

**STATE BUDGET COMMITTEE MEETING MINUTES
March 16, 2004**

MEMBERS:

Representative William C. Cochran, Chairman
Senator Vi Simpson
Senator Robert Meeks
Representative Jeffrey K. Espich
Marilyn F. Schultz, State Budget Director

ALTERNATE MEMBERS:

Senator Lindel O. Hume
Representative Dennis T. Avery
Senator Robert Jackman
Representative Lawrence L. Buell

The business meeting was held at 1:30 PM on March 16, 2004 in House Ways and Means Room (Room 404) of the State House in Indianapolis. Seven projects and two review items were considered. Representative Cochran called the meeting to order. Director Schultz made a motion to consider the agenda. Senator Meeks seconded the motion. The motion passed with five ayes. Director Schultz made a motion to amend the agenda with two amendments. Senator Meeks seconded the motion. The motion passed with five ayes. After discussing the agenda, Senator Simpson moved to pass the agenda as amended and Director Schultz seconded the motion. The motion passed with five ayes.

State Agency Project

1000 379260 Logansport State Hospital (435) \$800,000
700001 New Phone Switch

Project No. B9-403

The current phone system is over 12 years old with a life expectancy of only 10 years. The current technology for the phone system no longer exists, making it difficult to get replacement parts and repairs. There is only one authorized vendor for the current system. This vendor has exclusive rights in Indiana and their labor cost is \$250 per hour, making repairs expensive. Should the telephone system fail, it would be difficult to promptly restore the system. The current phone system is not capable of handling the additional capacity required for the new Isaac Ray Treatment Center that is being constructed. This new system needs to be installed before construction is complete. The new phone system is needed to provide adequate care and safety to patients and staff.

From: 2003 General Construction Fund

Appropriation: \$4,697,361

Available Balance after 50% Reserve: \$998,680.50

University Projects

Indiana State University (778) \$5,067,600

Stalker Hall Renovation (Revision)

Project No. C-1-99-2-01

Indiana State University requests review by Budget Committee to increase expenditure authority for the renovation of Stalker Hall, located on the campus of Indiana State University by \$567,600. Previously, the State Budget Committee approved funding for the renovation of the hall on February 4, 2003, granting ISU approval to spend \$4,500,000 to fund the renovation. After revisions to the estimated cost of construction, primarily electrical and mechanical by the Architect's office, ISU has determined that it will need an additional \$567,600 to complete the renovation. ISU will use university reserves to cover the additional costs associated with Stalker Hall. Renovations to Stalker Hall include the addition of a new entrance that is ADA compliant as well as ADA accessible restrooms and an elevator. In addition, an upgrade to the buildings HVAC and electrical systems as well as various aesthetic changes to the outside of the building to be properly integrated into the current campus architectural design are included in the renovation. The project will be funded through the issuing of bonds and the use of university reserves. This project is eligible for fee replacement, but not until fiscal year 2006.

Funding: 2001 Bonding Authority \$4,500,000 (previously approved)

Reserves: \$567,600

Estimated Fee Replacement Request: \$384,406/year

CHE Review: January 27, 2004

University of Southern Indiana (775) \$400,000

Parking Lot E Expansion

Project No. G-0-04-1-01

The University of Southern Indiana requests approval to proceed with construction of a 300-space expansion to Parking Lot E, located on the southwest corner of the campus. Additional parking spaces will be needed to meet increased enrollment as well as the opening, in August of 2004, of the Ruston Hall, a new 228 person residence hall on campus. In addition, with current capital projects being constructed, previous parking spaces have been lost or displaced, adding additional parking pressures on campus. USI will fund the Parking Lot E expansion through the Parking System Reserve Funds, which receives funding from transportation and parking fees, parking fines, visitor pay-lot revenue and other auxiliary sources. The \$400,000 cost (\$1,333/space) associated with the expansion project include earthwork, excavation, curbs, sidewalks, pavement, stripping, lighting, landscape improvements and emergency telephones. USI's parking fees are applied, on a sliding scale based on number of credit hours, to those students who attend classes on campus, not those enrolled in distance education. Therefore, mandatory student fees, in the form of parking fees, will help pay the costs of the expansion project. Operating costs will increase by an estimated \$15,000 due to the parking lot expansion; however, there is no request for plant expansion increases.

