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Deanna Talbot
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10/23/03
Date

2003 SENATE APPROPRIATIONS
SB 2416

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2416

Senate Appropriations Committee

Conference Committee

Hearing Date February 13, 2003

Tape Number	Side A	Side B	Meter #
#1	x		130-end
#1		x	0-980 0
Committee Clerk Signature <i>Jan Henderson</i>			

Minutes:

Senator Holmberg, opened the hearing on SB 2416 (#130).

Senator Thane, District 25. Sponsor of this bill. No written testimony. He didn't go into the details of the bill, he explained that this is a bonding bill for 3 projects, Heritage Center (archives addition-Phase 1 of expansion project), Chateau de Mores interpretive center and Fort Abercrombie interpretive center. Total cost of the projects is \$8 Million dollars. Two letters were sent to Senator Thane concerning the Fort Abercrombie project (Exhibit #1 & 2--which are attached to the minutes.

Senator Lindaas, District 20. Cosponsor of this bill. He felt that our past should be preserved.

No written testimony was submitted.

John VanRuden (sp?), President Board of ND Historical Society. He told a history story, which was to show how important history is. He passed out a book to the members of the committee that has all of the history sites in the state. He felt that the history in this state will bring the

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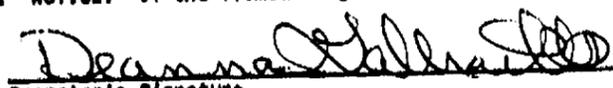
Senate Appropriations Committee
Bill/Resolution Number SB 2416
Hearing Date February 13, 2003

people from all over the country. He felt that tourism industry would become the 2nd largest industry in the state.

Ed Lair (sp?) volunteer at the Heritage Center spoke in behalf of the bill. He has been a volunteer for the past 12 years, he works at the information booth. He has visited with people from all over the world by sitting in that booth. He told the committee how most people come out and tell him how wonderful the Heritage Center is and how they never imagined that Bismarck, ND would have such a place. Most of the people who visit get their information about the Heritage Center from someone else that visited it.

Merl Paaverud, Director of the State Historical Society of North Dakota. Written testimony (Exhibit 3, & Plans for the project Exhibit 4 & 5) are attached to the minutes. The mission of the State Historical Society is to identify, preserve, interpret and promote the heritage of North Dakota and its people and to accomplish this, the Legislature body approved and supported the construction of the Heritage Center, which was built with public and private money, nearly 20 years ago. Now they find that they need more room, so they have begun the planning process for an extension project at the Center. The plans for this expansion are attached (Exhibit #4 & 5) They have prioritized their most urgent expansion needs, the top being the expansion of the State Archives and Historical Research Library area. This is Phase I and that is what is in SB 2416. This is Phase I of the project, the total cost of the project is estimated at \$30 million dollars. They decided to break that down into phases. The first phase is the archives addition at \$6 Million dollars, Chateau de Mores interpretive center at \$1 million dollars and the interpretive center at Fort Abercrombie at \$1 million dollars, for a total of \$8 million dollars for Phase I. \$1.5 million for the local match and \$6.5 million through bonding. The reason for the expansion at

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the Heritage Center is that they are simply out of room to store the many periodicals, books, photographs, film, video and maps that have been collected over the past 20 years on the history of North Dakota. Records that are now being collected have to be stored in whatever space can be found and there is concern about losing these irreplaceable records. The additional space which will add 30,000 square feet of archival storage space will allow them to accept material from county offices, courts, and state agencies, provide security storage for all government master microfilm in the state, expand collecting in areas of importance including legislative history. He felt that this space would last them about 20 years. The second part of the request is for 2 new interpretive centers- Fort Abercrombie the "Gateway to North Dakota" located in Abercrombie, ND and the Chateau de Mores (the most visited site) in Medora, ND. These two sites are part of the outreach efforts by the Historical Society. The State Historical Of North Dakota Foundation is the primary supporter for raising the local match, which is \$1.5 million which will trigger the sale of bonds for the additional \$6.5 million dollars. The affordable rates for bonds now will mean a considerable savings if done at this time.

Questions: #2280:

Senator Grindberg wanted to know why the delayed bill? Are these general obligation bonds, we have a ceiling on sales tax growth? Senator Thane responded as to the reason for the delayed bill was a mistake on his part, he misplaced it, and the confusion of the last minute it was buried in his desk and thanks to the delayed bill committee they were sympathetic and allowed the bill to be introduced as a delayed bill. Merl responded to the bond question. He stated that it would be general bonds, Karleen (?sp) would be able to address that more when she returns. Senator Andrist wanted to know about the free admission to the Heritage Center, is that locked in

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somewhere, law, if not how much revenue could be raised by charging an admission fee as a potential way of repayment of the bond. Merl responded that it was part of the law not to charge a fee to the Historical Center, it was the intent at the time to allow the North Dakota residents to come and enjoy the center with out charge. There are over a 100,000 people visit a year. The revenue would be whatever you charged per person x 100,000. Merl stated that he supported the law to allow people to come and see the center free of charge. Senator Robinson: \$1.5 million dollars that has to be raised locally, where is the Society in that now? He wanted to know if there was some money raised, pledged, etc now? Merl stated that people have been talked to about it, including companies, etc., they know it will be a challenge but they think they can do it. There is nothing collected at this point. Senator Krauter wanted to know where the Heritage Center plans worked in with the plans for the capitol grounds planning commission. Merl stated that they had been working with the commission and the facilities management so everyone was working together on the projects. Senator Grindberg (#2840) asked Karleen to walk the committee through the bond issue regarding the growth of the sales tax which allows certain level projects and where the capital bonding bill is in the House.

Karleen Fry (?sp) (#2897), Executive Director of the Industrial Commission. She handed out the North Dakota Building Authority Debt Service (Exhibit #6 -which is attached to the minutes). She stated that the bill is HB 1023, and she handed out the information that she prepared for this bill for the House. The bill has not come out of the House Appropriations so she did not know if they were going to approve all of the bills that were included in that bill. She stated that this chart was developed to show there was sufficient monies within 1% limitation for those projects that were proposed in the Executive Budget and there was remaining for the 2005-07 biennium

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approximately \$711,000 that was available for other bonded projects. The projects that are being talked about in this bill (SB 2416) is about \$8 million and the cost for that debt services is \$1.56 million dollars, but the bill indicates there are they will provide other sources of \$1.5 million in three annual payments. She stated she wasn't sure when they would make those annual payments available (the bill wasn't clear she stated). If that \$1.5 million was available in the 2005-07 biennium then they would be within that limitation. Senator Bowman wanted to know what the current financial situation was, with the economy slowing down, how close they were to when a red flag comes up when saying they may not be able to meet all of their obligations in a few years, especially if they keep going at this pace. Karleen responded that if he was concerned about the available debt service limitation, it is indicated on the chart that within 2 biennium there will be a very large amount available, all the way up to \$8 million because they will be paying down other bond issues. This state is one of the lowest for having outstanding indebtedness for these types of projects. North Dakota is considered a low debt state. Senator Thane wanted to know what the states' bond rating was. Karleen responded that the state was a AA1. The state is not the highest rated, which is AAA, but the state is considered a low debt state. Senator Mathern: (#3302) Wanted to know if dates were clarified for payments, would that be useful to Karleen? She responded that they would tie down those payments dates, because that is part of the bond transaction, there has to be an agreement that those payments will be made, and she has to certify that they have met all laws. Senator Robinson: He wondered if there was a trigger that was built in when the funds are in place or a certain amount that the project can go forward. Karleen responded that the Legislature has done it in several different ways. When Williston project the Legislature insisted that they have \$1 million dollars up front, something

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the money has been wanted up front and others have been over annual payments. Senator Robinson continued that this was an opportune time with interest rates what they are, but that charitable contributions might be difficult with the markets the way they are. He hoped the committee could find a way to make it happen. Senator Krauter wanted to know about the bill on page 2, line 6-7 the Legislative intent The bill states that the donated funds of \$1.5 million must be collected before the State Historical Society may begin the expansion of the Heritage Center and interpretive centers. He was concerned that it would be 2005 or 06 before anything could be done, if they made the payments yearly at \$500,000. Would the bond be issued in 2005 or 06? Karleen explained that if they collected that money immediately then they could proceed immediately, since the bill does state that the money must be collected first. Senator Krauter stated that on line 3, page 2 it states that the \$1.5 million must be paid in three annual payments of \$500,000. Karleen responded that it was her understanding that they must have the funds in hand, then they could make the payment sin 3 annual payments, but they must have the funds in hand before they could start any expansion. So the bonds would be issued after they have raised the money. Senator Krauter wanted to know more about the figures on exhibit #6, ending balance for 2005 at \$711,000. Karleen stated they were short \$800,000. Senator Andrist asked Merl if they would start a study to change this to a revenue bond issue to be paid for with admissions and if it would be possible to make the payments from a resonable admission charge, and still admitting children free. He felt that charging \$5.00 to any museum was really cheap. He felt there was some potential to changing this to a revenue bond issue and he would like to see what the pay out would look like. Merl stated that the law said stated that they could not charge admission at this time. Senator Andrist reminded him that the Legislature were the ones that

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Senate Appropriations Committee

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Hearing Date February 13, 2003

made the law. Senator Christmann wanted to know if they were looking at an \$8 million dollar project and they have to raise \$1.5 million themselves, wouldn't the bond be \$6.5? He wondered if the payments wouldn't be \$1.2 annually instead of \$1.56? Karleen responded that the \$1.5 would be used for debt service and not for construction costs.

Joe Satrom (#4197) testified in favor of SB 2416. No written testimony was presented. He told the committee that 34 years ago at Governor's Guy request, he presented Senator Thane the idea of the Heritage Center. Mr. Satrom talked about working on the Heritage Center legislation. Mr. Satrom is now in the travel business and history is big business today. He felt that North Dakota had a lot of history to offer people from all over the country and the world. He also told a story about Mr. Rosenblum from Philadelphia who built a business in Linton and the conference center on the Missouri. He felt that it was important for the people of North Dakota to be optimists.

Arthur A. Link, (#4750) former Governor of ND, testified. No written testimony. He testified in support of SB 2416. He also is a State Historical Society Commissioner. He felt that it was very important to have someplace where history could be available for everyone.

Kay Solberg Link testified (#5426), no written testimony. Daughter of the late Senator Solberg and Nellie Solberg. She remembered sitting with her Father in the Senator working on the bill for the Heritage Center. She will be involved in the fund raising of the \$1.5 million needed. She is a trustee with the Foundation also.

Donald Hestdalen, Abercrombie and current president of Friends of Fort Abercrombie testified. He submitted written testimony, exhibit #7 which is attached to the minutes. He stated that the addition of the interpretive center at Fort Abercrombie would be a great value in depicting the history of the Fort which was established in August of 1858. Tape #1 Side A ended here. Tape

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#1 Side B starts here. Mr. Hestdalen stated that the small towns need these types of things to keep going. He urged the committee to support SB 2416.

James Sperry (#57) retired Superintendent of the State Historical Society of ND and member of the State Historical Society of ND Commission. Written testimony (Exhibit #8) is attached to the minutes. He commented on the idea of the admission. He stated that there are many people who live in the state who come back many times to visit the Center and there has been support of the Center from many people through cash donations and volunteer time. He would hate to see that hindered in any way, so carefully consideration needs to be given to the idea of admission. There is an admission charge to the historical sites and that has been well received, but he felt that the free admission to the Heritage Center was very important. Senator Mathern asked Mr. Sperry why this bill came in with such a limited amount? Why not more? Mr. Sperry explained that there is a larger need, but the ability to pay is limited. Phasing of the original project was considered to be the best way to go. That is still true today.

Virginia A. Nelson, Executive Director of the State Historical Society of North Dakota Foundation. (#344) Written testimony is attached, (Exhibit #9). She stated that if the committee wanted to fund the entire project of \$30-\$40 million that it would take, it would be more than welcomed. The Foundation will be in full support, as will the people of North Dakota, in whatever decision is made by the committee.

Owen Myhre, (#470) Abercrombie, testified next. No written testimony. He is presently city council member, community development member, former mayor and businessman. He felt this bill will promote heritage, tourism to the Red River Valley and for the state. He felt the

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Senate Appropriations Committee

Bill/Resolution Number SB 2416

Hearing Date February 13, 2003

interpretive center would be a great asset to the Fort and would give people more information that they want.

Questions: (#696)

Senator Grindberg had a question for Merl. He wondered about the \$8. million bonding vs. the \$6.5 million. He wondered about the idea of putting \$50,000 toward the \$1.5 million, having the society raise the needed funds and then come back in the 2005 legislature and proceed with bonding then. Any thoughts on that? Merl responded that he was looking for a way to do this project and he would look at any possibility of getting this started. Senator Grindberg stated that he had done fund raising also and raising \$1.5 million was a big undertaking. Senator Krauter asked Karleen if that balance for 2005-07 was the balance before or after the House 1023 has been enacted. Karleen stated that it was after the bill was enacted, since it was included in the Governor's budget.

With no other testimony, the hearing on SB 2416 was closed (#980).

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2416 Votes

Senate Appropriations Committee

Conference Committee

Hearing Date Feb. 19, 2003

Tape Number	Side A	Side B	Meter #
Tape # 2	X		720 - 2298
Committee Clerk Signature <i>Jan Hendrickson</i>			

Minutes:

Senator Andrist explained the amendments for SB 2416 which was the bill for the Heritage Center expansion. Senator Andrist also explained his proposal for the Annual admission fee potential for the North Dakota Heritage Center, which is also attached. He stated that he had been working with the Legislative Council and the Heritage Center on these items. He also stated that the Heritage Center was somewhat reluctant to establish fees, but they also want to keep this bill alive and that it would not have much of a future as general obligation bond issue. So the amendments do is convert the bond issue to a revenue bond issue to be repaid with a schedule of admission fees that the Heritage Center would establish. All 3 projects are left in the bill, it gives them an opportunity to prioritize them anyway they wish. Senator Holmberg clarified that there were questions yet to be answered, that this project was important and that one of the things that Senator Andrist has explored is the fee schedule for the Heritage Center, knowing that there might be some flaws and that Heritage Center people may have to do some

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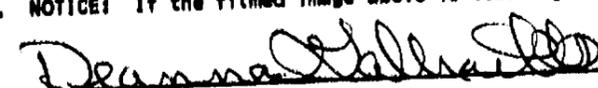
10/23/03
Date

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Bill/Resolution Number SB 2416 Votes
Hearing Date 2-19-03

more work, and that **Senator Andrist** would like these items attached to the bill. **Senator Andrist** stated that the House could still make adjustments there. **Senator Andrist** thought this was a chance to do something a little visionary without having to pay for it.

