

MINUTES  
**SENATE STATE AFFAIRS COMMITTEE**

**DATE:** Friday, January 18, 2019

**TIME:** 8:00 A.M.

**PLACE:** Room WW55

**MEMBERS PRESENT:** Chairwoman Lodge, Vice Chairman Harris, Senators Hill, Winder, Vick, Anthon, Souza, Stennett, and Buckner-Webb

**ABSENT/ EXCUSED:** None

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairwoman Lodge** convened the Senate State Affairs Committee at 8 a.m. with a quorum present.

**VOTE ON GUBERNATORIAL RE-APPOINTMENT:** **VOTE ON THE GUBERNATORIAL RE-APPOINTMENT OF** Daniel Kunz to the Idaho Energy Resources Authority.

**MOTION:** **Senator Winder** moved to send the gubernatorial re-appointment of Daniel Kunz to the Idaho Energy Resources Authority to the Senate floor with the recommendation that he be confirmed by the Senate. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT:** **THE GUBERNATORIAL APPOINTMENT** of Richelle Sugiyama to the Treasurer's Investment Advisory Board (Board)

**Richelle Sugiyama**, Investment Officer for the Public Employment Retirement System of Idaho (PERSI), explained she is a Boise State University graduate and has extensive experience working in the investment industry. It has been a privilege to serve the State. **Ms. Sugiyama** stated she also serves with Senator Winder on the Endowment Fund Investment Board (EFIB). In addition, she serves on various other committees and organizations. **Ms. Sugiyama** requested the Committee's approval of her appointment to the Board because the EFIB has a lot of interaction with the Treasurer's Office. This could provide both the EFIB and Treasurer's Office insight into government activities.

**Senator Hill** asked how effective the Board is in providing advice to the Treasurer and how responsive has the Treasurer been in the past. **Ms. Sugiyama** said this is her first appointment to the Board and she has attended one meeting. Her understanding is they serve as a sounding board and provide recommendations to the Treasurer's Office. The Board is a great support system for the Treasurer's Office.

**Senator Winder** explained that the Board was established a few years ago because of some significant issues and criticisms of the Treasurer. The Legislature determined that it would be beneficial to get good, qualified people to help the Treasurer make some decisions as to the placement of funds the Treasurer has under that jurisdiction. The Board has been an improvement and the Treasurer appreciates the advice that has come forward. It is an exceptional Board of very talented people and Senator Winder's opinion was that Ms. Sugiyama will add a new dimension.

**GUBERNATORIAL APPOINTMENT: THE GUBERNATORIAL APPOINTMENT** of Todd Gill to the Treasurers Investment Advisory Board (Board).

**Todd Gill**, stated he was born and raised in Idaho, grew up on a cattle ranch outside of Glenns Ferry, and attended Northwest College in Nampa. He is a Certified Public Accountant (CPA) and started his career at Deloitte & Touche LLP (Deloitte Touche) in 1992 where he remained until taking a position at United Heritage Financial Group (UHFG) in 2004. He is currently Executive Vice President, Chief Financial Officer (CFO), and Chief Operating Officer at UHFG. **Mr. Gill** explained that his experience at Deloitte Touche as a CPA and as CFO for UHFG provides a background that would be able to assist this Board and the Treasurer's needs. Due to his experience with a sizeable investment portfolio, his perspective on the market, and with investment management, **Mr. Gill** stated his belief that he would be able to assume a good advisory role to the Treasurer's office and support them to meet the needs of the State.

**Senator Winder** and **Chairwoman Lodge** thanked Mr. Gill for agreeing to serve in this capacity and congratulated him on his promotions. **Senator Winder** acknowledged that Julie A. Ellsworth, Idaho State Treasurer was attending the meeting.

**GUBERNATORIAL APPOINTMENT: THE GUBERNATORIAL APPOINTMENT** of Jonathan (Mark) Browning to the Idaho State Racing Commission.

