

State Budget Committee
Meeting Minutes
Wednesday, May 12, 2010

Members:

Senator Luke Kenley, Chairman
Senator John Broden
Representative Jeffrey K. Espich
Representative Peggy Welch
Christopher A. Ruhl, State Budget Director

Alternate Members:

Senator Brandt Hershman
Representative Ed DeLaney

Senator Kenley called the meeting to order at 9:15 A.M. in State House Room 431.

Senator Kenley announced that Representative Welch was replacing Representative Avery as a voting member of the Budget Committee and introduced Representative DeLaney as the new alternate member of the Budget Committee.

Senator Kenley introduced and discussed the December Budget Committee minutes. After committee discussion, Representative Espich made a motion to adopt the proposed minutes. Senator Broden seconded. The motion to adopt the minutes carried with five ayes.

Senator Kenley requested that discussion items be heard by the committee prior to agenda action items.

Cathy Boggs, Director of the Division of Family Resources, presented and answered questions from committee members concerning the status of the HIRE program.

Rob Damler from Milliman Inc. presented and answered questions concerning the financial impact on the Indiana state budget due to passage of the Patient Protection and Affordable Care Act (National Health Care Plan). Mr. Damler estimated the total fiscal impact to the State of Indiana would be \$3.6 billion over the next 10 years. There was committee discussion concerning the assumptions used to prepare the estimate and several comments related to the potential positive and negative impacts on the State of Indiana and its citizens.

Secretary Murphy updated the committee as to the current status of the Eligibility Modernization Hybrid system and answered questions concerning the transition of employees, system implementation, and future expansion.

Lewis Ricci, Director of the Arts Commission, presented and discussed the recent changes to the Commission's grant distribution process. Mr. Ricci noted that the new model will streamline services allowing a greater percentage of grant funds to be distributed to local artists.

Peter Nalin, Interim Executive Associate Dean for Educational Affairs, presented and discussed the Indiana University Medical School Expansion which included a request to release \$2 million of state appropriations in FY2011. Budget Director Ruhl questioned the ability to fund this expansion using existing university or medical school resources and recommended those and other opportunities be explored prior to requesting taxpayer funds.

Representative Charlie Brown presented and discussed the Northwest Indiana Level II Trauma Center & Teaching Hospital, which included a proposed spending plan for \$3 million of state appropriations for pre-development services. Senator Kenley highlighted that the proposed spending plan does not comport with the language in the budget bill. In addition, Budget Director Ruhl noted that funding for debt service and operations have not been secured, and recommended that this stage be completed prior to budget committee consideration.

Commissioner Everson presented and discussed the Department of Administration's progress towards reducing the state's vehicle fleet and noted a 21.5% reduction in the number of vehicles since January 2005. Commissioner Everson highlighted the Department's progress toward reducing the number of take-home vehicles and described additional plans to further reduce the state's vehicle count.

After each item on the agenda was presented and discussed, Representative Espich made a motion to adopt the proposed agenda. Representative Welch seconded. The motion to adopt the proposed agenda carried with five ayes.

I. December Minutes

II. Review Items

1. 21st Century Research and Technology Grants
2. Indiana Bond Bank – Town of Carlisle Municipal Water Utility and Town of Carlisle Municipal Sewage Works
3. Department of Education Remediation Distribution

III. Discussion Items

1. Arts Commission Grant Process
2. Medical School Expansion
3. State Vehicle Report
4. Gary Trauma Hospital
5. HIRE Program Status
6. FSSA Eligibility Modernization Review
7. National Health Care – Indiana Impact

IV. Agency Projects

1. Kankakee River Basin Commission (322) \$516,000
Flood Control

The Kankakee River Basin Commission requests funding for various flood control projects and emergencies which impact local communities. The projects consist of repairs at various levees (\$75,000), repairing the Niemyer Levee (\$150,000), and removing debris from the Kankakee River and portions of the Yellow River (\$191,000). In addition, the project includes funding for emergency repairs (\$100,000). Local communities have matched \$185,000 for the various levee repairs outlined above.

