

ALASKA STATE LEGISLATURE
LEGISLATIVE COUNCIL
AUGUST 17, 2017
12:02 PM

MEMBERS PRESENT

Representative Sam Kito, Chair
Senator Bert Stedman, Vice Chair
Representative Matt Claman
Representative David Guttenberg
Representative Charisse Millett
Representative Dan Ortiz
Representative Louise Stutes
Representative Harriet Drummond, Majority Alternate
Representative David Eastman, Minority Alternate
Senator Pete Kelly
Senator Anna MacKinnon
Senator Kevin Meyer
Senator Peter Micciche
Senator Cathy Giessel

MEMBERS ABSENT

Representative Bryce Edgmon
Senator Lyman Hoffman

OTHER MEMBERS PRESENT

Senators Egan and Olson

AGENDA

APPROVAL OF AGENDA
RATIFICATION OF CHARITY EVENTS
CONTRACT APPROVALS
EXECUTIVE SESSION
OTHER COMMITTEE BUSINESS

SPEAKER REGISTER

Tim Banaszak, Information Technology Manager, Legislative
Affairs Agency
Doug Gardner, Director, Legal and Research Services
Pam Varni, Executive Director, Legislative Affairs Agency
Jeff Rader, VP Corporate Properties Group, Wells Fargo Bank

12:02:24 PM

- I. **CHAIR SAM KITO** called the Legislative Council meeting to order at 12:02 p.m. in Room 519 (House Finance) of the State Capitol. Present at the call were Representatives Millett and Kito; and Senator Stedman. Present on teleconference were Representatives Claman, Guttenberg, Ortiz, Stutes, and Drummond (alternate); and Senators MacKinnon, Giessel, Meyer, and Micciche. Senator Hoffman joined after the Charitable Events item. Representatives Edgmon, and Eastman (alternate), and Senator Kelly, were absent.

CHAIR KITO noted for the record that because many Council members were participating via teleconference, a roll call vote would be taken for each motion.

II. **APPROVAL OF AGENDA**

VICE CHAIR STEDMAN moved that Legislative Council approve the agenda.

A roll call vote was taken.

YEAS: Claman, Guttenberg, Millett, Ortiz, Stutes,
Drummond, MacKinnon, Meyer, Micciche, Giessel,
Stedman, Kito

NAYS: None

The motion passed 12-0.

III. **RATIFICATION OF CHARITABLE EVENTS**

a. Boys & Girls Club of the Kenai Peninsula Annual Auction Gala

SENATOR MICCICHE stated for the record that he has been a member of the Boys & Girls Club of the Kenai Peninsula Board of Directors for the last 25 years and requested to abstain from voting on this item. There was an objection and Senator Micciche was required to vote.

VICE CHAIR STEDMAN moved that Legislative Council ratify the Chair's sanctioning of the following charitable event per AS 24.60.080(a)(2)(B):

- Boys & Girls Club of the Kenai Peninsula Annual Auction Gala

A roll call vote was taken.

YEAS: Claman, Guttenberg, Millett, Ortiz, Stutes,
Drummond, MacKinnon, Meyer, Micciche, Giessel,
Stedman, Kito

NAYS: None

The motion passed 12-0.

IV. CONTRACT APPROVALS

a. FY18 Microsoft Software Renewal

b. Wells Fargo Lease Amendment and Extension

a. FY18 Microsoft Software Renewal

TIM BANASZAK, Manager for Information Technology for the Legislative Affairs Agency, stated that the Alaska Legislature, along with the Executive and Judicial Branches, are in the third and final year of a three-year licensing agreement with Microsoft for software products used by the State of Alaska. Software House International (SHI) is the State's re-seller/provider of these products, which include Windows 10, Windows server operating systems, and the Office software suite (Word, Excel, Outlook, PowerPoint, etc.). Other important products covered under the Agreement include the Legislature's network software and internet systems that provide us with email (Exchange), SQL databases (BASIS), network storage (N Drives), web servers (akleg.gov), SharePoint and Skype for Business communication services, as well as increased email storage capacity, software licensing and collaboration for mobile devices.

He said this Agreement provides the benefits of reduced volume pricing, enhanced technical support, regular software upgrades and training vouchers for technical staff.

