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# Idaho State Capitol Commission

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## Official Minutes

August 12, 2020

A meeting of the Idaho State Capitol Commission was held on this date in Room WW17 of the Idaho Capitol Building, Boise, Idaho, and via teleconference. Chairman Erstad called the meeting to order at 1:30 p.m.

## Attendees

### Members Present:

Andy Erstad, Chairman

Keith Reynolds, Director, Dept. of Administration (DOA), Ex-Officio Member, Commission Secretary

Eric Milstead, Director, Legislative Services Office (LSO) and Ex-Officio Member

Marilyn Whitney, Deputy State Superintendent of Public Instruction

Mary Symms-Pollot

Janet Gallimore, Executive Director, State Historical Society (ISHS), and Ex-Officio Member (via teleconference)

Senator Chuck Winder (via teleconference)

Nancy Sue Wallace (via teleconference)

Representative Jason Monks (via teleconference)

### Others/Staff Present:

Barry Miller, Deputy Administrator, Division of Public Works (DPW) (via teleconference)

Chris Anton, Investment Manager, Endowment Fund Investment Board (EFIB)

Steve Bailey, Deputy Director/CFO, DOA

Steve Olsen, Deputy Attorney General, Office of the Attorney General

Kathy Van Vactor, Fiscal Officer, EFIB

Lindsay Erb, Project Manager, DPW (via teleconference)

Teri Kondeff, Deputy Director, LSO

Lincoln Smyser, Deputy Treasurer, Office of the State Treasurer (via teleconference)

Nicole Inghilterra, Capitol Curator, ISHS (via teleconference)

Michelle O'Brien, Special Projects Coordinator, LSO (via teleconference)

Kelly Berard, Construction Manager, DPW (via teleconference)

Diane Blume, Program Specialist, DOA

## Approval of Minutes

**MOTION:** Commissioner Symms-Pollot moved and it was seconded by Commissioner Wallace that the minutes of the July 2, 2020 Idaho State Capitol Commission meeting be approved as written. The motion passed unanimously.

## Financial Report

### Endowment Fund Analysis (June 30, 2020)

Mr. Bailey explained the Endowment Fund generates income to operate the Capitol Commission and to maintain the Capitol Building. Its source of revenue is primarily generated by investments managed by the EFIB. Other revenue is generated by approximately 7,000 acres of forest land managed by the Idaho Department of Lands, as well as from license plate sales.

The beginning fund balance for FY20 was \$40,767,267. Over the course of the year, revenue from forest lands added \$746,169, license plates added \$92,885, which continues to increase year over year, and investment earnings brought in \$2,042,211. Total available funds were \$43,648,532, he pointed out. Uses from this balance were \$712,816, which included management fees related to the fund and a transfer to the Capitol Maintenance Reserve Fund. This left a remaining Endowment Fund balance at the end of the fiscal year of \$42,935,716, a \$2.2M or 5.3% increase over the previous fiscal year.

### Appropriated Funds – Cash Flow Statement (June 30, 2020)

The first of two funds included in this report is the Capitol Commission Operating Fund, used for small maintenance projects for the Capitol and for Commission administrative costs. The fund began the year with \$126,010 and was increased by \$9,412 from interest earnings and \$250,000 by a transfer from the Capitol Maintenance Reserve Fund, which is the second fund that will be addressed, he said. Total operating cash available for the year was \$385,422 and \$161,248 of this was used for small maintenance projects, and \$99,484 for other charges related to the Capitol. Lastly, \$124,300 was transferred to the Idaho State Historical Society for the Capitol Curation Program. This brought total uses of cash to \$285,548, leaving an Operating Fund balance at the end of the fiscal year of \$99,874.

The Capitol Maintenance Reserve Fund is used for major projects related to the Capitol as well as for a transfer conduit for funds between the Endowment Fund and the Commission Operating Fund. The Maintenance Fund started the year with \$27,923 and finished with a cash balance of \$4,638 after \$98,750 was expended for roof repair on the Capitol and \$250,000 was transferred to the Operating Fund, as previously reported.

