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# Idaho State Capitol Commission

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## Official Minutes, October 19, 2011

A meeting of the Idaho State Capitol Commission was held on this date in Room WW17, Idaho State Capitol Building, Boise, Idaho.

### **Members Present:**

Andy Erstad, Chairman

Stephen Hartgen, Representative

Joe Stegner, Senator

Joy Richards

Teresa Luna, Director, Department of Administration

Jeff Youtz, Director, Legislative Services Office, and Ex-Officio Member

Jan Gallimore, Executive Director, Idaho State Historical Society, Ex-Officio Member

### **Others Present:**

Larry Johnson, Endowment Fund Investment Board Manager

Jan Frew, Executive Project Manager, Division of Public Works

Connie Smith, Fiscal Officer, Department of Administration

Robyn Lockett, Legislative Services Office

Jennifer Pike, Department of Administration

## Call to Order

Commissioner Gallimore called the meeting to order at 9:13 a.m..

## General Commission Business

Approval of Minutes

**MOTION: Commissioner Richards moved to approve the minutes from the June 16, 2011 Capitol Commission meeting as written. The second was by Commissioner Luna. With no discussion, the motion passed unanimously.**

Commissioner Gallimore welcomed the new Commission members, Joy Richards and Joe Stegner.

## Budget and Funding Issues

### **Revenue & Expenditures; *Connie Smith***

For the new Commissioners, Ms. Smith provided an overview of the Commissions funding sources and where the revenue is generated for those funding sources. In 1890, funding for the Capitol building was made available through a gift of 32,000 acres of timber and mineral lands

from the federal government. Of that original endowment, 25,000 acres were sold over time, in part, to fund the original Capitol building. The remaining 7,222 acres are managed by the Idaho Department of Lands. In 1998, when the Commission was reestablished, a Capitol Permanent Endowment Fund and the Capitol Income Fund were established. The income from the endowment land is deposited in the Permanent Endowment Fund along with interest investment earnings. This fund was created to provide a stable and permanent asset for generating an income stream for maintaining the capitol building. The income fund provides for ongoing operating expenses of the Commission as well as to fund some maintenance projects. The regular sources for the income fund include the license plate sales program, distributions from the permanent endowment fund and distributions from the invested endowment funds. The license plate funds have steadily been declining since CY2009.

Commissioner Youtz further explained that the Commission also determines each year if it needs to take a distribution from the endowment funds. The Commission has not taken the distribution recently since the cash balance has been sufficient. At some point, the newly remodeled building will need some repairs and these transfers may be necessary.

Commissioner Hartgen asked Ms. Smith to review the Capitol Curator position and the remodel costs. When the Capitol Restoration project was approved, the cigarette tax increase was used to fund the remodel. Bonds were also issued to fund the project. The remodel and the furnishing expenditures both came in under budget. The cigarette tax is still in effect and those funds are used to pay the bond payments. As the financial reports are presented, more details on the Capitol Curator position will be discussed.

Ms. Smith presented the Capitol Commission Budget Summary Report for FY2011. This report shows the FY2011 actual expenditures and revenues, and the FY2012 projections.

Commissioner Gallimore elaborated that the Capitol Curator Program, including one position for a curator that was originally approved in 2009, as well as small amounts of money for rental of storage at the State Records Center and the changing exhibition program. The Curator provides guidance to individuals hanging items in and around the Capitol. Additionally, this position manages the Capitol Current Exhibition Program as well as changing exhibitions to ensure the whole State is represented. Commissioner Youtz also noted that the future intention is that this position will be funded with general funds. Since that has not been possible in recent years, the Commission reviews and approves the funding on a yearly basis.

Ms. Smith presented the FY2012 Budget Worksheet with highlighted items as follows:

	<u>Expenditures</u>	<u>Total YTD Expenditures</u>	<u>FY 2011 Balance</u>
Administrative Support (August)	\$4,000	\$4,000	\$4,500
Printing & Binding Capitol Tour Books (September)	\$3,385	\$3,385	\$0
Dept. of Lands Fees (August)	\$24,840	\$24,840	\$99,160
Subtotal Administrative Expenses (July - Sept)	\$32,259	\$32,259	\$294,941
Total Operations	\$66,259	\$66,259	\$857,219

Commissioner Erstad joined the meeting.

