

**ALASKA STATE LEGISLATURE
LEGISLATIVE COUNCIL
MARCH 28, 2017
7:31 AM**

MEMBERS PRESENT

Representative Sam Kito, Chair
Senator Bert Stedman, Vice Chair
Representative Matt Claman
Representative Bryce Edgmon
Representative David Guttenberg
Representative Charisse Millett
Representative Dan Ortiz
Representative Louise Stutes
Representative Harriet Drummond, Majority Alternate
Representative David Eastman, Minority Alternate
Senator Lyman Hoffman
Senator Anna MacKinnon
Senator Kevin Meyer
Senator Peter Micciche
Senator Gary Stevens

MEMBERS ABSENT

Senator Pete Kelly
Senator Cathy Giessel, Alternate

OTHER MEMBERS PRESENT

AGENDA

APPROVAL OF AGENDA
APPROVAL OF MINUTES
RATIFICATION OF CHARITY EVENTS
CONTRACT APPROVALS
OTHER COMMITTEE BUSINESS

SPEAKER REGISTER

Tina Strong, Procurement Officer, Legislative Affairs Agency
Doug Gardner, Director, Legal and Research Services
Theresa Bannister, Attorney, Legal and Research Services
Pam Varni, Executive Director, Legislative Affairs Agency
Jessica Geary, Finance Manager, Legislative Affairs Agency

[7:31:06 AM](#)

I. **CHAIR SAM KITO** called the Legislative Council meeting to order at 7:31 a.m. in Room 519 (House Finance) of the State Capitol. Present at the call were Representatives Claman, Edgmon, Millett, Ortiz, Stutes, Eastman (alternate), and Kito; Senators Kelly, MacKinnon, Meyer, Micciche, Stevens, and Stedman. Representatives Drummond (alternate) and Guttenberg, and Senator Hoffman joined the meeting after the roll call. Senator Giessel (alternate) was absent.

II. **APPROVAL OF AGENDA**

VICE CHAIR STEDMAN moved that Legislative Council approve the agenda.

The motion was approved without objection.

III. **APPROVAL OF MINUTES**

[7:34:43 AM](#)

VICE CHAIR STEDMAN moved that Legislative Council approve the following minutes:

- December 20, 2016
- January 20, 2017
- February 9, 2017
- February 15, 2017

The motion was approved without objection.

IV. **RATIFICATION OF CHARITABLE EVENTS**

[7:35:24 AM](#)

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

Legislative Skits
Bowl for Kids' Sake
Kenai River Jr. Classic
Kenai River Classic
Kenai River Women's Classic

The motion was approved without objection.

V. CONTRACT APPROVALS

- a. Ombudsman Lease Renewal**
- b. Stoel Rives Contract Amendment**
- c. Wells Fargo Resolution Recovery Plan Amendment**

a. Ombudsman Lease Renewal

TINA STRONG, Procurement Officer for the Legislative Affairs Agency, stated that the original lease between the Legislative Affairs Agency and JRW Ventures, Windward Town and Country Plaza, Inc., for the Ombudsman's Anchorage office space was for three years beginning May 1, 2013, and terminated April 30, 2016. There were three renewals of lease available under the lease agreement: each for a one year period.

She said we have exercised Renewal No. 1 that expires on April 30, 2017. The Office of the Ombudsman would like to proceed with Renewal No. 2 for the period May 1, 2017, through April 30, 2018.

If Legislative Council approves Renewal No. 2, this will leave one more renewal of lease available before we have to go out to bid or do a lease extension.

This lease exceeds \$35,000 in one fiscal year; therefore, Legislative Council's approval is required. Ms. Strong said she was available to answer any questions.

DISCUSSION FOLLOWED regarding support for consolidation of legislative agencies in the new Anchorage Legislative Office Building at 1500 W. Benson Boulevard as a way to reduce lease costs. The Chair noted that this specific renewal is for the period of one year only, so there will be time to work on incorporating legislative offices in the new building.

[7:41:24 AM](#)

VICE CHAIR STEDMAN moved that Legislative Council approve Lease Renewal No. 2 with JRW Ventures, Windward Town and Country Plaza, Inc. for the time period May 1, 2017 through April 30, 2018 in the amount of \$40,905.64.

The motion passed without objection.

b. Stoel Rives Contract Amendment

DOUG GARDNER, Legal Services Director, provided Council a summary of the history of the continuing litigation, both from a lawsuit and an appeal of a prior Legislative Council Chair procurement decision, regarding the property at 716 W. Fourth Avenue, as well as his estimate of the funding necessary to continue the ongoing defense needs.

DISCUSSION FOLLOWED about the difficulty of anticipating expenses in any litigation, as well as the possibility of an executive session at an upcoming meeting for a Council briefing regarding risk analysis of the ongoing litigation.

[7:48:09 AM](#)

VICE CHAIR STEDMAN moved that Legislative Council approve an amendment to the Stoel Rives Contract in the amount of \$150,000.