Senator Adrist moved that the amendment be added, seconded by **Senator Thane**. Discussion continued: **Senator Krauter** wondered where in the bill it changed the bonding and then he wanted to know if this kind of bonding is not required under the state's limitation of 1/10 of 1% of the sales tax. Alan from the Legislative Council responded: The amendment removes the limitations, because these bonds would be repaid by the fees collected by the Historical Society, they would be considered a revenue bond. The general fund would not be used to repay the bonds. **Senator Andrist** stated that he would like to include with the amendment the removal of the duties of the director in 55-02-01.2, which is attached. **Alan** responded that it would have to be changed at some point. **Senator Thane** expressed his concern regarding having enough money for all 3 projects. **Senator Andrist** stated that it was possible that the fee schedule would not be enough to support all 3 projects. **Senator Lindaas** stated that he had concerns about the idea of charging fees to the Heritage Center. **Senator Holmberg** stated that there were steps, had to get through the Senate, the House and probably a conference committee. **Senator Krauter** was concerned about the fees also, but he was also concerned about setting a presentient for bonding, the limits are 1/10 of 1% of the sales tax, except for this building, or that renovation, etc., he wondered if letting this happen would be in the best interest. He wondered if the whole bonding issue shouldn't be changed. **Senator Grindberg** stated that the limitation on the bonding was set up to control Higher Education who was doing a lot of building in the 1980's. **Senator**

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Hearing Date 2-19-03

Andrist stated that he agreed with **Senator Lindass** concerns about the fees, but the higher priority was keeping this bill alive and in order to do that, a fee schedule was made.

Discussion continued on the bonding issues and how they would be paid, the concerns of charging fees to the Heritage Center, and what the Senate and House will do with it.

Motion by Senator Andrist to accept amendments, second heard, Voice vote taken, motion carried.

Motion by Senator Thane for a DO PASS as AMENDED, seconded by Senator Mathern.

Roll call vote was taken, which is attached. Total: 14 yes, 0 no, 0 absent and not voting.

Motion carried. Senator Thane will carry the amendment to the floor.

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30435.0101
Title.0200

Prepared by the Legislative Council staff for
Senator Andrist
February 19, 2003

JB
2-17-03

PROPOSED AMENDMENTS TO SENATE BILL NO. 2416

Page 1, line 3, remove "to provide a statement of legislative intent;"

Page 1, line 8, after the first comma insert "in an amount not to exceed \$5,000,000"

Page 1, line 9, after the period insert "The limitation provided in section 54-17.2-23 does not apply to repayments allocable to evidences of indebtedness issued pursuant to this section."

Page 1, line 22, replace "Of the total amount" with "Debt service on the"

Page 1, line 23, remove the first "of" and remove ", a total of"

Page 1, line 24, remove "\$1,500,000", replace "available" with "paid", and replace "to assist in the retirement of" with "collected by the state historical society."

Page 2, remove lines 1 through 8

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment reduces the bonding authorization for capital projects of the State Historical Society from \$8 million to \$5 million, exempts the repayment of bonds from North Dakota Century Code Section 54-17.2-23, and provides that the State Historical Society is responsible for collecting the remaining necessary funding for total capital project costs and is responsible for bond repayment.

Deanna Hall
Operator's Signature

10/23/03
Date

Date: 2-19-03
Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2A16

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass as amended.

Motion Made By Thane Seconded By Mathern

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	✓				
Senator Bowman, Vice Chair	✓				
Senator Grindberg, Vice Chair	✓				
Senator Andrist	✓				
Senator Christmann	✓				
Senator Kilzer	✓				
Senator Krauter	✓				
Senator Kringstad	✓				
Senator Lindaas	✓				
Senator Mathern	✓				
Senator Robinson	✓				
Senator Schobinger	✓				
Senator Tallackson	✓				
Senator Thane	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Thane ← floor commit

If the vote is on an amendment, briefly indicate intent:

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Deanna Hill 10/23/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
February 19, 2003 2:52 p.m.

Module No: SR-32-3318
Carrier: Gladberg
Insert LC: 30435.0101 Title: .0200

THANK

REPORT OF STANDING COMMITTEE

SB 2416: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2416 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "to provide a statement of legislative intent;"

Page 1, line 8, after the first comma insert "In an amount not to exceed \$5,000,000"

Page 1, line 9, after the period insert "The limitation provided in section 54-17.2-23 does not apply to repayments allocable to evidences of indebtedness issued pursuant to this section."

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10/23/03
Date

2003 HOUSE APPROPRIATIONS

SB 2416

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2416

House Appropriations Committee

Conference Committee

Hearing Date 03-19-03

Tape Number	Side A	Side B	Meter #
1	X	X	25.3 - 18.8
Committee Clerk Signature <i>Chris S. Nelson</i>			

Minutes:

Chairman Svedjan Opened SB 2416 for discussion. A quorum was present.

Sen. Thane See Written Testimony.

Rep. Delzer You amended the bill for bond issueances of not over \$5,000, but are you requiring them to have collections of 3 million dollars excess before they start? What happens if they can't raise the money?

Rep. Thane Mr. Paaverud can answer than better. If they don't get the money they won't do the project.

Governor Arthur Link Appears in support of SB 2416. See written testimony.

Merle Paaverud, Director of the State Historical Society See written testimony. The new building will be 40,000 square feet with 30,000 of that being storage space, will give us 20 years worth of storage space. That is in the archives section.

Chairman Svedjan Are you looking at these debt services as revenue bonds?

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Paaverud Yes.

Chairman Svedjan If you raise the 3 million dollars, then you'll proceed?

Paaverud Yes.

Chairman Svedjan How will you repay the debt?

Paaverud Donations, grants, and our foundation.

Rep. Delzer Do you have a written plan? If you can't pay for this project after the debt is issued then the responsibility falls to the state.

Paaverud There is no obligation to the state.

Rep. Warner What constitutes an archive for ND?

Paaverud Government records, photos, books, county archives, etc.

Rep. Warner What needs to be kept in its original form and what can be digitized?

Paaverud Newspapers go on microfilm, more important records are in their original form.

Rep. Skarphol How can we get assured you can raise the 3 million dollars?

Paaverud We'll work with the Industrial Commission. To back the fundraising, the legislature needs to support it.

Chairman Svedjan If you don't raise all the money, will you start with the Ft. Abercrombie project?

Paaverud We'll do all of the projects if we can.

Rep. Wald Do you charge an admission fee?

Paaverud Yes.

Rep. Wald Shouldn't the state pay for the storage space rather than private funds?

Paaverud Yes, they should.

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Rep. Timm Couldn't you build a cheaper storage building somewhere and keep archives there?

Paaverud Yes, but we'd need more money for staff and transport.

John Vonruden, President of the Board of Directors of the Historical Society of North

Dakota See written testimony, and book that he distributed. This is a business, don't cut it.

People want to stay in the country and tour it rather than overseers travel.

Rick Collin, Communications Director of the Historical Society of North Dakota See written testimony.

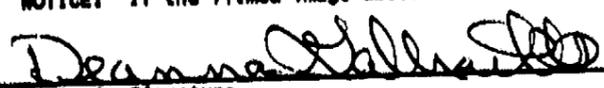
Kay Solberg Link My father was to be an integral part of this heritage center. What I see for you folks is that this is your legacy now. I want to bring my children and grandchildren to see my legacy. It is up to you. I went town to Tempe for the rebronzing of the statue of Sakakawea. We need to market this. Be very proud of the privilege you have to be part of the legislature. We need to market tourism, it could be a huge thing.

James Sperry, Former Superintendent of the State Historical Society, Current Member of the State Historical Society of North Dakota Commission. See written testimony. The Heritage Center was built for expansion.

Barbera Land, President of Presentation ND. See Written Testimony of Deanne Vickers. We stand in support of this.

Virginia Nelson, Executive Director of the State Historical Society of North Dakota Foundation. See written testimony. The buck stops with me on this bill. The 6 million dollars does need to be funded by the State of North Dakota. The Foundation and its supporters will raise the balance. We need to plan tourism, rather than have accidental tourism. Medora is our greatest tourist attraction.

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Rep. Delzer We need answers from Karlene Fine when we work the bill.

Chairman Svedjan We will wait until we work the bill. Meeting adjourned.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2416

House Appropriations Committee

Conference Committee

Hearing Date 4/4/03

Tape Number	Side A	Side B	Meter #
1		xx	22.8-end
2	xx		0-13.7
Committee Clerk Signature <i>D Penrose</i>			

Minutes: Chairman Svedjan called the meeting to order on SB 2416. This is the bonding bill for the Historical Society for the three projects. We heard this bill quite some time ago. I am going to ask Mr. Paaverud to come to the podium. I need to ask a question regarding the revenue. Now these are revenue bonds, and I need for you to clarify for me exactly how it is you plan to generate the revenue to pay for the bonding.

Merl Paaverud, Director, State Historical Society: I appreciate the chance to speak. That's a tough question. We talked about initially when the bill was presented on the Senate side of raising \$1.5 million dollars for an \$8 million dollar project, that \$.5 would be bonded, and we hoped that that bonding would run through the other way that the State would pay that debt service. It is going to be very hard for us to come up with \$500,000 a year to pay that. But in the Senate side, they wanted us to continue on and so we can talk about it a little bit, so they put it in this present form, because it would be almost impossible for us to come up with that debt service.

Chairman Svedjan: Is that true for every aspect of the project.

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Mr. Paaverud: We looked at every aspect of it, about \$30 million is what we estimated for the total expansion. But, again just focusing on the archives, that would be \$6 million dollars. So this is Phase I, is what we're looking at here. I think yes, it would be the same consideration that we would have as we went along, we'd have to ask for your help with that debt service.

Chairman Svedjan: And just for clarification, the Senate sent this bill over with the \$5 million dollar cap. Tell me again how that relates to the original request of \$8 million.

Mr. Paaverud: We had asked for \$6 million for the archives expansion and \$1 million for Ft. Abercrombie and \$1 million for Chateau de Mores Interpretive Centers. I don't know where that \$5 million came from. I guess it came out of the Senate that way.

Rep. Delzer: Was this part of the Governor's discussion on his priority list and capitol and building bonding projects.

Mr. Paaverud: I don't know. It is on the capitol grounds planning, if you take a look at that, you can see the expansion areas that we're talking about in the Heritage Center.

Rep. Timm: I guess I have a problem with the fact that we're going to spend \$6 million dollars for what sounds like to me, a storage area. You're apparently not going to use it for people, displays or anything like that, just a storage area. I have a problem with that, \$6 million for a storage building.

Mr. Paaverud: It would be a 40,000 sq. ft. building, three stories high, 10,000 feet for people use. We could probably even work in there a North Dakota Legislative House of Representatives reading room. But if I could continue, 30,000 sq. ft. would be for storage and we figured that would keep us for about 20 years based on how the other 15,000 sq ft in the original building was filled first. This would be an environmentally controlled archival space, where we would put the

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papers from the state, the books, the legislative records, the state and county records, etc. so that we could access them and bring them out for use or research. Again, our job is to take care of those things. That's our job for the State of North Dakota, is to take care of those things.

Rep. Timm: You have those things stored in a building now, don't you, in a warehouse building someplace.

Mr. Paaverud: Yes, we do, and that will be filled, the actual building, the old Shiloh building, on Highway 10 east of town will be filled at the end of this biennium. We have a contingency plan, part of our budget this year is to buy Contact Storage, which is a unit that you can put in. What you do is basically eliminate all of the aisles between the storage files, because these things move and that will probably buy us enough time for two years, so that we can get through and hopefully, then start building.

Rep. Timm: Maybe you shouldn't collect so much of that stuff, I mean some of that you are collecting is junk, right.

Mr. Paaverud: You're right, it is old stuff, that if you're over 50, we're interested. But it is our responsibility, this is the records of North Dakota, our history, and so we take that very seriously and try to do a great job so that it will be here a century from now, when I'm probably dead.

Rep. Wald: There seems to be some interest in Ft. Abercrombie and the Chateau, what would your reaction be if we took out the storage building and moved ahead on the two other projects and I understand that you do collect fees there, so maybe a bond could be floated to cover the \$1 million dollars at each location from fees and make it a revenue bond. I hate to see the whole thing die, but it looks to me that Rep. Timm's idea, may not fly here. So rather than miss out on

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expanding Ft. Abercrombie and Medora, if we could somehow amend the bill and let those two projects go ahead based on a revenue bond.

Mr. Paaverud: We'll take any help we can get, because we need all of these projects; but we do need the archives. I understand the concern with that, but if we can get planning money, even planning money to start the plan for the Heritage Center expansion, that would help tremendously, but we do need the interpretive centers at Ft. Abercrombie and Chateau very much. Again, I don't know what we could raise based on our admission fees, which we do charge there. What we use those for are programs; programming and hiring additional people to take care of those sites during the season. I don't know how much we could really come up with there, we hire basically our whole interpretive staff at the Chateau with admissions money.

Rep. Wald: How much is that per admission or family ticket, or whatever.

Mr. Paaverud: I would have to say that at the Chateau it is currently \$5 for adults and \$2.50 for children, and we have a special rate, \$1.00 for school kids coming in. I think it is a little less than that at Ft. Abercrombie right now.

Rep. Wald: So if you added another \$1.00 a head, would that amortize a bond over a period of years.

Mr. Paaverud: I guess I would have to put a pencil to that, I don't know. Out there, we get about 60,000 people coming through from May through September at the Chateau, at Ft. Abercrombie we don't have near that many.

Rep. Aarvold: I was appointed to the Historical Society Commission early last summer. We had several meetings and frankly I guess until I had had that opportunity, I never really fully appreciated the contribution of the Historical Society makes to the State of North Dakota. First

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of all, they are the statutorily authorized depository and archive for all sorts of state and local records. They have that obligation and if we're not willing to address that, we should provide them with the necessary room to meet that statutory obligation. Secondly, if I might suggest, it seems to me that history is the hub of our tourism industry in North Dakota and if we did not have the Chateau, if we did not have the Lewis & Clark events, etc. our state would, frankly, be much less attractive to the folks that are looking for a vacation experience. I would hope that the committee would look generously on this request. It is legitimate and there is a real need and I would hope that we could do something to begin to address this growing concern.

Rep. Delzer: I have no doubt that a lot of this would be really, really nice; but I think we have to look at bottom dollars. If they can't raise the money and repay it, I do not believe it is prudent for us to put a possibility of a bond issue out. In respect to lowering it, and just trying to bond for the first two, then you still have all the costs of issuing the bond for such a small amount, that I think it is much more prudent to wait two years and see if there is a possibility of that. The problem we have already, however, is that we are already at our limit for this year and for next year on bonding, unless we have some real massive increase in economics. If you are ready for a motion, I move a Do Not Pass.

Rep. Carlson: Seconded.

Rep. Skarphol: If I might just a couple more questions. As far as the matching funds, the \$1.5 million, are you talking about federal, local or donated. Have you started along in that process at all.

Mr. Paaverud: Yes, I have.

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Rep. Skarphol: Let's just say that you are successful in raising the \$1.5 million dollars, where are you going to start.

Mr. Paaverud: I think we would start at the sites and interpretive centers. Based on that, continue on.

Rep. Skarphol: This is pretty ambiguous. If we're unsuccessful in giving this a Do Not Pass, and it should succeed on the floor, however you want to look at it, don't you think it should have a little more specifics as to how the plans are going roll out.

Mr. Paaverud: Looking at this issue, we are looking again at the whole issue. We haven't really pared it down to that point, to what we can do within that bill that we requested. Like I said, we did ask for Phase 1 on the archives addition, which is part of the overall extension of the North Dakota Heritage Center. Right now we have estimates of \$30 million for the entire expansion, this would be Phase 1 which is \$6 million. So we pared it down to that, that's where we want to start, because that is where we are in the biggest trouble right now. Again, like I said, if we could get at least some planning money, so we could put some architectural plans together for the project, and get going there and then start raising some money and then come back, I guess that would be pretty nice.

