

ALASKA MENTAL HEALTH TRUST AUTHORITY
RESOURCE MANAGEMENT COMMITTEE

May 13, 2015

8:30 a.m.

Taken at:

Dena'ina Wellness Center
508 Upland Street
Kenai, Alaska 99611

OFFICIAL MINUTES

Trustees present:

Larry Norene, Chair
Mary Jane Michael
Paula Easley
John McClellan
Russ Webb
Laraine Derr
Carlton Smith

Trust staff present:

Jeff Jessee
Steve Williams
Miri Smith-Coolidge
Nancy Burke
Kevin Buckland
Valette Keller (via speakerphone)
Carrie Predeger (via speakerphone)
Carley Lawrence
Amanda Lofgren (via speakerphone)
Natasha Pineda (via speakerphone)
Mike Baldwin (via speakerphone)
Luke Lind
Katie Baldwin-Johnson (via speakerphone)
Kat Roch (via speakerphone)

TLO staff present:

Marcie Menefee (via speakerphone)
John Morrison
Craig Driver
Sarah Morrison

Also participating:

Kathy Craft; Tawny Buck (via speakerphone); Rich Sanders; Melissa Stone.

PROCEEDINGS

CHAIR NORENE begins by reading the procedures for life and safety for the building. He calls the Resource Management Committee meeting of May 13, 2015, to order. He asks for any announcements. There being none, he states that there will be an executive session later in the agenda. He begins with the approvals, and recognizes John Morrison.

MR. MORRISON states that there are two approvals for this special RMC meeting. He continues that the first is an addition to the property budgets, specifically for the PRI properties. He adds that Craig Driver, asset manager, will make that presentation.

MR. DRIVER states that this is for approval for FY15 expenditures for three programmatic buildings: one in Anchorage operated by Assets, Inc.; another is in Fairbanks, occupied by Family Centered Services; and the third is in Fairbanks, planned for program-related purposes, currently vacant. He continues that the expenditures show a credit for the estimated year-end FY16 cash in two of the property accounts with a net amount needed of \$144,200, which will be required at the beginning of FY16. He adds that it is the TLO's opinion that it is necessary to protect assets and meet the program needs sponsored by the Trust and recommends approval.

TRUSTEE DERR asks the reason for the different amount.

MR. DRIVER replies that it is a new fiscal year amount. He states that the different approval is because these are all programmatic-related buildings, as opposed to the investment-related.

TRUSTEE DERR asks if there was an approval for maintenance on these facilities.

MR. MORRISON replies that when these facilities were acquired there were projections, and a certain amount of money across the board was requested. Through the course of the year, substantially less was needed, and we only requested that amount. He states that, looking back on the motions made, they were not specific enough in terms of the business need for the money, and the money lapsed. He explains this more fully.

CHAIR NORENE asks about the prospects for the buildings.

MR. JESSEE replies that they are trying to keep one of them free because Senator Kelly is still expressing an interest in trying to put together a treatment program for pregnant women who are alcoholics. He adds that there are no immediate plans for the second building; and the third, Fahrenkamp, is currently occupied, but they are planning to move.

MR. DRIVER states that December 31, 2016, is the end of their lease.

TRUSTEE McCLELLAN makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees approve an increase to the appropriation 15960-2016 from the facility maintenance account, AKSAS fund 34048, in the amount of \$149,700.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE McCLELLAN makes a motion that the Resource Management Committee recommends that the Alaska Mental Health Trust Board of Trustees instruct the CFO to transfer up to \$114,200 to the third-party property manager, as requested by the TLO, for management of the facilities.

TRUSTEE MICHAEL seconds.

MR. BUCKLAND states, for clarification, out of the \$305,000 that was previously approved to be taken from the facility maintenance account, \$305,000 was moved to the checking account. He continues that, essentially, that cash has already been put out there. The facility maintenance account balance is right at about \$105,000, and the Trustees previously approved moving out that residual balance.

There being no objection, the motion is approved.