The motion passed without objection.

c. Wells Fargo Resolution Recovery Plan Approval

THERESA BANNISTER, Division of Legal and Research Services, stated that Wells Fargo, a lessee of the Alaska Legislative Office Building at 1500 W. Benson Boulevard, sent the Legislative Affairs Agency a proposed change to the lease to accommodate their need to comply with federal requirements by the FDIC that large bank holding companies and certain other financial institutions establish a resolution plan on how affairs will be handled if they should ever go into financial distress, such as bankruptcy. In order to comply with a plan, Wells Fargo drafted and sent a proposed amendment to the lease.

Ms. Bannister said that Legal Services tightened up the language of Wells Fargo's proposal in the amendment currently before Council; addressing the overly broad language as well as reclaiming a few rights as the lessor, while accommodating the needs of Wells Fargo to meet the FDIC requirements. Wells Fargo accepted the amendment as drafted by Legal Services. In short, Ms. Bannister said that if Wells Fargo goes into financial distress, the Legislature cannot automatically hold them in default; as long as they make the lease payments and comply with the rest of the lease terms, they can stay in the building.

Ms. Bannister said the amendment before Council accomplishes what Wells Fargo needs to do while ensuring our rights as the Lessor were also protected.

DISCUSSION FOLLOWED regarding specifics of language in the lease; which party is responsible for addressing property vandalism; whether the State is protected in the case of Wells Fargo financial distress; that Legislative Council does not have to take any action on this amendment and there would be no consequence to the State; a concern over the term "a reasonable amount of time" for ensuring lease payments are made; State liability should Wells Fargo go into financial distress.

MS. BANNISTER stressed that Legislative Council does not have to take any action on the request for the amendment by Wells Fargo.

DISCUSSION FOLLOWED regarding the suggestion that this amendment could be a negotiating tool to change other aspects of the existing lease; FDIC requirements and the Dodd-Frank Act; a comment that the State will have bigger problems than lease payments if Wells Fargo goes broke; a repetition that the State is under no legal obligation to do anything with this amendment; a concern that the Lessor does not have any control over any potential successor; a request for a white paper from Legal Services regarding the lease in general and this amendment in particular; confirmation that should Wells Fargo go into bankruptcy or receivership, the Lessor has very little power at that point, regardless of whether Council approves this amendment.

CHAIR KITO, in response to a request by Senator Meyer, tabled the item to allow time for Legal Services to prepare additional information for Council's consideration. He then asked Ms. Varni to address the issue Senator Stevens brought up of graffiti on the "Benson Building" and whether the Lessor or Lessee is responsible for dealing with it.

PAM VARNI, Executive Director of the Legislative Affairs Agency, told members that she was made aware of graffiti spray painted on the building, the sidewalk, and some Wells Fargo signage at 1500 W. Benson Boulevard: "Oil Kills", "We Kill", and "Divest". A police report was filed and the property manager quickly addressed the graffiti, removing the paint where they could and covering up in areas where it was difficult to remove paint due to texture and temperature. She has been in touch with Jeff Radar, Vice

President of Corporate Properties for Wells Fargo out of San Francisco, and one of the principals for the lease with Wells Fargo. She would get back to Council with the exact cost of remedying the removal of the graffiti. In response to a question by Senator Stevens, Ms. Varni confirmed that the graffiti was directed at Wells Fargo and not the Legislature. In response to a question by Chair Kito, Ms. Varni said that the removal of the graffiti is being addressed by LAA, but that she would be having a conversation with Wells Fargo to look at them contributing to the cost of that remediation. In response to a question from Senator MacKinnon, Ms. Varni noted that there are currently neither exterior nor interior cameras at this building, although there is armed security; and that she would check to see if another building in the area had exterior cameras that might have recorded the culprits.

Council took no action with regard to this item.

VI. OTHER COMMITTEE BUSINESS

a. Late Per Diem Request from Representative LeDoux

b. Moving and Travel Subcommittee

a. Per Diem Request from Representative LeDoux

[8:16:44 AM](#)

VICE CHAIR STEDMAN moved that that Legislative Council approve the Late Per Diem Claim for Rep. LeDoux in the amount of \$771.70.

The motion was approved without objection.

b. Moving and Travel Subcommittee

Jessica Geary, Finance Manager and Chair of the Moving and Travel Subcommittee, stated that before members is a memo highlighting the proposed recommended changes to the Moving and Travel Policy, which she proceeded to summarize. She said the first change was to clarify the appeal process; if any member disagrees with a decision made denying certain expenses turned into the Accounting Office, that member can go to the Legislative Council Chair to request a review of the full Council. With regard to the limit on weight for shipping personal household goods and effects, which has been a maximum of 10,000 pounds, she noted that during her tenure in the Accounting Office, she has never seen any shipment near that limit; the average weight shipped is approximately 3,000 pounds. The proposed change is to

reduce the limit to a maximum of 3,000 pounds of allowable household goods.

