" or "lashing out." This does not exclude the possibility that the exchange occurred off the record, or at a different meeting, for example at one of the budget workshops that preceded the annual meeting. But no such exchange appears to have occurred "on the record" at the annual meeting, as remembered by Trustees Schutt and Mahoney.

Another example that Trustees pointed to as evidence of a disconnect in their relationship with the Executive Director also occurred at the 2021 annual meeting in Kodiak. The Executive Director invited an executive leadership coach named Al Bolea, with whom she had worked in 2019, to facilitate a discussion with the Trustees about creating alignment between the Board's current priorities, and the priorities officially adopted in the Board's five-year strategic plan and Strategic Planning and Budgeting Policy.[31] The Executive Director explained in an informal interview that her purpose in inviting a facilitator was to tease out the Trustees' collective vision for APFC going forward, *i.e.* whether they envisioned it as a large investment management company, or something more streamlined. The Executive Director suggested that the Board's budgeting decisions around issues like incentive compensation did not always align with stated strategic goals, and resulted in confusion about the Trustees' strategic priorities. She believed a facilitator could help the Trustees and Executive Director be on the same page, "instead of the Executive Director having to guess what the Board was thinking."[32]

The Executive Director's plan to have a third party facilitate a public discussion with Trustees about the alignment of their strategic priorities caught most of the Trustees by surprise. Although the Board Packet each Trustee received prior to the meeting stated that "Al Bolea will facilitate a conversation of creating alignment of the strategic plan priorities with Trustees, APFC Staff, and APFC stakeholders," the agenda item for the discussion stated only "ALIGNMENT OF STRATEGIC PLAN" as presented by "Angela Rodell, CEO."[33] The Executive Director had vetted the idea with then Chair Moran,[34] but the other Trustees were not aware of it. When the Trustees returned from lunch on the second day of the annual meeting on September 29, 2021, the Executive Director introduced Mr. Bolea. The Trustees were confused. Trustee Mahoney testified that she "really didn't understand what was going on because [she] didn't know this person" and

[30] *Id*.
[31] *See* Board Packet for September 28 – 29, 2021 Annual Meeting at p. 394, *available at* *https://apfc.org/report-archive/#14-110-2021*.
[32] Rodell Interview, Feb. 16, 2022.
[33] *See* Board Packet for September 28 – 29, 2021 Annual Meeting at pp. 4, 394, *available at* *https://apfc.org/report-archive/#14-110-2021*.
[34] Moran Depo. at 47.

"didn't realize that the person was a mediator."[35] When Trustee Mahoney learned the reason Mr. Bolea was there, she thought it was an inappropriate way to engage the Board in a major discussion about its strategic plan.[36] Trustee Schutt testified that he thought the Executive Director's decision to bring in a mediator to facilitate a discussion about the strategic plan "without any advance notice…or buy-in of the board" demonstrated a "very significant disconnect."[37] He testified that is was "very embarrassing to everyone involved" and felt that "to bring an unknown consultant into the room without advance warning and agreement of the board is just not an appropriate way to deal with a board."[38] Trustee Feige described the situation as "very uncomfortable," and leaving "everyone on the board…very confused about what is the…real purpose here."[39] Trustee Rieger described the situation as "a curious one," "probably a mistake on [the Executive Director's] part," and "not one of her best short-term decisions."[40] Trustee Richards described "the whole situation with Al Bolea" as "off the charts."[41] He recalled "being pretty upset [at] having a mediation in a public meeting without notice [and] without consent building by the executive director."[42] Trustee Richards testified that the Trustees felt "ambushed" and that the situation reflected a problem with the relationship between the Executive Director and Board such that the Executive Director felt the need for a mediator to facilitate difficult discussions.[43] Ultimately, the Trustees dismissed Mr. Bolea without engaging in the planned discussion and moved on from the agenda item.

The Trustees had differing views on the degree to which that the Executive Director's relationship with the Board had "soured" or was "broken." Trustee Rieger testified that he did not view the relationship as soured and "before the [December 2021] executive session thought that overall the relationships between the board and the executive director were pretty good."[44] Trustee Mahoney testified that she would not use the word "soured," just "tense" to the point that meetings were "really stressful."[45] Trustee Schutt similarly testified that he would not have used the word "soured," but "the notion that there was a strained and deteriorated relationship with the board I would agree with."[46] Trustee Moran testified that he thought the relationship "was broken between the Executive Director and [Trustee Richards] but not the rest of the board."[47] But he acknowledged that

[35] Mahoney Depo. at 57.
[36] *Id*.
[37] Schutt Depo. at 31.
[38] *Id*. at 31 – 32.
[39] Feige Depo. at 82.
[40] Rieger Depo. at 62 – 63.
[41] Richards Depo. at 70.
[42] *Id*. at 72.
[43] *Id*.
[44] Rieger Depo. at 64.
[45] Mahoney Depo. at 77.
[46] Schutt Depo. at 62.
[47] Moran Depo. at 26.

by the time of the 2021 evaluation, and based on comments made in that evaluation, "it was pretty clear at that point that" the Executive Director's relationship with other Trustees was stressed as well.[48] Trustee Feige viewed the Executive Director's relationship with the Board as "good and truly broken."[49]

As noted above, the Executive Director acknowledged a strained relationship with certain Trustees, particularly Trustee Richards. She attributed that strain in part to what she viewed as an effort by Trustee Richards to undermine her authority as Executive Director by speaking directly to APFC staff without her knowledge. In her informal interview, the Executive Director explained that her predecessor had a firm policy that Trustees had to go through the Executive Director for requests to APFC staff. According to the Executive Director, she had the same policy, but Trustee Richards did not respect it, frequently going around her to speak directly with APFC's CIO and others. The Executive Director testified that "it became increasing clear that [she] wasn't being included in a number of conversations" between Trustees and staff "on a number of polic[ies]."[50] Other Trustees corroborated the Executive Director's account. Trustee Schutt testified "I know that [Trustee Richards] talks to the staff. He's said as much…. I try not to talk to staff too much, if at all. Having served on both sides of boards for 20-something years here, I understand the tenuous nature of those conversations for one side or the other or both. Chair Richards clearly has a different approach, philosophy to that."[51] Trustee Moran similarly testified that Trustee Richards had a more expansive view of the duties and responsibilities of the chairman's role, in that "he apparently decided that he would spend more time with the staff and get involved in the day-to-day operations more than [Trustee Moran] felt comfortable with."[52] In Trustee Moran's view, APFC has "a management structure and existing lines of authority and responsibility, and for the chairman of the board of directors to wander around and discuss policies and things without going through the proper channels just creates confusion."[53] Trustee Richards acknowledged that as Chair he started reaching out directly to APFC's CIO "probably once a quarter," usually to talk about "matters involving the agenda packet," but also regarding the CIO's "vision for the fund and some things he wanted to do as relates to platform investing," once or twice for "an update on the in-state investment program," and once or twice about the Executive Director's performance.[54]

The Executive Director explained that she also felt that Trustees were undermining her authority when they considered a proposal to have the CIO report directly to the Board,

[48] Moran Depo. at 58.
[49] Feige Depo. at 89 – 90.
[50] Rodell Depo. at 26.
[51] Schutt Depo. at 26.
[52] Moran Depo. at 81–82.
[53] *Id*. at 82.
[54] Richards Depo. at 18 – 20.

rather than to the Executive Director.[55] Trustee Richards acknowledged that proposal was intended to "take the [Executive Director] out of the investment process" as a way to relieve tension with the CIO.[56] The Trustees ultimately did not approve that proposal, but they adopted a procedure in which disputes between the Executive Director and CIO about investment decisions would be reported to the Board for a final decision.[57]

3. Stressed Relationships with Investment Staff

Another reoccurring theme expressed by Trustees as influencing their termination decision was ongoing stress involving investment staff relationships. There were several aspects to this stress, much of which was a persisting institutional problem related to the structure of the APFC itself.

One aspect was what the Executive Director, the Trustees, and staff referred to as a "silo" effect within the APFC. The "silo" effect was a disconnect between investment staff on the one side, and operational staff on the other. The Executive Director explained that this was a long-standing institutional problem that predated her tenure: "[w]hen I came into APFC, I found a very siloed, dysfunctional organization that didn't talk to each other, that really sort of lacked respect for each other's functions."[58] She described the problem as "a sheer lack of interpersonal communication between different teams within APFC. So if there was any communication, it tended to be through email. And there was very little collegiality of any kind."[59] When she was hired, the Executive Director believed her leadership team's "number one job [was] to get rid of this feeling, this feeling like we are not colleagues, that we are not in the trenches together[.]"[60] Trustee Richards similarly testified that "everybody knows that [silos between the two sides of the house is] an issue with the organization. And to be fair, it predates Ms. Rodell."[61]

The Executive Director took a number of steps to address the siloing issue. She obtained approval for a capital budget and oversaw the renovation of APFC's offices from an L-shaped facility in which it was "easy [for staff] to walk in, walk into [their] office, close the door, close the blinds and never see or talk to another person the entire day and then leave again" into an open floorplan where "you can see and hear everything going on [and] there is a lot of transparency."[62] The Executive Director also established an investment committee comprised of both investment staff and operational staff as "a way to share knowledge and understanding and increase communication across [the] silos as a

[55] Rodell Depo. at 112 – 116.
[56] Richards Depo. at 115.
[57] *Id*.; Moran Depo. at 86.
[58] Rodell Depo. at 10.
[59] *Id*. at 64.
[60] *Id*. at 66.
[61] Richards Depo. at 52.
[62] Rodell Depo. at 65–66.

way to help fix that problem."[63] Trustee Richards testified that this latter effort may actually have been counterproductive, because investment reported to him they were frustrated by having to "sit through this long meeting every Friday" to review their investment decisions with the investment committee, when the investment committee was "pretty disempowered" and the "outcome was going to be what it was already going to be."[64]

A second persistent source of stress involved APFC staff and their counterparts at the Department of Revenue. Trustee Moran described the issue as "chronic" and testified that it "came up pretty regularly in the time [he] was there."[65] Trustee Moran explained that APFC and the Department of Revenue have a number of functions that are very similar, so when there is a "divergence between the compensation of certain people in the Alaska Permanent Fund versus what's the compensation at the Department of Revenue, especially when someone from the Department of Revenue applies for an open position at the Alaska Permanent Fund and moves over there for a higher salary, there is a little bit of stress between the two organizations."[66] According to Trustee Moran, the issue "comes up pretty frequently right around budget time."[67] Trustee Schutt also addressed this issue. He explained that APFC competes for investment staff with "large institutional investors [who] compensate at a lot higher levels than [APFC]."[68] The Executive Director and some Trustees thought APFC should have the ability to compete by offering somewhat higher compensation packages.[69] But not all Trustees agreed. For example, Trustee Mahoney had "a dual role and has employees in sort of the same two classes at some level as the Permanent Fund. And so she was carrying kind of the state perspective…; is it fair that Department of Revenue employees who do the same functions are slotted in as state employees in the same classification."[70] The Trustees' annual meeting in Kodiak in September 2021 provides an illustration. APFC's FY2023 budget was under consideration.[71] The proposed budget that was on the table was the product of several Trustee workshop sessions in the weeks preceding the annual meeting. The proposed budget included funds to hire additional investment staff, and funds for APFC's incentive compensation program. Trustee Mahoney, who also was Commissioner of the Department of Revenue, opposed the budget in part because of how the compensation of APFC investment staff would be perceived by Department of Revenue employees who performed substantially similar functions for less money. Trustee Feige, Commissioner of the

[63] Rodell Depo. at 10.
[64] Richards Depo.at 24.
[65] Moran Depo. at 65.
[66] *Id*. at 65–66.
[67] *Id*. at 66.
[68] Schutt Depo. at 24.
[69] *Id*.
[70] *Id*. at 24.
[71] *See* Video Recording of September 28–29, 2021 Annual Meeting, Kodiak, *available at https://apfc.org/bot-video-archive/*.

Department of Natural Resources, joined Trustee Mahoney in opposition. Ultimately, the majority of the Board supported the proposed budget, and Trustee Mahoney's amendments to reduce the budget did not pass.[72] But the Executive Director and several Trustees cited the exchange as an example of stressed or strained relationships.