The Legislature's portion of the renewal for FY2018 is \$124,826.62, which is budgeted under the Administrative Services component each year, and requires Legislative Council's approval.

He advised members that the Executive Branch was beginning its negotiations now with Microsoft for next year's contract.

In response to a question by the Chair, Mr. Banaszak confirmed that this Agreement allowed the Legislature the ability to take part in the pilot program Office 365.

REPRESENTATIVE MILLETT thanked Mr. Banaszak and acknowledged that he and his staff recently received a national award at the National Conference of State Legislatures annual meeting for the Alaska Legislature's website; she added that Alaska is on par with much larger states in technological advancements, and thanked him for all the hard work that he and his staff do.

MR. BANASZAK responded that there were many folks who worked on that project, notably the LIO's Tim Powers, in addition to his staff. He said he appreciated her acknowledgement.

[12:14:01 PM](#)

VICE CHAIR STEDMAN moved that Legislative Council approve the expenditure of \$124,826.62 to Software House International (SHI) for the Legislature's portion of the annual Microsoft Enterprise Agreement.

A roll call vote was taken.

YEAS: Claman, Millett, Ortiz, Stutes, Drummond, MacKinnon, Meyer, Micciche, Giessel, Stedman, Kito, Hoffman*

NAYS: None

The motion passed 12-0.

*It was noted that Senator Hoffman had joined the meeting.

b. Wells Fargo Lease Amendment and Extension

DOUG GARDNER, Director of Legal Services, spoke on teleconference and noted that, while Pam Varni had been directly involved in the lease negotiations and this particular amendment, he would speak to the legal portion of this item. He said that this lease extension would allow Wells to continue to extend their use of one of the floors in the building for 3.5 additional months. It was his understanding that they were having logistical issues with a renovation of the space to which they hope to move. His understanding is that the lease rate would remain the same for that space and this was not harmful or disruptive to the Legislature. He added that another thing the amendment does, was that it responded to Wells Fargo's request under

federal law to try and address any resolution event that might occur in the event that Wells Fargo enters into the wonderful world of resolution and their assets, or a portion of their assets, are picked up by an affiliate.

He said Emily Nauman, Legal Services Staff, put together a memo to Legislative Council members and, on page two of that memo, it pretty much goes through the punch list of what the highlights of that are. He said he would be happy to speak to that as the Chair desires.

CHAIR KITO asked Ms. Varni to speak to this item to provide another perspective.

PAM VARNI, Executive Director of the Legislative Affairs Agency, noted that Jeff Rader of Wells Fargo was also on teleconference and could speak to the resolution issue. She said presently Wells Fargo is leasing the third floor in addition to the branch space on the ground floor. There is a 10 year lease for the branch space; Wells Fargo has vacated the fourth floor; their leased space on the third floor was due to terminate on March 15, 2018, but there was a delay with the renovations of their new space and thus they requested an additional three months lease extension. They are presently paying \$34,648.75 per month, so this would be an additional \$121,270.63 of revenue to the Legislature for the extra three months.

In response to a request for clarification by the Chair, Ms. Varni confirmed that the lease extension was through June 30, 2018.

CHAIR KITO asked for brief testimony from Mr. Rader of Wells Fargo regarding the resolution piece of the lease amendment.

JEFF RADER, Wells Fargo, said Mr. Gardner correctly captured the resolution recovery plan. This was language that the federal government was having all banks secure in all of their leases across the country in the event that there is a resolution or an insolvency. It provides that the bank branch would be maintained and operated by a receiver, and there would be no change in the rent payment. It allows for affiliates or the receivership to run the operation during the insolvency. He said it was his understanding that most of this was current statutory law anyway. It does go a little bit farther in its allowance of affiliates than what the statute has. He said we have some 5,000 of these across the country and are asking landlords

to accommodate that request to have the language in the leases.

REPRESENTATIVE CLAMAN asked if the Wells Fargo lease rate was a competitive market rate.

MS. VARNI confirmed that was correct. There are two different rates: one for the branch and one for the third floor corporate office. She said she could get the exact figures to Rep. Claman, but that it was her recollection that one of the rates was in the \$3.00 range and the other was \$2.65 per square foot.

