

GOVERNOR'S HOUSING COMMITTEE

Meeting Minutes
September 13, 2011 – 2:00 p.m.

This meeting of the Governor's Housing Committee was called to order in the Len B. Jordan Building, at 650 W. State Street, Boise, ID.

Committee Members Present: Representative Phylis King
Senator Chuck Winder
Senator Les Bock
Director Teresa Luna, Department of Administration

Others Present: Connie Smith, Chief Financial Officer, Department of Administration
Tim Mason, Administrator, Division of Public Works
Ric Johnston, Facility Services Manager, Division of Public Works
Jessie Bonner, The Associated Press
Elizabeth Criner, Simplot Co.
Margaret Odedo, Management Assistant, Department of Administration
Jennifer Pike, Management Assistant, Department of Administration

CALL TO ORDER by Chairman Winder at 2:02 p.m.

The first order of business was the approval of the minutes from the May 10, 2011 meeting. Rep. King noted that the draft minutes from the previous meeting had the incorrect date (May 11, 2010). The correct date should have been May 10, 2011. Rep. King asked if the secretary could also include a brief note in the minutes regarding Elizabeth Criner's comments about the Simplot Co.'s desire to assist with fundraising efforts to rebuild the corpus of funds.

Approval of Minutes – *Chairman Winder*

Motion: Rep. King moved to approve the minutes from the May 10, 2011 meeting with the correction of the date and inclusion of Elizabeth Criner's comments. The motion was seconded by Director Luna. With no further discussion the motion passed.

Budget and Funding Update – *Connie Smith*

Since the Committee had not met since May, Connie Smith went over the fiscal year end numbers for FY2011. She presented the following documents:

- 1) Idaho House Cash Flow July 2010 – June 2011
- 2) Idaho House FY2011 Budget with actual expenditures through 6/30/2011

Ms. Smith explained a few of the variations in the budget. Janitorial expenses were higher than budgeted because the house is being cleaned on a weekly basis. Also, the electricity, trash, water and sewer expenditures are artificially low because Admin had not yet received the next invoice from the Simplot Co. The expenditures listed are for electricity costs through March 2011 only. There was a slight increase in the FY2011 budget compared to the FY2010 budget.

Idaho House funds are invested through the Treasurer's Office in both short-term and long-term funds. In FY2011, money was moved from the long-term fund to the short-term fund to ensure sufficient cash for operating expenses. This transfer resulted in a gain of about \$4000.00. The Committee will have interest earnings, and depending on the time of the withdrawal and the position of the fund, the Committee could also see additional gains.

Rep. King asked what the interest rate was on the invested funds. Ms. Smith did not have the numbers at that time, but was able to obtain them from the Treasurer's Office.

As of July 2011, the interest rates were:

| | |
|------------------|---------|
| Short-term funds | .46% |
| Long-term funds | 2.5352% |

Ms. Smith then presented the following documents for FY2012:

- 1) Idaho House Cash Flow July 2011 – June 2012
- 2) Idaho House FY2012 Budget, actual expenditures through 8/31/2011
- 3) Idaho House Fund, managed by the Idaho Community Foundation, balance as of 8/31/2011 (no new donations this calendar year)

Senator Bock joined the meeting.

Rep. King asked Ric Johnston of the Department of Administration if a contingency for the air conditioner and furnaces was included in the FY2012 budget. Mr. Johnston responded that a contingency fund for those specific items was not built in to the FY2012 budget; some estimated costs had been proposed but not finalized.

Sen. Bock asked under what circumstances would we withdraw money from the Idaho Community Foundation funds. Ms. Smith explained that we withdrew funds during the remodel of the house. The Committee approved the level of funds withdrawn. Director Luna further explained that at one point there was close to \$400,000 in that fund, and as we remodeled those funds were withdrawn down to the \$164,115 balance.

Sen. Bock asked Ms. Smith to explain the difference in the two invested funds. Ms. Smith explained that the funds invested with the Treasurer's Office are continuing appropriations from the State. The funds managed by the Idaho Community Foundation were the donated monies. The continuous appropriation does not have to pass through the Legislature budget process each year. There have been no new general fund appropriations from the State for some time. It is up to the Governor's Housing Committee to manage the previous appropriation that brought the corpus up to \$1 million. The Committee has been able to operate off the interest of the invested funds for approximately 10 years. This past year or so has seen the fund dip below the \$1 million mark.