A third source of stress was an apparent resentment that some investment staff felt when the Executive Director reviewed their investment decisions. Trustee Moran explained that this tension arose because "the investment people don't always get what they want."[73] But in his view, it was just the "general give and take that goes on in any organization like [APFC] where you have got a pretty sophisticated and comprehensive set of internal controls and established lines of authority, and sometimes people get upset with some of the control that's placed on them."[74] It was nothing "out of the ordinary".[75] The Executive Director "didn't feel [she] had a strained relationship with members of the investment staff."[76] She testified that "at times there were professional differences" and "at times [members of the investment staff] resented that [she] held them to a high standard of performance and behavior in the office … but it didn't seem to hinder performance."[77] The Executive Director testified that she did at one point have a strained relationship with APFC's CIO, Marcus Frampton.[78] She attributed the strain to the fact that she "did not do a good job of laying down [her] expectations for him in how to conduct his role… that [she] expected him to step up, take over the investment group, manage it, figure out what was needed, run it, tell [her] what he needed, and it was his."[79] The Executive Director stated that "caused strain" because she and Mr. Frampton "reached a point where [they] were sort of talking past each other."[80] And this strain was exacerbated by the fact that the CIO "was talking directly to the trustees and not talking to [the Executive Director]," which created a "sense of distrust and disengagement."[81] However, the Executive Director testified that she made a concerted effort to work on her relationship with and empower Mr. Frampton, and their relationship improved.[82] The Trustees also attempted to relieve what they perceived as tension by establishing a mechanism for resolving disagreements between the CIO and the Executive Director over investment decisions. After a failed proposal to take the Executive Director "out of the investment process" by having the CIO report directly to the Board,[83] the Trustees adopted a procedure in which disputes between

[72] *Id*.
[73] Moran Depo. at 60.
[74] *Id*.
[75] *Id*.
[76] Rodell Depo. at 134.
[77] *Id*. at 134.
[78] *Id*. at 96.
[79] *Id*. at 96–97.
[80] *Id*. at 97.
[81] *Id*.
[82] *Id*. at 97–98.
[83] Richards Depo. at 112–116.

the Executive Director and CIO about investment decisions would be reported to the Board for a final decision.[84]

Trustee Richards described strain with investment staff as a "reoccurring issue" that the Trustees asked the Executive Director to work on through executive leadership training in the 2018 – 2019 timeframe, "to work on her relationship with the investment staff and to also work on trying to tear down the siloing between the two sides of the house."[85] Trustee Richards also testified that he was concerned about the persistence of the problem in 2020 and 2021 when APFC staff started participating in the Executive Director's evaluation and ratings from investment staff were consistently lower than other APFC staff.[86] Trustee Schutt testified that "the investment staff was generally very unhappy with the relationship with [the Executive Director]" but he was "not sure of the specifics necessarily."[87] He did not know "what the driver of that" was.[88] Trustee Schutt acknowledged that this assertion was not based on his own personal knowledge. Instead, he received his information from Trustee Richards: "There was a sense or expression from probably Chair Richards who presumably had direct conversations with Marcus Frampton, the CIO, that he was very dissatisfied with their relationship, and there was some fear that that could lead to a departure of the CIO, which would be a very large problem for the fund."[89] Trustee Schutt did testify, however, that the tension between the Executive Director and Mr. Frampton was observable: "I could definitely see from body language and just the general demeanor of Mr. Frampton and Ms. Rodell that they had tension between them in the meetings. You could see the tension as between them."[90]

Trustee Mahoney testified that she "was really concerned about the conflict and the stress that [she] sensed from the 360 review from the investment staff."[91] In 2020, average ratings from investment staff who completed the Executive Director evaluation ranged from 2.5 – 3.25 on a scale of 5 across fourteen categories, compared with 3.5 – 4.83 for operations staff, and 2.89 – 3.89 for all evaluators.[92] In 2021, the Executive Director's overall rating from members of the investment staff who took the survey was 3.0, compared with 4.3 from operations staff, and 3.6 from all evaluators.[93] Trustee Mahoney explained that is was important to her for the investment staff to "have a really collaborative, cohesive working relationship with the executive director."[94] "Based on what [she] read" in the 360

[84] *Id*.; Moran Depo. at 86.
[85] Richards Depo. at 51.
[86] *Id*. at 59.
[87] Schutt Depo. at 26.
[88] *Id*. at 26.
[89] *Id*. at 26.
[90] *Id*. at 27.
[91] Mahoney Depo. at 49.
[92] *See* Exhibit 4, 2020 Evaluation Report.
[93] *See* Exhibit 13, 2021 Evaluation Report, Weighted Average Results by Group.
[94] Mahoney Depo. at 49.

survey results, she was "concerned that it could possibly impact attrition, meaning they would leave, and that would negatively impact returns."[95] Trustee Feige testified that in 2021 she "personally was still seeing the tension at the quarterly board meetings between investment staff" and the Executive Director.[96]

While some Trustees were concerned about Ms. Rodell's relationship with the investment staff, several Trustees did not put any, or much, weight on the financial performance of APFC when evaluating Ms. Rodell's performance. Trustee Richards did not think that Ms. Rodell "was directly correlated enough to returns that it was viewed as a particularly important factor in terms of her individual evaluation."[97] This was because, in Trustee Richards' view:

> the Executive Director and the trustees aren't really involved in the investments decisions. So really the way that they would impact fund performance is more of an atmospheric kind of thing. Is it a happy place to work and therefore you retain people? Are people being well compensated? Are people getting the IT support they need? These are things that certainly influence the success of the organization, but they are not things that are directly impacting any one investment decision or a series of investment decisions or even the performance of an individual asset class.[98]

Other Trustees had similar viewpoints. Trustee Schutt testified that APFC's financial performance had "zero" impact on his evaluation of Ms. Rodell's performance because it was a "function of the team" and "[t]he market itself in that era coming up to, you know, January of this year was just riding an extraordinary set of circumstances."[99] Trustee Mahoney testified that the Trustees talked about the "exceptional returns," but also explained that:

> the thing to remember and the thing that you need to think about is the returns are delivered by 51 people working at the Permanent Fund Corporation, not one person. The Executive Director doesn't singlehandedly deliver performance. There is a group of investors. They are the ones that are making the buy/sell transaction decisions. They are the ones that are selecting the private equity investments, the managers.

[95] Mahoney Depo. at 50.
[96] Feige Depo. at 35.
[97] Richards Depo. at 42-43.
[98] *Id*. at 43.
[99] Schutt Depo. at 42.

> I mean, there are so many components associated with delivering returns. It's a team. It's a whole team that makes that happen. And so she was a part of that team, no doubt, but she was also not allowed to be involved in the investment decisions. And that was a decision that had been made.[100]

Trustee Feige identified the APFC's financial performance as "one metric, and it's a metric knowing that she's part of a team."[101] Trustee Rieger also testified that APFC's financial performance was a "team effort" and that he "looked at her job as mainly in areas other than investment performance. But obviously the scope included everything, so it wasn't like it didn't, but that was just one -- it was just one part of a much bigger set of requirements."[102] Trustee Moran testified that he raised APFC's financial performance during Ms. Rodell's evaluation in 2021 and that, in his view, "Angela's performance had been exceptional and she had been one of the key principals in achieving record returns over one-, three-, five-, and ten-year time frames against both the benchmarks and against the -- as a comparison against large sovereign wealth funds."[103]

4. The Executive Director's FY2023 Budget Proposal

One of the Executive Director's primary responsibilities is developing APFC's operating budget and recommending it to the Board of Trustees for approval.[104] After Board approval, the budget is submitted to the Governor, subjected to his or her revisions, and ultimately included as part of the Governor's proposed budget to the Legislature.

The Executive Director had accomplished important budgeting goals for the APFC, including obtaining approval by the Governor and the Legislature of an incentive compensation program for APFC's investment staff, and obtaining a capital budget to renovate APFC's offices. However, several Trustees were critical of the budget the Executive Director developed and recommended to the Board in 2021 for FY2023. The Executive Director's proposed FY2023 proposed budget included fifteen new hires, including seven new investment staff and eight new operational staff.[105] The proposal would have represented a 25% staffing increase for the 60-person organization.[106] Several Trustees viewed the proposed budget as excessive and not well vetted prior to presentation to the Board. Trustee Richards described the proposal as "obviously…a negotiation point to try to negotiate down" and viewed it as an example of the Executive Director "managing

[100] Mahoney Depo. at 28.
[101] Feige Depo. at 93.
[102] Rieger Depo. at 73-74.
[103] Moran Depo. at 56.
[104] Charter of the Executive Director, ¶ 17.
[105] Richards Depo. at 29; *see also* APFC FY2023 Proposed Budget, *available at https://apfc.org/report-archive/#14-110-2021*.
[106] Richards Depo. at 29.

the information coming to the board" in service of her own agenda.[107] Trustee Mahoney reported being confused by the proposal because the numbers were so high, and felt like the Executive Director was "using the board to make the tough decisions about the budget versus making them herself."[108] Trustee Feige testified that she was "not pleased at all with the amount of rigor that was put into the development" of the FY2023 budget, and that she expected more out of a CEO, "especially when we are talking about adding 15 people."[109] Budgeting issues did not factor into Trustee Schutt's evaluation of the Executive Director's performance, but he viewed the proposed FY2023 budget as "tone deaf" and not politically feasible at a time when oil prices were low and the State was facing budget deficits.[110] Trustee Moran recalled that the proposed budget generated a "fair amount of negativity" from other Trustees, though he did not feel that way.[111]

The Executive Director acknowledged in her informal interview that the FY2023 budget proposal presentation was "not one of her better presentations." She recognized that it was a "huge ask" – both in terms of added positions and increased salaries – and that it was intentional to "tease out where the Board wanted to go." For example, if the Trustees wanted to make a big investment into private and public markets, that required additional back office, operational staff. She wanted the Trustees to understand what that would look like. In her deposition testimony, the Executive Director testified that she regretted that she did not "take a scalpel" to the FY2023 budget before presenting it to the Board.[112]

5. Statements by the Executive Director that Trustees Perceived as Political

The Executive Director made two public statements in 2021 that some Trustees perceived as improperly political, and which factored into their loss in confidence in the Executive Director's leadership.

In June 2021, the deadline for the state to pass a budget without interrupting government services was approaching, and a budget impasse was raising the specter of a government shutdown. On June 18, 2021, the Executive Director issued the following press release explaining the negative consequences that a shutdown would have on APFC's operations and investments:

[107] Richard Depo. at 28–29.
[108] Mahoney Depo. at 54.
[109] Feige Depo. at 74.
[110] Schutt Depo. at 60 – 61.
[111] Moran Depo. at 45.
[112] Rodell Depo. at 69 – 86.

News Release
For Immediate Release: June 18, 2021
Contact: Paulyn Swanson, 907.796.1520

Alaska Permanent Fund Corporation prepares for Government Shutdown

Juneau – Chief Executive Officer Angela Rodell announced today that the Alaska Permanent Fund Corporation (APFC) is taking steps to ensure that the Alaska Permanent Fund and money managed on behalf of the Alaska Mental Health Trust Authority are prudently overseen in the event of a government shutdown.

The Chief Executive Officer and her staff have been diligently working to ensure that a business continuity plan is in place to protect the assets should there be a government shutdown. This includes ensuring that protocols with the Fund's custodial bank are in place and that the ability to transfer money and make payments under existing agreements are secured.

It is important to note that this plan does not provide for the active, forward-looking investment of the Fund that the Corporation engages in daily. Based on the advice received from the Department of Law, it is anticipated that during a shutdown, no new investments will be pursued. Therefore, there can be no assurance that a government shutdown will not have a material impact on the earnings and performance of the Fund.

CEO Angela Rodell asserts, "This is the second time in 5 years we have had to take these steps. The State depends on us more than ever, so this is a high-stakes game being played with serious impacts on the lives of every Alaskan, which could be felt for a long time to come. I encourage everyone to get back to the table so that we can continue to do our work uninterrupted and generate revenue for the State of Alaska."

The APFC staff manages and invests the assets of the Alaska Permanent Fund and assets on behalf of the Alaska Mental Health Trust Authority; they are among the many state employees who got lay-off notices. The unaudited market value of the Fund is currently over $ 80 billion, an all-time high.

The Executive Director had issued a substantially similar press release four years earlier in the face of a possible shutdown during the Walker administration:

News Release
For Immediate Release: June 8, 2017
Contact: Paulyn Swanson, 907.796.1520

Alaska Permanent Fund Corporation prepares for Government Shutdown

Juneau – Chief Executive Officer Angela Rodell announced today that the Alaska Permanent Fund Corporation (APFC) is taking steps to ensure that the Alaska Permanent Fund and money managed on behalf of the Alaska Mental Health Trust Authority are prudently managed in the event of a government shutdown.

The Chief Executive Officer and her staff have been diligently working to ensure that a business continuity plan is in place to protect the assets, should there be a government shutdown. This includes, ensuring that protocols with the Fund's custodial bank are in place and that the ability to transfer money and make payments under existing agreements are secured.

It is important to note that this plan does not provide for the active forward looking investment of the Fund that the Corporation engages in on a day to day basis. Based on the advice received from the Department of Law, it is anticipated that during a shut-down no new investments will be pursued. There can be no assurance that a government shutdown will not have a material impact on the earnings and performance of the Fund for Fiscal Year 2018.

The APFC staff manages and invests the assets of the Alaska Permanent Fund and assets on behalf of the Alaska Mental Health Trust Authority; they are among the many state employees who got lay-off notices. Ms. Rodell is hopeful that the legislature will reach an agreement and fully fund a budget prior to July 1, so that the Alaska Permanent Fund Corporation can continue to strive for excellence in the management and investment performance of the Fund.

The unaudited market value of the Fund is currently $59.8 billion, an all-time high. In the past five years, active management of the Fund's assets by APFC staff has generated an additional $4.1 billion in value for Alaska's Future.