Chairman Svedjan: Thank you. Any discussion.

Rep. Carlson: Has Karlene been up at all, I got here late. Could I ask her a question. Karlene, just for my own benefit, is this standard terms that you issue bonds for, is this a 10 year, 20 year?

Ms. Fine: We took these as 20 year bonds.

Rep. Carlson: On a 20 year bond, what would be the amortization of that bond.

Ms. Fine: For the amount of \$5 million dollars.

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Rep. Carlson: Well, whatever this bill specifies, I am assuming it is the \$5 million.

Ms. Fine: The \$5 million dollars would be approximately \$500,000.

Rep. Carlson: \$500,000 a year.

Ms. Fine: That's correct.

Rep. Carlson: For how many years.

Ms. Fine: 20 years.

Rep. Carlson: That's about \$10 million for \$5, that's a good deal. So the amortization schedule would start on completion of the project. When you sell the bonds, I notice there are 2005 dates in here. So that technically that means that there would no money spent this biennium, but would be next biennium for the repayment of bonds, is that correct.

Ms. Fine: That's typically how it is with building authority bonds. There are no debt service payments during the upcoming biennium, but it is the subsequent biennium where you begin the debt service payments. So thus we had to capitolize the cost, interest costs, for a two year period.

Rep. Carlson: So what you are also doing, is any bond costs or anything are just carried or funded, and the bonds are issued at what point in time, right away? And you just draw interest on that money to offset your costs until you actually spend the money, how do you do that?

Ms. Fine: We work with the agencies to find out when they need to have their project, their dollars. We don't try to go too far out in advance of when they are going to start drawing down those dollars, because we don't think that is a prudent way to do it. But if we generally would get hold of those dollars at the trust, with a trustee, and then they do have some investment income while they are waiting, until they actually draw them down for the building costs.

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Rep. Carlson: I remember another bond issue in previous biennium, we had required people to spend their money first. In other words, in Williston, was an example of that. That we asked them to raise the money before you start, or you don't get the project. That's just the thought that there is no money raised, it appears to me, but we're going to assume that we have a \$500,000 dollars a year extra out of their fundraising to pay for it.

Rep. Timm: I got a question for Mr. Paaverud. This is phase 1, how many phases are in your project. You said the total project was going to cost \$30 million dollars and over the year, if you wait long enough it would probably cost you \$50 million dollars.

Mr. Paaverud: That's true. It's a great time to do it now because of the bond rates.

Rep. Timm: How many phases have you got.

Mr. Paaverud: Three phases.

Rep. Timm: How big is that place going to be over there.

Mr. Paaverud: What we have to do is basically double the size of our storage area plus we want to expand the exhibits area, that's one issue that we have been contending with for many years. People want to see more of our material, and so we want to do that so that we can have a bigger exhibit area. We are working closely with the ND Geological Survey. We have the state fossil collection. So we have all of that material to show as well. So we have also considered the ND Arts Council. We house and help them with their collections as well. It's an issue of storage area in our artifacts, our archaeological and our archives as well as exhibit area, as well as more public area for people to come in and use it.

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Rep. Timm: Wouldn't it make more sense if you want more public area and more display area to put your \$6 million dollars in that and take your stuff out to the outside of town or someplace where it is cheaper.

Mr. Paaverud: We are already doing that. The space that we have is by no means conducive to keeping this material for very long. What we need is an area that has environmental controls that can preserve these materials, papers, photographs, images, etc. for history. We do have the old school out east and that is not very good. So what we are putting in things that are lower priority, duplicates, or whatever that we are going to rid of and try to save them there. It's by no means going to last as long as it should.

Rep. Wald: Last time you were here, I think you talked about storing records for counties. Have you approached the Association of Counties, they're kind of flush now, shouldn't they be paying for whatever portion of the counties they are going to store. That seems to me that that is a county obligation, rather than a state obligation.

Mr. Paaverud: Our obligation to take those, we could charge them, I imagine we don't. But in the past, the counties have had quite a bit of trouble coming up with even that. It's our responsibility, we're looking at that. If we don't keep them, then they go away, they wind up in a chicken coop or something somewhere and they are gone forever. So it is our responsibility, that part is history of the state as well and we've been doing that. They send them in, we work with them, to glean that down, so that we can take it in. Again, this is the repository for North Dakota, this is where people can come to find that information material and we talked about getting the counties involved. I haven't heard that they're flush. I don't know. That might be a possibility.

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Rep. Carlisle: Say we end up ultimately approving this, what's the reasonable expectation of this great a bond for repayment. You must have a scale from 1-10, if you are going to issue them.

Ms. Fine: Before we would issue a bond, we would sit down with the Historical Society, to find out what the revenue source is going to be to pay back the said service. We would not issue this bond unless we were very confident that there would be a revenue source to pay for that service.

Rep. Gulleason: I want to clarify this for me. The dollars for the Chateau de Mores and the Abercrombie. Those are actual capitol construction. Those aren't needed, planning monies aren't needed for them. The planning needing dollars would reference the other project. I would hope that we could resist this motion and then I would be willing to offer some amendments.

Rep. Delzer: If someone has a better idea, or some amendments they want to offer, whatever, Rep. Carlson's statement of requiring payment of so much of it first or whatever from raising money, I would withdraw my motion and we can do whatever. That's only, though, if there is something better on the table.

Chairman Svedjan: Did you withdraw your motion.

Rep. Delzer: Yes, I guess, if somebody has something.

Rep. Gulleason: I would like to offer an amendment where we would allow the two projects: the Chateau de Mores and the Ft. Abercrombie, leave that. That wouldn't have to be amended. The amendment would then remove the \$6 million dollars for the Heritage Center and substitute a \$50,000 general fund appropriation for that project directed to the planning of the Heritage Center Archives Addition.

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Chairman Svedjan: You are moving to keep the two \$1 million dollars figures and substitute \$50,000 for the \$6 million, and that \$50,000 be used for planning purposes.

Rep. Gulleason: That is correct. The language in the top portion of that bill would have to be addressed accordingly, it talks about not exceeding \$5 million.

Chairman Svedjan: We would have to make the necessary adjustments throughout the bill. Council, did you get that.

Rep. Wald: Seconded.

Rep. Carlisle: They're going to issue these unless they have a way to get them repaid. So why do you want to change all this. Either go for it all or don't go for it.

Rep. Gulleason: I guess I agree with the comments that Rep. Wald said early on, if we pared this down to a portion of the project, that would probably realistically they would be able to demonstrate an ability to repay and allow for time then to really plan out the next phase of the construction of the Heritage Center which would allow those other projects to move forward.

Rep. Monson: I guess I have a question about what kind of planning is needed. Because I thought there was a plan here. I have seen artist's renditions, architectural drafting and you've got a plan. What do you need besides that right now.

Mr. Paaverud: We have the conceptual plan that an architect put together for us. But we don't have the blueprints, the specs, anything like that. We just haven't gone there yet.

Rep. Carlson: Historically, when the Governor has had bonding projects, he's had a priority list in what is going to be bonded. Sometimes we bond things and sometimes we don't based on requests. Where were these two projects that Rep. Gulleason just highlighted on the Governor's priority list for bonding.

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LC: These were, I believe, all three of these projects, at least the archives expansion was part of the Historical Society's budget request, which wasn't part of the Executive Budget, they didn't make the cutoff.

Rep. Carlson: Were either of these other two on the tax law on the budget request as being bonded.

LC: No, they were not part of that.

Rep. Delzer: I guess just a point of order, is this the substitute motion or did we need to withdraw.

Chairman Svedjan: I thought you withdrew your motion.

Rep. Carlson: Then I withdraw my second.

Chairman Svedjan: So we have the motion to amend and that motion is to change the \$6 million to \$50,000 and to leave the two \$1 million dollar figures and change the language in the bill accordingly, and the \$50,000 is for planning purposes. Any further discussion.

Voice vote: Carried.

Rep. Delzer: I move to further amend to remove the \$50,000 for the planning and to require a match of \$1 million for these two \$1 million projects to be raised and funded before they can go ahead with these, and some sort of language in there that requires a business plan for repayment of these as revenue bonds.

Rep. Carlson: Seconded.

Chairman Svedjan: So if I understand this correctly, to amend out the \$50,000 planning that we just amended, and to require a match of \$1 million dollars total for those two projects, and to require the submission of a business plan. Any discussion on that motion.

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Rep. Warner: I guess from listening to what Karlene had to say about that they wouldn't issue bonds unless it was a viable business plan is already common practice, and it's very hard to require the \$1 million dollars upfront. That would have to be part, just like any other mortgage, the down payment is going to be part of the decision of the banker in making the loan. So I would think that there is already sufficient authority in the Bank of North Dakota that is defined in the current law, that we wouldn't need to have this extra language.

Rep. Carlisle: Rep. Delzer, you got the \$6 million out, you want the others to put up all this money, what's wrong with leaving the \$50,000 in.

Rep. Delzer: My reason for that is because I don't think \$50,000 will do any architectural plans. I don't think that's enough money to do it, and until you actually have a way to bond and move forward, I don't see the reason for the architectural plans until you are ready to move forward and you have a funding sources in place.

Rep. Skarphol: Rep. Delzer, is it my understanding that you are going to require a \$1 million dollar match for the \$2 million that is going to be bonded; so in essence they will have \$3 million to spend on the two projects then?

Rep. Delzer: I think what it should be is it would take \$1.5 million for each and then they could bond for the other \$1 million, because they are a \$1 million dollar project apiece. So I guess in essence, it would reduce the number from \$1 million to \$500,000 on the bonding authority and put \$500,000 for each to raise it.

Chairman Svedjan: Was that part of your motion.

Rep. Delzer: I would move for that to be a part of my motion, if I can get a second for it.

Chairman Svedjan: We have the motion, as originally stated.

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LC: He could just state that that was part of his motion.

Chairman Syedjan: And is the seconded still in accord with that.

Rep. Carlson: Yes.

Chairman Syedjan: Just for clarification then, your amendment removes the \$50,000; reduces each of the numbers from \$1 million to \$500,000; and requires a \$1 million dollar match; as well as the business plan. Does everyone understand that.

Rep. Galleon: I am going to resist that motion, and I hope other people do. I can only speak for the Abercrombie, but I know that there has been a tremendous amount of local effort in raising dollars to restore that site down there. They've come a long ways. They restored much of the original site, and in order to match the federal dollars, that has been done. They have already invested a tremendous amount. I just think that we shouldn't get in the way of these projects. We should allow them to move forward. I think this is a reasonable approach.

Rep. Delzer: The reason I made this is because, especially the business plan, from what I've heard Mr. Paaverud say, is that they don't think they are going to be able to raise the money off of the revenue end; so if they had this upfront before they start, then probably a \$1.00 would do it. That would not be undue burden on tourists that come through there.

Chairman Syedjan: Just for clarification, the \$6 million is out, and under this motion the \$50,000 is out. Now we have a million dollar match for two projects at \$500,000 each, and a business plan for each vote.

Voice vote: Failed.

Chairman Syedjan: We are going to take a roll call vote. 9 YES 13 NO 1 ABSENT

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Rep. Kempenich: I would like to propose another amendment. We go to a \$600,000 local match, that would be \$300,000 a piece, that requires about a 25-30% contribution locally, before they can start the project and remove the \$50,000 from the general fund out.

Chairman Svedjan: So your motion removes the \$50,000, and the match was for a total of \$600,000 (\$300,000 each). So we would be bonding \$1.4 million, and you said nothing about a business plan.

Rep. Kempenich: I think they'll have a business plan put together when they put together the plan.

Rep. Wald: Seconded.

Voice vote: Carried.

Chairman Svedjan: So we have an amended bill before us, what are your wishes.

Rep. Martinson: I move we further amend to put the \$50,000 back in.

Rep. Aarvold: Seconded.

Rep. Delzer: This is directly out of the general fund, correct? I guess I don't know, we are scrapping everywhere we can to take care of people in Human Services and every other place, and I guess I really don't see a reason to put \$50,000 into planning for something we have nothing in place for to go ahead with.

Rep. Timm: I will have to agree with that. Why are we giving the Heritage Center \$50,000. They didn't request the \$50,000. He hasn't requested anything for planning. He wanted to go ahead right away and build it with \$6 million dollars. I don't really think he needs \$50,000 until such time as we approve the money to build the building.

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Chairman Svedjan: Further discussion? The motion simply puts the \$50,000 general funds back in for planning.

Voice vote: Failed. Roll call taken: 9 YES 13 NO MOTION FAILS.

Chairman Svedjan: We have an amended bill before us. We have a motion for Do Pass as amended.

Rep. Koppelman: Seconded.

Rep. Carlson: No matter what form this bill is in, I am going to oppose it. It still does two things that I think are wrong. The first one is that it doesn't have a repayment mechanism, and the second thing is that it violates our bonding provisions, it says the limitation provided in this section does not apply to repayments applicable to evidence of the indebtedness in this case. So I'm sure that in the next two weeks, we could find all sorts of departments coming in that would like to bond something and why have a limitation involved, if we're just going to skirt it for one, then we should skirt it for many that we've said no. Plus if you don't have a way to repay it, that's a general fund obligation the next time it comes up. I think it is wrong, no matter what form it is in, and I am going to oppose it.

Rep. Warner: I am just going to remind the committee that this is a statutory obligation to maintain an archive, and if we're requiring them to do something and then not giving them the means to do it with.

Rep. Brusegaard: Only to remind Rep. Warner that the archives are no longer in the bill.

Chairman Svedjan: Further discussion, hearing none we will take a roll call vote on a Do Pass as amended.

15 YES 7 NO MOTION PASSES CARRIER: Rep. Wald

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10/23/03
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REPORT OF STANDING COMMITTEE (410)
April 7, 2003 9:06 a.m.

Module No: HR-62-6895
Carrier: Wald
Insert LC: 30435.0201 Title: .0300

REPORT OF STANDING COMMITTEE

SB 2416, as engrossed: Appropriations Committee (Rep. Svodjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 7 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2416 was placed on the Sixth order on the calendar.

Page 1, line 8, remove "in an amount not to exceed \$5,000,000"

Page 1, remove lines 14 and 15

Page 1, line 23, replace "\$8,000,000" with "\$2,000,000"

Page 2, after line 3, insert:

"SECTION 3. LEGISLATIVE INTENT - STATE HISTORICAL SOCIETY OF NORTH DAKOTA - INTERPRETIVE CENTERS EXPANSION. It is the the intent of the fifty-eighth legislative assembly that \$600,000 of the required federal, local, or donated funds responsibility as provided in section 2 of this Act, \$300,000 for each interpretive center, must be collected before the state historical society may begin the expansion of the interpretive centers."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

HOUSE - Removes the project authorization for the North Dakota Heritage Center archives addition (Phase I of the Heritage Center expansion project) for \$6,000,000 and requires \$600,000, \$300,000 for each interpretive center, of federal, local, or donated funds be collected before expansion of interpretive centers may begin.