### Appropriated Expenditures and FY22 Budget Request (June 30, 2020)

This report also covers both the Commission Operating and Maintenance Reserve Funds, he pointed out. Operating Fund expenditures for FY20 was \$161,248, leaving a negative budget

variance of (\$19,248). This was primarily due to unbudgeted professional service charges of \$87,241, a result of unexpected litigation related to the quality failure of the windows installed in the Capitol. This variance was covered by the re-appropriation of \$75,253 from the FY19 budget surplus, leaving a positive ending balance of \$56,005.

As reported in the Cash Flow Statement, the single expenditure in the Maintenance Fund was for roof repairs to the Capitol. The FY22 budget request for the Commission Operating Fund is \$142,000 and the Reserve Maintenance request is \$2,200,000, he concluded.

**MOTION: Commissioner Reynolds moved, and it was seconded by Commissioner Symms-Pollot that the Commission adopt the FY22 budget as proposed and that it be submitted to the Division of Financial Management and LSO. The motion passed unanimously.**

**Project Expenditure Report (June 30, 2020)**

Mr. Bailey also made the following report available.

	<u>FY 2019 Expenditures</u>	<u>FY 2020 Expenditures</u>
<b><i>Project Expenditures - Operating Fund</i></b>		
Relocate Senate Monitors	345	-
Re-roof Elevator Over-runs	9,850	-
HVAC Balancing	9,500	-
HVAC Repair	1,244	-
Replace Tunnel Access Door	7,000	-
Infill Door E406	664	-
Elected Official Signage	670	-
Emergency Power Transfer Switch	5,516	-
JFAC Odor Investigation	9,125	-
ADA Restroom Modification	1,260	175
Urinal Replacement	-	1,974
Governor's Office Floor Maintenance	-	5,812
Marble Repair	-	1,025
EW 29 Door Install	-	562
House Chair Suite - Electrical	-	875
Data Room Security Bars	-	1,440
Re-roof Domes	-	9,563
Kitchen Equipment Repair	-	1,668
ADA Accomodation - 1st floor	-	5,810
Capitol Electrical Vault Repair	-	12,965
Access Hardware - Governor's suite	-	15,587
Kitchen Cooler Repair	-	247
Chamber Balcony Signage	-	4,060
	<u>45,174</u>	<u>61,764</u>
<b>Total Operating Fund Projects</b>		
<b><i>Project Expenditures - Maintenance Fund</i></b>		
Urn Level Roof	-	98,750
<b>Total Maintenance Fund Projects</b>	<u>-</u>	<u>98,750</u>

## **Update on Investments**

Mr. Anton explained at June 30<sup>th</sup>, the Endowment Fund was up 5.2% for fiscal year 2020 with equities up 4.4%, real estate up 5.6%, and fixed income up 6.5%.

It was a year of extreme volatility primarily driven by the impact of Covid-19, he said. On February 19<sup>th</sup> it was up 9.8%, and then down 18.5% on March 23<sup>rd</sup>. The financial markets have rebounded much more quickly than the overall economy has rebounded primarily because of support from the Federal Reserve, stimulus efforts by the government, and optimism that the economy is reopening.

It was also a year when growth-oriented equities outperformed value-oriented equities. Large cap manager, Sands, was up 33.2% compared to the state's two domestic large cap value managers LSV and Boston Partners (down on average 9.0%). The gap of 42.2% reflects the broad dispersion of performance in the equity markets. Some industries performed extremely well, like Amazon and Zoom, while others are still impaired by the impact of COVID-19, such as retail. The huge swing in the price of oil during the fiscal year also impacted certain sectors.

He explained it was a year when active management provided strong benefits. Some managers surpassed their benchmarks by large margins such as WCM which exceeded it by 20%.

The real estate market values of the portfolio like retail and office declined; however, overall, it was a healthy part of the portfolio. The public remarkets that trade every day were down quite a bit from private real estate funds. It's anticipated there will be future adjustment in the market value of private real estate funds as updated appraisals reflect the new realities imposed by COVID-19.