In response to a question from Vice Chair Stedman, Ms. Geary said that even with new members shipping items for the first time and establishing a household in Juneau, the highest weight allotment was 2,900 pounds, and that was a pretty large amount of furniture. In looking back over a few sessions, the weight amounts ranged from 200 pounds to 1,500 pounds of household goods. The highest she had ever processed was 4,400 pounds, which included some very heavy items; she didn't think it was necessary to allow more than 3,000 pounds. She noted again that there was an exception process if a Legislator needed to bring more than the allowable weight.

REPRESENTATIVE EASTMAN asked why we would want Legislators to have to go through an exception process simply for having a large families.

MS. GEARY said there is enough flexibility to handle things on a case-by-case basis, but that she honestly feels that, after looking over past bills, 3,000 pounds was a reasonable limit, and that it would be difficult to ship in-excess of 3,000 pounds. In response to a question by Senator Stevens, Ms. Geary explained that the exception process is such that a Legislator contacts the Agency to explain their specific situation, and the Chair of Legislative Council or designee has authority to approve that request with a simple signature.

CHAIR KITO clarified that if an exception is denied by the Executive Director, as well as the Legislative Council Chair, the Legislator could appeal to the full Legislative Council for final consideration. While not explicitly written in the policy, that is the intent of the exception process.

SENATOR MICCICHE, noting his household is a "family of six including a dog and a cat", said that limiting shipments to 3,000 pounds was reasonable, and with the ability to appeal in certain circumstances, also appropriate. He said the policy discouraged excessive garage sale purchasing on this end that was probably not needed and not part of the legislative process. He had a question regarding the office move change in policy and agreed to wait until Ms. Geary reached that part of her presentation before addressing it.

MS. GEARY continued her presentation. She highlighted that interim storage was available to members and clarified that the intent of interim storage is to reduce the cost of shipping those stored items back to district each adjournment. She stated that another change is to eliminate in-district storage during session, which is allowed under the current policy; to her knowledge there hasn't been a situation where that was necessary, so the provision will be deleted. Another clarification in language and intent was to bold the word "only" and change "home" to "primary residence" in the section defining the conditions under which a moving company can pick up a Legislator's household goods. In response to a question by Vice Chair Stedman, she said that there are a few Legislators who may have developed a relationship with a particular moving company and who have requested multiple stops, for which the Agency was unaware but was then billed in addition to the normal shipping rate; this change in policy prevents that from happening. In response to a follow-up question by Representative Guttenberg, Ms. Geary said that she did not feel it appropriate to comment whether there had been abuse in the past, but rather highlighted that the potential for abuse was there and the recommended change was to address that possibility and tighten up the language.

CHAIR KITO interrupted to say that the IT Subcommittee item would be postponed until Council's next meeting, noting that the room was needed for a House Finance meeting.

MS. GEARY continued her testimony, and moved to the consolidated office move portion of the policy. She said the section was confusing and was redefined to clarify the language. In discussions with both IT and Supply, both sections tasked with organizing and operating the consolidated office move, it was determined that 20 was a reasonable number of office boxes for the annual office move between district and session offices. This number was determined by averaging the number of boxes shipped in the last few consolidated moves, which fell between 15 and 20 boxes per office. In response to a question by Senator Meyer, Ms. Geary confirmed that the Print Shop can scan office files, making electronic copies available and limiting the need to ship as many hard copy files.

Lastly, Ms. Geary stated that language was added to clarify intent with regard to what items are not allowed to be included in a household good shipment expense. For instance, extra car parts are only allowable if a Legislator has a vehicle in Juneau, and snow mobiles are no

longer accepted as a Legislator's "vehicle". The section on prohibited materials was expanded for clarity, specifically adding the language that articles must be necessary in order to conduct legislative business, as well as a statement specifically addressing the exclusion of items purchased after adjournment and/or items that are not used in the capital city during a legislative session.

SENATOR STEVENS thanked Ms. Geary for putting together the proposal; he said that the idea behind the proposal was cost reduction and while we might not know exactly how much money was saved through these changes, adopting this proposal will have a substantial impact on the bottom line.

SENATOR MICCICHE said he that wanted the public to understand the difference between household goods and office items; with the latter being essential to the operation of a legislative office, and why it's important to have flexibility with what's allowable. He commented that when the Cross Gulf ferry isn't available for transportation to and/or from Juneau, it was more challenging for larger families to move their household goods as the car carrier did not allow for shipping items inside a Legislator's personal vehicle; and he wanted LAA to be aware of that issue.

[8:34:24 AM](#)

VICE CHAIR STEDMAN moved that Legislative Council approve the recommended changes to the Legislative Council Moving and Travel Policy.

The motion passed without objection.

There being no further business before the committee, Legislative Council adjourned at 8:34 a.m.

[8:34:53 AM](#)