

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

January 5, 2017
10:15 a.m.

Taken at:

Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 120
Anchorage, Alaska

OFFICIAL MINUTES

Trustees present:

Carlton Smith, Chair
Jerome Selby
Laraine Derr
Larry Norene
Paula Easley
Russ Webb
Mary Jane Michael

Trust staff present:

Greg Jones
Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Amanda Lofgren
Heidi Wailand
Carley Lawrence
Luke Lind
Michael Baldwin
Carrie Predeger
Katie Baldwin-Johnson
Valette Keller

Trust Land Office present:

John Morrison
Leann McGinnis
Wyn Menefee
Victor Appolloni
Sarah Morrison
Bryan Yackel

Others participating:

Kathy Craft; Kate Burkhart (via Speakerphone); Patrick Reinhart; Denise Daniello (via Speakerphone).

PROCEEDINGS

CHAIR SMITH calls the Resource Management Committee meeting to order and states that all trustees are present except for Trustee Webb.

TRUSTEE SELBY states that he would like to get a report on the trip that the Chair, Larry Norene, and John Morrison took when they met with the Governor's chief of staff. He continues, that needs to be a specific item for the board. He adds that, second, he would like to put the RFP for the PR contract on the agenda right above the monthly report questions.

CHAIR SMITH asks for any other comments on the agenda. Without objection, he states that will be done. He recognizes Mr. Morrison.

MR. MORRISON begins with the Icy Bay Initiative. He states that the garnet samples have been distilled into a format that can be sent to various industries for testing and for their various purposes. He continues that the APMA permit, which is necessary to complete the activities for this coming fuel season, was successfully received. He moves to the land exchange and reports that Senator Sullivan's, Senator Murkowski's, and Congressman Young's offices worked on the submission of new language for the new bill for the land exchange. The endeavor is to have that language submitted by the end of next week. He states that federal legislation is being closely monitored so that the appropriate state legislation can be introduced this session. He moves to the update on Yosemite and states that there are a variety of issues that have been worked on with the Municipality. One is the proposal for a raised median that would go past both of the parcels and not allow a left-turn access from Yosemite Drive into Yosemite West. He noted that the negotiations with the City have been successful. He adds that this is an approval item, and is key to the full settlement with the City for this matter. He moves to the update on the Alaska Natural Gas lease sale for the parcels in Cook Inlet. He states that there is close communication with the negotiations, and the contract for the large pilot is completed. The hope is that those will conclude in the spring, a lease will be established, and that revenue begins. He continues that next is the Subport review item. He states that there is interest and multiple offers on lot C1. He anticipates moving forward with some consultation on that matter after a comfortable point is reached with lot C2. He adds that by the next committee meeting cycle a consultation proposal on C1 will come forward. The final item is with the legislative audit. He states that staff is working hard to prepare for the audit, and have yet to engage with potential auditors.

TRUSTEE DERR states that a formal motion was made that on January 15th the logging contracts would move forward if the land exchange did not go through. She asks if a motion is needed to rescind that action.

MR. MORRISON replies that, through the last meeting cycle, the board took an action to postpone any further decisions on that until the board meeting on the 25th.

CHAIR SMITH moves back to the agenda and asks for any announcements. There being none, he moved to the minutes of August 11, 2016.

TRUSTEE DERR makes a motion to approve the minutes of the August 11, 2016, meeting.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

CHAIR SMITH moves to the minutes of October 26, 2016.

TRUSTEE MICHAEL makes a motion to approve the minutes of October 26, 2016.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

CHAIR SMITH moves to the consultation on the land sale program.

CONSULTATION ON THE LAND SALE PROGRAM

MR. MORRISON states that the first consultation is the statewide land sale program and asks Victor Appolloni to continue.

MR. APPOLLONI states that the proposed action is to select and offer up to 100 Trust properties annually through the TLO statewide land sale program from a pool of 407 parcels between fiscal years 2018 and 2020. He continues that parcels not sold in the initial offering or within this time frame may be reoffered in future lands sales. The selected parcels will be offered by a sealed bid auction and awarded to the highest qualified bidder; an outcry auction and awarded to the highest qualified bidder offered through an over-the-counter sale; or by a method determined by the TLO executive director. Purchasers may elect to pay for the parcel in full or finance through a TLO land sale contract. He states that Trust parcels in the pool are mostly preexisting subdivisions designed and platted by the Department of Natural Resources in the 1970s and 1980s, subdivisions recently developed by the TLO and parcels are smaller in size. He continues that currently the TLO has assessed the highest and best use of these parcels as residential or recreational properties. He adds that the TLO will offer approximately 7 million in total land value over the next three fiscal years based on historic land sale data.