When the Executive Director issued the press release in 2017, no Trustees raised any concerns about it being political or improper. In addition, on June 22, 2021, four days after the June 18, 2021 press release, the Executive Director and Chair Moran jointly circulated a more comprehensive memo to the Governor, the Senate President, and the Speaker of the House, addressing the risks of a government shutdown to APFC.[113] No Trustees objected to that memorandum, either. And no Trustee testified that they thought the June 22, 2021 memo was problematic or improperly political.

[113] *See* Exhibit 25, APFC Memo to Gov. Dunleavy, Sen. Micciche, and Rep. Stutes (June 22, 2021).

Nevertheless, several Trustees testified that they viewed the Executive Director's June 18, 2021 press release as overtly and improperly political, and unnecessarily drew APFC into a dispute between the executive and legislative branches.

Trustee Richards testified that he "rolled [his] eyes" and "thought [the Executive Director] was playing games" when he saw the press release, because he knew how the process worked, having been a commissioner in the Walker administration.[114] "People that are key to managing the fund's assets are just going to be declared as essential."[115]

Trustee Feige testified that the press release was "wildly inappropriate," "absolutely out of bounds" and that she was "absolutely furious."[116] She felt that it should have been cleared by the Board before going out.[117] She also believed it had an adverse impact on the Fund by "unnecessarily frighten[ing] the public," and that "at no time was it ever remotely contemplated that the APFC investment staff and the corporation would not be considered essential."[118] Trustee Feige viewed the press release as a "significant marker that [the Executive Director] did not believe she was accountable to the board" and it "cast doubt…on her judgment."[119] Trustee Feige further testified that "for an organization that works very hard in a very political world to be apolitical, [the press release was] about as political as it gets."[120] Despite her strong reaction, Trustee Feige testified that she did not raise her concerns with the Executive Director or the Board of Trustees at the time.[121]

Trustee Schutt was also troubled by the press release. He thought it was incorrect because APFC would be able to designate essential employees to keep the corporation running and manage investments.[122] Trustee Schutt viewed the press release as a kind of empty and inaccurate threat and "to use that as a lever in that public debate…was a very poor choice and over the line."[123] In his view, it was a "serious problem" that "undermine[d] the credibility of the fund" and a decision that should have been cleared in advance with the Board.[124]

Trustee Rieger testified that his reaction to the press release was focused on the merits, and what APFC could do to manage in the event of a government shutdown.[125] It did not occur to him at the time to react to whether it was prudent or imprudent, but "in

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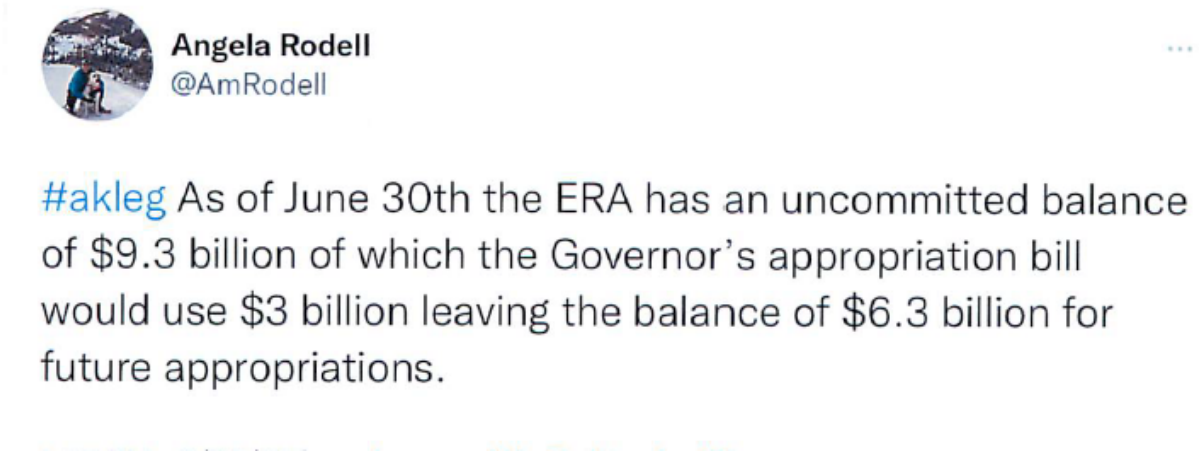
[114] Richards Depo. at 94.
[115] *Id*.
[116] Feige Depo. at 59.
[117] *Id*. at 59.
[118] *Id*.
[119] *Id*. at 60.
[120] *Id*.
[121] *Id*. at 59–60.
[122] Schutt Depo. at 29.
[123] *Id*. at 30.
[124] *Id*. at 30–31.
[125] Rieger Depo. at 66–67.

retrospect" he could "see how this might have been the kind of thing someone was worrying about."[126] Trustee Rieger explained that "the whole idea of a government shutdown has a lot of political charge to it. And so anything that has a political charge [to it he] like[s] to see the Permanent Fund stay out of" because "part of our job is to stay out of the fray."[127]

Trustee Moran testified that nobody expressed any concerns to him about the press release until October.[128] He acknowledged that the press release was "perceived by some as a criticism of either the legislature or the executive branch," but he viewed it as "just a statement of the issues."[129] For her part, the Executive Director explained that she felt she had the authority to issue press releases like this within her role as spokesperson for APFC under the Charter.[130] She had issued a similar press release during a budget impasse under the Walker administration.[131]And her goal was to protect the Permanent Fund from the negative impacts of a government shutdown by signaling to the Governor and the Legislature the importance of passing a budget.[132]

The other event that some Trustees perceived as improperly political involved a tweet the Executive Director issued during a legislative presentation by the OMB Director. On August 20, 2021, Governor Dunleavy's OMB Director Neil Steininger was giving a budget presentation to the House Finance Committee. The Committee asked the Mr. Steininger what the balance of the Earnings Reserve Account would be if the Legislature adopted the Governor's proposed appropriation bill. Mr. Steininger did not have that figure readily available. The Executive Director, who was watching the presentation remotely, then published the following tweet:

[126] Rieger Depo. at 67.
[127] *Id*. at 67.
[128] Moran Depo. at 49.
[129] *Id*. at 50.
[130] Rodell Depo. at 80–81; *see also* Exhibit 1, Alaska Permanent Fund Corporation Board of Trustees Charters and Governance Policies dated September 24, 2020.
[131] Rodell Depo. at 80–81.
[132] *Id.*



Trustee Richards characterized the tweet as a "very political," unprofessional, "back-handed critique of the Governor."[133] A member of the Governor's staff, Brandon Brefczynski reached out to Trustee Mahoney to express the administration's displeasure with the tweet.[134] Trustee Mahoney did not personally find the tweet problematic and trusted that the Executive Director's numbers were correct.[135] But she conveyed the administration's concerns to the Executive Director and advised her to be "mindful" of how her public statements could be perceived.[136] The Executive Director characterized the conversation differently. According to her deposition testimony, Trustee Mahoney called more than once to "warn" her to "watch her back."[137] The Executive Director testified that the repeated warnings to "watch her back" put her on edge, and made her feel "physically threatened."[138] She offered to tender her resignation, but Trustee Mahoney told her that was not necessary.[139]

The foregoing were the bases for termination cited as most significant, or most frequently, by Trustees, but it is not a comprehensive list of the concerns that Trustees testified to at their depositions. Additional concerns are addressed below.

B. Each Trustee's Reason for Termination

As noted above, there was no consensus among the Trustees as to a specific incident or reason for terminating the Executive Director. Each Trustee had differing views and assigned different import to varying aspects of the Executive Director's performance.

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[133] Richards Depo. at 87.
[134] Mahoney Depo. at 59 – 63.
[135] *Id*. at 62–63.
[136] *Id*.
[137] Rodell Depo. at 143.
[138] *Id*. at 144.
[139] *Id*. at 143.

1. Trustee Moran

William Moran served as an APFC Trustee continuously from 2006 through June 2022. His tenure spanned the entire period during which Ms. Rodell was Executive Director. Mr. Moran was the lone vote against termination. In his view, Ms. Rodell's performance had been exceptional, and she deserved credit as one of the key principals in achieving record returns, as measured both against one-, three-, five-, and ten-year benchmarks, and compared with other large sovereign wealth funds.[140] Mr. Moran described these achievements as "spectacular" and noted that APFC's advisors were very complimentary of the whole organization.[141] Until Ms. Rodell's evaluation in 2021, Mr. Moran had not considered her relationship with Trustees to be stressed.[142] But it became clear to him through that evaluation process that her relationship with some Trustees was indeed stressed, based on the trustee responses to the evaluation survey and discussions in executive session.[143] Mr. Moran did not agree with Trustee comments that Ms. Rodell lacked candor, controlled information, or pursued her own agenda.[144] He maintained confidence in her leadership.[145] Although he disagreed with the substantive criticisms and the decision to terminate, he did not have concerns about how the decision was reached.[146] In his view, the Trustees who voted to terminate Ms. Rodell were acting in good faith in furtherance of what they viewed as being in the best interests of APFC.[147] He did not believe that the commissioner trustees or any others were taking direction from the Governor's office or acting on the Governor's behalf.[148] In addition, a number of Trustees cited comments made by Mr. Moran in executive session as confirming their inclination to move in a new direction. According to these Trustees, Mr. Moran commented that the issues other Trustees were raising with Ms. Rodell's leadership were part of who Ms. Rodell was as a person, and were not likely to change.[149]

2. Trustee Richards

Craig Richards served as an APFC Trustee in one of the commissioner seats under Governor Walker from October 28, 2015 until June 23, 2016, when he resigned as Attorney General. Governor Walker re-appointed Mr. Richards to the Board of Trustees on December 28, 2017. Governor Dunleavy re-appointed Mr. Richards for a four year term

[140] Moran Depo. at 56.
[141] *Id*. at 56.
[142] Moran Depo. at 58.
[143] *Id*. at 58.
[144] *Id*. at 59.
[145] *Id*. at 53.
[146] *Id*. at 89.
[147] *Id*.
[148] *Id*.
[149] Mahoney Depo. at 86; Feige Depo. at 90.

beginning July 1, 2021. Mr. Richards served as Board of Trustees chair from September 27, 2018 through September 24, 2020, and again from September 29, 2021, onward.

Mr. Richards reported having a myriad of concerns about the Executive Director's performance, candor, and alignment with Board priorities. He reported that he had concerns about Ms. Rodell's performance as Executive Director as early as 2016. At that time, Mr. Richards was working on the Alaska Permanent Fund Protection Act (APFPA) in his role as Attorney General in the Walker administration.[150] The proposal provided for, among other things, a rules-based framework for drawing on the Permanent Fund's investment returns to pay for government services. According to Trustee Richards, APFC's independent consultant Callan Associates presented a revised forecast of Earnings Reserve Account returns that impacted work Mr. Richards was doing on the APFPA. Mr. Richards was concerned that the revised forecast was an attempt to put a finger on the scale of the debate over the APFPA.[151] He discussed the issue with the Executive Director and was confused by her response, and why Callan Associates was issuing revised forecasts outside of its usual forecasting cycle.[152] Mr. Richards testified that, even today, he does not know or believe that the Executive Director or Callan Associates was doing anything wrong.[153] And there was no evidence substantiating his concern. But the issue appears to have set his relationship with the Executive Director on a difficult course.