**Mark Browning** said he questioned what he could bring to the Idaho State Racing Commission (Commission), although he had grown up on a cattle/sheep, hay/grain farm in Montana. He herded those animals with motorcycles. His strengths are that he came from farm roots; from the land. He appreciates and understands hard work, small business, and understands the work ethic. **Mr. Browning** stated he has been fortunate over the past six months, learning and meeting many of the people within Idaho's racing industry. He is beginning to get an understanding of some of the challenges that they face and what must be done as a state. **Mr. Browning** acknowledged that he didn't know what it takes to raise a good thoroughbred or make a successful quarter horse get across the line first, but he does know what it takes to make sure that what is done has integrity and is done in a legal and ethical way. **Mr. Browning** stated his belief that he can bring some experience in that arena; navigating how the Commission might go about changing a rule or making code changes and other issues that must be addressed. He voiced his utmost faith and trust in the staff and commissioners. Hard decisions must be made in the future; they are running out of money and races don't generate enough to sustain the operation. **Mr. Browning** stood for questions.

**Senator Winder** asked if Mr. Browning had any thoughts about how we can make Idaho a better place for racing. **Mr. Browning** said he has done some cursory research and they are attempting to make some headway on the doping issue through hair and blood testing; this must absolutely be in place. In terms of the financial viability, not only for the horse owner but also for the track, and for small businesses that support racing, it will take much more work and right now there are no concrete ideas.

**Senator Hill** thanked Mr. Browning for serving in this capacity. He agreed that the racing industry faces significant challenges. He is meeting with a group of people in the industry in Blackfoot and they can come up with some of their own solutions with Mr. Browning's help. **Mr. Browning** thanked the Pro Tem for his vote of confidence. He has found that the best and most sustainable solutions come from within.

**Senator Souza** stated she has known Mr. Browning a long time and disagrees

that his most important ability is asking questions; she believes it is bringing people together. She believes he brings all sides together so they can talk and hear each other. That will be an enormous benefit.

**Chairwoman Lodge** thanked Mr. Browning and announced that voting on the Gubernatorial Appointments would occur at the next meeting.

**PASSED THE  
GAVEL:**

Chairwoman Lodge passed the gavel to Vice Chairman Harris to conduct the rules review.

**DOCKET NO.  
38-0409-1802  
PENDING RULE:**

**IDPA 38 - DEPARTMENT OF ADMINISTRATION 38-0409-1802 Rules  
Governing Use of the Chinden Office Complex (Chinden).**

**Keith Reynolds**, Deputy Director and Chief Financial Officer, Department of Administration, presented **Docket No. 38-0409-1802**. He introduced Brian Mooney, Director of the Department of Administration and Julie Weaver from the Attorney General's Office. The State completed the purchase of the former Hewlett Packard (HP) site on December 21, 2017, now referred to as the Chinden Campus. The property is located in Boise on the West bench, it consists of eight buildings totalling over 1.5 million square feet on 197 acres of land. As part of the purchase and sale agreement, HP will maintain its presence in Idaho and has leased back approximately one-half of the office space. In addition, the State has assumed existing leases for four other private tenants with those leases expiring between July of this year and 2030. It is because of the State's purchase of the Chinden property along with the State's obligation to manage the facility for the benefit of the tenants and the public that these rules are brought forward for the Committee's consideration.

**Mr. Reynolds** raised the question: "why are these rules necessary". There are two primary reasons: 1.) Local ordinances do not apply to state property; and 2.) The Administrative Procedures Act says that to bind the public, there must be guidance in rule or statute. Temporary rules were issued effective on the same date as the real estate closing and have continued over the past year. These apply only to Chinden; they are modeled after the rules adopted in 2013 governing the exterior of the Capitol Mall. There are some modifications for the unique nature of Chinden. **Mr. Reynolds** provided a broad overview of the rules pointing out areas unique to Chinden in contrast to the Capitol Mall.

**Senator Hill** spoke to "prohibited uses" in subsection (a) regarding "concessions authorized by law". **Senator Hill** asked two questions: 1.) Concessions authorized by law are prohibited; what does that mean? and 2.) Does that mean the Director of Administration could not authorize a commercial concession?

**Mr. Reynolds** stated commercial activities are banned but there is a list of commercial activities that are not prohibited. A concession authorized by law is not a prohibited activity. **Senator Hill** referred to the end of subsection (a), which outline prohibited commercial activities, and the last sentence says "the following are not commercial activity prohibited by this subsection". **Mr. Reynolds** concurred.