CHAIR SMITH asks how long the paper is kept when the Trust offers property for sale with owner financing.

MR. APPOLLONI replies that anything over \$20,000 can be financed up to 20 years; between \$15,000 and \$19,999 can be financed up to 15 years; \$10,000-\$14,999 up to ten years; and \$5,000 to \$9,999 can be financed up to 5 years.

TRUSTEE NORENE asks if there are other parcels that are anticipated to be added to this list during that period of time.

MR. APPOLLONI replied that currently other parcels throughout the state are being looked at to subdivide since the inventory of parcels to offer in smaller lots have been depleted throughout the years through the land sale program.

TRUSTEE SELBY makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Authority Board of Trustees concur with creating a pool of approximately 407 subdivision lots and small- to medium-sized parcels to offer through the TLO statewide land sale program.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

CHAIR SMITH moves to the approval on Yosemite Drive.

YOSEMITE DRIVE

MR. YACKEL states that this is a follow-up to the consultation that occurred in January of 2015. That consultation was for a budget request of \$900,000 to extend approximately 1,000 feet each of water and sewer utilities to Trust land along Yosemite Drive in Eagle River. The timing for completing this work is related to the Yosemite Drive upgrade project being completed by the MOA. He adds the need to complete utility extensions concurrently to save costs in comparison to completing the project as a standalone. In order to mitigate the congestion of Yosemite Drive and promote better access to Trust lands he asks to reallocate the budget formerly committed to the sewer utility extension and make it available for road access improvements to include the second northbound lane or bypass land. He continues that the Trust Land Office recommendation is for the reallocation of \$485,000 in budget, formerly allocated to the installation of sanitary sewer infrastructure improvements, now made available for road access improvements.

CHAIR SMITH asks for a motion.

TRUSTEE NORENE makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees approve the reallocation of the original budget previously approved for the expenditure of principal funds for sewer and water infrastructure improvements to and for a portion of the parcel known as Yosemite. The original Yosemite budget request was for \$900,000, with an available balance of \$485,000. The reallocation request will make the \$485,000 available for Yosemite Road access improvements.

TRUSTEE EASLEY seconds.

TRUSTEE SELBY makes a motion to amend motion No. 2 by adding a sentence at the end. It says: Reallocation in excess of \$50,000 will be presented to the board for approval prior to implementation.

TRUSTEE DERR seconds.

TRUSTEE SELBY speaks to the motion, stating that the board policy for senior staff limits their authority to \$50,000. This is in keeping with the board policy, which also protects Mr. Morrison.

MR. MORRISON states that he is not aware of any policy specifically addressing a \$50,000 allowance for the TLO director.

TRUSTEE NORENE states that he is also unaware of this, and that should be discussed.

MR. WILLIAMS clarifies that what is being referenced is the policy and practice of the Authority office and is being referenced here if there is a funding reallocation that is above \$50,000, it has to come back to the trustees for that approval. It is part of the change-of-intent policy.

The discussion continues as to the clarity of the policy and the Yosemite budget.

CHAIR SMITH calls the vote on the amendment.

Roll-call vote: Trustee Norene, no; Trustee Selby, no; Trustee Easley, yes; Trustee Derr, yes; Trustee Michael, no; Trustee Webb, no; Trustee Smith, no. The motion fails.

CHAIR SMITH moves to motion No. 1, and asks for any objections.

There being no objection, the motion is approved.

CHAIR SMITH asks Mr. Yackel to read motion No. 2.

MR. YAKEL states that following approval of motion 1, the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees authorize the executive director of the TLO to represent the Trust's interests on the Yosemite Drive utility extension and road access improvement structure, project No. 2014-83. This will include reallocations to the expenditure of the approved budget resultant to future Yosemite changes in project scope, if necessary.

TRUSTEE NORENE seconds.

CHAIR SMITH calls the vote. Trustee Selby objects. The motion is approved.

CHAIR SMITH moves to the Juneau meeting with the Governor's chief of staff.