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2003 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2416

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2416

Senate Appropriations Committee

XXXXX Conference Committee

Hearing Date April 15, 2003

Tape Number	Side A	Side B	Meter #
#1		X	0 - 2481

Committee Clerk Signature *Jan Hendrickson*

Minutes:

Senator Thane, chairman called the conference committee meeting to order on SB 2416. Roll was called. All members were present: **Senators Thane, Andrist and Mathern, Representatives Kempenich, Warner and Brusegaard**

Representative Kempenich (#91) explained the changes in the House version of this bill. He talked about the bonding issue. He stated that the state is at the limit of bonding authority, so there is no more bonding in the state right now. This bill wanted bonding for \$8 million and there is no revenue sources or anything identified to deal issuing these bonds. The Industrial Commission, Karlene Fine, can't issue bonds without some way to repay it. There was a motion to defeat the bill, that failed, there was a motion to pass the bill and that failed and then a motion to put matching money in at a higher level, at \$ 1 million and that failed. Then a motion was offered to put in \$300,000 match money, it passed. Those were the changes to the bill.

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--Senator Andrist (#295) He thought when it was in the Senate Appropriations it was for \$5 million, it was thought they could make payments on the \$5 million with fees to the Heritage Center. He wondered if other information had been presented to the House.

---Rep. Kempenich wanted to know if Senator Andrist meant revenue?

---Senator Andrist --he didn't understand what the House concerns were unless they had evidence that the revenue bonds could not be repaid.

---Rep. Kempenich responded that the biggest thing is that, he didn't think these are revenue bonds.

---Senator Andrist replied that they were when they left the Senate.

---Rep. Warner (#450) stated he was very uncomfortable using revenue bonds for the archives because the archives are required by law, and they should be funded with general funds, that is there revenue stream, even if at some time in the future it is decided to fund it with bonds. There is no resource revenue for the archives section, since it is a statutory obligation of the department, he was very uncomfortable using revenue bonds for that portion (archives) of the addition. He didn't have any problem with using revenue bonds for the other part of the addition.

---Senator Mathern (#536) He supported using the general funds because the Heritage Center is something that important for the entire state, plus the other projects are also important and hopefully they can be kept in the bill.. The intent of the revenue bonds was basically giving an option for this project to move forward without forgetting (? Meter #587) our state wide obligation. He was reluctant to see admission but he also felt this was an important project for the preservation of our history and for the preservation of our displays, etc. There is some loss of

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the quality of our materials without proper storage. And he would like to see the Senator Thane's bill continue.

---**Senator Thane** asked **Karlene Fine** from the Industrial Commission explain why the state is where it is right now regarding the bonding issue.

---**Karlene Fine** (#668) All of the allocations have been used up with other projects when this bill was presented. Since then the Senate has removed higher education projects. So they are within statutory limitations right now, of course amendments for that bill are now done and that could change things again. Right now there is room within the limitations but she didn't know if that was going to stay there. About \$8 million was removed from Higher Education.

---**Senator Thane**: (#803) When we had the bill before the Senate Appropriations committee, was this the case, did she say this to the committee?

---**Karlene Fine**: That is correct. She also referred to the fee schedule that was proposed to help pay for the bonds. (again the noise from the fan made it very difficult to hear speakers)

Representative Brusegaard: Wanted to know if she had seen the proposed fee schedules?

---**Karlene Fine**: (#859) No, she had seen others though. (Again could not make out what she was saying because of the fan noise)

---**Senator Andrist** (#905) He talked about if the House did not want to use revenue bonds which would need the fee admission to pay the bonds, then the project will have to be put on hold. He stated that he did not see the next session being any better, for issuing general obligation bonds. Mainly because the ones taken out of this session will be back in next session as well. He thought that if revenue bonds were authorized, they could more closely calculate what it would take to pay off the bonds and how large of debt they could issue and they could determine if it is

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in the cards, and they could also work on other fund raising, and we wouldn't have to sit on our hands. If that is not acceptable, Mr. Paaverud has offered a suggestion that we give them \$50,000 in general funds for use in planning building specifications and producing architectural drawings for expansion of the State Archives and Historical Research Library section of the North Dakota Heritage Center. The second suggestion from Mr. Paaverud is that the State Archives and Historical Research Library portion of the North Dakota Heritage Center expansion will be first in line for revenue bonds funding should it be recommended by the State Historical Board and approved by the 2005 legislative assembly. Maybe we should give them \$50,000 of general funds to get the project started in planning and to change the statute that requires free admission and so if the study showed that they wanted to start charging then they could. That would give them 2 more years to explore ways to receive more funds for this project.

---**Representative Warner (#1317)** What would be the purpose of the \$50,000 , marketing plan? funding raising?

---**Senator Thane (#1340)** Stated that he did not want to see this legislation die. Although we are all disappointed about the archive part, he did not want to see the other two projects die, as they were very important to the western and eastern part of the state as well.

---**Merl Paaverud (#1422)** Director of the State Historical Society. He stated that he has been moving archival material to other locations. We are not a fund raising group, we are a service provider organization, but the original proposal was that we would raise \$1.5 million but then we were hoping that the bonding would be general obligation, so that we could have paid it through our appropriation and we would gladly have done that. He also talked about the many things they are doing to make sure that the archives are protected, they are sending most things to storage,

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etc., and how they have to be put in special storage to make sure that they are not destroyed. He understands about the fees but he feels that they would lose a lot of their services if they did.

With the other sites that have fees charged those fees pay for the guides, etc. where that is not done at the Heritage Center. Anything that could be done, would be helpful, planning and marketing are things that we are very much interested in. Their long term plan includes marketing.

---Senator Thane asked questions about the two other facilities that were in the bill.

---Mr. Paaverud stated that they need some repairs and updates.

---Senator Mathern (#1861) He wanted to know what the cost would be for a plan that would include everything so that it would be ready to go to bid? An architectural plan and a marketing plan, that is complete, not a preliminary plan.

---Mr. Paaverud stated that it would cost about \$25,000 more plus \$25,000 for the marketing.

---Representative Brusegaard (#2070) He wanted to know what the 3 phases were.

---Mr. Paaverud stated they were: Phase 1 is the archives, Phase 2 is construction to the east and Phase 3 would be finishing off those parts. Total cost is \$30 million. \$6 million is for archives only.

---Senator Thane (#2162) He restated his feelings regarding the other two sites in this project. and his feelings toward the project. He stated that this conference committee will meet again and spend more time on it then. The interest is there for the \$50,000 for the planning stages.

---Senator Andrist (#2360) He would like to sit down with Roxanne and Mr. Paaverud to see what could be done for the next meeting.

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--Representative Kempenich (#2400) stated he would talk to the leadership and see what where they want to go on this. The \$50,000 had been brought up before the appropriations committee and it wasn't received very well. He thought it lost by one or two votes.

Meeting was adjourned (#2481) by chairman, Senator Thane.

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2003 TESTIMONY
SB 2416

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2001

NORTH DAKOTA BUILDING AUTHORITY DEBT SERVICE

Biennium	1998B	1998B-	2003A		1998A	1998C	2000A	2001A	2002A	2003B**	Totals	Other Source	Total Gen. Fund	10% of \$01 Sales Tax*	Available Debt Ser	
	1991-1986	1992	1993A 1990	2002C 1993B												2002D 1995A
2003-05	2,371,725	589,075	5,479,013	2,067,370	2,875,763	1,320,063	780,460	735,704	1,546,756	697,938	0	18,463,867	2,478,018	15,985,849	17,533,280	1,547,431
2005-07	2,232,263	598,806	5,513,625	2,027,420	2,734,765	1,324,929	779,071	741,870	2,095,753	1,000,338	873,261	19,922,101	2,398,625	17,523,476	18,234,611	711,135
2007-09	2,078,972	0	6,003,338	2,414,501	2,851,384	1,322,000	743,035	743,954	2,099,721	1,001,176	878,079	20,136,160	2,391,645	17,744,515	18,963,996	1,219,481
2009-11	1,895,834	0	0	2,394,120	2,989,584	1,320,411	0	741,791	2,115,115	1,001,446	875,006	13,333,307	1,813,072	11,520,235	19,722,555	8,202,320
2011-13	0	0	0	2,380,520	2,996,390	1,322,403	0	744,148	2,118,015	1,000,429	875,006	11,436,911	1,509,533	9,927,378	20,511,458	10,584,080
2013-15	0	0	0	1,077,650	2,996,405	1,322,634	0	745,659	2,132,153	998,959	873,291	10,146,751	937,647	9,209,104	21,331,916	12,122,812
2015-17	0	0	0	0	2,970,488	1,317,319	0	749,763	2,155,288	994,148	874,384	9,061,390	807,699	8,253,691	22,185,193	13,931,502
2017-19	0	0	0	0	0	657,214	0	757,782	2,167,538	1,000,049	877,295	5,459,878	813,453	4,646,425	23,072,600	18,426,175
2019-21	0	0	0	0	0	0	0	0	1,910,281	1,005,320	875,839	3,791,440	817,053	2,974,387	23,995,504	21,021,117
2021-23	0	0	0	0	0	0	0	0	853,160	456,741	425,340	1,309,901	371,153	938,748	24,955,324	24,016,576
Totals	8,578,794	1,187,881	16,995,976	12,361,581	20,414,779	9,906,973	2,302,566	5,960,671	19,193,780	9,156,544	7,427,501	113,061,706	14,337,898	98,723,808		

4.57% 4.67% 3.86% 4.01% 4.17% 5.11% 4.24% 5.51% 5.02% 5.02% 4.86%

Revised 01/01/03

**Includes funding for the 3 projects (\$4,237,755) in the 2003-2005 Executive Budget for the State Health Department and Department of Corrections.

*The December 2002 preliminary forecast used for the 2003-2005 biennium with a 4% increase each subsequent biennia.

The average biennial debt service for an \$8 million dollar project is \$1.56 million beginning with the 2005-2007 biennium.

1-01-03 DEC4CAST

Sample #1

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10/23/03
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Exhibit #3

SB 2416
Capital Projects of the State Historical Society
Testimony of Merl Paaverud
Director-State Historical Society of North Dakota

Mr. Chairman and members of the Senate Appropriations Committee, my name is Merl Paaverud and I am the director of the State Historical Society of North Dakota. I am very pleased to be here today to offer testimony for a very important bill for the Society and North Dakota. Its passage will directly affect the preservation of historical records and historic site services that we offer in our great state. To have this opportunity to come before you is an important and exciting time for us.

The State Historical Society of North Dakota's mission is to identify, preserve, interpret and promote the heritage of North Dakota and its people. To help accomplish this mission, the Legislative body of the State of North Dakota approved and supported the construction of the North Dakota Heritage Center and allowed it to be built with public and private support. It has now been over twenty years since that great achievement was realized and it has served our residents and visitors very well. We are now at the point when we are experiencing a pressing need for more space in our operation. Because of this need, we have started planning for expansion of the Heritage Center. I offer these images that represent this planning effort. We have conceptualized plans for expansion of all areas of the North Dakota Heritage Center, but after extensive discussion and study, we have identified and prioritized our most urgent expansion needs. This is for the expansion of the State Archives and Historical Research Library area. This top priority is now our area of focus and is what we are asking for your consideration as Phase I of the Heritage Center expansion.

When the Heritage Center was completed, the State Archives and Historical Research Library was able to improve its collection process, preservation of records and other materials that are so important to all of us. New opportunities for use of these records could then be realized. The collection now provides the core for research to determine how public policies and programs are arrived at and executed. We have acquired records from all levels of government in North Dakota, collected newspapers

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and periodicals, books, and photographs, film, video and maps. After 20 years, we have exhausted the available space for archival and library collections in the Heritage Center.

I come to you today to communicate the need to expand this exceptional facility and thereby enable us to continue this important work. Records that could be collected now, must be stored wherever room can be found and we have concerns about losing these irreplaceable records. Additional space will enable us to accept material from county offices, courts, and state agencies, provide security storage for all government master microfilm in the state, expand collecting in areas of importance including non-governmental papers and records, and under-documented areas including legislative history. The expansion which is being requested here will add 30,000 square feet of archival storage space. Based on our past use, this will provide quality collection space for 20 years. We now are forced to utilize an overflow storage building that provides space, but is not adequate for preservation of records over a long period of time. The cost estimate for this part of the project is 6 million dollars.

When construction of the North Dakota Heritage Center was first considered, its completion was finally guaranteed by support from the North Dakota State Legislature. We are in need of your support once again. Our success in collecting and preserving important archival information, artifacts and providing services in the Heritage Center has led us to the time when we must consider additional space so that the success can continue.

The second part of our request is for providing new interpretive centers at two of our most important state historic sites and they are Fort Abercrombie the "Gateway to North Dakota" site located in Abercrombie, North Dakota and the Chateau de Mores (our most visited site) in Medora, North Dakota. They are part of the State Historical Society's outreach efforts, and provide educational information, recreation, and are important factors in the growing area of heritage tourism. The success of our ongoing operation at these sites rests on our ability to provide facilities for interpretation and museum services. The existing interpretive facilities have served the public for many years, but they now require upgrades that provide the very best presentations for our visitors from around the

world. Here is a concept drawing of the new interpretive center that we would like to build at Fort Abercrombie. We would like to provide a similar structure at the Chateau de Mores. The cost for these two projects is 2 million dollars.

The North Dakota Heritage Center, Fort Abercrombie and Chateau de Mores provide an opportunity to experience and learn about North Dakota's history. The proposed projects will improve what have been good investments that provide visitors with a quality experience.

In conclusion, the project's total is 8 million dollars. We are proposing that 1.5 million dollars will be raised as a local match to trigger the sale of bonds for the additional 6.5 million dollars. The affordable rates for bonds will mean a considerable savings if we proceed at this time.

Our primary supporter for raising the local match is the State Historical of North Dakota Foundation. The State Historical Board and the State Historical Society of North Dakota Commission both support the project and want the Society to proceed with this request. The State Historical Society and its supporters appreciate your interest in this project. I ask for your support of Senate Bill 2416. Thank you for giving me the opportunity to visit with you.

May I answer any questions?

