

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Monday, February 01, 2016

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman McKenzie, Vice Chairman Lodge, Senators Davis, Hill, Winder, Lakey, Stennett and Buckner-Webb

ABSENT/ EXCUSED: Senator Siddoway

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: **Chairman McKenzie** called the Senate State Affairs Committee (Committee) to order at 8:00 a.m. with a quorum present.

VOTE ON GUBERNATORIAL APPOINTMENTS: Appointment of Bob Geddes as Director of the Department of Administration
Appointment of Eric Anderson to the Public Utilities Commission

MOTION: **Senator Hill** moved to send the Gubernatorial appointment of Bob Geddes as Director of the Department of Administration to the Senate floor with the recommendation that he be confirmed by the Senate. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**. Senator Hill will be the floor sponsor.

MOTION: **Senator Davis** moved to send the Gubernatorial appointment of Eric Anderson to the Public Utilities Commission to the Senate floor with the recommendation that he be confirmed by the Senate. **Vice Chairman Lodge** seconded the motion. **Chairman McKenzie** disclosed a possible conflict of interest for the record; he was considered for the appointment. The motion carried by **voice vote**. Senators McKenzie and Keough will be floor sponsors.

GUBERNATORIAL APPOINTMENT: The Gubernatorial reappointment of Neil Anderson to the Idaho Endowment Fund Investment Board (EFIB)
Chairman McKenzie asked for an update from Neil Anderson since his last appointment. **Representative Anderson** stated that it is an honor to serve on the EFIB. Their performance has been good relative to other funds. He expressed confidence in the executives who run the fund. He is pleased to stand for reappointment.

GUBERNATORIAL APPOINTMENT: The Gubernatorial reappointment of M. Dean Buffington to the Idaho Endowment Fund Investment Board
M. Dean Buffington, Chairman, EFIB, said he has been on the EFIB since 2001, and chairman since 2003. He echoed Representative Anderson's comments about staff, professional managers and the growth of their funds. The State Land Board has transferred funds to the EFIB from the sales of cabin lots and those are being invested. The State Judiciary Pension Fund has been turned over to PERSI, so the EFIB is no longer the manager. The EFIB is in the process of investing in some of the commercial real estate that the State Land Board is selling. The proceeds will be invested by professional managers in commercial real estate outside the State of Idaho and within the confines of the United States.

Senator Davis stated his pleasure that Mr. Buffington, together with his colleagues, is willing to serve in the management of these funds. He asked Mr. Buffington to speak to the issue of conflicts of interest and reassure the Committee that there is not an issue. **Mr. Buffington** acknowledged that he has been in investment related business with his previous employer, First Security Bank, and with Buffington, Mohr, McNeil (BMM) as a registered investment advisor. He has sold his interest in BMM. Currently, he is a consultant a few days a week. In regard to the conflict of interest, he has no involvement in the investing of funds involving the EFIB or any other agency in the state. The only direct or indirect compensation he receives is the fee received for quarterly board meetings.

GUBERNATORIAL APPOINTMENT:

The Gubernatorial reappointment of Charles L. Winder to the Idaho Endowment Fund Investment Board

Chairman McKenzie called on Senator Winder.

Senator Winder said he has been on the EFIB for eight years. He was appointed at the time Senator Little became Lieutenant Governor. **Senator Winder** pointed out some important facts about the EFIB:

- The EFIB is responsible for \$2.5 billion that they oversee in a variety of different funds.
- Their investment philosophy follows a 20-year investment plan.
- Over the past three years, the funds generated a return of 8.2 percent against benchmarks of 8 percent.
- The performance has done well, continues to be well managed and is ranked in the top 10 around the country

The fund is managed by a very small, efficient staff led by Executive Director Larry Johnson. They are often asked about the costs and fees to manage the fund; it is 0.43 percent per year. Most of that cost goes to fund managers to manage those funds. There are nine different land endowments, and they work closely with the State Land Board. The EFIB serves to help them in making their decisions. In order to keep funding to recipients consistent, they manage with a five-year reserve. The economy has recovered well, and the stocks have performed well against their benchmarks.

