

## **APFC Legislative Initiative: Procurement Streamlining**

**Request:** APFC is pursuing a specific exemption from the State Procurement Code that applies to services which relate directly to the investment and management of Fund assets. The requested exemption is a new subsection to the State Procurement Code under AS 36.30.850(b) which would read:

***(51) a contract of the Board of Trustees of the Alaska Permanent Fund Corporation under AS 37.13 to provide investment-related services for assets managed by the Alaska Permanent Fund Corporation.***

In 1980, four years after the creation of the Alaska Permanent Fund (Fund), the Alaska Legislature created the Alaska Permanent Fund Corporation (APFC) to invest and manage the assets of the Fund. While APFC originally relied heavily on external managers to invest Fund assets, today approximately 40% of assets are managed internally. This evolution has increased the type and complexity of services that APFC procures to support our investment and management activities.

Under existing law, APFC is already exempt from the application of the State Procurement Code when it acquires income-producing assets, or delegates its investment authority.<sup>1</sup> But, when procuring all other supplies and services, APFC is required to comply with the State Procurement Code, including the regulations and administrative manuals adopted pursuant to this state law. APFC typically contracts with vendors to complete the investment due diligence process and monitor investments, and while the actual procurement of the asset is exempt from State Procurement Code - the process of evaluating and managing the asset is not.

As APFC continues to bring more investment decisions and asset management in-house, APFC is having to procure more investment-related services to accommodate this evolution. Investment opportunities must often be completed within a relatively short time frame and often involve proprietary information. The application of the State Procurement Code, with built in timelines can hinder APFC's ability to quickly and efficiently contract with vendors.

Consequently, APFC is requesting an exemption from the State Procurement Code for services that relate to the investment of Fund assets. This change is designed to improve APFC's ability to seek investment-related input from third party consultants to prudently inform our due diligence process, and allow for a timely response to investment opportunities. To successfully invest and manage Fund assets internally at APFC, it is imperative that APFC have the ability to timely secure consultants and services needed to prudently evaluate these investments.

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<sup>1</sup> AS 36.30.850 (b) (13) exempts from the procurement code purchases of income-producing assets and AS 36.30.850(b)(15) exempts from the procurement code a "contract that is a delegation, in whole or in part, of investment powers or fiduciary duties of (A) the Board of Trustees of the Alaska Permanent Fund Corporation under [AS 37.13](#)".

Background Information: Procurement Streamlining

**Procurement Example:**

**Investment Decision Required Within 1 Month Timeframe/Need for Expert Analysis**

Request for Proposal (RFP) ~ 54 days minimum	Timeline Under Exemption ~10 days
Request Procurement Tracking System # from DGS – 1	Identify Subject Matter Experts
Draft RFP in Accordance with Standard Template – 5	Gather Professional Background Information
Secure Cost/Out-of-State Waivers from DGS – 1	Negotiate and Issue Contract
Finalize RFP - 5	
Release RFP – minimum 21	
Receive Proposals and Prep for Review – 2	
Proposal Evaluation Committee (PEC) Review – 5-10	
PEC Convenes to Evaluate and Rank Proposals – 1	
Reference Checks – 2-5	
Issue Notice of Intent to Award – 1	
Protest Period Ends – mandatory 10	
Negotiate and Issue Contract	

**APFC Current Contracts for Professional Services**

Procured under State Procurement Code via RFP Process

- Audit Services
- General Consultant
- Real Estate Advisors
- Investment Legal Counsel
- Communications
- Data Management and Reporting
- Valuation Consultant

Sole Source - following initial RFP Process

- Custodian Bank and Secured Lending
- Accounting – Shared Services and Data System
- Real Estate – Shared Services and Data System

Sole Source and Exempt

- Bloomberg
- Tradeweb
- Investment Advisory Committee Advisors
- Investment Management and Consulting for External Managers

State of Alaska NASPO Value Point Contract (National Association of State Procurement Officials)

- IT Consulting
- Network/Server Software Licensing

Procured under State Procurement Code via Informal RFP Process

- Software/Licensing