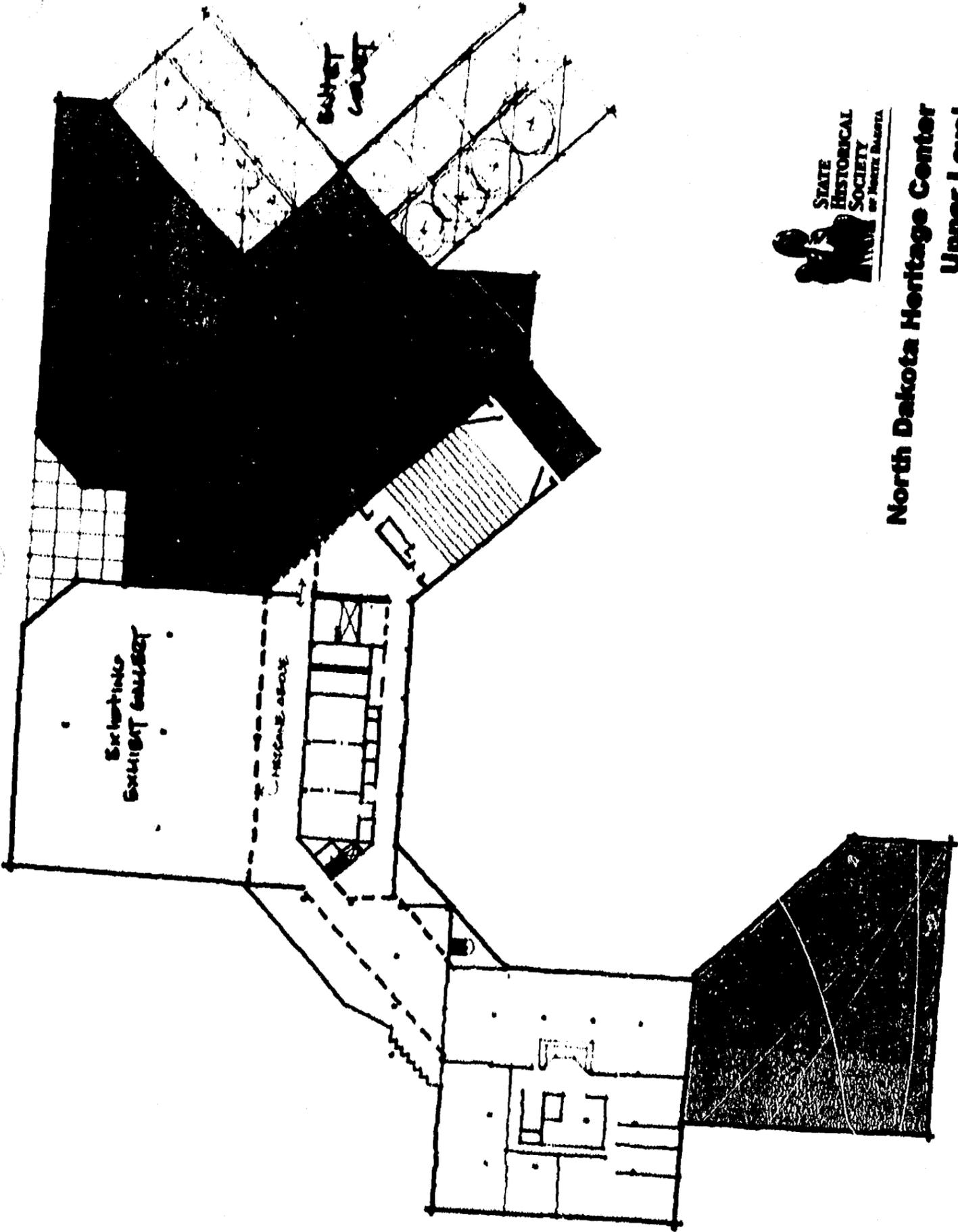
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Deanna Chiles
Operator's signature

10/23/03
Date

Exhibit #4

Exhibit #4

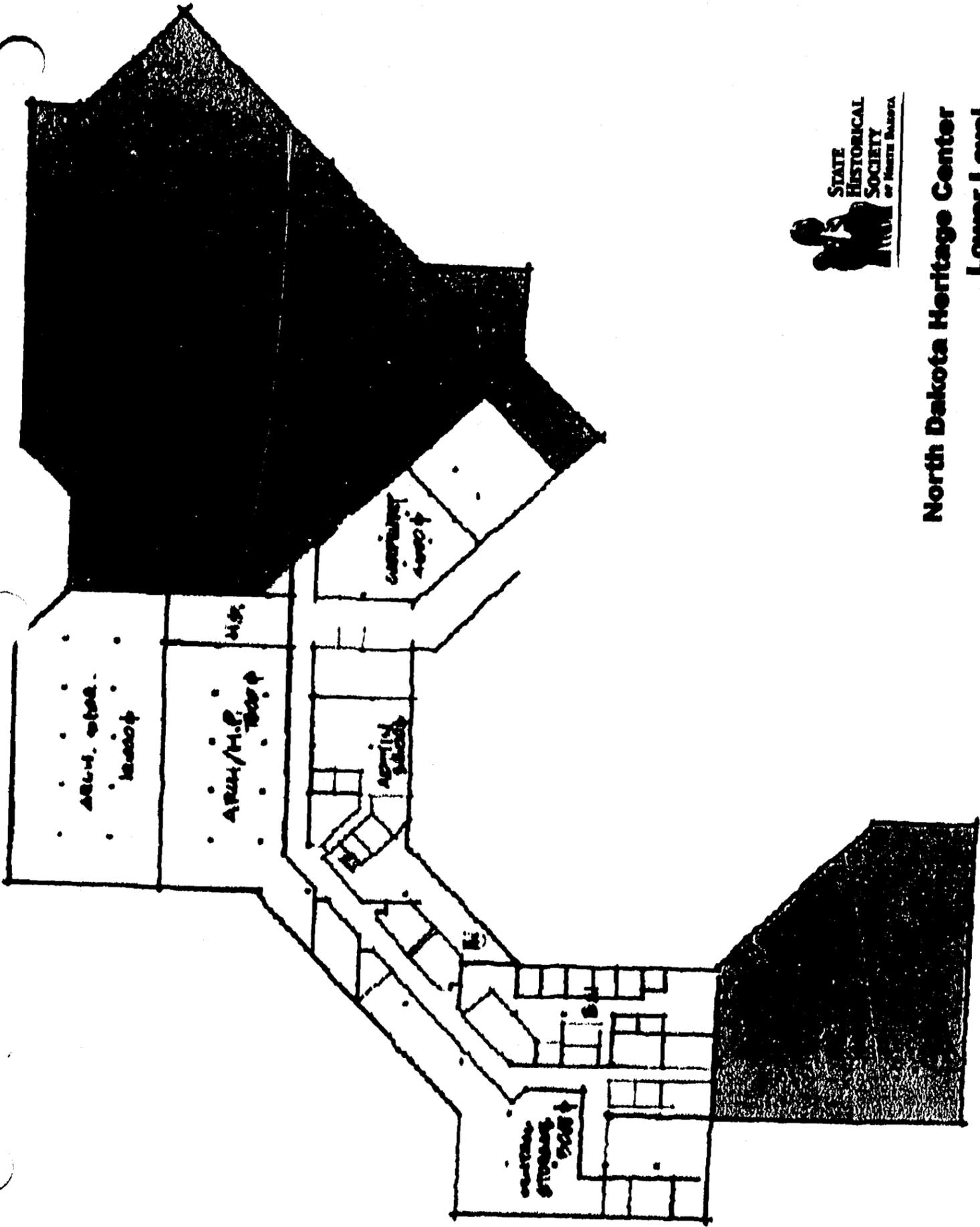


STATE HISTORICAL SOCIETY OF NORTH DAKOTA
North Dakota Heritage Center
Upper Level

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STATE
HISTORICAL
SOCIETY
OF NORTH DAKOTA

**North Dakota Heritage Center
Lower Level**

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10/23/03
Date

Requested Amendments for SB 2416:

- 1. Inclusion of \$50,000 in general funds for use in planning building specifications and producing architectural drawings for expansion of the State Archives and Historical Research Library section of the North Dakota Heritage Center.**
- 2. The State Archives and Historical Research Library portion of the North Dakota Heritage Center expansion will be first in line for revenue bonds funding should it be recommended by the State Historical Board and approved by the 2005 legislative assembly.**

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10/23/03
Date

**Testimony on SB 2416 to House Appropriations Committee
58th Assembly of the North Dakota Legislature
Rough Rider Room, State Capitol
March 19, 2003**

**Presentation by Rick Collin, Communications Director,
State Historical Society of North Dakota**

Good morning, Mr. Chairman and members of the House Appropriations Committee – my name is Rick Collin, the Communications Director for the State Historical Society of North Dakota.

I'm here to talk to you briefly today about some of the developments that have led to the creation of Senate Bill 2416, and why we consider it to be an important first step in a long-range plan to continue to promote and preserve North Dakota's history and heritage.

Sixteen months ago, a remarkable and historic event took place when all six of North Dakota's living governors gathered just a short distance from here at the North Dakota Heritage Center to celebrate its 20th anniversary. It was an ideal forum to talk about past as prologue. And they did just that. The governors talked about the vision and work that made the state's largest museum a reality. And they looked toward the next 20 years of history and heritage tourism for the state, with a keen eye on the unique opportunities that the Lewis and Clark Bicentennial will provide.

As part of that extraordinary day, the five former governors all signed a resolution, calling on Governor Hoeven to appoint a commission to study the possible expansion of facilities and operations of the state's history agency, the State Historical Society of North Dakota, and report its findings and recommendations to the Governor and the 2003 Legislative Assembly.

Governors Guy, Link, Olson, Sinner, Schafer and Hoeven have all supported the efforts of the State Historical Society of North Dakota (SHSND) over the years, and underscored that commitment by supporting the establishment of the State Historical Society of North Dakota Commission in September 2002. Their vision and dreams are looking at the future so that the treasures of our past – from dinosaur bones to artifacts to documents to photographs and much, much more – will be preserved for generations to come. It is the vision of Governor Hoeven and his five predecessors, representing one-third of our state's proud 114-year history, that has brought about the creation of this Commission.

This is the Governor's charge to the 18 members of the Commission –

Review the adequacy of the recording of events that have significant historical value and the adequacy of funding for that purpose. Review the adequacy of the North Dakota Heritage Center space to afford access to citizens to historic records and artifacts.

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I am pleased to be here this morning to give you a brief overview on the work to date of the State Historical Society of North Dakota Commission, as well as the interim report it has issued to the Governor and North Dakota Legislature. That report has been handed out to you this morning, and is also being distributed to all other members of the Legislative Assembly today, upon the request of the Governor.

If you turn to page 2 of the report, you will see the Commission's 18 members appointed by the Governor ... As you can see, they represent a diverse and dynamic range of backgrounds and experiences - and all share a common love and keen interest in preserving and promoting the unique and rich history of our state.

Commissioners have actively addressed the issues raised by Governor Hoeven during their first three meetings in September, October and December 2002. During those sessions, commissioners have heard from the state's history agency about its dreams and its needs. As a result of these first three meetings, the Commission has developed a report of their interim recommendations, which can be found beginning on page 4 of the Executive Summary. I won't take up your time this morning going into detail here, because you can study this more later. However, I want to mention the main recommendation points as outlined on pages 4 and 5, which begins with the working goals of the Commission. From there, it talks about the need to:

Invest in Legally Mandated Archives for the State's Records, including providing maximum professional storage for county, state and individual records.

Invest in Additional History Professionals for many purposes, including statewide outreach and support, and also as key professionals in helping to develop and promote heritage tourism in North Dakota through their commitment to historical accuracy and integrity.

Invest in State-of-the-Art Technology to better access collections and research as well as create new opportunities for interactive collaboration on all levels.

Invest in Regional State Historic Sites and County, Local and Tribal Historical Resources and the North Dakota Heritage Center as the State's Visitor Center, including establishing a re-grant program for county, local and tribal groups.
and

Invest in the Lewis and Clark Bicentennial - as Governor Olson said at the Six-Governors' Forum - it is "A Once-in-a-Lifetime Opportunity."

Starting with the Introduction on page 7, you will see extended comments by all six of the governors about the opportunities presented by Lewis and Clark; on the need to have the necessary infrastructure in place for those visiting us during the Bicentennial and beyond; and on the importance of more resources and space to preserve the state's history and heritage.

Detailed observations of the Commission about its main recommendation are on pages 12 to 19.

A proposed 10-year plan and timeline for the State Historical Society – from 2003 to 2013 – followed by budget estimates and projected costs for this same period of time can be found on pages 20 to 24. These recommendations are meaningless unless we have established a credible timeline and realistic budget that we in North Dakota can mutually agree upon is important and also achievable. That's why Senate Bill 2416 is an important first step in that journey.

At the end of the report, in the Appendices Section, you will find the Five Governors' Resolution of November 16, 2001; Fact Sheets about the State Historical Society and its Foundation; an extensive list of partners that the Society worked with in 2002; and a series of news releases and articles that help explain how we have ended up here today.

As you can see, the work of the Commission is far from over. Members will continue to meet during the next biennium. When their work is completed, they will submit a final report to the Governor and Legislative Assembly.

Thank you. I would be glad to answer any questions you might have.

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10/23/03
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**ANNUAL ADMISSION FEE POTENTIAL
for the
NORTH DAKOTA HERITAGE CENTER**

Average Annual Visitation - 100,000

Adults - 70,000
Children (12 and under) 30,000

1. Proposed Admission Fees #1

Adults - \$6.00
Children (12 and under) - \$3.00

2. Proposed Admission Fees #2

Adults - \$5.00
Children (12 and under) - \$2.50

Potential Annual Admission Fees:

1. Proposal #1

70,000 adults x \$6.00 = \$420,000.00
30,000 children x \$3.00 = \$ 90,000.00
Total Annual Fees \$510,000.00

2. Proposal #2

70,000 adults x \$5.00 = \$350,000.00
30,000 children x \$2.50 = \$ 75,000.00
Total Annual Fees \$425,000.00

3. Proposal #3 (Eliminates charges for member, classroom and archives clients and adjustment for school classes)

- a. 70,000 adults
- 4,000 adjustment for members
- 4,000 adjustment for archives visitors
- 12,500 adjustment for classroom/auditorium visitors
49,500 adults subject to full admission
- b. 30,000 children
- 27,000 adjustment for school classes
3,000 children subject to full admission

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10/23/03
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c. Admission based on \$6.00

49,500 adults x \$6.00 = \$297,000.00
3000 children x \$3.00 = 9,000.00
900 classes x \$5.00 = 4,500.00
Total Annual Fees **\$310,500.00**

d. Admission based on \$5.00

49,500 adults x \$5.00 = \$247,500.00
3000 children x \$2.50 = 7,500.00
900 classes x \$5.00 = 4,500.00
Total Annual Fees **\$259,500.00**

4. Proposal #4 (Full admission for non-residents only - 30%)

a. 15,000 non-residents x \$6.00 = \$90,000.00

b. 15,000 non-residents x \$5.00 = \$75,000.00

Notes: Items to Consider

1. These projections do not consider a possible proportionate decline in visitation due to the implementation of an admission fee.
2. Greater than 90% of the child visitation relates to visiting school classes. Special classroom rates have always been provided at historic sites and we assume that will be demanded and provided at the Heritage Center. This could decrease child income by up to two thirds.
3. The Heritage Center lobby would require remodeling to control visitor flow and charge for gallery visitation vs. those using either the classrooms/auditorium and the archives/library. It would also require additional staff or volunteers competent to collect fees and handle admissions cash.
4. Visitor fees would be impacted by Historical Society Foundation members that could demand free admission to the Heritage Center as they currently receive at the historic sites.
5. A close assessment needs to be made of the number of local and multiple use visitors that comprise a part of the adult visitation. The number of those users could have a significant impact on potential revenue depending on their response to admission fees.

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10/23/03
Date

and activities and shall perform such other duties as may be assigned to the director by the board.

Source: S.L. 1935, ch. 216, § 1; R.C. 1943, § 55-0201; S.L. 1965, ch. 379, § 10; 2001, ch. 503, § 29. emergency clause in section 59 of chapter 503, S.L. 2001.

Effective Date. The 2001 amendment of this section by section 29 of chapter 503, S.L. 2001 became effective March 29, 2001, pursuant to an Note. Section 58 of chapter 503, S.L. 2001, provides: "EFFECTIVE DATE. This Act becomes effective on July 1, 2001."

55-02-01.1. Term of office — Vacancy — Salary and expenses. The director shall serve at the pleasure of the state historical board and until a successor is appointed and qualified. In case of vacancy by death, removal, resignation, or any other cause, the board shall fill the vacancy by appointment. The salary must be determined by the board within the limits of legislative appropriation. The director is entitled to compensation for expenses incurred while in the discharge of official duties, paid in the same manner and amounts as other state officials are paid, from funds available to the board.

