

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE MEETING

May 2, 2016
10:00 a.m.

Taken at:

3745 Community Park Loop, Suite 120
Anchorage, Alaska

OFFICIAL MINUTES

Trustees present:

Larry Norene, Chair
Laraine Derr (via telephone)
Russ Webb
Paula Easley (via telephone)
Mary Jane Michael
Jerome Selby

Trust staff present:

Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Kevin Buckland

TLO staff present:

John Morrison
Craig Driver
Michelle Steelman

PROCEEDINGS

CHAIR NORENE calls the Resource Management Committee meeting to order and asks for any announcements. There being none, he states that in the agenda there are some consultations, approvals and an executive session. He asks if the executive session is to discuss sensitive negotiations.

MR. MORRISON replies yes.

CHAIR NORENE asks what order should be taken.

MR. MORRISON suggests a brief introduction, then call an executive session to discuss the particulars of the transaction.

CHAIR NORENE asks Mr. Morrison to proceed.

MR. MORRISON states his appreciation for the board's willingness to work with staff on trying to match process with opportunity. He continues that there are two opportunities the target markets of Texas and Washington to help further the mission and direction given as of late to substantially increase the income revenue of the Trust. He adds that both of these opportunities are a bit larger than previous opportunities acquired. With that, he asks to go into executive session.

TRUSTEE WEBB asks to make a comment. He states that his understanding of the benefit of considering these is to generate more spendable income.

MR. MORRISON replies that based on the acquisition parameters, as well as the proposed financing, together they would each produce well in excess of a million dollars a year of spendable income for the Trust.

TRUSTEE WEBB makes a motion to move into executive session for the purpose of considering two acquisitions that are of a very sensitive financial nature for the Trust.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

(Executive Session from 10:06 a.m. until 11:17 a.m.)

CHAIR NORENE moves to approvals in the agenda. He states that Item A is the Texas building acquisitions.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve the action as described herein wherein the Trust Land Office forms and manages a single-purpose entity limited liability corporation owned in full by the Trust for the purpose of acquiring, owning, and operating the proposed property, that being the Texas building acquisition.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

TRUSTEE MICHAEL asks how the LLCs are named.

MR. MORRISON replies that these are numbered 1 through 3. He states that this will be TLO TX3 Investments, LLC.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve the proposed action to fund the newly formed LLC with principal from the Trust Authority Development Account, fund code 3320, to acquire the property, up to \$9,500,000. This funding will include purchase price net of loan acquired, entity formation expenses, legal review, closing, and due diligence costs as necessary to complete the transaction, as presented.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees concur with the proposed action to complete the financing of the proposed property.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve an increase to the property budget appropriation in the amount of \$2,128,725.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees delegate to the Executive Director of the TLO the authority to determine if it is necessary to modify or cancel this transaction.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

CHAIR NORENE states that the next item is the Washington joint venture building development proposal.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve the action as described herein wherein the Trust Land Office forms a single-purpose entity joint venture limited liability company with Panattoni Development Company for the purpose of acquiring, owning, developing, and operating the proposed property.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees authorize the Executive Director of the TLO to represent the Trust's interests in the transaction by working with the development partner to ensure a successful project, including, but not limited to, decisions about modifications to the project plan, leasing, tenant improvements, financing, and buying out Panattoni at project stabilization.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve the proposed action to fund the newly formed LLC with principal from the Trust Development Account, fund code 3320, to complete the proposed action, up to \$11 million. This funding will include payments to be made as part of the development process, the eventual purchase price net of loan acquired, entity formation expenses, legal review, closing, and due diligence costs as necessary to complete the transaction, as presented.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees concur with the proposed action to complete the financing and subsequent purchase or sale of the proposed property.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees delegate to the Executive Director of the TLO the authority to determine if it is necessary to modify or cancel this transaction.

TRUSTEE SELBY seconds.

There being no objection, the motion is approved.

TRUSTEE WEBB states that the trustees spend a good bit of time in executive session discussing the potential benefits and risks of each of these two transactions, including the ability of these transactions to generate a significant amount of spendable income annually for the Trust, makes them worthwhile and beneficial. He continues that the risks have been mitigated to the greatest possible degree.

CHAIR NORENE adds that it was necessary to be in executive session and thanks all for the convenience of executive session.

TRUSTEE SELBY makes a motion to adjourn the meeting.

TRUSTEE WEBB seconds.

CHAIR NORENE adjourns the meeting.

(Resource Management Committee meeting adjourned at 11:26 a.m.)