Trustee Richards' early concerns also involved an Earnings Reserve Account durability analysis that Ms. Rodell commissioned from Bridgewater Associates and presented at the APFC's quarterly meeting in December 2017.[154] The analysis subjected the Earnings Reserve Account to stress tests based on a spending framework under consideration by the Legislature, and concluded that the ERA failed the stress test 48% of the time. Mr. Richards reported that the Executive Director was not helpful in seeking or providing additional insight into Callan's and Bridgewater's analyses, and, in his view, "actively attempted to prevent" additional financial modeling that would have brought more light to the analyses.[155] Ultimately, Trustee Richards worked directly with APFC's Chief Investment Officer Marcus Frampton to obtain additional modeling, which Trustee Richards believed the Executive Director tried to prevent.[156]

Trustee Richards had other wide-ranging concerns and criticisms of the Executive Director's performance. He believed she had a tendency to resist Board direction she did

[150] Richards Depo. at 10 – 13.
[151] *Id*. at 11.
[152] *Id*. at 11–12.
[153] *Id*. at 14.
[154] *See* James Brooks, *Alaska Permanent Fund Fails 'Stress Test' 48 Percent of the Time*, JUNEAU EMPIRE, (Dec. 12, 2017, 11:18 a.m.), https://www.juneauempire.com/news/alaska-permanent-fund-fails-stress-test-48-percent-of-the-time/.
[155] Richards Depo. at 31.
[156] *Id*.

not agree with, and to control the flow of information in order to achieve her desired results. He provided several examples. One area he believed that the Executive Director actively resisted Board direction was in advocating that the Legislature adopt a rules-based percent of market value framework for withdrawals and transfers from the Earnings Reserve Account.[157] In 2018, the Trustees adopted Resolutions 18-01 and 18-04, both of which established APFC's official position as supporting a rules-based framework for ERA withdrawals, and directed the Executive Director to advocate that position in front of the legislature. Trustee Richards testified that "there was a long time where [the Executive Director] was against that and kind of refused to carry that message."[158] The Executive Director testified that she agreed with the substance of the resolutions, *i.e.* with the rules-based approach to ERA withdrawals.[159] But she did not agree with the approach adopted by the Board to advocate for these policies in the political arena.[160] She was concerned that APFC could get drawn into political disputes and that would be detrimental to the Fund.[161] Nevertheless, once it was official Board policy, she in fact advocated for the Trustees' priorities in presentations to the Legislature.[162]

Trustee Richards also testified that he believed the Executive Director was not fairly presenting information about the costs of opening an APFC office in Anchorage. The five year strategic plan adopted by the Board called for the Executive Director to investigate the feasibility of APFC opening an office in Anchorage.[163] Trustee Richards believed that the Executive Director "went out of her way to make it look a little more expensive and throw a little cold water on it."[164] The Executive Director acknowledged at her deposition that she thought opening an Anchorage office was a bad idea and would be a waste of APFC resources.[165] In her view, APFC would have been better served by opening an office "in places you are making a lot of investments," like New York, Chicago, Nashville, or Toronto, and "having two offices in Alaska felt like a waste of money."[166] But she nevertheless directed APFC's Director of Business Operations Sara Race, and Human Resources Director Chad Brown to prepare a cost proposal for the Board.[167] The Executive Director told Ms. Race and Mr. Brown to "follow all the same rules" they were following in pricing out other potential office locations.[168] She testified that Mr. Brown obtained information for the cost analysis directly from the Alaska Department of Transportation

[157] Richards Depo. at 53.
[158] *Id*. at 92.
[159] Rodell Depo. at 18.
[160] *Id*. at 17.
[161] *Id*. at 17–18.
[162] *Id*.
[163] Richards Depo. at 29.
[164] Richards Depo. at 30.
[165] Rodell Depo. at 61.
[166] *Id*. at 61–62.
[167] *Id*. at 62.
[168] *Id*.

and Public Facilities, and passed the figures on to the Board.[169] They were not manipulated.[170] The Executive Director testified that she told Ms. Race and Mr. Brown she disagreed with opening an Anchorage office, but did not suggest they structure the cost analysis in a way to make it seem more expensive than it really was.[171] When Ms. Race and Mr. Brown completed the cost analysis, the Executive Director reviewed it but did not make any revisions before providing it to the Board.[172] No other Trustee believed the Executive Director manipulated the cost analysis, and no evidence was provided that substantiates that conclusion. Nevertheless, Trustee Richards' suspicion that that was the case appears to have been a material factor in his skepticism of the Executive Director's candor.

Trustee Richards also cited the Executive Director's FY2023 budget proposal as an example of what he viewed as the Executive Director controlling information presented to the Board in order to advance her priorities, instead the Board's priorities.[173] He viewed the budget proposal as "obviously…a negotiation point".[174]

Trustee Richards testified to a number of concerns he had with the Executive Director's relationship with investment staff, including its Chief Investment Officers. He believed that APFC's former CIO Russell Read left the corporation in part because of a difficult relationship with the Executive Director: "Russell Read left, which was a big deal. Certainly [the Executive Director's] dynamic with Russell and their relationship was a contributing factor in his leaving."[175] Trustee Richards testified that the Executive Director engaged in "unbecoming" conduct when the Trustees were interviewing Marcus Frampton for the open CIO position in 2018.[176] According to Trustee Richards, the Executive Director interrupted Mr. Frampton during his interview and "called him a liar during his own interview in front of the whole board, and that did not go over well."[177] The Executive Director acknowledged at her deposition that she "did interject on an answer [Mr. Frampton] was giving" and "apologized to him afterwards because [she] shouldn't have done that."[178] But the Executive Director denied that the exchange was unprofessional and did not recall using language that could have been construed as calling Mr. Frampton a "liar."[179] And no Trustee ever discussed the issue with her as a matter of concern.[180] Trustee

[169] Rodell Depo. at 62.
[170] *Id*. at 62–63.
[171] *Id*. at 63.
[172] *Id*.
[173] Richards Depo. at 29.
[174] *Id*.
[175] *Id*. at 35.
[176] *Id*. at 36.
[177] *Id*. at 37.
[178] Rodell Depo. at 95.
[179] *Id*. at 96.
[180] *Id*. at 96.

Richards testified that he believed the exchange was part of the reason there was "negativity…reflected in the survey results" for the Executive Director's 2018 performance evaluation.[181] Trustee Richards testified that there was discussion among the Trustees in 2018 and/or 2019 about terminating the Executive Director.[182] Trustee Richards was "on the fence" and "might have been there for it" if a majority of the Board supported that decision.[183] But Trustee Richards "didn't focus on it" because "the support wasn't there with a majority of the trustees."[184] Trustee Richards testified that since the Board did not support termination, "the important thing was to work on the problems."[185]

Trustee Richards testified that he was leaning towards termination going into the December 2021 executive session in which the Trustees would be discussing the Executive Director's performance evaluation.[186] Trustee Richards was leaning in that direction "for the same reasons and all the discussions [the Trustees] had been having for the last four years" with the Executive Director.[187] He testified that the "behavior [he] had witnessed over the years" that concerned him, he "was seeing again in almost a worse way" in 2021.[188] One of Trustee Richards' primary concerns was "a continued tough relationship with the investment staff" that could "result in the CIO again leaving and some of the other top-level folks."[189] Trustee Richards also cited the Trustees' 2021 budget workshops and annual meeting in Kodiak as a motivating factor in his decision to terminate the Executive Director.[190] He described those meetings a missed opportunity for the Executive Director to "build a trusting relationship with all the board members."[191] The specific issues Trustee Richards cited as arising at the Kodiak meeting and budget workshops were the Executive Director's proposed FY2023 budget (which he described as "totally out of bounds"), "stern words" exchanged between the Executive Director and Trustee Mahoney, and the Executive Director's plan to have Al Bolea facilitate a discussion about the Board's strategic plan, which Trustee Richards described as being "off the charts."[192]

3. Trustee Schutt

Governor Dunleavy appointed Ethan Schutt to the Permanent Fund Board of Trustees on April 12, 2020. Trustee Schutt cited the Executive Director's June 18, 2021

[181] Richards Depo. at 35.
[182] *Id*. at 62.
[183] *Id*.
[184] *Id*.
[185] *Id*.
[186] *Id*. at 68.
[187] *Id*.
[188] *Id*.
[189] *Id*.
[190] *Id*. at 69.
[191] *Id*.
[192] *Id*. at 69–70.

press release about the threat of a government shutdown as one of the primary reasons he supported termination.[193] It "really bothered" him that the Executive Director "had taken her position and the clout and influence of her position out in public a couple of times in what [he] thought was an inappropriate way to go after the governor in policy positions[.]"[194] Trustee Schutt explained that "he actually agreed with [the Executive Director's] ultimate policy position" but "the method and means and manner of her advocacy on the issue was, [he] felt, over the line."[195] Trustee Schutt was troubled by the fact that the Board "did not get advance notice" that the press release was going out.[196] He also believed the press release was inaccurate and overstated the risk of a government shutdown to the Permanent Fund: "while I actually agreed with Ms. Rodell on the policy question, using the kind of threat that the Permanent Fund would be stuck in a terrible performance situation because we couldn't [designate essential personal], that's factually incorrect."[197] Trustee Schutt testified that "to use that as a lever in that public debate was a very poor choice and over the line."[198]

Trustee Schutt testified that a second major factor in his decision to support termination was the Executive Director inviting a facilitator to the annual meeting in Kodiak to mediate a conversation between her and the Trustees.[199] Trustee Schutt described it as "a very significant disconnect in Kodiak when Ms. Rodell brought the consultant…to facilitate a discussion of the strategic plan without any advance notice who it was or buy-in of the board."[200] Trustee Schutt recalled that the Trustees "quickly dismissed the consultant" and "it was very embarrassing to everyone involved."[201] In his view, "to bring an unknown consultant into the room without advanced warning and agreement of the board [was] just not an appropriate way to deal with a board."[202]

Trustee Schutt also cited the 2021 evaluation survey scores as a substantial factor in his decision to support termination.[203] He viewed the survey's overall rating as being "fairly low" and a "bad score," which "bothered [him]"[204] In addition, "the significant

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[193] Schutt Depo. at 27–30.
[194] *Id*. at 28.
[195] *Id*.
[196] *Id*. at 29.
[197] *Id*. at 29 – 30.
[198] *Id*. at 30.
[199] *Id*. at 31.
[200] *Id*. The board packets Trustees received for the Kodiak meeting did identify Mr. Bolea and explain that he would be facilitating a discussion about the strategic plan. And the Executive Director did vet the plan with Chair Moran. It nevertheless appears that most other Trustees were taken by surprise.
[201] Schutt Depo. at 31.
[202] *Id*. at 32.
[203] *Id*.
[204] *Id*. at 32–33.

difference between the average scoring from the investment staff and the operations staff" was a "very significant concern" to Trustee Schutt, although not his "primary" concern.[205]

Trustee Schutt was also concerned about what he described as an "unnatural and unhealthy tension" between the Executive Director and certain Trustees.[206] He testified that one of the factors in his decision to vote in favor of termination was an incident at the September 2021 annual meeting in Kodiak in which he claims the Executive Director "attacked Commissioner Mahoney in open meeting saying things to the effect of 'you are not acting in good faith and you are violating your fiduciary duties.'"[207] He described the exchange as "extremely unprofessional and unbecoming."[208] As noted elsewhere in this report, a recording of the Kodiak meeting is available on APFC's website.[209] The recording does not contain an exchange between the Executive Director and Trustee Mahoney, or any other Trustee, that can reasonably characterized as an "attack." This does not foreclose the possibility that such an exchange occurred off the record, or at a different meeting. Trustee Schutt saw supporting termination as meeting his fiduciary duties. The Trustees delegated the investment of the funds to the CIO and the Fund's successful performance depended on retaining top investment talent.

Ultimately, Trustee Schutt viewed the Executive Director's relationship with the Board as "strained and deteriorated" and testified that "philosophically that as between an Executive Director, president, CEO, whatever that chief executive is, if it gets to that place with the board, I'm not sure that it's worth trying to repair it because it's so distracting from the overall function and leadership of the organization."[210]

4. Trustee Mahoney

Governor Dunleavy appointed Lucinda Mahoney as Commissioner of the Department of Revenue on February 4, 2020, and the Legislature confirmed her on May 11, 2021. As Commissioner of the Department of Revenue, Trustee Mahoney assumed an ex officio seat on the APFC's Board of Trustees.

Trustee Mahoney testified that she started to have concerns about the Executive Director's leadership at the 2021 annual meeting in Kodiak and the budget workshops leading up to that meeting.[211] Trustee Mahoney was surprised and troubled when the Executive Director brought in "what [she] was told was a mediator to discuss the strategic

[205] Schutt Depo. at 34 – 35.
[206] *Id*. at 22.
[207] *Id*.
[208] *Id*. at 23.
[209] *See* https://apfc.org/bot-video-archive/
[210] Schutt Depo. at 62 – 63.
[211] Mahoney Depo. at 56 – 57, 78.

plan."[212] Trustee Mahoney testified she "thought it was inappropriate…and should have been addressed in a different manner."[213] Trustee Mahoney also testified that she was disappointed by an exchange she had with the Executive Director about the proposed FY2023 budget: "I shared my concern about an area that I thought was too high, and [the Executive Director] lashed out at me on the record. It was really uncomfortable, and I was really disappointed in her for doing that."[214]

Trustee Mahoney testified that she was surprised by a call from Trustee Richards in mid-October or early November 2021 in which Trustee Richards raised concerns about the Executive Director's performance.[215] Trustee Mahoney explained that despite the call from Trustee Richards, she reserved her opinion about the Executive Director's performance until she saw the results of 2021 evaluation survey, and heard the concerns that other Trustees had.[216] Based on the survey results, Trustee Mahoney was "really concerned about the conflict and the stress that [she] sensed from…the investment staff."[217] Trustee Mahoney explained that it was very important for her that the investment staff "have a really collaborative, cohesive working relationship with the executive director."[218] The 2021 survey results made Trustee Mahoney concerned that tension between the investment staff and the Executive Director "could possibly [lead to] attrition, meaning they would leave, and that would negatively impact returns."[219] Trustee Mahoney also cited the "siloing" issue as a matter of concern, because "there were comments from both sides [operations and investments] in regard to the tension that that was creating in the organization."[220] Trustee Mahoney testified that her vision was to position APFC to be a $100 billion fund by 2030, and to accomplish that would take "an Executive Director who can work well with everybody in the organization and bring them all together, as well as have a good relationship with the board."[221] Trustee Mahoney explained that she was "on the fence" about termination going into the Executive Director's performance review,[222] but that based on the survey results, and comments from other Trustees, it appeared that "two of the three" most important sets of relationships (*i.e.* the Executive Director's relationships with investment staff and the Board) were "broken".[223] Trustee Mahoney ultimately decided to vote in favor of termination on the second day of the Executive Director's performance review.