Motion: Rep. King moved to accept the budget reports as presented. The motion was seconded by Director Luna. With no further discussion the motion passed and the reports were approved.

Other Updates – *Teresa Luna*

Chairman Winder reminded the Committee that in May they had set a tentative 6-month schedule to review the options for the future of the house, including discussions with the Simplot Co. about fundraising partnerships. Part of the 6-month plan was a 3-month status report. Since May, Chairman Winder and Director Luna have been working with staff to gather information.

Director Luna presented the four broad options for the property. The architects who had originally provided plans for updating and remodeling the house were gracious enough to provide the Committee with some updated dollar figures for the different options.

Plan A: Leave the structure as is but bring the infrastructure up-to-date including HVAC, furnaces, windows, roof, etc. The associated costs would be approximately \$1 million.

Plan B: Expand on the existing structure, and further remodel the remaining part of the existing structure including infrastructure including HVAC, furnaces, windows, roof, etc. The associated costs would be approximately \$3 million.

Plan C: Completely knock down the existing structure and build a new house from the ground up. The associated costs would be approximately \$3 million.

The Simplot Co. is committed to a major fundraising effort that would pay for the necessary remodels of the house, rebuild the corpus and keep the property sustainable without having to go back to the Legislature for additional funds. The Simplot Co. has enlisted the help of a person with fundraising experience to work with all the parties and develop a fundraising plan.

Senator Bock asked if the Ft. Boise property had been considered as another option in the list of plans. The Committee has reviewed the remodeling efforts and other options several times. He suggested the first decision be whether or not we want a governor's mansion; and second, whether or not we want to continue using that location or some other for a governor's residence. Sen. Bock posed the question to the Committee if they could create a mechanism for resolving those two questions.

Rep. King calculated a need for about an \$8 million corpus based on the current operating budgets. With the remodel efforts, the necessary amount would be more. She recommended that a governor's house may not be necessary and instead give the governor a stipend for living expenses; the property could be sold and the money put back in the corpus. However, the first decision would be if we want and/or need a governors house.

Chairman Winder reminded the Committee of the stipulations of the Simplot gift and the first right of refusal. The Ft. Boise property is also an option but would pose its own cost issues for establishing and building a residence. Both properties have potential, but either option will cost a significant amount of money. The Committee's task now is to evaluate all the pieces including the gift of the Simplot property while still minimizing the taxpayer exposure. The first task would be raising money. The second would be to provide for the improvements to make the house habitable. If a governor is elected from outside of Boise, then having a house available may be more necessary. Also, the Committee would need to take in to consideration if a future governor had a family. The current house only has two bedrooms.

Creating a fundraising plan does not limit the options, but could assist in determining if the amount of money necessary could even be raised. Another option could be going to the federal government to discuss the Ft. Boise property and alternative plans or land swaps. Alternatively, the Committee could provide the governor a monthly stipend in lieu of a house.

Director Luna recapped that she and Chairman Winder will continue to work with the Simplot Co., the Governor's Office and the fundraising team to put together a plan for each of these options. All of the options will then be presented to the Committee for review. This fundraising effort is part of keeping the intent of the Simplot gift. If the Committee pursues the idea to build at the Ft. Boise property, then another source of fundraising or financial support would have to be determined.

Sen. Bock asked if the Committee could develop 5 or 6 options including no house, the Ft. Boise property or another property all together. Director Luna that the other options including Ft. Boise, reinstating the stipend and not having a mansion and selecting another location would all be possible options.

Director Luna summarized that the final decision is ultimately up to the Committee. Getting hard costs on other options could require hiring contractors to develop plans. The options presented will be based on estimated costs based on the information currently available including those options suggested by Sen. Bock.

Next Meeting of the Committee

The next meeting of the Governor's Housing Committee was not set, but should be some time around mid November.

Sen. Bock suggested we change the meeting schedule to a more convenient time.

The next meeting is now scheduled for December 8, 2011, 3:30 – 5:00 in Room 155 of the Len B. Jordan Building.

ADJOURNMENT

Motion: Sen. Bock moved that the Committee adjourn. The motion was seconded by Director Luna. With no further discussion the meeting was adjourned at 3:07 p.m..

Jennifer Pike, Management Assistant
Department of Administration