Funding: Parking System Reserve Funds \$400,000

CHE Review: March 3, 2004

Indiana University – Purdue University Indianapolis (750) \$2,300,000/yr.
School of Medicine Lease Agreement
A-2-04-5-03

The Trustees of Indiana University requests approval to enter into a lease on behalf of the Indiana University – Purdue University Indianapolis Campus, in conjunction with the Indiana University School of Medicine. The lease, which includes a 5 year non-renewable clause, comprises three locations near the IU School of Medicine. The request from the IU Board of Trustees is a renewal of an existing lease with the Health and Hospital Corporation of Marion County. The lease includes 88,014 ASF in Wishard Memorial Hospital, 22,890 ASF in the Regenstreif Health Center and 24,899 ASF in the Krannert Institute of Cardiology, for a total of 135,803 ASF in the lease agreement. The leased space will be primarily used for research and educational purposes, and with their close proximity to the IU School of Medicine, the sites serve as an ideal location to conduct business. The cost of the lease will be \$2,300,000 annually for the five year time period. The cost per square foot is \$16.94. Funding for the lease will be paid through the School of Medicine general funds.

Funding: School of Medicine General Funds \$2,300,000/year - 5 year time period
CHE Review: March 9, 2004

University of Southern Indiana (775)
Refunding of Series D, E and H Bonds.

The University of Southern Indiana is seeking Budget Committee approval to refund outstanding Series D Bonds, Series E Bonds and Series H Bonds. The refunding will produce a savings to the University and a reduction in fee replacement obligations to the State of Indiana. The permanent financing package is subject to the approval of the State Budget Director. Refunding Bonds may be issued in an amount sufficient, together with costs of issuance, insurance premiums and other incidental costs, to fully fund the refunding escrow of the Series D, E and H Bonds.

Indiana State University (778)
Refunding of Series H, I, and J Bonds

Indiana State University is requesting approval from the State Budget Committee to refund outstanding Series H, Series I and Series J Bonds. Series H bonds are a mix of fee replaced and non-fee replaced bonds, while Series I and J bonds are entirely fee replaced debt. The refunding of these bonds will produce a savings to Indiana State University and a reduction in fee replacement obligations to the State of Indiana. The permanent financing package is subject to the approval of the State Budget Director. Refunding Bonds may be issued in an amount sufficient, together with the costs of issuance, insurance premiums and other incidental costs, to fully fund the refunding escrow of the Series H, I, and J Bonds.

Purdue University West Lafayette (760) \$54,975,000

Cary Quadrangle Residence Halls Renovation (Revision, \$11,475,000 increase)
Project No. B-1-00-2-08

Purdue University West Lafayette requests review by the Budget Committee to increase the bonding authority and expenditure authority for the renovation of the Cary Quadrangle Residence Halls. Previously, the Budget Committee approved bonding authority of \$43,500,000 on June 23, 2000, for renovations to the quadrangle. Construction on the quadrangle is 60 percent complete, which include renovations to reconfigure residence halls rooms, add sprinklers, make all buildings accessible, install elevators and reconfigure activity and student areas including dining facilities. Due to bids by contractors exceeding budgeted amounts for Phases I through III and making project scope changes to construction plans based on student feedback, Purdue University expects to spend an estimated \$54,975,000 on the Cary Quadrangle renovations, an \$11,475,000 increase over the June 23, 2000 approval. The increase in costs related to the project will be covered by the issuance of additional bonds. Payment of the debt services will be provided through revenues related to the residence halls and dining facilities. This project is not eligible for fee replacement or plant expansion. The final financing package for all bonds issued under this approval is subject to approval from the State Budget Director.

Funding: Bonding Authority IC 20-12-8 \$54,975,000
CHE Review: March 12, 2004

Review Items

21st Century Research and Technology Fund Grant Projects - Round 5 Awards

EDGE Retention Projects - Whirlpool Corporation and Dorel Juvenile Group, Inc.

Pursuant to the provisions of IC 4-12-1 and IC 20-12, the State Budget Committee recommends approval of the foregoing projects.

Chairperson

Governor

Budget Director