Source: S.L. 1949, ch. 325, § 1; R.C. 1943, 1957 Supp., § 55-02011; S.L. 1965, ch. 379, § 11; 1999, ch. 113, § 20; 2001, ch. 503, § 30. emergency clause in section 59 of chapter 503, S.L. 2001.

Effective Date. The 2001 amendment of this section by section 30 of chapter 503, S.L. 2001 became effective March 29, 2001, pursuant to an Note. Section 58 of chapter 503, S.L. 2001, provides: "EFFECTIVE DATE. This Act becomes effective on July 1, 2001."

55-02-01.2. Duties of the director. The director shall:

1. Collect artifacts, books, maps, charts, and other papers and materials illustrative of the history of this state in particular and of the west generally.
2. Procure facts and statements relative to the history of the state so as to exhibit faithfully the antiquities and the past and present resources and conditions of this state.
3. Purchase books to strengthen the society's collections and any other books, maps, charts, microforms, photographs, and other materials to facilitate the investigation of historic, scientific, and literary subjects. The secretary of state and all other state departments and agencies including the colleges and universities shall furnish to the director at least one copy of each state publication produced by that agency.
4. Catalog, index, and duplicate all of the collections of the society for the more convenient references of all persons who have occasion to consult the same.
5. Prepare publications relating to the society as may be useful to the public. The society is responsible for the distribution and sale of the reports and shall account for the proceeds to the office of the budget.
6. Keep the museum exhibition rooms in the North Dakota heritage center open to visitors at all reasonable hours on business days without charge, that admission fees may be charged for special exhibitions. Admission fees collected for a leased exhibition must be deposited in a special account in the special revolving fund established under section 02-04 and may be used only to pay the associated costs of the exhibition. Any admission fees collected in excess of the costs of a leased exhibition must be deposited in the state general fund.

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L. JARD

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10/23/03
Date

March 18, 2003

Chairman Svedjan,

As a former member of the House Appropriations Committee 44 years ago, I recommend the passage of SB2416. It is urgently needed and is an investment, not an expense.

Respectfully,
Bill Guy

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10/23/03
Date

Testimony before the House Appropriations Committee -

Senate Bill No. 2416

March 19, 2003

Chairman Svedjan and Members of the House Appropriations Committee, my name is Arthur Link and I thank you for the opportunity to appear before you this morning in support of Senate Bill No. 2416.

From my casual observation of the measures before this session of the Legislature I believe this may be the most important positive measure for your consideration.

The basic need for adequate Historical preservation and dissemination cannot be denied lest we fail our children and our children's children. More than any, they will need to know the history of their ancestors and learn from our successes and failures.

The vision of the North Dakota Heritage Center was spawned over 30 years ago and with assistance of the Legislature and private grants and individual contributions made possible a twenty-year anniversary celebration led by the North Dakota Historical Society.

Tourism is regarded as the second most important economic development in North Dakota, so lets jump aboard and get the train rolling! This beautiful and efficient capitol building is evidence of the will and persistence of our forebears, who build it in the face of almost insurmountable economic and social obstacles. Our Capitol together with the Heritage Center gives our state high marks as a place to visit by people from metropolitan centers.

Fort Abercrombie, eastern gateway site to North Dakota, and the Chateau de Mores Interpretive Centers of the West add to the importance of this bill.

But as fine and complete as ones accomplishments may be, we cannot stand still and revel in our successes. Even a tree that stands in one place must grow lest it succumbs to insects and dies. We can do better than that.

Senate Bill #2416 gives this session of the Legislature the opportunity to demonstrate to the world we have the courage and optimism to take this modest step to prove our faith in the future. And when I say "demonstrate to the world", I mean it and you know why! The Lewis and Clark bi-centennial will bring tourists and historians from over the world. We can do nothing better than to have them recount their visit to North Dakota with this statement - in our vocabulary of course -- "And you know what, those people in North Dakota are even building more on their museum at the Capitol - We must go back again and see how it looks when it is done."

Permit me to conclude my remarks with this quote of Abraham Lincoln -- "A country with little regard for its past will have little worth remembering in the future."

*Thank you,
Arthur R. Link*

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10/23/03
Date

Exhibit

8

TESTIMONY
SB 2416
February 13, 2003

My name is James Sperry, retired Superintendent of the State Historical Society of North Dakota and member of the State Historical Society of North Dakota Commission. I appear on my own behalf in support of SB 2416 and will be brief.

When the Heritage Center was planned it was anticipated future phases of construction would be necessary to provide the facility eventually needed. It was also anticipated that the next phase particularly for the archives would be needed within ten years. That need was reinforced shortly after the opening in 1981 when accelerated acquisitions even beyond expectations began to occur. Over twenty years have now passed and the need is critical.

The construction of the Heritage Center and support of the programs it houses have changed the face of historical preservation and interpretation throughout the state. It has proved its worth in many areas and serves as an example of the return gained on the original investment. It is past time to continue that investment. Together with improvements in historic site development we will continue to see the benefits to education, tourism and an improved cultural environment for North Dakota citizens and guests.

I respectfully urge your support of SB 2416.

James E. Sperry

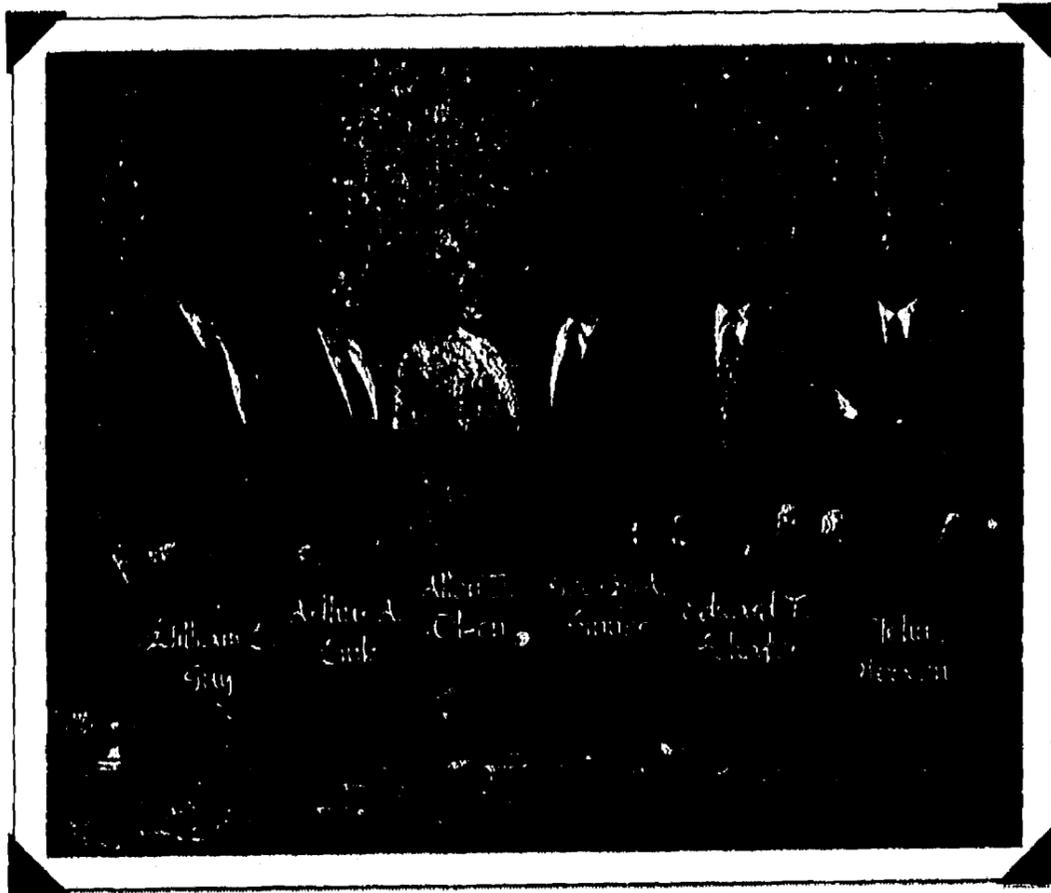
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LEGISLATIVE COUNCIL LIBRARY HAS A COPY AS DOES STATE LIBRARY

**State Historical Society of North Dakota Commission
Interim Report
to
Governor John Hoeven**



*"The Lewis and Clark Bicentennial commemoration
offers us an incredible opportunity . . ."*

*Governor Hoeven, Six Governors' Forum,
November 16, 2001*



**STATE
HISTORICAL
SOCIETY
OF NORTH DAKOTA**

January 2003

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Operator's Signature

10/23/03
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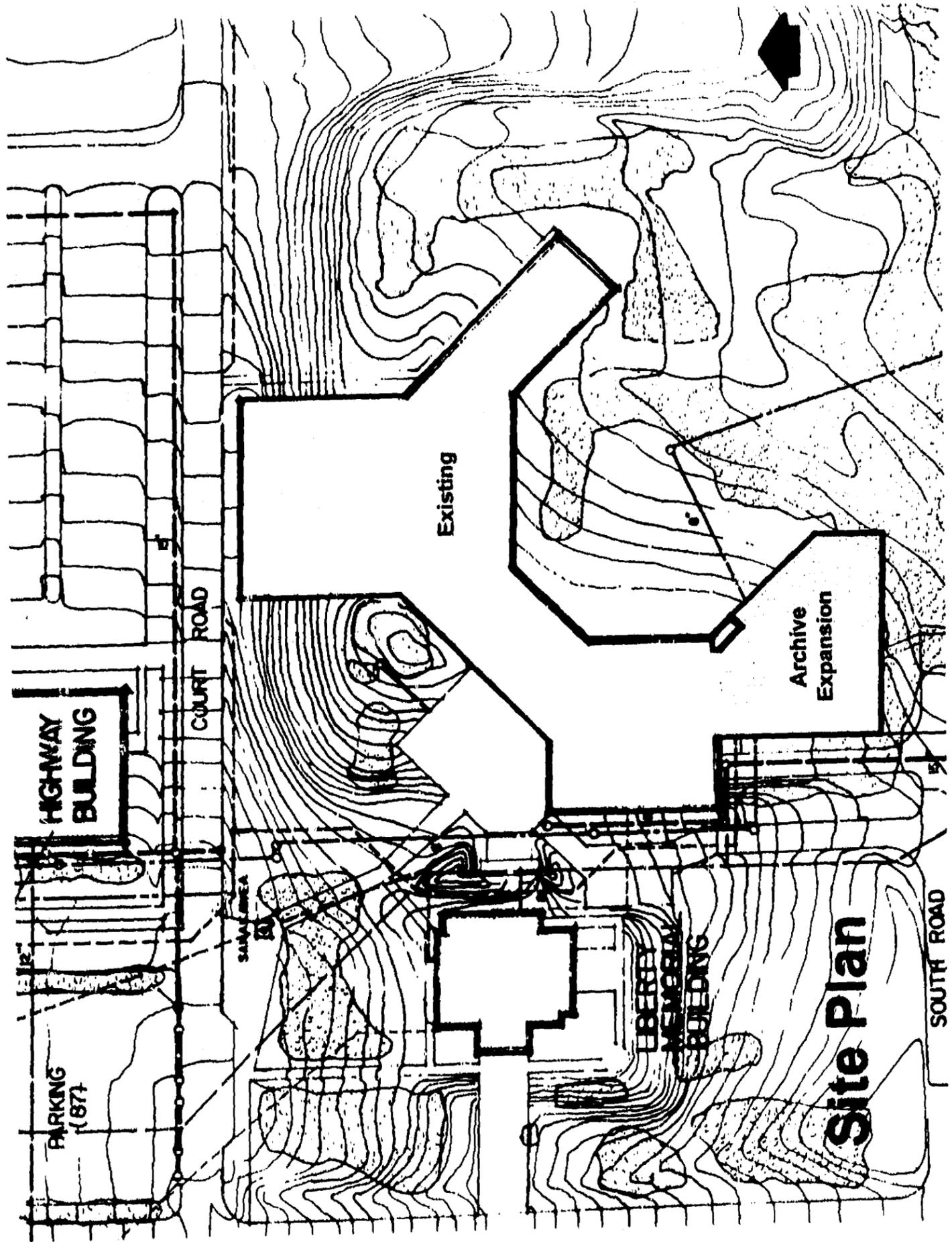
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Deanna Talbot
Operator's Signature