CHAIR NORENE states that the next item on the agenda is the Texas building acquisition. He asks if there are sensitive negotiation issues that need to be discussed in executive session.

MR. MORRISON replies that there may be questions that would be better answered in executive session.

CHAIR NORENE proposes moving into executive session at this time.

TRUSTEE WEBB makes a motion to move into executive session.

TRUSTEE McCLELLAN seconds.

There being no objection, the motion is approved.

(Executive session from 8:49 a.m. until 9:45 a.m.)

CHAIR NORENE calls the meeting back on record.

TRUSTEE McCLELLAN makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees authorize the Trust Land Office to form and fund a single-purpose entity owned in full by the Trust for the purpose of acquiring, owning and operating Texas building acquisition project No. 2015-109.

TRUSTEE EASLEY seconds.

There being no objection, the motion is approved.

TRUSTEE McCLELLAN makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve funding a newly formed LLC with principal from the Trust Authority Development Account, fund code 34045, to acquire Texas building acquisition project No. 2015-109 up to \$7,075,000. This fund will include purchase price net of loan assumed and entity formation expenses, legal review, closing and due-diligence costs as necessary to complete the transaction, as presented.

TRUSTEE SMITH seconds.

There being no objection, the motion is approved.

TRUSTEE McCLELLAN makes a motion that the Resource Management Committee recommends the Alaska Mental Health Board of Trustees authorize the TLO to complete the financing of Texas building acquisition project No. 2015-109.

TRUSTEE MICHAEL seconds.

There being no objection, the motion is approved.

TRUSTEE McCLELLAN makes a motion that the Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees approve an increase to appropriation 15960-2016 from the facility maintenance account, AKSAS fund 34048, in the amount of \$1,218,750.

TRUSTEE DERR seconds.

There being no objection, the motion is approved.

TRUSTEE McCLELLAN 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.

MR. JESSEE states that his comment is to this last motion. He continues that all that it authorizes the executive director to do is to determine that a modification or cancellation is necessary. It does not authorize the executive director to do anything other than to modify or to cancel. He states that if the intent is to authorize the executive director to actually take action, it needs to be clear that is intended. He continues that the second issue is if the intent is to allow the executive director to modify or cancel, the modification term is without limits. Conceivably, the executive director can do anything he wanted to do without coming back to the board, including change the sale price, terms, et cetera.

MR. MORRISON states that the intention is to allow the executive director to modify or cancel the transaction if it is necessary. He feels that motion No. 2 sufficiently limits the ability to pay anymore for the transaction and, if possible, would like to pay less without further approval.

A discussion ensues.

TRUSTEE WEBB offers a friendly amendment.

TRUSTEE WEBB makes a motion to amend the motion to read: The Resource Management Committee recommends the Alaska Mental Health Trust Board of Trustees delegate to the executive director at the TLO the authority to modify this transaction, the Texas building acquisition project No. 2015-109, up to the authorized amount of \$7,075,000, or to cancel the transaction.

TRUSTEE EASLEY objects because the executive director of the TLO already has the authority to make the decision and to do it in a timely manner. The motion is not necessary.

CHAIR NORENE notes the objection.

With one objection, the motion is approved.

CHAIR NORENE states that the next item is that the current executive director has turned in a letter stating her retirement date, and he recommends John Morrison as acting director.

TRUSTEE SMITH makes a motion that the Resource Management Committee should recommend to the Board of Trustees naming John Morrison as acting director.

TRUSTEE MICHAEL seconds.

TRUSTEE McCLELLAN clarifies that the Full Board of Trustees needs to vote on this.

There being no objection, the motion is approved.

CHAIR NORENE asks for anything further to come before the Resource Management Committee. There being none, he asks for a motion to adjourn.

TRUSTEE McCLELLAN makes a motion to adjourn.

TRUSTEE WEBB seconds.

There being no objection, the meeting is adjourned.

(Resource Management Committee adjourned at 10:00 a.m.)