REPRESENTATIVE GUTTENBERG said that while it may be a statutory requirement for Wells Fargo, it wasn't a statutory requirement for the Legislature. He wanted to know what protections the Legislature would be given as the landlord.

MR. GARDNER responded that the FDIC could wield a heavy hand and probably would have a lot of influence, perhaps even chart their own course to some extent on the lease; however, if there is a resolution event, he wanted the Legislature to be in a position to at least talk to the affiliate, to Wells Fargo, and to the federal government on some of these provisions. Having something in the lease, where we have attempted to comply with federal law and we at least have some protections and some bookends on it would be helpful. He said, for example, the lease doesn't require the Legislature to continue to extend it to the affiliate beyond the period of the lease, but it might be in negotiations that we've done our best to protect ourselves and it might be that the affiliate and the federal government really try to follow the lease; it was his experience that people generally do. He summarized his comments was that having some provisions that protect us the best that we can under these circumstances, having some language that we can fall back on in dealing with the lessee and any potential affiliate was good.

Mr. Gardner went on to say that at the March 2018 meeting, the over-arching issue seemed to be should we do this at all if the federal government was just going to pave over us anyway. His response is that (1) we control our destiny as much as possible; and (2) we are in this together with Wells Fargo, they are partners with us in terms of this lease and we should do what we can to try and amend the lease in a way that was mutually beneficial to comply with federal law.

DISCUSSION FOLLOWED on the original lease language versus the amendment regarding a resolution recovery; requirements for banks to pass a "living will test", part of the Dodd-Frank Act; the lease extension versus the language change request to comply with federal law; and that extending the lease does not impact plans to renovate the third floor. There was a comment of support in extending the lease for additional revenue.

Representative Eastman joined the meeting at approximately 12:30 p.m.

[12:34:49 PM](#)

VICE CHAIR STEDMAN moved that Legislative Council approve the Wells Fargo Resolution Recovery Plan and Lease Extension which requires an amendment to our lease at 1500 W. Benson Blvd. with Wells Fargo.

A roll call vote was taken.

YEAS: Claman, Guttenberg, Millett, Ortiz, Stutes, Drummond, Hoffman, MacKinnon, Meyer, Micciche, Giessel, Stedman, Kito

NAYS: None

The motion passed 13-0.

V. EXECUTIVE SESSION

[12:36:33 PM](#)

VICE CHAIR STEDMAN moved that Legislative Council go into Executive Session per Uniform Rule 22(b)(2) discussion of subjects that tend to prejudice the reputation and character of a person. He said staff to the Chair and Vice Chair could remain in the room and everyone else was excused.

CHAIR KITO asked if any Council members were concerned with staff remaining on teleconference or in the room.

SENATOR MACKINNON responded that it depended on what was being said. She said the issue had come up before with folks in the room with cell phones and that the fewer people in the room, the better.

CHAIR KITO said that his recommendation was that Legislative Affairs staff would remain, legislative staff remain, and of course any Legislators as well. He reminded

all participants that items discussed during executive session are confidential and cannot be spoken of or released outside the meeting. Legislative staff would be barred from future meetings if any information was released outside of executive session.

SENATOR MICCICHE said that he believed it would impede open discussion if staff were allowed to remain in executive session.

SENATOR GIESSEL concurred with Senator Micciche and had concerns with staff being in executive session.

CHAIR KITO said he acknowledged those concerns. He amended his recommendation to say that Legislators may remain on teleconference or in the room; legislative staff aside from Ms. Koeneman, staff to Chair Kito who helps to run the meeting and Senator Stedman's staff Randy Ruaro, will not be included in executive session. Legislative Affairs staff allowed to remain in executive session included Executive Director Pam Varni, Finance Manager Jessica Geary, Legal Services Director Doug Gardner (on teleconference), Recorder Molly Kiesel, and Moderator Danae Burns. Chair Kito added legislative staff Jim Puckett to those allowed to remain in executive session.

12:40:50 PM

Legislative Council went into executive session.

2:17:59 PM

Legislative Council came out of executive session.

CHAIR KITO postponed the final item, Anchorage Legislative Office Building - Phase I Reconciliation; he further noted that Council would continue the executive session discussion at a future meeting.

There being no further business before the committee, Legislative Council adjourned at 2:20 p.m.

2:19:02 PM