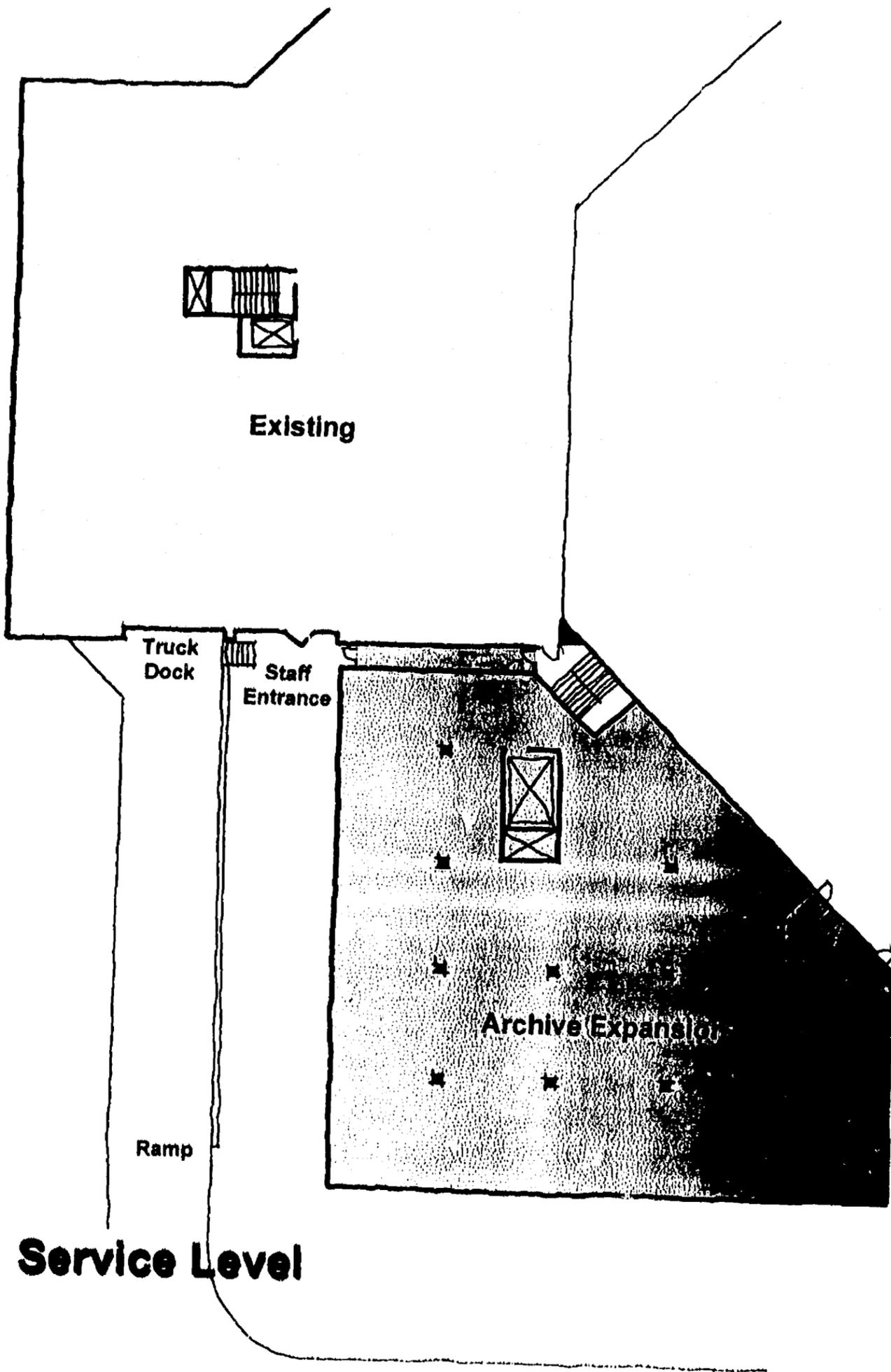
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Deanna Hill
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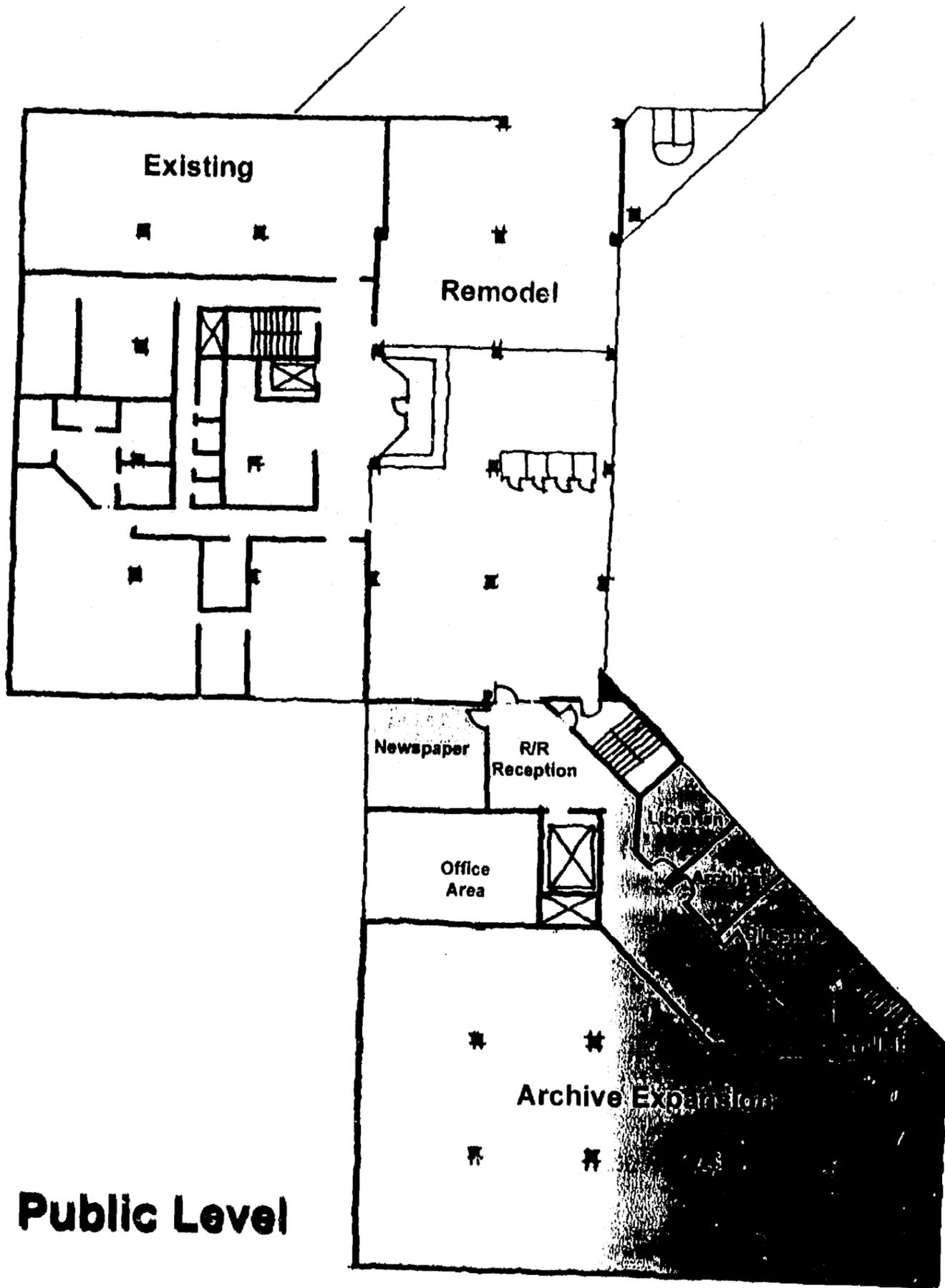
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Deanna [Signature]
Operator's Signature

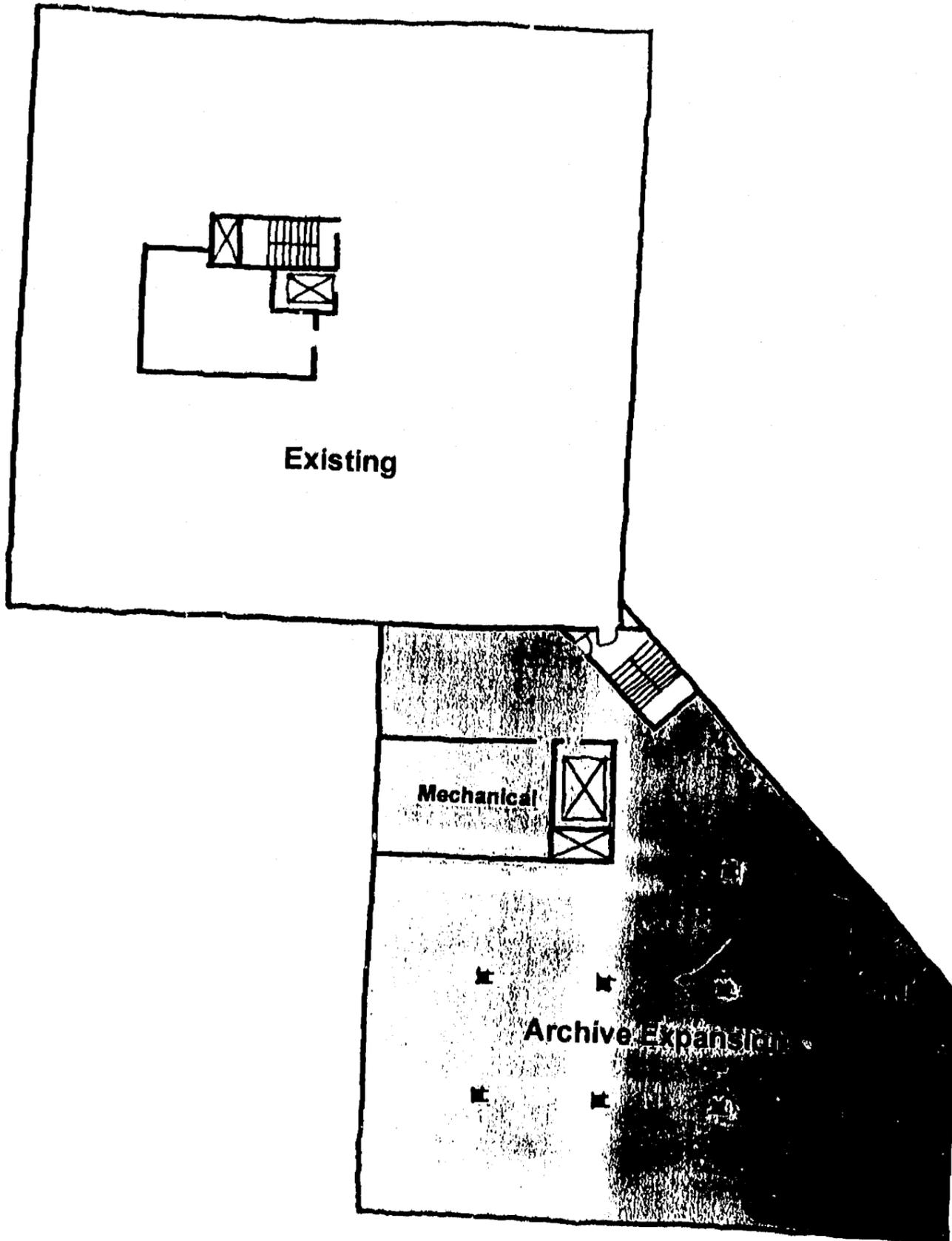
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Deanna Williams
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10/23/03
Date



Existing

Mechanical

Archive Expansion

Upper Level

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Operator's Signature

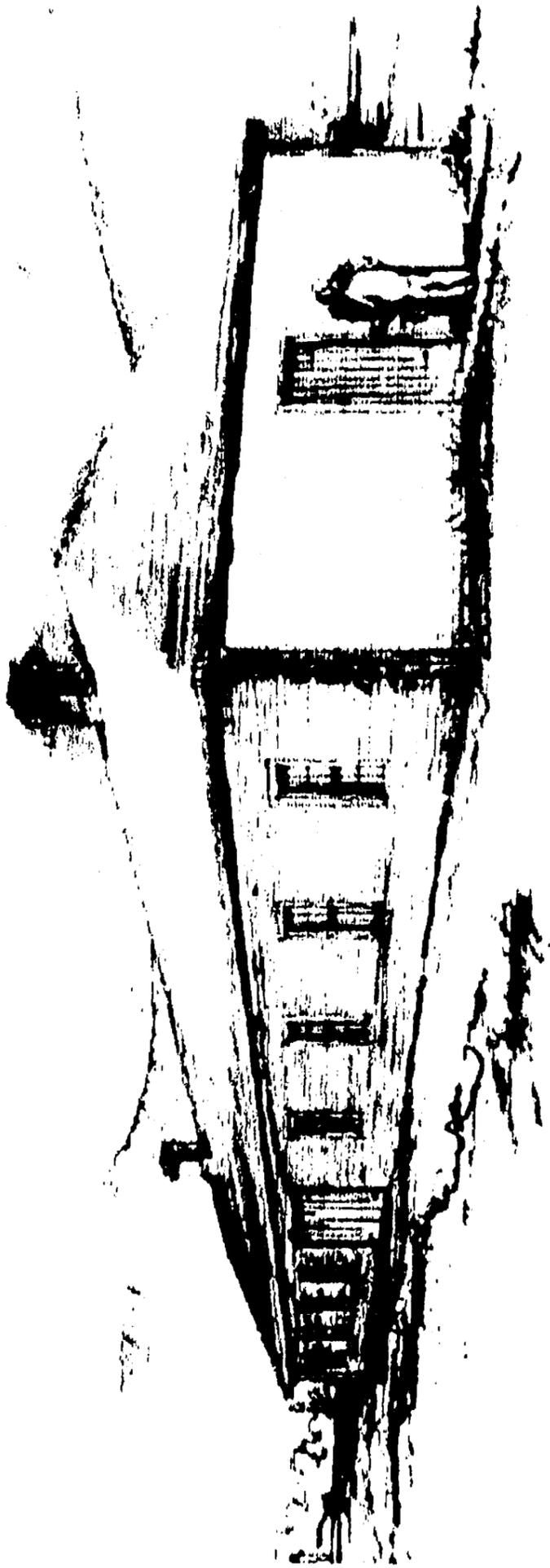
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Deanna H. H. H.
Operator's Signature

10/23/03
Date



West View of Storehouse arriving from parking.

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Operator's Signature

10/23/03
Date

Exhibit
#1



"Owen Myhre"
<omyhre@rrt.net>

To: <rthane@state.nd.us>
cc:
Subject: Bill 2416

02/11/2003 09:42 PM



Dear Senator Thane and Committe,

We want to thank you for including "Fort Abercrombie Historic Site" to Bill 2416.

We are beginging to see our "Dreams" come true with the Restoration of the Fort. Phase one and two have been completed. With the passing of this bill we would be able to complete phase three. This phase is the construction of the Interpretive Center. We strongly support this bill and encourage its passing.

Fort Abercrombie, "The Gateway to the Dakota's", will become an anchor in the Red River Valley. Providing another opportunity for this area and the state to capture the time of tourism and economic development, through the interest in history.

We believe in preserving yesterday for tomorrow!

Sincerely,
Owen Myhre
Lois Myhre
Irene Burshiem



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Deanna Hall
Operator's signature

10/23/03
Date



"Bernier"
 <sheeroun@rrt.net>
 02/11/2003 08:35 PM

To: <rthane@state.nd.us>
 cc:
 Subject: SB2416

Exhibit #2

February 11 2003

To Senator Russell Thane
 North Dakota State Senator
 Dist. 25

Dear Russell Thane

The citizens of Abercrombie and the Abercrombie City Council appreciate the introduction and your support for Senate Bill 2416. The citizens of Abercrombie realize that Fort Abercrombie is an important part of history in South East North Dakota. Fort Abercrombie played a huge part in the early settlement of North Dakota and this history needs to be preserved.

The people of this area know we have the responsibility to preserve the site and to provide for its improvement in the future. This support is shown by the local efforts and funds raised by the Abercrombie Community club, an organization called Friends of Fort Abercrombie and the Abercrombie City Council.

Kevin Bernier
 Vice President
 Abercrombie City Council

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10/23/03
 Date

Exhibit
7

MR Chairman and members of the committee.

My name is Donald Hestdalen from Abercrombie and the current president of Friends of Fort Abercrombie. I am in favor of this bill because it provide a means of returning something to the people of North Dakota and all others who are interested in the history of our state.

We feel building of an interpretive center at fort Abercrombie would be of great value in depicting the history of the Fort, which was established on August of 1858 and was the first permanent United States military fort established in what was to become the state of North Dakota. This post was the only post in the area to come under siege by the Sioux Indians during the Indian uprisings And was under siege for six weeks. The Fort was established to serve as a secure location for wagon trains, steamboats and as a supply station for wagon trains heading into Montana territory. It became a link in a chain of military posts, which extended from St Paul MN to the Montana gold fields and was known as the gateway to the Dakotas. It served in this capacity until Oct 23 1877. The Fort is a important part of our history and our community.

We believe that an interpretive center would not only be of great value in preserving our history but would be of great economic value to all of Southeast North Dakota. Promoting tourism to an area that needs all the help it can get. As you are aware, in the rural areas of our state as the farms get larger and small family farms disappear the population decreases and we need to look to other areas to support our small towns and city's. We do not look at this bill as a expense for our state but as a investment in our future.

The friends of fort Abercrombie have been working hard to see that the Fort restoration which started last year and was long overdue continues. We have built a cannon that is not only used at the site but has been used at numerous site around the state for educational purposes. We have completed a 70 foot wooden flag pole complete with a crows nest. And this year we will complete a flag mall in the shape of a wagon wheel and complete the lighting of the flagpole. These projects have mostly been completed with local fund raising and many hours of volunteer labor. But due to our small numbers some of the projects in the restoration such as the interpretive center our beyond our financial means.

I would like to leave you with this thought, we can change our future but we can only preserve our past. I would urge you to support this bill.

Thank you for your consideration.