Fixed income benefitted from a significant drop in interest rates and was up 6.5% at the end of the fiscal year. Investors became concerned that the COVID-19 induced shut-downs would impair flows resulting in more defaults and bankruptcies, but the Federal Reserve stepped in and bought bonds to support companies, otherwise there would have been greater pain in the credit markets, he said.

The market continues to recover and as of yesterday, he said, the fund is up by 5.5%.

## **Public Outreach / Art, History and Culture Committee**

### **2020 in Review**

Commissioner Gallimore noted two new exhibitions in the Capitol—one highlighting the Shoup Family and one describing “Miss Fletcher’s Botany Expedition”. Both are featured in the Garden Level Wings.

On Idaho Day 2020 there was a commemoration of the centennial of the 19<sup>th</sup> Amendment giving women the right to vote through programming highlighting the Gem State’s legacy of Inspiring Idaho Women. Presentations were made on the floor of both the House and Senate involving the Governor and First Lady. Legislation was passed this year designating “Women’s Day” in March and it was celebrated on the Capitol steps with women legislators. There were several other special exhibitions such as the presentation of Governor Davis’ signature documents on Idaho’s ratification of the 19<sup>th</sup> Amendment on display in the Governor’s ceremonial office.

Finally, she said, Idaho’s constitution was restored and celebrated with a big media event. She praised Nicole Inghilterra for her work on the exhibitions and noted she also has updated the Session Photo Guide that provides pictures of current and former legislators. The booklet is in use throughout the Capitol.

### **FY21 Capitol Curation Program Plan**

Ongoing work of the Capitol Curation Program includes maintaining records and inventory of historic art, artifacts, photographs, and furniture collections totaling 1039 pieces. Staff also works with elected officials who need help in their offices hanging their own photos or purchased reproductions from the ISHS.

Upcoming exhibits this year are “Women Making History” and the “Masks of Lincoln”, in Statutory Hall. Another presentation, Tourtellotte and Hummell’s Original Architectural Drawings of the Idaho State Capitol, will be on display in the Garden Level Wings. It is the 100<sup>th</sup> year of the completion of the two wings in 1920. Other displays will be a closing-out the women’s suffrage centennial.

At its last meeting, she recalled, the Commission approved a Idaho Women 100 Commemorative Statue that is now in the fundraising stage.

Finally, she shared four key dates in 2021:

- January 3<sup>rd</sup> 100<sup>th</sup> Anniversary of the Dedication of the Idaho State Capitol
- February 11<sup>th</sup> 140<sup>th</sup> Anniversary of the Idaho Historical Society Founding
- March 4<sup>th</sup> Idaho Day
- March 14<sup>th</sup> Idaho Women’s Day

## **Design and Construction Committee**

Mr. Miller provided written updates on projects recently completed, status of current projects, and repair work in progress.

### **Completed Projects**

ADA Accommodation – First Floor East and West Entry Doors  
Estimate: \$6,800  
Final Cost: \$5,810

Door operators were added to the interior vestibule doors and sync'd with the exterior door operator. A threshold transition strip was also added at the threshold.

Entry Door Pivots – Jefferson Street

Authorized Budget: \$25,000

Final Cost: \$24,232

The hardware has been installed and adjusted.

Replace Urinals

Authorized Budget: \$15,000

Final Cost: \$22,687

All of the urinals have been replaced throughout Capitol.

**Project Updates**

Fire Alarm Upgrade

Authorized Budget: \$60,000

Plans were prepared originally to replace some detection and notification devices that were not compatible with the main fire alarm panel and causing false alarms. Currently, each wing and the main building are separate fire alarm systems. The Capitol Security Working Group expressed concerns that an alarm situation in one wing would not notify occupants in either of the other areas. Work will be modified to integrate the system to act as one.

Expansion Joints, Garden Level

Authorized Budget: \$10,000

A contractor has been retained and is waiting for sub-contractor availability, which is difficult due to the current construction climate and pandemic.