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[212] *Id*. at 56.
[213] Mahoney Depo. at 57.
[214] *Id*. at 57.
[215] *Id*. at 45, 48.
[216] *Id*. at 49.
[217] *Id*.
[218] *Id*.
[219] *Id*. at 50.
[220] *Id*.
[221] *Id*.
[222] *Id*. at 49.
[223] *Id*.at 50 – 51.

5. Trustee Feige

Governor Dunleavy appointed Corri Feige as Commissioner of the Department of Natural Resources and to the APFC Board of Trustees in December 2018.[224] Trustee Feige was troubled by the Executive Director's June 18, 2021 press release regarding the effects a government shutdown would have on APFC. Trustee Feige testified that the press release was "wildly inappropriate," "absolutely out of bounds" and that she was "absolutely furious."[225] She felt that it should have been cleared by the Board before going out.[226] She also believed it had an adverse impact on the fund by "unnecessarily frighten[ing] the public," and that "at no time was it ever remotely contemplated that the APFC investment staff and [the] corporation would not be considered essential."[227] Trustee Feige viewed the press release as a "significant marker that [the Executive Director] did not believe she was accountable to the Board" and it "cast doubt…on her judgment."[228] Trustee Feige further testified that "for an organization that works very hard in a very political world to be apolitical, [the press release was] about as political as it gets."[229] Despite her strong reaction, Trustee Feige testified that she did not raise her concerns with the Executive Director or the Board of Trustees at the time.[230]

Trustee Feige also described the Executive Director's plan to have a mediator facilitate discussions with the Trustees at the 2021 annual meeting in Kodiak as a "bright-line event."[231] In Trustee Feige's view, this plan demonstrated that the Executive Director was not comfortable engaging directly with the Board, and evidenced a breakdown in that relationship.[232] Trustee Feige testified that the situation made her feel "there was some gamesmanship going on."[233] Trustee Feige also felt that the Executive Director was managing Board meetings in a way that suggested she was uncomfortable with the Board. According to Trustee Feige, the board packets prepared by the Executive Director "were getting bigger and heavier [with] a lot of…very technical information."[234] Trustee Feige viewed this as an effort by the Executive Director to fill Board meeting time with presentations and to "cut down on the amount of time that the board has for discussion."[235] In her mind, it demonstrated that the Executive Director was "uncomfortable" having open discussions with the Board and wanted to remove that opportunity.

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[224] Feige Depo. at 5.
[225] *Id*. at 59.
[226] *Id*.
[227] *Id*.
[228] *Id*. at 60.
[229] *Id*.
[230] *Id*. at 59–60.
[231] *Id*. at 82–83.
[232] *Id*.
[233] *Id*. at 84.
[234] *Id*. at 36.
[235] *Id*. at 37.

Trustee Feige testified that she expressed her view on the second day of executive session that the Executive Director had a "lack of vision for the organization broadly in moving forward and dealing with problems of recruitment and retention."[236] She was "very concerned that what [the Trustees] had asked to be improved going all the way back to the beginning of [her] tenure on the board [they] had seen no improvement in."[237] Trustee Feige testified she "had gotten to the point that [she] felt" that relationships between the Executive Director and both the Board and the investment staff "were good and truly broken."[238] "[A]ll of that led to [Trustee Feige's] lack of confidence that [the Executive Director] was the right person to take the corporation forward into 100 billion and beyond."[239]

6. Trustee Rieger

Steve Rieger served on the Permanent Fund Board of Trustees from 2009 through 2013. Governor Dunleavy re-appointed him to the Permanent Fund Board of Trustees on May 13, 2020. Trustee Rieger did not share the performance concerns expressed by Trustees Schutt, Mahoney, Feige and Richards. He testified that he had a lot of confidence in the Executive Director's leadership.[240] And he believed the performance concerns raised by other Trustees could be addressed.[241] Trustee Rieger nevertheless voted in favor of termination because he viewed the situation – in which a majority of the Board had lost confidence in the Executive Director – as "untenable," and believed it was therefore in the best interests of the APFC to move forward with the decision as quickly as possible:

> [I]t was clear to me there were at least four board members who wanted to make a change, [which] made it clear to me that there was just one path forward for the corporation. It was just untenable to try to continue on with an Executive Director who had lost the confidence of a majority of the board. So then it was how to make the best decision for the corporation at that point. And when there was a motion to commence to search for a new Executive Director as rapidly as possible, I felt compelled I had to vote for it. It was what the corporation needed at that point was to get this going as fast as possible and

[236] Feige Depo.at 89.
[237] *Id*. at 89.
[238] *Id*.
[239] *Id*.
[240] Rieger Depo. at 53.
[241] *Id*. at 53.

> get an Executive Director that had confidence and the corporation could move forward.[242]

Trustee Rieger also testified that the Trustees in favor of termination had valid bases for their concerns, though those concerns were not significant enough in Trustee Rieger's mind to warrant terminating the Executive Director.[243]

B. The Evaluation History and Evaluation Used in Terminating the Executive Director

1. The Executive Director Evaluation Policy

The APFC Board of Trustees has adopted an Executive Director Evaluation Policy as part of its Charters and Governance Policies. The policy sets out the objectives, processes, and criteria for assessing the Executive Director's performance on an annual basis. It is detailed, specific, and meets fiduciary standards for governance of the Alaska Permanent Fund.

The stated objectives of the evaluation policy are to (i) ensure that the Executive Director receives appropriate and useful feedback on their performance from the Board on an annual basis; and (ii) to help develop clear and meaningful performance objectives. The policy contemplates a survey tool for the Trustees to evaluate the Executive Director according, but not limited, to the following specified criteria:

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

The Governance Committee is responsible for initiating and coordinating the annual survey and review process. Pursuant to its charter, the Governance Committee is chaired by the Vice Chair of the Board of Trustees, who is elected annually by the Board.[244] Accordingly, a trustee serving as Vice Chair plays an important and influential role in the Board's evaluation of the Executive Director.

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[242] Rieger Depo. at 70.
[243] *Id*. at 71.
[244] The Vice Chair is selected annually pursuant to APFC's bylaws. *See* Alaska Permanent Fund Corporation Bylaws, Article II, § 6, *available at https://apfc.org/fund-news/wpfd_file/apfc-bylaws-2011/.*

As prescribed by Board policy, the evaluation process begins with a meeting between the Vice Chair and the Executive Director to review the existing evaluation criteria and survey questions and to discuss and agree upon any changes.[245] In 2014, the policy directed that this meeting between the Vice Chair and Executive Director occur "at the start of the fiscal year." Requiring evaluation criteria and survey questions to be established at the beginning of the fiscal year clearly furthered the policy's stated objective of establishing "clear and meaningful performance objectives" by providing the Executive Director with advance notice of how her performance would ultimately be measured at the end of the year. In 2017, the Trustees amended the evaluation policy to delete the requirement that these initial steps occur "at the start of the fiscal year." It appears that this change was made to bring the policy in line with the Board's actual practice, which was to initiate the evaluation process late in the fiscal year in advance of its fourth quarter meeting.

Pursuant to the policy, the evaluation itself takes place at the end of the fiscal year. The Vice Chair is tasked with circulating the evaluation survey to each Trustee in advance of the Board's fourth quarter meeting in December. The survey is to be accompanied by the Executive Director's self-assessment, and a copy of the Board's strategic plan and budget for that year. The policy contemplates that each Trustee will complete the survey and return it to a "facilitator." The facilitator is to tabulate the survey results and present a report summarizing them to the Governance Committee for review prior to its submission to the full Board. The completed surveys are also presented to the Governance Committee and then the Board.

The Board then meets in executive session to review and discuss the results of the Executive Director's performance evaluation, following which the Governance Committee is to prepare a draft Evaluation Report with the Executive Director's self-assessment and a summary of the evaluation results attached as appendices. Following completion of the draft evaluation report, the Board meets with the Executive Director to discuss the evaluation and opportunities for improvement. The Board then approves the final evaluation report, the Chair, Vice Chair, and Executive Director sign it, and it is placed in her personnel file.

Pursuant to the policy, the Board is tasked with reviewing and, as appropriate, amending its evaluation procedures at least every three years. It did so in 2014, 2017 and 2020, making revisions to the policy in each of those years as noted above. The revisions were minor, as noted above, and the evaluation policy remained essentially the same for the duration of Ms. Rodell's tenure.

[245] In 2014, the evaluation policy provided that any such changes would be submitted to the full Board for approval. The policy was revised in 2017 to remove the Board approval provision.

2. Application and Results of the Executive Director Evaluation Policy: 2016 - 2020

Although the evaluation policy itself was essentially the same over Ms. Rodell's tenure, the Trustees' adherence to and application of the policy was not. As set forth below, and in the attached expert report, the Trustees' evaluation procedures changed in material ways almost every year, and departed from both the Charter and from best practices.

The 2016 Evaluation: *Trustees Moran (Chair), Brady (Vice Chair), Cash, Fisher, and Hoffbeck*

The Board conducted Ms. Rodell's first evaluation in November and December 2016. It does not appear that the Vice Chair met or consulted with Ms. Rodell at the start of the fiscal year to discuss the evaluation survey or criteria, as the policy required at that time. Instead, the Board relied on a performance survey it had been using since at least 2006.[246] The survey asked Trustees to evaluate Ms. Rodell's performance in four general categories: (A) Administration and Management; (B) Staff; (C) Community and Public Relations; and (D) Board Relations. Within each category, Trustees were asked to rate Ms. Rodell's performance on a scale of one (unsatisfactory) to five (outstanding) on a series of skills or accomplishments. Trustees were also given an opportunity to provide narrative comments for each category. The 2016 survey results were exemplary. The Trustees' overall score for Ms. Rodell was 4.66 out of 5.00. Most individually scored questions averaged 4.5 or higher, and none was lower than 4.33:

A. ADMINISTRATION AND MANAGEMENT	
5	1. Establishes an effective communication system with the board, staff, and legislature
4.33	2. Implements board policies, directives, and operational goals as intended by the board
4.66	3. Sets long- and short-range corporate goals
4.66	4. Distinguishes between primary problems and trivialities
4.33	5. Prioritizes the important issues of the corporation when budgeting time

[246] Moran Depo. at 6.

B. STAFF

5	1. Develops and executes sound personnel procedures and practices
4.5	2. Communicates effectively and respectfully with staff
5	3. Delegates authority to appropriate staff according to position and ability
5	4. Holds staff accountable for consistent quality performance
5	5. Inspires staff to do their best and to consistently strive to improve professionally

C. COMMUNITY AND PUBLIC RELATIONS

4.66	1. Is perceived by those outside the corporation as a community leader
5	2. Interacts effectively with executive and legislature

Comments: Ms Rodell is highly respected by the legislature and continues to impress me every time I see her testify and or interact in legislative forums. She presents a professional and knowledgeable face for the APFC

D. BOARD RELATIONS

4.33	1. Keeps the board informed about corporate issues, needs, interests and operations
4.66	2. Maintains a harmonious working relationship with the board
4.33	3. Freely expresses any opposition to matters under board discussion until an official decision has been reached, after which time the ED subordinates personal views and supports the board's position
5	4 Plans for effective board meetings
4.66	5. Keeps the board informed of the organizations, committees, and boards s/he participates in

Comments: I have seen a marked improvement in the content and focus of the board meetings under Ms Rodell's tenure.

F. OVERALL RATING OF THE EXECUTIVE DIRECTOR'S PERFORMANCE

5 = Outstanding: excellent quality; consistently exceeds expectations

4.66 – Actual Score

4 = Good: better than average most of the time

Overall Comments:

I am thankful that Angela applied for and was selected for this position. I hope that she will continue in this position for many more years. APFC will go through significant change going forward as Alaska comes to terms with our cash flow problem that has been brought on/exacerbated by the price of Oil. We will need creative, practical thinking and leadership to craft a sustainable solution that involves new revenue, appropriate taxation, and more efficient/less costly government. I believe that Angela possesses the expertise and leadership skill that APFC needs in these times.

The 2016 survey also included a short answer section. That section asked Trustees to comment on (1) the Executive Director's greatest strengths; (2) areas needing improvement; (3) most significant achievements or successes in the past year; (4) most important areas to focus on in the year ahead; and (5) any additional information. A

summary of the Trustees' comments reflects that the Board viewed Ms. Rodell as having many strengths, including her vision for the Corporation, public communication, her relationship with the Legislature, team leadership, and her understanding of both the finance world and the APFC:

E. SHORT ANSWER SECTION:

1. The Executive Director's greatest strengths:

- Vision for the future of the Corporation
- Public communication
- Legislative relationship
- Understanding of the APFC
- Understanding of the Finance world
- Leadership of her team

Trustees specifically noted that the Executive Director "is not political [which is a] critical characteristic for her position."

5. List any additional items – not covered in this evaluation – that you want mentioned during the discussion of the Executive Director's performance:

- She loves Alaska, Loves living in Juneau, Loves working for APFC.
- I have watched her. She is not political. A critical characteristic for her position.