**Mr. Reynolds** continued with his explanation of the rule.

**Senator Vick** referred to the restrictions on animals swimming in the irrigation ditches and ponds and asked if signs are posted to that effect. **Mr. Reynolds** responded he thought there were signs posted, if not, he will see that signs are posted.

**Mr. Reynolds** closed with the health and safety rule. With that he would answer any questions.

**Senator Stennett** asked Mr. Reynolds if he foresaw other tenants, who are not

state agencies or departments, being a tenant, and how would these rules monitor and give structure for more than one entity operating differently within the complex. **Mr. Reynolds** clarified that when the purchase was completed, an allowance was made to be able to accept the leases of the existing tenants. The Department of Administration does not have legislative authority to enter into any other private leases. Any other tenants would be government agencies or non-profit groups similar to tenants in the Capitol Mall. This is a legal question. Mr. Reynolds yielded to Ms. Julie Weaver, Deputy Attorney General serving as legal counsel. **Ms. Weaver** said that current leases have been incorporated as part of the original purchase agreement.

**MOTION:**

**Senator Vick** moved to approve **Docket No. 38-0409-1802**. **Senator Anthon** seconded the motion.

**Senator Buckner-Webb** asked how security will be maintained and will there be a security presence after work hours. **Mr. Reynolds** responded that security is contracted with the same company that has the security contract for the Capitol Mall; this includes a 24/7 presence at the Mall. As more State tenants occupy space at Chinden, security will be increased but there is security continually controlling the site.

The motion carried by **voice vote**.

**DOCKET NO.**  
**34-0602-1801**  
**PENDING RULE:**

**IDAPA 34 – OFFICE OF THE SECRETARY OF STATE 34.06.02 – RULES GOVERNING THE ELECTRONIC RECORDING OF PLATS, RECORDS OF SURVEY, AND CORNER RECORDS.**

**Mr. Chad Houck**, Deputy Secretary for the Idaho Secretary of State's Office (SOS), stood before the Committee to present **Docket No. 34-0602-1801**. This rule is brought forward to implement and better define the interpretation of statute. It is part of Title 31, Chapter 29, The Electronic Recording of Real Property Act. This rule allows the SOS to better define the resolution, the size, the file type, and the specific means by which corner records (plats) can be recorded at the county court house. There is no fiscal impact, it simply lays out standards and clearly defines the process for those counties that participate. **Mr. Houck** noted that these rules were presented to the Idaho Association of Clerks and County Recorders. They voted to unanimously support these rules at their August meeting. The rules were also presented to the Electronic Recording Commission in February, 2018 at their annual meeting. They had no objections and voted to support these rules.

**Senator Stennett** ask for examples of what would be substantially changed in this process. **Mr. Houck** said this is an entirely new chapter. There was no prior guidance. Section 011, Electronic Filing and Recording, subsection 01, now provides specifications for a finished size as required by statute. It also defines color, format, and resolution requirements. This brings detail and consolidates the format. There are clear specifications that a plat be signed by a professional land surveyor, including their electronic seal and signature. The rule adds detail when submitting them for filing and allows the counties to say they are in the wrong format if not standardized.

**Senator Stennett** asked if there are any problems with equipment or supplies that would hinder compliance with this exact criteria. **Mr. Houck** stated there was no issue. He said that, in reference to her previous question, any prior submissions are brought to standard.

**Vice Chairman Harris** asked if there is a hard copy backup. **Mr. Houck** yielded to **Thomas Judge**, Deputy Director of the Idaho Board of Professional Engineers and Professional Land Surveyors, who explained that the current rule was taken

from the Utah system. They keep electronic copies on site and through a third party. The counties are free to maintain hard or digital copies for backup. This system is very secure.

**MOTION:** **Senator Souza** moved to approve **Docket No. 34-0602-1801**. **Chairwoman Lodge** seconded the motion. The motion carried by **voice vote**.

**PASSED THE GAVEL:** Vice Chairman Harris passed the gavel back to Chairwoman Lodge.

**ADJOURNED:** There being no further business, **Chairwoman Lodge** adjourned the meeting at 8:50 a.m.

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Senator Lodge  
Chair

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Twyla Melton  
Secretary