Senator Winder said he has enjoyed serving on the EFIB; he has learned a lot. He just returned from the Callan Institute Conference where he had the opportunity to learn from some of the country's most experienced investment professionals.

Senator Hill expressed his appreciation to Senator Winder, Mr. Buffington and Representative Anderson and others who serve on the EFIB board. To manage \$2.5 billion of the citizens' assets is not a small responsibility. It would cost the private sector millions of dollars to assemble a board with this kind of experience and expertise.

Chairman McKenzie thanked each of the speakers today for the job they have been doing for the State.

RS 24014

RELATING TO THE IDAHO ADMINISTRATIVE PROCEDURE ACT to remove reference to certain electronic copies.

Dennis Stevenson, Department of Administration, explained that **RS 24014** amends the Idaho Administrative Procedure Act, 67-5205, Idaho Code. In 2010, this section was amended eliminating the requirement that the "Idaho Administrative Bulletin" and the Administrative Code must be distributed in hard copy format.

Currently those are being distributed by CD. **Mr. Stevenson** said he did an informal survey of the users and found they were no longer using CDs and many of their computers did not have a CD/DVD drive. This legislation is to remove the requirement that CDs be sent out to the repositories listed in this section of code. People rarely request these documents, and when they do they are referred to the link on the website where this information resides.

MOTION: **Senator Hill** moved to send **RS 24014** to print. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

RS 24249 PROPOSING AN AMENDMENT TO SECTION 10, ARTICLE IV OF THE CONSTITUTION relating to Governor vetoes following adjournment of the Legislature.

Senator Steve Vick, District 2, said that this legislation provides for a constitutional amendment to the Idaho Constitution that would allow the Legislature to be called back into session only for the purpose of overriding a Governor's veto that occurred after the session adjourned. This change would bring balance between the three branches of government by giving the Legislature the right to reconsider a veto that occurred after they adjourned.

Senator Stennett asked if this legislation has been before the Committee recently. **Senator Vick** responded that this is exactly the same legislation he brought forward in 2014 that passed the Senate and did not get a hearing in the House.

Vice Chairman Lodge asked about the type of issues where this action would be required. **Senator Vick** stated that it is important to have the ability to reconvene in case of a veto; it is not possible to anticipate what the issue would be. There are only six states that do not have the ability to take this action.

MOTION: **Senator Davis** moved to send **RS 24249** to print. **Senator Lakey** seconded the motion.

Senator Davis noted that this is a Senate Joint Resolution that will be referred to a committee. In all respects, it is treated like a bill so it won't go to the 10th Order of Business.

The motion carried by **voice vote**.

SCR 133 STATING FINDINGS OF THE LEGISLATURE to honor Black History Month in Idaho

Senator Cherie Buckner-Webb stated that **SCR 133** is asking for commemoration and acknowledgement of Black History Month. She provided the Committee with a commentary on the history of how the celebration of Black History Month grew from its precursor of Negro History Week, established in 1926 by historian Carter G. Woodson and the Association for the Study of Negro Life and History (see attachment 1). **Senator Buckner-Webb** concluded her comments by asking the Committee to support the contributions of Idaho's black citizens by recognizing February as Black History Month in Idaho.

Senator Davis thanked Senator Buckner-Webb for bringing this concurrent resolution. He noted that language in the resolution acknowledged the adoption of the Idaho Human Rights Act in 1969, but that it didn't appear on "A Timeline of Black History in Idaho" (see attachment 2). **Senator Buckner-Webb** said the timeline comes from the Black History Museum and stated that it should be added.

MOTION: **Senator Stennett** moved to send **SCR 133** to the Senate floor with a **do pass** recommendation. **Senator Davis** seconded the motion.

Chairman McKenzie acknowledged that Senator Buckner-Webb is Idaho's first elected African American State Legislator.

The motion carried by **voice vote**.

ADJOURNED: **Chairman McKenzie** announced that the Committee would not be meeting on Wednesday or Friday. There being no further business, the meeting was adjourned at 8:28 a.m.

Senator McKenzie
Chair

Twyla Melton
Secretary