The 2016 Evaluation Report also identifies a number of significant achievements, including the recruitment of "excellent" new CIO Russell Read from the California Public Employees Retirement System; reorganizing and stabilizing APFC staff, and earning the respect of the APFC team, the Board, and the Governor's Administration:

3. List the Executive Director's most significant achievements or successes in the review period:

- Long range planning/visioning
- Staff reorganization
- CIO recruitment
- She had stabilized the APFC team since taking over behind Mike Burns. Big shoes to fill!!
- New CIO is excellent!
- Earned the respect of APFC team, Board, and Administration

The Trustees also identified several areas needing improvement, including building trust with the Governor's administration, understanding the limitations inherent in the APFC being a state corporation, adding in-house expertise to manage assets to save costs on outside managers, and updating APFC office space (a request which the evaluation reports note was denied by the Office of Management and Budget):

2. Areas needing improvement:

- APFC needs to add expertise in-house to manage more assets, save fees, add to the net.
- APFC office space needs to be up-dated. (Denied by OMB)
  - OMB has denied both of the above!!
- Building trust with the administration
- Understanding the limitations that are a reality of being a State Corporation

Finally, the 2016 Evaluation Report identified a variety of goals for Ms. Rodell to focus on in the upcoming year:

4: List the most important areas for the Executive Director to focus her attention on in the year ahead:

- Working pro-actively with Administration and Legislature.
- Sell the benefits of adding required expertise to bring asset more management in house.
- Sell the benefit/return to be realized by renovating the APFC offices.
- Structuring APFC to deal with the use of earnings for Government Services
- Procurement legislation
- Physical Plant restructuring
- Recruitment and Retention

It does not appear that the Vice Chair, Chair, and Executive Director signed the 2016 Evaluation Report before it was placed in Ms. Rodell's personnel file.

The 2017 Evaluation: ***Trustees Moran (Chair), Brady (Vice Chair), Cash, Fisher, Rutherford, and Mack***

In 2017, the Board utilized the same survey as 2016. The Evaluation Report in Ms. Rodell's personnel file is incomplete, and does not contain answers to the short answer section. The results of the scored survey section, however, were similar to the results in 2016:

A. Administration and Management	Average Score
Establishes an effective communication system with the board, staff, and legislature	4.33
Implements board policies, directives, and operational goals as intended by the board	4.66
Sets long- and short-range corporate goals	5
Distinguishes between primary problems and trivialities	4.66
Prioritizes the important issues of the corporation when budgeting time	4.66

B. Staff	Average Score
Develops and executes sound personnel procedures and practices	4.33
Communicates effectively and respectfully with staff	4.33
Delegates authority to appropriate staff according to position and ability	4.66
Holds staff accountable for consistent quality performance	5
Inspires staff to do their best and to consistently strive to improve professionally	4.66

C. Community & Public Relations	Average Score
Is perceived by those outside the corporation as a community leader	5
Interacts effectively with executive and legislature	4.66

D. Board Relations	Average Score
Keeps the board informed about corporate issues, needs, interests and operations	4.33
Maintains a harmonious working relationship with the board	4.33
Freely expresses any opposition to matters under board discussion until an official decision has been reached, after which time the ED subordinates personal views and supports the board's position	4.33
Plans for effective board meetings	5
Keeps the board informed of the organizations, committees, and boards she participates in	5

The 2018 Evaluation: ***Trustees Richards (Chair), Brady (Vice Chair), Moran, Rutherford, Tangeman, and Feige***

The Trustees used the same survey form again in 2018.[247] Numerical scores declined in almost every category, and were accompanied for the first time by comments critical of the Executive Director's performance:

[247] Exhibit 21, Annual Executive Director Evaluation Form 2018..

A. ADMINISTRATION AND MANAGEMENT	Overall Score – 3.60
1) Establishes an effective communication system with the board, staff, and legislature	3.00
2) Implements board policies, directives, and operational goals as intended. by the board	3.80
3) Sets long- and short-range corporate goals	4.40
4) Distinguishes between primary problems and trivialities	3.80
5) Prioritizes the important issues of the corporation when budgeting time	3.00

Comments:

The communication with the board and legislature is good, but given some staff concerns I'm not convinced the internal communications are adequate. Should work to improve internal communications

B. STAFF	Overall Score – 3.14
1) Develops and executes sound personnel procedures and practices	3.75
2) Communicates effectively and respectfully with staff	2.50
3) Delegates authority to appropriate staff according to position and ability	2.75
4) Holds staff accountable for consistent quality performance	3.50
5) Inspires staff to do their best and to consistently strive to improve professionally	3.20

Comments:

It is difficult from a Board to rate Angela on staff relations, and much of this is based on "hear say" which may be unfair. At the same time, I have heard a common theme from multiple sources that Angela does not have good staff relationships. The common theme seems to be that she is a bit autocratic and does not build a team approach to key decisions. Even decisions where she should be relying on the expertise of her team (such as investment decisions.) It seems from these reports that Angela is not effective at delegating and holding people accountable. If that is the case, I encourage her to work on these skills.

EXHIBIT

There is a morale issue with staff, particularly the investment staff, associated with the E.D.'s leadership style. The E.D. is encouraged. to adopt a more collaborative as opposed. to autocratic approach to management.

Again, staff indicates the communications and delegations are not optimal. E.D. needs to work on internal staff optimization

C. COMMUNITY & PUBLIC RELATIONS	Overall Score – 4.2
1) Is perceived. by those outside the corporation as a community leader	4.40
2) Interacts effectively with executive and legislature	4.00

Comments:

I was surprised. that a number of legislators that had been supportive of Angela in the past became frustrated. by her testimony. See comments under Board relations.

External interaction is strong, much better than internal effectiveness

D. BOARD RELATIONS	Overall Score – 3.56
1) Keeps the board informed. about corporate issues, needs, interests and operations	3.60
2) Maintains a harmonious working relationship with the board	3.00
3) Freely expresses any opposition to matters under board discussion until an official decision has been reached, after which time the E.D. subordinates personal views and supports the board's position	3.00
4) Plans for effective board meetings	4.00
5) Keeps the board informed. of the organizations, committees, and boards s/he participates in	4.20

Comments:

My primary concern with Angela is that I often feel I'm being "managed." -- that information that is delivered. or arguments and responses that are made are designed. to achieve a particular outcome and not to have a full review of facts and information. Angela is always supportive of the Board once a decision is made. It's the process leading to a decision that has left me with concerns.

The E.D.'s communication with the Board lacs a certain level of authenticity. It often feels as if the Board is being managed. to the E.D.'s agenda, as opposed. to the E.D. trying to internalize and achieve the Board's agenda. That makes some Board interactions with the E.D. feel hostile.

Relationships with Board varies between Board members.
RE: Question 3 – I'm uncertain how to answer as I've heard from Legislative and staff there are questions about how E.D. is supporting some board decisions with Legislature.

The short answer section of the 2018 Evaluation Report was also considerably more negative than it had been the prior two years:

1) List the Executive Director's three (3) greatest strengths:
   a. Smart
   b. Has vision for the Fund
   c. Willing to take on exiting norms
   d. High energy
   e. Genuinely cares about doing her job well
   f. Well informed. about issues relevant to the Corporation
   g. Gets things done
   h. Communicates well
   i. Works hard

2) List the three (3) areas needing the most improvement:
   a. See comments above
   b. Board Interaction – focus on Board's goals in addition to E.D.'s goals
   c. Less autocratic and more collaborative leadership style with staff
   d. Empower investment staff, particularly CIO
   e. Give more independence to staff at senior level, less oversight
   f. Internal Management
   g. Team Building
   h. Delegation

3) List the Executive Director's three (3) most significant achievements or successes in the review period:
   a. External recognition
   b. Legislative agenda success
   c. Focus on risk management improvements
   d. Legislature accomplishments
   e. Good budgeting
   f. Strategic plan implementation
   g. Successfully supporting APFC budget (Operations & Capital)
   h. Raising public awareness of the Corporation
   i. Identifying need. for risk focus of fund

4) List the three (3) most important areas for the Executive Director to focus her attention on in the year ahead:
   a. Improving morale of staff and relationship with Board
   b. Continued. focus on risk management
   c. APFC message on S.B 26 related. issues
   d. Lead, but not over control, or micro manage senior staff
   e. Internal Team Building
   f. Continuing to implement remaining items on Strategic Plan
   g. Articulating risks to fund if certain polices are pursued by legislature.

5) List any additional items – not covered. in this evaluation – that you want mentioned. during the discussion of the Executive Director's performance:
   a. Relax don't over control
   b. E.D. is already addressing the travel policy concerns which is appropriate

OVERALL PERFORMANCE	**Overall Score – 3.50**

Please rate the overall performance of the Executive Director

Comments:

I believe that Angela does many things well. However, if the issues I've identified. did not improve in the future, I would rate her a 2 next year.

Although this review was somewhat negative, I do feel the E.D. has the ability to fix the mentioned. issues and grow into a stronger manager. If the E.D. can combine a more collaborative approach with the Board and staff with her current level of energy and dedication she could be an exceptional E.D.

Not perfect but a very good E.D.

Trustee Richards testified that the "negativity" reflected in the 2018 survey results can be attributed to "some behavior in the summer and fall of 2018 which I think turned some people off."[248] However, the evidence does not indicate any significant change in the way that the Executive Director approached her duties and responsibilities between 2017 and 2018. It is likely that the difference in tone and numerical ratings between the Executive Director's 2018 and earlier evaluations may be attributed at least in part to turnover on the Board of Trustees, resulting in new evaluators who had different expectations for and/or perspectives on the Executive Director's performance.

[248] Richards Depo. at 35.

As a result of the evaluation, the Trustees directed the Executive Director to attend executive leadership coaching for herself and her executive team.[249] She did so. In November 2019, the Executive Director and her leadership team attended a four-day retreat in Girdwood, Alaska with a company called Applied Leadership run by Al Bolea.[250] The training focused on methods for improving communication and relationships within an organization.[251] The Executive Director testified that she found the training "very effective" and "incredibly helpful."[252] She continued working with one of the executive coaches for six months after the training as part of the contract, at then at her own expense for the rest of her tenure as Executive Director.[253] Both the Executive Director and Trustee Richards credited the leadership training for improved relationships between the Executive Director and the Board. [254]

The 2019 Evaluation: *Trustees Richards (Chair), Moran, Rutherford, Feige, and Barnhill*

In 2019, the Trustees replaced the evaluation survey the Board had been using in roughly the same form for over a decade with a two question survey that asked "What are some things the Executive Director does well?" and "How could the Executive Director improve?"[255] The following summary of the Trustees' responses was prepared in an evaluation report presented to the full Board:

[249] Exhibit 21.
[250] Rodell Depo. at 38.
[251] *Id*. at 39.
[252] *Id*. at 41.
[253] *Id*. at 41 – 43.
[254] Richards Depo. at 61.
[255] Exhibit 23, 2019 Executive Director Board Assessment.

2019 Executive Director – Board Assessment

What are some things the Executive Director does well?

The ED has energy and cares about her job and the performance of the APFC. The ED is committed to her job.

I believe the ED knows the state government system well and understands how the APFC fits within that structure.

I believe the ED understands how the Board is supposed to function – what can and can't happen in terms of communications and what must be publicly noticed, etc. I have confidence in the APFC and Board's compliance in this area.

I believe the ED understands the role and function of the APFC and the PF more broadly. She also clearly understands its importance to the people of AK

Angela has a comprehensive understanding of the corporation's charter and bylaws, the funds constitutional, statutory and regulatory structures, and state government structure overall. I believe Angela is also committed to the state and the corporations' responsibilities to Alaska's citizenry. Finally I believe Angela is committed to her job, the corporation and fund, and works very hard at all aspects of the job.

Angela has a comprehensive understanding of the duties and responsibilities delineated in the charter of the executive director and is conscientious in addressing all aspects of the job.

How could the Executive Director improve?

I believe the ED could improve the overall Employee and staff morale by creating a stronger sense of team and connectedness among her people. I would like to see the ED put her team before herself. I often get the impression that the ED's wishes, wants and desires outweigh the desires/feedback from her team.

I believe the ED should spend more time focusing on the functioning of the Corporation as opposed to directing strategic investment decisions. With a greater focus on her team and helping them to succeed when things like enhanced compensation may not be possible, she will build a stronger Corporation and ultimately enhance the performance of the fund through stability of the staff and investment professionals.

I would like to see the ED develop a plan for improving employee satisfaction outside of increasing compensation and opening satellite offices in locations outside Alaska.

In my opinion the ED's relationship with the Board of Trustees is broken. Being a good manager requires managing down to staff, but also up to your boss. The ED does not manage up to the Board. By that I mean rather than nurturing trusting relationships, really listening to concerns and direction of the Board, I feel like the

ED manipulates the Board and finds every excuse to disregard guidance. If there is misalignment with the Board's agenda and hers, then she pursues her own agenda. I know several Trustees, current and past, do not trust the information she provides is always forthright. There is a real veracity problem.

The ED's relationship with staff appears to be a mixed bag. A lot of the investment personal seem dissatisfied with her leadership (although certainly not all) to the point of observable tension. On the administrative side it appears better although I sometimes see they are hesitant to state their true opinions.