Technology

Budget: \$1,071,074

Audio Solutions was selected as the design/build contractor. It is currently working to define and acquire the hardware required for the upgrade. Anticipated completion is October. Capitol Commission moneys will cover \$100,000 of this work and the rest will be funded with federal Cares Act moneys.

Door Access Control

Budget: \$1,240,000

Apex Security was selected as design/build contractor. Earlier this week, Mr. Miller said, the schematic design was reviewed and approved by a stake holder group. Construction will now get underway and locksets ordered ASAP.

Roof Fall Protection

Authorized Budget: \$40,000

Expended to date: \$14,450

Plans have been prepared to add rails and tie-off points. The Division of Building Safety was consulted on acceptable strategies and has approved the plans. Originally, \$40,000 was budgeted

for a study to be done and \$14,450 has been expended to date. However, the construction estimate received to accomplish the full fall protection work while accommodating a modest visual impact on the roof is \$180,000 exceeding that originally budgeted. Consequently, he recommended that construction be delayed until next year since all funds in the budget have been allocated, including some dollars held back to deal with pending litigation costs involving Capitol glazing.

Commissioner Symms-Pollot inquired whether there would be other sources of moneys available, so projects are not delayed. Commissioner Reynolds replied that there should be ample funds to support these projects that have been approved by the Commission. Senator Winder agreed that the fall protection project is especially urgent and should not be delayed.

**MOTION: Commissioner Milstead moved and it was seconded by Commissioner Whitney that the Commission authorize expenditure of up to \$180,000 for Roof Fall Protection under DPW Project 20009. The motion was not voted upon subsequent to the following motion.**

**MOTION: Commissioner Reynolds moved, and it was seconded by Commissioner Symms-Pollot that the meeting agenda be amended to include an action item for approval of funding for fall protection. The motion passed unanimously.**

**AMENDED MOTION: Commissioner Milstead moved and it was seconded by Commissioner Whitney that the Commission authorize Commission funding of up to \$180,000 for Roof Fall Protection. The motion passed unanimously.**

AED and EVAC Chairs

Authorized Budget: \$17,775

Security Operations has purchased the equipment and are working with Facilities Services staff to have them mounted throughout the Capitol.

Clean Drapes

Authorized Budget: \$15,000

No progress has been made.

### **Repair Work in Progress**

Graffiti Removal

Estimate: \$8,000

Mr. Miller reported that removal is complete without damage to the sandstone. On one column the 100 years of pollution was also removed with the graffiti leaving a splotchy appearance. The mason is attempting to feather out the edges so that it is less noticeable. Expenditures will be sought to be covered by restitution from the suspect.

EW22 Capitol Communication Room, Cooling System

Estimate: \$9,800

A new issue that came up last week, he pointed out, is failure of a cooling system in the Capitol. The cost to replace is within the delegated approval limit of the Administrator of Public Works. The equipment is on order and will be an upsize from existing equipment since cellphone

communication equipment has recently been added to the room. In the meantime, portable units have been provided by ACCO Engineered Systems to provide temporary cooling until replacement of the outdoor condensing unit, refrigerant lines and indoor fan-coil unit can be done.

On a side note, Commissioner Winder reported to Mr. Miller that he noticed the north side door of the west garden level entry is not closing and locking properly.

## Executive Session

**MOTION: Commissioner Wallace moved, and it was seconded by Commissioner Milstead that the Commission enter into executive session per Idaho Code Section 74-206 1 (f) in order to discuss pending litigation, State of Idaho verses Jacobsen Hunt Joint Venture II, et al. The motion passed unanimously via roll-call vote.**

No decisions were made during the executive session.

## Other Business

### Next Meeting Date

Chairman Erstad noted the next meeting of the Capitol Commission is scheduled for Wednesday, February 17th at 3:30 pm.

## Adjournment

**MOTION: Commissioner Whitney moved and it was seconded by Commissioner Wallace that the August 12, 2020 meeting of the Idaho Capitol Commission be adjourned at 2:55 p.m. The motion passed unanimously.**



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Diane K. Blume, Program Specialist  
Department of Administration