

# Shively resigns post as governor's chief of staff

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Alaska News Service

JUNEAU—Lawmakers are preparing to meet here Monday to consider removing Gov. Bill Sheffield from office for his role in the leasing of a \$9.1 million state office building in Fairbanks.

Meanwhile, saying his actions relating to a grand jury investigation of the office building lease were "wrong" by any standard, John Shively Wednesday resigned his post as Gov. Bill Sheffield's chief of staff.

The resignation takes effect immediately.

Ray Gillespie, 37, Sheffield's

investigation—was given immunity from prosecution in the case and was compelled to testify about the governor's part in the lease award.

In preparation for Monday's session, hundreds of pages of evidence and transcripts of the grand jury investigation are being copied for state Senators who must review that mass of material before deciding whether or not to proceed with impeachment.

Senate leaders have estimated that their reviews of the material could take a long as three weeks. If the Senate decides Sheffield unfit for office, the governor would be tried before the House of

—his voice breaking with emotion—said "You're a hell of a guy, John. I wish you all the luck in the world."

"These past two months have been difficult for many people, in many different ways," Shively said earlier in a prepared statement, explaining his resignation.

"I cannot speak for the people of this state, who have watched uncomfortably as the status and the standards of their government have been questioned. I cannot offer an explanation for what I did," Shively said.

"By any standard, it was wrong. My actions in this case stand in stark contrast to the goals

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legislative lobbyist since late 1983, has been named to take Shively's place as chief of staff.

Shively's resignation comes on the heels of a nearly three-month investigation by a Juneau grand jury, which issued a report July 2 recommending that the legislature impeach Sheffield for his role in the award of the Fairbanks office building lease.

The grand jury made its recommendation after Shively—the original target of the

Representatives. A state Supreme Court justice would preside over the impeachment proceedings.

If the special session goes just three weeks, the cost to the state, based on the cost of regular sessions of the legislature, is likely to be in excess of \$1 million.

After Shively announced his resignation at a Wednesday morning cabinet meeting, he was given a standing ovation by commissioners and staff. Sheffield stood, shook Shively's hand, and

and ideals to which I have adhered throughout my career. More important, my actions fail to meet the rigid test of trust the people rightfully apply to their public officials," Shively said.

In a prepared statement of his own, announcing his appointment of Gillespie to the chief of staff job, Sheffield offered little insight into his feelings about Shively's resignation.

"I understand John's reasons for leaving, and I wish him



photo courtesy of the Anchorage Times

well," said Sheffield.

According to the grand jury's report, Shively helped arrange the bidding procedure for the Fairbanks Office Building so that only the Fifth Avenue Center—owned in part by Sheffield political contributor Lenny Arsenault—could qualify.

This report also said Shively

was uncooperative with investigators, and said that after being granted immunity, Shively admitted he had lied on several points, with the intention of protecting the governor. The grand jury said Shively's actions were not for his own personal gain.

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# Shively

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Last week, following the issuance of the grand jury report, Shively offered to resign his post, an offer Sheffield rejected. Shively said he continues to admire the governor as a leader and value him as a friend.

"I am grateful for his support, but I firmly believe I should leave government service immediately. I do so with great regret, because there is a great deal of work to finish, and a great deal more to begin," the 42-year old Shively said.

Saying that while he is not pro-

ud of the circumstances leading to his resignation, he is proud of his accomplishments as chief of staff. Shively said the job "provided me with a unique opportunity to return something to a state that has provided me with so much."

"Alaska has been very good to me, and for the past 20 years I have sought to serve the state. It is my home, and it will remain my home. And no matter what I do in the future, I will continue to put every effort into making Alaska a better home," Shively said.

Gillespie, who takes Shively's place as chief of staff, was born and raised in Seward. He practiced law there after graduating from the University of Idaho Law School in 1977.