Ms. Smith also highlighted the expenditure of \$34,000 for the JFAC Room Updates that was previously approved. The Permanent Building Fund billed the Capitol Commission for those funds so they could begin the project.

Commissioner Hartgen asked Ms. Smith about the printing and binding of the Capitol Tour Books. Commissioner Youtz explained that these were the small tour booklets that are available to visitors for self-guided tours.

Ms. Smith then presented the FY2012 Sources and Uses Fund Worksheet. The Commission received \$155,128 refund from the Division of Public Works for unused funds on the State Street project.

Ms. Smith reported total available funds are:

<u>Income Fund</u>	<u>Endowment Fund</u>
\$ 1,348,027	\$ 0

The total cash balances after liabilities are:

<u>Income Fund</u>	<u>Endowment Fund</u>
\$ 424,549	\$ 0

The estimated market positions, as of April 30, 2011 are:

<u>Income Fund</u>	<u>Endowment Fund</u>
\$ 486,766	\$ 20,840,863

## **Endowment Fund Investment Board Presentation, *Larry Johnson***

Mr. Johnson noted the two assets that endow the Capitol: 7200 acres of land, over 90% of which is forested, and the Capitol Permanent Fund. He further explained how these funds were invested and the rationale for these investments.

A copy of the PowerPoint presentation is available on the Commissioner's website or by request from Jennifer Pike at the Department of Administration, [jennifer.pike@Adm.idaho.gov](mailto:jennifer.pike@Adm.idaho.gov).

There was much discussion about the invested funds. Those discussions sparked further conversations on the following topics.

Commissioner Youtz noted that at some point the Commission will have to start spending money on the maintenance of the building. He posed the question the Commission, should we be taking a transfer even though we have not needed those funds yet, but in anticipation of future expenditures. Perhaps the Commission should start building a fund to spend from, perhaps 2% of the value of the building.

Ms. Frew responded that the rule of thumb is 1 ½% - 2% per year of the value of the building to hold in reserves. That may not be practical at this point, since that would be \$2 - \$3 million per year. There is a fund from rent fees for general maintenance and upkeep. Ms. Frew suggested that

we look forward on an annual basis at proposing funding for some annual projects which would be more in the \$200,000 - \$500,000 range.

Commissioner Gallimore asked if the Department of Administration has a long-term plan, 10 – 15 years out. Ms. Frew stated that there is a program in place to anticipate those costs down the road. She was unsure how specific it was, but she can look in to it.

Commissioner Stegner commended the Commissioner for their competency in this matter. He concurred with the Commissioner for developing a longer term plan such as 50 or 100 years down the road. When the Capitol was remodeled this time, there had been no long term planning and the Commission had to start over. Commissioner Stegner suggested tabling any motions regarding whether or not the Commission take a distribution until a later meeting in order to consider longer term planning.

Chairman Erstad liked the approach that the Commission seeks some legislative adjustment that would allow them to reach back. Director Luna concurred with Chairman Erstad's suggestion to seek legislation. She also posed that the Committee needs to consider things like technology. The technology that we may use in 10 years could be completely new and require Committee review as the expense would be more than a few \$100,000. The Endowment Fund dollars would cover those kinds of expenses. Permanent Building Fund dollars would then be used for general maintenance and repairs through the Capitol Services Committee.

Connie Smith reminded the Committee that they have long term investment funds through the State Treasurer's Office. On the high end, the return on the funds in that account have been about 3% and on the low end, around 2.5%.

Commissioner Youtz suggested that the Endowment Funds were meant for annual maintenance and repairs in the Capitol; not necessarily, as a fund for future remodels 50 or more years down the road.

Commissioner Gallimore suggested that the process used by the Capitol Commission be a model for future Capital Improvement and Deferred Maintenance Plans in other state buildings that include technology and infrastructure. This model would give agencies a template to move forward with plans for historic buildings. Commissioner Youtz suggested the Committee contract out a study for this kind of project opposed to asking the Division of Public Works to do something like that. Ms. Frew responded that she could put together a few options for the Committee's April meeting. She suggested that there are software programs available that can provide a map of the lifespan of a building and its systems.

Before moving on, Commission Stegner asked about the \$596,000 carry over and if it was earmarked for anything in particular. Commissioner Youtz explained that this is carry-over of spending authority from the FY2011 budget that was not spent. The only earmarked money was the \$34,000 for JFAC room repairs.