Donald Hestdalen

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Deanna Hestdalen
Operator's Signature

10/23/03
Date

>-----Original Message-----

From: Coleen Hanes

Date: Tuesday, March 18, 2003 06:16:03 PM

Subject: Coleen Hanes funding for Chateau

>>My name is Coleen Hanes. I have worked at the Chateau
>>for 23 years and will be working again this next year.

>>I want to support SB#2416...Funding for the Chateau,
>>Fort Abercrombie and the archives in the North Dakota
>>Heritage Center.I will speak to the issues of the Chateau.

>> I have watched the Visitors Center at the Chateau
>> deteriorate over the years. The wall cracked. The
>> ground underneath was moving, therefore the building
>> started to come apart. Granted it was patched and we
>> continued on. This building is continuing to fall
>> apart. We can see daylight under the door. We have
>> creeping Jenny growing through the wall.
>> This building is not heat efficient. We lose heat
>> through the walls and cracks.

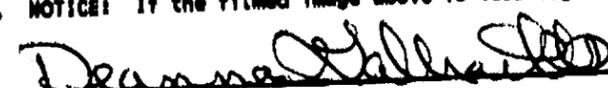
>>
>> We ran out of room quite a few years ago. Our gift
>> shop is very crowded and there is no way to expand
>> this area. When the person working in the visitor
>> center is selling tickets her back is turned to one
>> area of the gift shop. She cannot watch this area
>> and sell tickets. Not a good idea.

>>
>> This next issue is a touchy one but it is a problem
>> in the visitors center at the Chateau.
>> The bathroom is right there very close to the gift
>> shop. You can hear through the wall as to what is
>> taking place. This is very embarrassing to the
>> guests as well as the person who works at the desk!

>>
>> We have on going research that turns up new
>> information every year. There is no room to add this
>> information in the visitor center.

>>
>> We have a very serious problem with rodents in the
>> visitor center. It is not unusual for a mouse to be
>> in one of the drawers and jump out at whoever happens
>> to open the drawers, not to mention all the calling

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>> cards they leave on the t-shirts and gifts, this is very
 >> unsanitary, keep in mind hanta virus can be a
 >> problem with the droppings. The rodents also chew on the
 >> materials and ruin merchandise. Lost revenue.
 >> Another problem is they sometimes die in the walls
 >> or behind things we cannot move. The stink is terrible.
 >> Even the tourist notice the smell and do not stay in
 >> the building long when this problem arises.
 >>
 >> We have no climate control. This is very damaging to
 >> our artifacts. We do not have proper storage space to keep
 >> merchandise. There just is no room anywhere.
 >>
 >> Because of the current constraint of room, we do not
 >> have a clear view of all the displays in the
 >> visitors center. Security is compromised. We did have an
 >> artifact stolen a few years ago in broad daylight.
 >>
 >> Our current office space is in the old housing unit
 >> that was built by the CCC (Civilian Conservation
 >> Corp) in the 1930's. It is not up to code in any
 >> way. The basement is often damp or wet, especially when it
 >> rains as it runs in the basement. Then mildew and
 >> mold become a real problem. It drifts upstairs where
 >> people have to work 10 hours a day. Some of the
 >> interpreters are allergic to these molds and simple cannot eat or
 >> go in the house for breaks etc. The smell become
 >> very bad also at times. This is not healthful. We need a
 >> new office and a new visitors center would address
 >> this issue.
 >>
 >> Medora and the Chateau de Mores is one of North
 >> Dakotas most visited places. We have visitors from
 >> all over the world. Just look at our register.
 >>
 >> We want to be proud of our site. We want to put our
 >> best foot forward for all of our visitors.
 >>
 >> Tourism is North Dakotas 2nd biggest industry. By
 >> voting to give us a new visitors Center, will be a
 >> great asset to all North Dakotans.
 >>
 >> Thank you Coleen Hanes

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Deanna Hanes
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10/23/03
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Exhibit
9

Accidental Tourism
Presentation by Virginia A Nelsen, Executive Director
State Historical Society of North Dakota Foundation
February 13, 2003
Senate Appropriations Committee Hearing

Accidental tourism should not be the game plan for North Dakota.

I have a very strong vision of men and women sitting at a very large table, talking about carving presidents on the faces of gigantic hills---and there you have the seeds for a planned tourism industry. South Dakota made such plans. And they now have over 1.4 million tourists a season visiting those faces in the Black Hills of South Dakota.

North Dakota has Medora. A destination which started out as a great place to go for a Sunday visit, have caramel rolls, tasty pan fried chicken and warm apple pie with home made ice cream---has now evolved into our most visited tourism location.

Harold Schafer never intended to incubate the "tourism industry" for North Dakota, but that is exactly what has happened in Medora. This incubator baby---has grown up strong and healthy. And today we need to be reminded that success is eminent and possible in the tourism industry.

I spent eleven summers in Medora. I scrubbed every toilet in the Badlands Motel, served thousands of pancakes at the Medora café. I greeted ticket buyers at the hill-top Medora Musical every night and spent many hours caring for Native American artifacts in the Indian Museum.

What those experiences meant to me, was that all that fun--- is hard work. It is lots of planning, it is a tremendous amount of investment without immediate return, it is sweat equity and most of all just plain tenacity. Harold Schafer didn't make more than a nickel a year in those early days, but he didn't really care. He was inviting his friends to visit his favorite place in North Dakota. We were his guests.

Today, North Dakota has seen what tourism can be for our state. You as legislators hold in your hands the treasures of our North Dakota history---Fort Totten, Fort Abercrombie, the Chateau de Mores, the Heritage Center, collection of Native American artifacts with international appeal.....these are the magnets for tourism.

It is quite likely without the Chateau de Mores in Medora and the federal presence of the Theodore Roosevelt Memorial Park and the history revolving around those properties--- Harold Schafer may not have decided to invest in Medora. There may not have been enough fascinating history to catch his imagination. **And that is my point today...it often starts with history, a place, an event with a draw to the imaginations of imaginative men and women.**

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Virginia A. Nelsen
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This is the point we all need to embrace. When the State of North Dakota owns those "historical properties and places of imagination" is the state the needs to create the magnet---the history magnet---and from those investments a tourism industry will evolve. But, it takes a historical magnet to get the process started. The private sector dollars will come when the draw has been created.

"In Arizona 59% of all visitors tour history sites. And 28% of tourists visit historical museums. Studies show that historical museums and heritage sites encourage people to stay an extra day." Cultural Heritage Tourism, Practical Applications, Arizona

When I heard speakers at the ground breaking of the new Missouri-Yellowstone Confluence Interpretive Center in Williston near Fort Buford this summer, the mayor said..."Our goal all along for our projects in Williston has been to get tourists to stay an extra day."

In our investigations of heritage tourism development in other states we have seen that the State Historical Societies are the lead agencies that have the professional staff, the history resources, the inventory of history sites that are the treasures that each of these states are developing.

North Dakota is no different. In Connecticut, as I mentioned before, has seen a 10-1 return on their investments in exhibits and programming for their heritage tourism development. The investments come back to restaurants, motels, shops, gas stations and other sectors of the economy.

The governors have the imagination to see the value of our history. The commission appointed by Governor Hoeven has seen the opportunities afforded North Dakota through history. The Society Board and Foundation Board have made a commitment to those visions.

Today you sit around a great big wooden table and you have the opportunity to carve the faces of legends of North Dakota history across the landscape of our state.

The people of North Dakota will welcome your leadership and praise your vision and support your action.

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From: "Deanna Vickers" <Deanna.Vickers@dsu.nodak.edu>
To: "virginia nelsen" <nelsenva@btinet.net>
Subject: testimony
Date: Tuesday, March 18, 2003 8:48 PM

Mr. Chairman and members of the Committee:

I would like to direct my comments to the economic development aspect of expanding and developing our historical and cultural resources.

Heritage tourism is among the fastest growing segments of the tourism industry, and as you are aware, tourism is ND's second largest industry. That puts ND in a very opportune position. I would submit that our star has been rising nationally, as pertains to the recognition of our historical and cultural assets.

1. With the Lewis and Clark Bicentennial celebrations planned for the next two years, ND is already in the spotlight nationally. Our visitor count is bound to increase significantly, and we must be prepared to respond to the opportunity to increase tourism beyond the Bicentennial by providing quality experiences for visitors.
2. There is a growing national and international interest in the Native American Culture. One of the signature events for the Bicentennial will take place in New Town.
3. In 2001, the National Trust for Historic Preservation included the Prairie Churches of ND in its Eleven Most Endangered Historic Properties list. This national recognition of our unique historical assets, provides further evidence of the opportunities that are at our fingertips, if only we will seize opportunity in a timely manner.
4. Preservation North Dakota is receiving out of state dollars from private and public funding sources to assist in preserving our most important historical buildings. Last year, they received a \$100,000 grant from the Save America's Treasures Fund, as well as other major grants.
5. More North Dakotans are becoming involved and interested in preserving our history, particularly the buildings and monuments that visually depict the state's history.

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6. One particular aspect of heritage tourism that is burgeoning is the area of genealogy. Individuals and families are devoting their vacations to tracing their family roots through state archives and research libraries. The Archives and Historical Research Division within ND Heritage Center has experienced a substantial growth in the number of visitors seeking information and assistance in researching their family histories. Long ago, the division outgrew its space and has had to store documents off-site, as well as decline records from local governments and organizations around the state who would normally deposit their historical records with State Archives.

We need to expand the ND Heritage Center so that we can capitalize on our ability to attract visitors who, while in Bismarck and traveling around the state, will spend their dollars on hotel rooms, restaurants, gas stations, gift shops and other businesses providing goods and services.

Moreover, ND needs to invest in its prime historical sites, such as the beautiful and priceless Chateau de Mores in Medora where we are working to recapture the time and story of Marquis de Mores family and Theodore Roosevelt through the built and oral history. Could there be a better time to capitalize on the ND connection with Theodore Roosevelt? He has become the national political icon for leadership—the books are rolling of the presses and they all talk about the TR experience in ND.

In Southwest North Dakota, we are forming partnerships to maximize our resources. Dickinson State University, the SHSND, the TRMF, the Billings County Museum and the City of Medora teamed up three years ago to secure a grant from the ND Humanities Council to initiate living history activities in Medora. By working together, we were able to match the grant through sharing resources, and provide historical walking tours and reenactment activities in Medora.

We are establishing a Preservation Commission in Dickinson and are in the process of establishing a Renaissance Zone. We believe our future depends upon our ability to establish a "quality of life" that will attract visitors and new residents, and that will help us develop a pride and enthusiasm within the community that will encourage young people to make ND part of their future.

We cannot do this alone. We need state government to invest in providing what I will call the "infrastructure" of heritage tourism. Our Heritage Center is the pride of our state, but it is badly in need of expansion. The SHSND staff must be expanded to serve the outlying, rural areas of the state. Moreover, while the Chateau is a prime

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destination for tourist entering the state, the facilities to support the visitors is lacking. The same is true of Fort Abercrombie historical site in the eastern part of the state.

It is my firm belief that if the state invests in its heritage infrastructure, the return will be considerable. If the state places a priority on developing our heritage resources, small business opportunities will follow.

It takes a sound infrastructure for heritage tourism to grow. Just as transportation infrastructure is necessary for the state's traditional industries to prosper, we need infrastructure in tourism, in order to provide the incentive for individuals to take the financial risk to invest in a new business. There is no question we need small businesses that cater to the needs and desires of the visiting public.

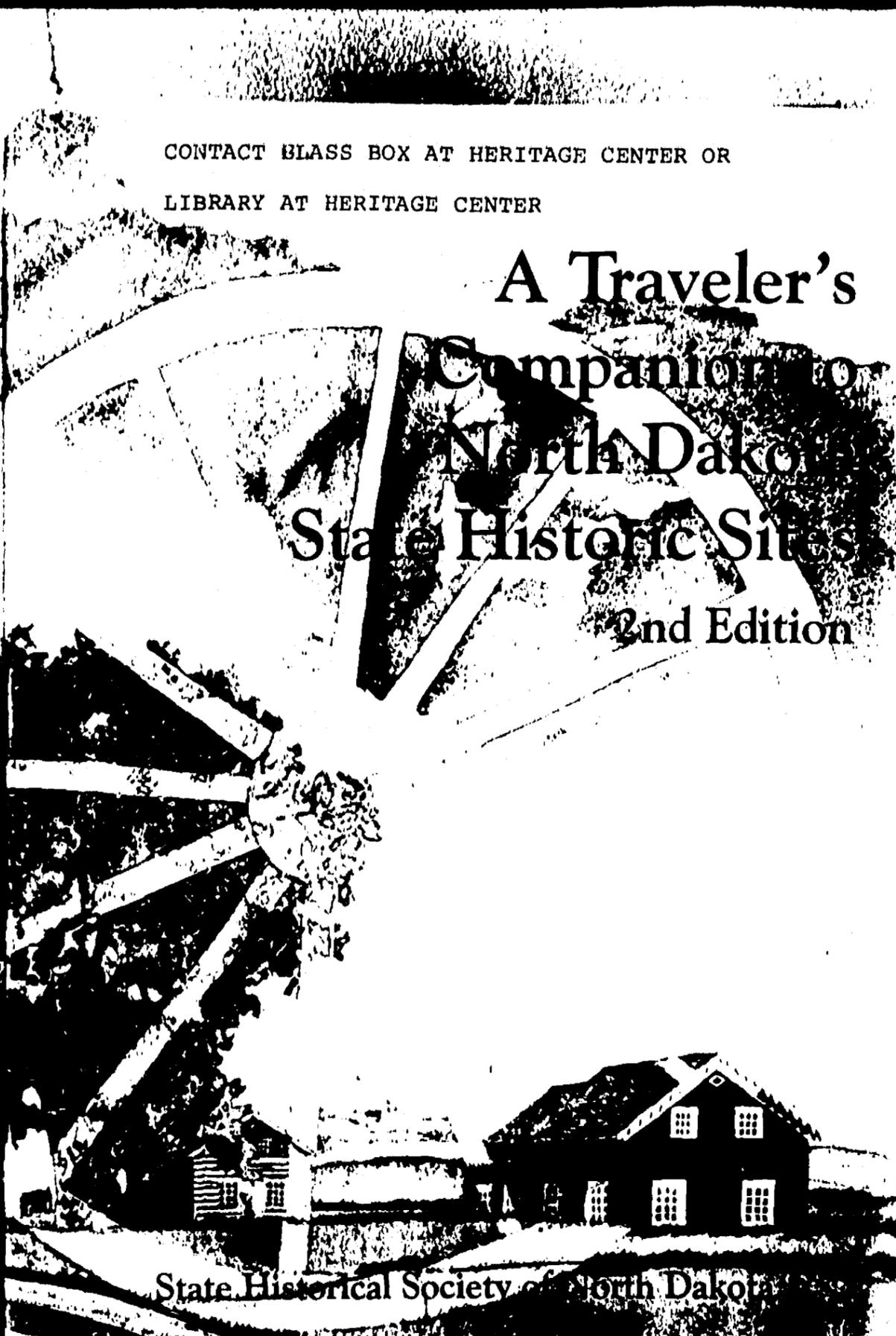
The economic downturn notwithstanding, the critical decline in population in our state and the current opportunities, necessitate bold actions to forge a prosperous future. The economic downturn will reverse and so will the interest rates. Timing is critical. I urge you to make this investment in our state's future.

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A Traveler's
Companion to
North Dakota
State Historic Sites
2nd Edition

State Historical Society of North Dakota

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