Perhaps my biggest disappointment with the ED is her failure to really work with the Board and take direction on legislative priorities. The ED has had good success on the legislative agenda she approves of (additional staffing, etc.) but on the bigger issues related to POMV structuring she has not embraced the Board's goals. I think if the ED did so and worked hard to implement the Board's vision on SB 26 and the ERA – rather than her own – it would go a long way to repairing her relationship with the Board.

As the organization grows in size and complexity, Angela needs to focus on the big picture management functions of planning, implementation, and follow up and control and to thoughtfully delegate derivative responsibilities to your senior staff.

I believe Angela needs to work harder on delegating greater responsibility and authority to her staff, recognizing each staffs role and helping them optimize those roles. It is an easy trap to fall into for a boss to interfere in those aspects of the organization's functions that most interest them, but this is not the job an ED is hired to execute. Rather it is to develop and enhance the overall organization's success. Finally, I believe Angela needs to recognize that criticism is a constant aspect of jobs on this level and work to accept this aspect of the role, which will aid her in working more effectively with her Board of Trustees, which should also be a desired result.

The 2019 evaluation summary repeated several themes that first appeared in 2018, namely a stressed relationship with the Board, tension with staff, and the existence of competing agendas.

The 2020 Evaluation: *Trustees Moran (Chair), Rieger (Vice Chair) Richards, Mahoney, Feige, and Schutt*

The Trustees elected Trustee Moran as Chair and Trustee Rieger as Vice Chair at their September 2020 annual meeting in Anchorage.[256] Under the Charter, the Vice Chair of the Board serves as Chair of the Governance Committee, which is responsible for initiating and coordinating the Executive Director's annual performance review, and presenting the evaluation to the full Board. In response to reports that prior evaluations "hadn't necessarily gone smoothly" and were "somewhat one-sided,"[257] Trustee Rieger took the lead to develop a more thoughtful evaluation instrument that focused on the leadership and performance of the Executive Director and the corporation. Trustee Moran believed hiring an outside facilitator was a good idea because "the process for the previous couple years had [not] been effective."[258] The APFC retained an independent human resources expert named Vicki Graham to develop the evaluation instrument and to summarize the results of the evaluation process.[259] Ms. Graham designed a survey

[256] *See* Minutes of the Board of Trustees Annual Meeting (Sept. 23–24, 2020), *available at https://apfc.org/report-archive/#14-95-2020-1592505919*.
[257] Rieger Depo. at 10–11.
[258] Moran Depo. at 8.
[259] Rieger Depo.at 14–15; Exhibit 2, Email from Trustee Rieger to Governance Committee dated Nov. 4, 2020.

questionnaire with some minimal feedback from Trustee Rieger.[260] The evaluation instrument surveyed the Trustees, and for the first time, the Executive Director's direct reports, and a random sampling of APFC staff in what is referred to as a "360° review".[261] Evaluators were asked to rate the Executive Director in fifteen areas of performance, with each area having multiple performance indicators.[262] Evaluators could identify their role within the organization as trustee, operations staff, or investment staff.[263]

Ms. Graham tabulated and summarized the survey results, including both comments and numerical scores, into a draft evaluation report and sent it to the Governance Committee.[264] Responses were anonymized.[265] The Governance Committee did not meet separately to review and discuss the report.[266] Ms. Graham also presented the evaluation report to the full Board of Trustees in an executive session on December 8, 2020.[267] The meeting was conducted virtually because of the ongoing pandemic.[268] Trustee Rieger testified that he found the consultant's involvement to be "helpful" and that he was happy with her work.[269] Trustee Rieger believed the evaluation resulted in a "positive" and non-confrontational discussion with the Executive Director.[270] The Executive Director agreed that she received "useful feedback" from the 2020 evaluation, and there as "an effort to have an actual conversation about positives, negatives, and feedback."[271] The Executive Director testified that the 2020 evaluation utilizing a third-party consultant was "the only time [she] ever felt that [she] received appropriate and meaningful feedback."[272] In previous years, "feedback wasn't given in a manner or conducive to improvement. [I]f [the feedback] was critical, [it] wasn't given in a way to help cure the criticism and to identify what it was that the board wanted to have happen instead."[273] The 2020 evaluation was a substantial improvement in that regard.

The Executive Director received overall ratings in each of the fifteen categories ranging from 2.89 to 3.89 on a five point scale based on the 360° review conducted with the assistance of the independent human resources consultant.[274] The narrative comments

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[260] Rieger Depo. at 20.
[261] *Id*. at 15; Exhibit 2, Email from Trustee to Governance Committee (Nov. 4, 2020).
[262] Exhibit 3, 2020 Survey Responses; Exhibit 4, 2020 Survey Report.
[263] Exhibit 4, 2020 Survey Report.
[264] Exhibit 4, 2020 Survey Report; Rieger Depo. at 25–26.
[265] Mahoney Depo. at 10.
[266] Mahoney Depo. at 16.
[267] Rieger Depo. at 28; Moran Depo. at 34.
[268] Rieger Depo. at 29.
[269] *Id*.
[270] *Id*. at 30.
[271] Rodell Depo. at 31.
[272] Rodell Depo. at 31.
[273] *Id*. at 32.
[274] Exhibit 4, 2020 Survey Report.

evaluating the Executive Director's performance were overwhelmingly positive.[275] However, some evaluators continued to report that that "the relationship between the [Executive Director] and some members of the board have been strained" and multiple evaluators noted that APFC still suffered from a siloing effect between investment and operational staff.[276] Five of the six Trustees completed the evaluation.[277] Even though this was a more thoughtful instrument, the 360° review did not comply with the express terms of the Charter. For example, the survey failed to reference or incorporate a number of objective evaluation criteria specifically identified in the Charter, including achievement of APFC's goals and objectives, and achievement of special projects or initiatives.[278]

The 2021 Evaluation: *Trustees Richards (Chair), Mahoney (Vice Chair) Moran, Rieger, Feige, and Schutt*

The Trustees elected Trustee Richards as Chair, and Trustee Mahoney as Vice Chair at their September 2021 annual meeting in Kodiak.[279] As Vice Chair, Trustee Mahoney became Chair of the Governance Committee. The other members of the Governance Committee, appointed by Chair Richards, were Chair Richards and Trustee Rieger.[280] Trustee Mahoney, in consultation with Chair Richards, decided to administer the same evaluation tool designed the previous year, but without engaging the consultant who designed it.[281] Trustee Mahoney's rationale for dispensing with the consultant was to save money and because she had administered 360° reviews in the past. Trustee Mahoney explained that she "concluded that we didn't need the consultant because we were going to essentially use the same survey questions that she had developed" and Trustee Mahoney was already "very familiar with SurveyMonkey as a tool because we have deployed it at the Department of Revenue several times with over 450 people potentially using the survey."[282] Additionally, Trustee Mahoney testified that her natural disposition is "focused on saving money" and that APFC could save money if she compiled the survey herself.[283] The 2021 survey largely replicated the 2020 survey in its content. But instead of limiting circulation of the survey to a small random sample of APFC staff, Trustee Mahoney invited all APFC staff to respond, regardless of whether they had the experience or knowledge base to provide a meaningful review. Trustee Mahoney then compiled and curated the

[275] Exhibit 3, 2020 Survey Responses; Exhibit 4, 2020 Survey Report.
[276] Exhibit 4, 2020 Evaluation Report.
[277] Exhibit 3, 2020 Survey Responses
[278] *See* Exhibit 34, The Strive Group, Analysis and Opinion of H. Kinzie (Aug. 18, 2022).
[279] *See* Minutes of the Board of Trustees Annual Meeting (Sept. 28–29, 2021), *available at* https://apfc.org/report-archive/#14-116-2021-1621621986.
[280] *See* Exhibit 27, Email from Trustee Rieger to Governance Committee Members (Dec. 7, 2020).
[281] Mahoney Depo. at 17–18.
[282] *Id*. at 17.
[283] *Id*.

survey responses into a draft summary report for the full Board, in consultation with the APFC's Human Resources Director Chad Brown.

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

Average ratings from Trustees and APFC employees who self-identified as investment staff were lower than ratings from APFC employees who identified as operations staff. Positive comments credited the Executive Director with, among other things, overseeing an organization that delivered record returns in a volatile market, overseeing a rapid expansion in assets under management without any evident problems, designing a functioning remote-work system early in the pandemic before there was any consensus on best practices, and addressing and managing risk and cyber threats in a responsible manner. Negative comments again cited stress in the Executive Director's relationship with Trustees and with APFC's investment staff.

The evaluation conducted under Trustee Mahoney's supervision did not follow the Charter in all material respects and did not follow standard human resources practices. In particular, the evaluation tool lacked any meaningful focus on the objective performance criteria prescribed by the Charter's Evaluation Policy, including the achievement of the goals and objectives of the APFC; the completion of specific projects and initiatives set out in the strategic plan for that fiscal year; the implementation of Board policies and reporting requirements; and compliance with the Executive Director's charter. In addition, the evaluation summary prepared by Trustee Mahoney overemphasized negative comments, and largely ignored the evaluators' positive comments, and the fact that positive comments far outweighed negative ones. The evaluation also failed to comport with best practices because it went to some evaluators with no knowledge or experience with individual performance indicators within a rating category, who nevertheless provided ratings in those categories. The categories and indicators within categories were occasionally redundant. And the evaluation summary Trustee Mahoney prepared did not account for the "halo/horn" effect of extreme raters who harbored obvious bias (favorable or unfavorable) toward the Executive Director. The 2021 evaluation tool did not provide a fair assessment of the Executive Director's performance.

The Executive Director's evaluation was on the agenda for the Trustees' quarterly meeting on December 8 and 9, 2021. On December 8, 2021, The Trustees convened an executive session to begin discussion and consideration of the annual evaluation results. The private, closed-door meeting extended over two days, reconvening on December 9, 2021. The Executive Director did not participate in the Board's evaluation of her performance during executive session.

The Trustees discussed the Executive Director's performance in executive session over parts of two days but never allowed the Executive Director the opportunity to address their concerns. Initially, there was no unanimous decision to terminate the Executive Director, although several Trustees testified that things were clearly headed in that direction by the end of the first day. The Trustees reached a majority consensus to terminate the Executive Director by the end of their deliberations on the second day.

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

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

C. Summary of Consultant's Report on Evaluation Procedures

Schwabe, Williamson & Wyatt retained an executive evaluation consultant to review the Executive Director's evaluation history. The consultant's report is attached as Exhibit 34. The consultant concluded that the Executive Director Evaluation Policy was consistent with best practices for executive evaluations, but that the Trustees failed to apply the policy consistently and in accordance with its requirements.

360° surveys can be an effective tool to evaluate the performance of an executive, but they must be used properly. Potential issues with their use include: (i) evaluators may not have a full understanding of the criteria or ranking without training or instruction; (ii) comments and rankings may reflect personal bias and subjective views that need to be accounted for; and (iii) evaluators may be asked to evaluate matters on which they have no personal knowledge. Moreover, while 360° surveys may be an appropriate tool to use when evaluating the Executive Director, it should not have been the only or primary tool used.

The executive evaluation consultant found the survey and process failed to focus on the objective performance criteria in the Evaluation Policy, including the following criteria identified in the Executive Director Performance Evaluation Policy:

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

Rather than evaluate the Executive Director's performance on these objectively measurable criteria, the 2021 survey administered by Trustee Mahoney focused almost entirely on subjective assessments by the evaluators.

There were additional issues with the survey used by the Trustees in 2021. The 2021 survey did not instruct evaluators how they should resolve ratings conflicts for the performance indicators assessed within each rating category. The survey was circulated to all APFC staff, regardless of whether an evaluator had a sufficient knowledge or experience base to fairly assess the Executive Director's performance in any particular category. The survey did not instruct evaluators to skip a category if they lacked direct knowledge or experience sufficient to assess the Executive Director's performance in that category. The categories and indicators in the survey were redundant in some respects, and in other respects inadequate to assess performance criteria established in the Charter. Given these limitations and problems with the survey, it should have been administered by an independent third party with human resources experience.

There were also issues with the summary of the survey results that was prepared by Trustee Mahoney and reviewed by Chad Brown. Trustee Mahoney included eight bullet points that appeared to articulate significant or key areas noted by the evaluators. The remainder of the report consists of comments provided in the survey organized by category.

The summary ignored the Executive Director's improved performance in all leadership and management categories assessed with numerical ratings in the survey as compared to the prior year (2020), and focused on negative evaluation comments. Almost all of the negative comments found in the raw data ended up on the summary report, often verbatim. However, only portions of the positive comments found in the raw data ended up on these pages, and when they do appear, they are summarized. Given that raw comments were not provided to Trustees prior to the decision to terminate Ms. Rodell's employment, the Trustees had to rely on the summary, and there does not appear to have been an effort to identify and remove personal bias from the comments included in the summary report. The evaluation summary that Trustee Mahoney prepared also did not account for the "halo/horn" effect of extreme raters who harbored obvious bias (positive or negative) toward the Executive Director.