## Capitol Restoration Updates, *Jan Frew*

### Project Status & Budget

Ms. Frew summarized:

- Project complete for the independent cooling in the server rooms in the wings. This problem was identified after the first summer in the building and the server rooms did not stay cool enough.
- Completed warranty work on the oculus shield on the dome and some plaster repair. Our two-year warranty expires in November.
- The on-going challenge will be to maintain the work that has been done. Ms. Frew keeps note of any possible damage.
- The JFAC room repairs/acoustical upgrades is out for pricing with the contractors. Target date for completion is mid-December.
- The AV boxes at the sidewalk levels are still taking in water. Investigation is ongoing to determine what has caused this issue and how it can be fixed.
- The Secretary of State decorative divider is now complete.
- Capitol Services Committee has asked DPW to look at the Flex Room options. The options include a moveable stage and DPW has obtained pricing for that; build a permanent platform; or leave the floor flat and put in a large conference-type table.
- There is a need for expenditures from time-to-time, for instance damage to the permanent exhibits. This type of expense is not an overall facilities repair. Ms. Frew recommended that approval be granted by the Commission from the Miscellaneous Expense budget for these small repairs that could be a few hundred dollars.
- The issues with the desk lamps will be more appropriately addressed by the House or by the Capitol Services Committee. Additional light fixtures were added along the back row due to the curtains that line the chambers absorbing some of the light. Robyn Lockett from LSO also noted that the Sergeant at Arms for both bodies can take care of requests with regards to desk lamps.

Commissioner Stegner asked Ms. Frew about the panels that were removed when the HVAC was under repair. Ms. Frew responded that those had all been replaced and possibly one of them was damaged during the repairs, but a final walk through had been completed.

Commissioner Hartgen offered to follow up with the Speaker regarding the desk lamp issue.

**MOTION: Commissioner Youtz moved to allow the Division of Public Works to utilize Capitol Commission funds for the maintenance and repair of exhibits. The second was by Commissioner Gallimore; the motion passed unanimously.**

## Public Outreach, Art & Culture

### Arts, History and Culture Committee Report, *Jan Gallimore*

- Commission Gallimore updated the Commission on the special exhibition program and its rotating exhibits from around the state. The Historical Society partnered with the Arts

Commission have worked together to identify arts exhibits for consideration.

- The upcoming exhibit will be from the Visual Art Fellowship Award that is national submission.
- During the Women's Capitol for a day in October, the Governor requested a special exhibition with real artifacts. The Historical Society was able to display Senate Bill 7 which established the Libraries Commission.

## **Other/New Business**

### **Tunnel Art Project Update, *Jeff Youtz***

Commissioner Youtz reminded the Commission about the project and why it is being presented now. There is still interest in moving this project forward with new artwork in the tunnels. Commissioner Youtz and Director Luna met with the First Lady regarding this project. From this meeting they discussed painting over most of the existing paintings on the walls and allowing high school students from around the state to compete to get their artwork displayed.

Since this is not a public area, the First Lady suggested displaying the Ward Hooper designs of the 44 counties that are featured in her *Ida Visits the 44* book. Alternatively, there could still be a rotating display contest for high school artists in the Capitol. There is no definite date for completion on this project.

Commission Stegner posed that when the current art in the tunnel was painted, it was under the assumption that the artwork would be permanent once we had invited folks to paint down there. There was not much discussion at that time about the artwork being replaced at some point.

Chairman Erstad reminded the Commission of the issues with the tapestries and the lack of policies at that time about moving them or removing them.

Commissioner Erstad invited both of the two Commissioners to join any of the subcommittees within the Capitol Commission.

### **Other Updates, *Teresa Luna***

Commissioner Luna provided a few brief updates to the Commission. The first being that the website mission and layout need updated. Also, since the Commission only meets twice per year, the secretary will send draft minutes to the Commission in the interim for approval so they can then be posted to the website.

## **Monthly Meeting Schedule**

### **Capitol Commission Meeting Schedule, *Chairman Erstad***

- The next meeting was tentatively scheduled for April 20, 2012.

## **Adjournment**

**MOTION: Commissioner Gallimore moved that the Commission adjourn. The second was by Commissioner Stegner; the motion passed unanimously and the meeting was adjourned.**

**The meeting adjourned at 11:09 a.m.**

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Jennifer Pike, Department of Administration