TRUSTEE SELBY states that he would like to know the subject of the meeting, topics discussed, and results of the meeting with the Governor's chief of staff with Messers. Webb, Norene and Morrison. He requests that the board be advised of that meeting.

TRUSTEE WEBB states that during that meeting a number of things related to the Trust Land Office were discussed, including the Forest Service land trade, the likely need for legislation during the upcoming session, anticipating that the land trade would be completed during the last congressional session so that could move forward.

TRUSTEE EASLEY states that she was not aware of that meeting and asks if it was in Juneau or Anchorage.

TRUSTEE WEBB replies that it was in Anchorage.

CHAIR SMITH asks for any other items to come before the committee.

TRUSTEE SELBY states that the RFP was added.

CHAIR SMITH asks Trustee Selby if he would like to propose the question to Mr. Morrison on that topic.

TRUSTEE SELBY states that he is disappointed that a \$1.375 million contract, an RFP for that, would be issued without the board being aware of it.

TRUSTEE SELBY makes a motion to withdraw the RFP immediately.

TRUSTEE SELBY continues that there is a PR office and if Ms. Lawrence needs help on the PR work going forward, she is capable of coming in and asking for some help. He adds that he sees a lot of problems with this whole thing, not to speak of blowing \$1.3 million for absolutely very little return, especially given the current financial situation of the State of Alaska and the Trust. He states that this RFP should have been authorized by the board before it ever went on the street.

TRUSTEE DERR seconds.

TRUSTEE EASLEY states that there is an annual contract for public relations services and asks Ms. Lawrence how much of it is left.

MS. LAWRENCE replies that she doesn't know off the top of her head, stating that the contract has always been focused on reducing stigma for the beneficiaries. It has never been for the organization itself.

TRUSTEE EASLEY states that there really is no funding for that, and thanks Ms. Lawrence.

MR. MORRISON states that it is important to note that there is a distinct difference in the contracting world between getting a contract and spending any money. He believes that there is no precedent for Trust approval of any specific contract with the TLO to do something like this.

CHAIR SMITH asks Mr. Jones to comment on this, adding that this speaks to authority.

MR. JONES states that from a budget standpoint, Mr. Morrison has the authority to spend that budget in the normal course of business. He continues that it is more problematic because, according to the bylaws, he is supposed to have fiscal oversight of the TLO. He adds that he was unaware of this, as well. He learned about it after it was published, which was disappointing. He states that he sent a note to that effect, and the timing was very unfortunate, considering the press that was being received at that time.

TRUSTEE EASLEY states that when talking about community engagement and helping people understand what is being done in specific instances, it is appropriate to put everything into it and help communities understand. Other than that, the public does not need to know that. She suggests holding on to the \$250,000, the first RFP, and states that she would vote against spending that funding.

TRUSTEE SELBY states that he sees no need for PR and recommends that Mr. Morrison get with the CEO and with Ms. Lawrence to revisit how to go about doing this for the future. He continues that the TLO does need a PR plan, but this is the way to do it.

TRUSTEE WEBB states the need to move forward with governance policies, which the Trust should have developed over the course of its 21 years. He suggests holding off on further discussion of this RFP and all those issues, and having a good discussion this afternoon about the future of the Trust, governance, and how to move forward in that regard.

CHAIR SMITH asks Trustee Selby, as the maker of this motion, if there were any other comments.

TRUSTEE SELBY states that this RFP still needs to be withdrawn, and allowing Mr. Jones to get involved to work with Mr. Morrison and Ms. Lawrence on a better definition.

The discussion continues.

MR. JONES agrees that there will be a PR contract out there that will meet the TLO needs, but would like this one off the street until that gets done.

TRUSTEE SELBY states that optics is a part of the concern, but he is interested in seeing this organization get more cohesive internally and operate in a straightforward manner. He adds that there is an internal problem.

TRUSTEE EASLEY asks the Chairman to call for the question.

Roll-call vote: Trustee Webb objects; Trustee Norene objects; Trustee Michael objects; Trustee Easley, aye; Trustee Derr, aye; Trustee Selby, aye; Trustee Smith objects. The motion fails.

CHAIR SMITH asks for anything else to come before the committee. He entertains a motion to adjourn.

TRUSTEE NORENE makes a motion to adjourn.

TRUSTEE MICHAEL seconds.

There being no objection, the meeting is adjourned.

(Resource Management Committee meeting adjourned at 12:00 p.m.)