Ultimately the summary prepared for the Board did not fairly balance the weight of positive and negative evaluator comments, ignored some positive comments, and ignored the fact that positive comments significantly outweighed negative ones.

The impact of the summary on the Trustees' decision-making is unclear. The Trustees generally testified that they considered the summary and scoring, but afforded different weights to it.[284] Trustees Richards, Schutt and Mahoney focused on the investment staff scores.[285]

D. The Role of the Governor's Office in the Termination

There is no direct evidence or credible circumstantial evidence that Governor Dunleavy directed the Executive Director's termination. Trustees Richards, Feige and Mahoney denied when asked directly if anyone from the Governor's office had directed them to terminate Ms. Rodell.[286] Non-commissioner Trustees Schutt, Rieger, and Moran reported no contact whatsoever with the Governor or his administration related to the Executive Director's performance or termination.[287] And they did not perceive the other Trustees to be acting at the direction or on the behest of the Governor's office. Trustee Richards denied providing any advance communications or notice to the Governor that the Trustees had independently decided to terminate the Executive Director.[288] Trustee Feige explained that she was the one who told Governor Dunleavy that the Trustees had voted to terminate the Executive Director.[289] Trustee Feige and Governor Dunleavy were both presenting at a mining conference in Reno, Nevada at the time.[290] Trustee Feige was participating in the Trustees' quarterly meeting remotely by telephone.[291] Trustee Feige testified that she was scheduled to help staff a meeting that Governor Dunleavey was having with certain mining companies.[292] She was running late because she was attending the second day of the APFC Board meeting by telephone.[293] Trustee Feige testified that after the Board meeting gaveled out, she pulled the Governor aside, apologized for being late, "and then let him know we had taken the action to terminate [the Execute Director]."[294] Trustee Feige recalled that Governor Dunleavy was surprised and said "that might explain why I've gotten a text message from a reporter."[295]

Several Trustees did occasionally apprise the Governor or his staff about concerns they had with the Executive Director's performance. Trustee Richards testified that he

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[284] Richards Depo. at 59; Mahoney Depo. at 94; Feige Depo. at 87-88; Rieger Depo. at 69; Schutt Depo. at 34; Moran Depo. at 68.
[285] Richards Depo. at 59; Mahoney Depo. at 94; Feige Depo. at 87-88; Schutt Depo. at 34.
[286] Richards Depo. at 83-84, 97; Feige Depo. at 47, 99; Mahoney Depo. at 72.
[287] Schutt Depo. at 13, 80; Mahoney Depo. at 90; Feige Depo. at 48.
[288] Richards Depo. at 103, 121.
[289] Feige Depo. at 65–66.
[290] *Id*.
[291] *Id*.
[292] *Id*. at 99.
[293] *Id*.
[294] *Id*.
[295] *Id*. at 99–100.

spoke with Governor Dunleavy about concerns he had with the Executive Director's performance after a meeting about statutory royalties in February 2019.[296] Trustee Richards described it as a "three-minute conversation" in which the Governor related his own experience managing "problematic top-level people" as a school district superintendent.[297] According to Trustee Richards, the Governor explained that his approach was to identify the problems, work with the employee on improving them, and if that failed, to consider termination.[298] Trustee Richards testified that Governor Dunleavy made clear at that time that any decisions regarding the Executive Director was for the Board to make, and that he would not get involved.[299]

Trustee Richards initiated two conversations about the Executive Director's performance with Governor Dunleavy's Chief of Staff Randy Ruaro and Brandon Brefczynski in the months preceding the Trustees' decision to terminate.[300] Brandon Brefczynski was then a junior level policy advisor to the Governor and is now a deputy chief of staff.[301] In late September or early October 2021, Trustee Richards advised Chief of Staff Ruaro and Mr. Brefczynski that there were serious performance issues with the Executive Director, and there was a possibility the Trustees would vote to terminate her.[302] According to Trustee Richards, Mr. Ruaro advised him to speak with APFC's attorney, make sure the Trustees follow a lawful process and have proper grounds, and document the basis for any decisions.[303] Trustee Richards initiated a follow-up call with Mr. Ruaro on or about November 20, 2021, and advised Mr. Ruaro he had spoken with APFC's lawyer and followed his advice.[304] Trustee Richards explained he believed it was important to give the Governor notice of potentially important decisions under consideration by the Trustees that could impact state government.[305] Our investigation did not find direct or circumstantial evidence credibly supporting a conclusion that the Governor or his staff directed or attempted to influence the Trustees' decision.

Trustee Richards testified that he had two or three additional conversations about the Executive Director with Brandon Brefczynski around that same time period.[306] He described Mr. Brefczynski as a colleague and friend with whom he shared a mutual interest

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[296] Richards Depo. at 82–83.
[297] *Id*. at 83.
[298] *Id*.
[299] *Id*. at 83–84.
[300] Richards Depo. at 78–81.
[301] *Id*. at 81.
[302] *Id*. at 78.
[303] *Id*. at 79.
[304] *Id*. at 80. Trustee Richards's calendar reflected a meeting with Mr. Ruaro and Mr. Brefczynski on November 1, 2021. *See* Exhibit 31, Trustee Richards Calendar Entries. Trustee Richards testified this was probably one of the two meetings he described.
[305] Richards Depo. at 82.
[306] *Id*. at 81.

in the Permanent Fund and discussed the Permanent Fund with regularly.[307] Mr. Brefczynski discussed with him some issues he had with the Executive Director.[308] One issue was the tweet about the ERA balance that the Executive Director sent out on August 20, 2021, which Mr. Brefczynski thought was both inaccurate, and a back-handed criticism of the Governor.[309] Trustee Richards described these discussions as just a conversation between friends discussing topic of common interest.[310] Mr. Brefczynski also called Trustee Mahoney to express concerns about the tweet.[311] Trustee Mahoney did not personally find the tweet problematic and trusted that the Executive Director's numbers were correct. [312] But she conveyed the administration's concerns to the Executive Director and advised her to be "mindful" of how her public statements could be perceived.[313]

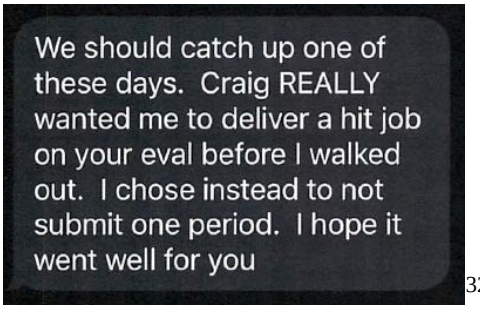
Trustee Richards had off-the-record discussions with Trustees Mahoney, Feige, and Schutt about the Executive Director's performance in the fall of 2021, prior to her performance evaluation.[314] Trustee Richards testified that he expressed his own concerns to Trustee Schutt and was "just kind of seeing where he was at, how he thought she was doing."[315] They did not discuss terminating the Executive Director at that time.[316] With respect to Trustees Mahoney and Feige, Trustee Richards did not recall whether or not he expressed his own concerns about the Executive Director's performance, and may have been "in listening mode to figure out where people were."[317] He characterized the calls as "something to the effect of, obviously there are some issues and I'm wondering what you guys are thinking and how we are going to handle this review process."[318] Trustee Richards recalled Trustee Feige "expressing frustration that it was not getting better," but that Trustee Mahoney was "defending [the Executive Director]…in an appropriate way."[319] According to Trustee Richards, they discussed the possibility of termination at that time, "something to the effect that I don't know where the board is at and I don't know where the individual trustees are at, but it seems like this [termination] might be a possibility and if they had thoughts on it."[320] Trustee Mahoney testified that Trustee Richards "called to tell [her] that he was concerned about [the Executive Director's] performance, and he

[307] *Id*. at 84.
[308] *Id*.
[309] *Id*. at 85, 87.
[310] *Id*. at 120.
[311] Mahoney Depo. at 59–63.
[312] Mahoney Depo. at 62–63.
[313] *Id*.
[314] Richards Depo. at 65.
[315] *Id*.
[316] *Id*. at 66.
[317] *Id*. at 67.
[318] *Id*.
[319] *Id*.
[320] *Id*. at 68.

wanted to open a discussion about whether she should continue to lead the fund."[321] Trustee Feige testified that she had discussions with Trustees Mahoney and Richards in the month leading up to the December 2021 quarterly meeting about her concerns with the Executive Director's performance and her interactions with the Board.[322]

The Executive Director perceived her termination as a political decision influenced by the Governor or members of his administration.[323] The Executive Director's perception was based on a number of communications she had with different individuals, including the following.

In late November 2019, outgoing Trustee and Department of Revenue Commissioner Bruce Tangeman sent the Executive Director the following text message:



[324]

Trustee Richards testified he had conversations with several Trustees, including Trustee Tangeman, regarding "concerns about [the Executive Director's] performance and how we were going to handle it."[325] But Trustee Richards testified that he never asked Trustee Tangeman, or any other Trustee during his time as a trustee or chair of the Permanent Fund Board, to provide negative scores or negative comments on the Executive Director's performance evaluations.[326] Mr. Tangeman's text was sent two years prior to the Executive Director's termination, such that its relevance to the Trustees' decision to terminate the Executive Director in 2021 is attenuated. The content of any discussion between Trustee Richards and Trustee Tangeman is not clear from the context of the text, in that Trustee Richards may have been expressing concerns about the Executive Director's performance in a manner similar to the discussions he had with Trustees Mahoney, Feige, and Schutt in the months leading up to the Executive Director's 2021 performance evaluation.[327] Trustee Richards also was not a member of the Governor's administration in 2019 and 2020, and

[321] Mahoney Depo. at 45–46.
[322] Feige Depo. at 52.
[323] Rodell Depo. at 116–17.
[324] Exhibit 32, Text from Bruce Tangeman to Angela Rodell; Rodell Depo. at 52.
[325] Richards Depo. at 39–40.
[326] *Id*. at 127–28.
[327] *Id*. at 39-40.

the evidence does not support a conclusion that he was acting on the Governor's behalf or at his direction.[328]

When Trustee Mahoney called the Executive Director to relay the administration's concerns about the tweet she issued on August 20, 2021, the Executive Director perceived it as a warning to "watch her back," and further evidence of political pressure being applied against her.[329] As noted above, Trustee Mahoney characterized the conversation differently, and explained that the Executive Director still had her support at the time.

Finally, in her interview, the Executive Director related a conversation she had with the Governor's former Deputy Chief of Staff Akis Gialopsos the evening before the Trustees voted to terminate the Executive Director. The Executive Director stated that they were discussing what had just occurred on the first day of the December 2021 quarterly meeting, in which the Trustees met in a two-hour executive session for the Executive Director's performance evaluation without asking to speak with her. According to the Executive Director, Mr. Gialopsos stated "I didn't think they could pull it off this quickly," referencing the Executive Director's possible termination. The Executive Director stated that "they" referred to Trustee Richards and Brandon Brefczynski. However, the statement attributed to Mr. Gialopsos is ambiguous and lacks context or substantiating evidence reasonably tending to indicate that the Governor's office was directing or involved in the Trustees' decision to terminate.

IV. CONCLUSIONS

In addition to the factual conclusions set forth in the Executive Summary, and based on the evidence, we provide the following findings:

1. Trustees did not follow the APFC Charter in all material respects with regard to their evaluation of the Executive Director. The Trustees did not use an evaluation instrument or process to assess the Executive Director's performance that was consistent with the Executive Director Performance Evaluation Policy.

2. Trustees lost confidence in the Executive Director's leadership and her relationship with several Trustees was strained. There were several incidents that Trustees testified about that eroded their confidence and trust in the Executive Director's leadership. The cumulative effect of these incidents motivated the decision to terminate the Executive Director, even though these incidents were not directly addressed through the evaluation process. The majority of Trustees were concerned that the lack of improvement in the relationship between the Executive Director and the investment team would lead to investment team departures.

[328] *Id*. at 39, 128.
[329] Rodell Depo. at 142–44.

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

4. APFC's structure and importance as the primary source of funding for general government services and payment of dividends inevitably drew the Executive Director into political discussions and debates. The Executive Director, as the designated spokesperson, took actions and made statements that Trustees perceived as being "political" and advancing a personal "agenda".

5. There was no direct evidence or credible circumstantial evidence that the Governor knew in advance that the Executive Director would be terminated. There is no direct or circumstantial evidence that the Governor directed the Trustees to terminate the Executive Director.

6. Trustees did express a concern about the political impact of certain actions and statements by the Executive Director. These concerns were a factor the Trustees considered in the executive session discussions that lead to the termination decision. These concerns did not rise to the level of politics being a substantial motivating factor in the decision to terminate, but did undermine the confidence Trustees had in the Executive Director's ability to continue as Executive Director.

7. In order to prevent political concerns from becoming a factor in evaluating the Executive Director's performance, the APFC would be best served if Trustees use an evaluation tool or instrument and process that takes politics out of the equation. The Charter provisions on evaluating the Executive Director and the process for conducting the evaluation would reduce or possibly eliminate the political influence in evaluating the performance of the Executive Director, if followed by the Trustees. The stability and independence of the Fund can only be protected by insulating the Executive Director from political pressures and political repercussions of doing the job.