Funding: 2009 General Fund:
Repair and Rehabilitation

2. Indiana State Prison (620) \$302,020
Roof and Masonry Repair

The Indiana State Prison requests approval for the repair of cellhouse C's roofing and masonry structure which had not been replaced since its construction in 1919. During the replacement of the slate roof, several areas of water infiltration and masonry deterioration were identified. This request will provide the necessary funding to repair the parapets, corbels, gutters, and soffits. Completing this project will eliminate any future water infiltration issues at this location and allow the roofing project to proceed.

Funding: 1999 Postwar Construction Fund:
Plainfield Education Re-Entry Facility - Renovation of Cottages

3. Department of Administration (061) \$375,000
Campus Security

The Department of Administration requests approval to proceed with a federally funded government center campus security project. This request will allow the Department of Administration to expand the coverage of security cameras to critical areas, replace cameras which are past their useful life, and repair cabling and fiber infrastructure where necessary. In addition, a portion of this request will be used to install and repair security bars on the ground level windows of the State House. Approving this request will allow the Department of Administration to increase security measures on the campus of the government center.

Funding: Federal Grant Funds:
Urban Areas Security Initiative Grant

4. Department of Natural Resources (300) \$400,000
Forest Recertification

The Department of Natural Resources-Division of Forestry requests approval to proceed with a four year forest recertification project. This project will provide recertification and annual auditing for 8,000 acres of private woods, 155,000 acres of state forest land, and 500,000 acres of classified forest land. The Division of Forestry currently sells 60% of their timber harvest as certified lumber which is harvested in accordance with sustainable forestry management practices.

Funding: 2009 General Fund:
DNR-Forestry-Repair and Rehabilitation

5. Department of Natural Resources (300) \$600,000
Septic and Sewer

The Department of Natural Resources-Division of Forestry requests approval to proceed with four septic and sewer projects located at various state forests. The projects include:

- Covered Bridge State Forest – Rehabilitate Comfort Station \$200,000
- Covered Bridge State Forest – Replace Septic System \$150,000
- Starve Hollow State Recreation Area – Lagoon Liner Replacement \$150,000
- Yellowwood State Forest – Replace Septic System \$100,000

Funding: 2009 General Fund:
DNR-Forestry-Repair and Rehabilitation

6. Department of Natural Resources (300) \$110,000
HVAC Replacement

The Department of Natural Resources-Division of State Parks and Reservoirs requests approval to proceed with a roof-top HVAC project at Falls of the Ohio State Park. The current system provides heating and cooling for the park's Interpretive Center which occupies 16,000 square feet of space. Due to frequent system failure, the park has spent in excess of \$36,000

performing repairs on the current system over the last three years. Funding this request will significantly reduce repair costs, and reduce energy costs by an estimated 25% per year.

Funding: 2009 General Fund:
DNR-State Parks and Reservoir Management-Repair and Rehabilitation

V. University Projects

1. Ball State University (780) \$1,358,327
FY09 ARRA(a) Restoration R&R – Draw 2
D-1-10-2-03

Ball State University requests authorization to proceed with three small projects to be funded by the remaining portion of the 2009 State Fiscal Stabilization Fund restoration appropriation. The projects consist of Lucina Hall interior improvements, Bracken Library floor treatment replacement, and chilled water distribution improvements. All projects are under the \$750,000 individual project approval threshold. This represents Draw 2 of the ARRA(a) restoration funds and is 28.8% of the FY09 restoration funds available to the university. This draw cumulatively represents 100% of the total FY09 funds available.

Funding: FY09 ARRA(a) Restoration R&R – Draw 2
CHE Review: February 12, 2010

2. Indiana State University (770) \$854,276
FY10 ARRA(a) Restoration R&R – Draw 1
C-1-10-2-06

The trustees of Indiana State University request approval for several small projects to be funded by FY10 ARRA Restoration R&R funds. The projects include the replacement of an HVAC system, replacement of a roof for a grounds maintenance facility, and renovation of existing space in Burford Hall. All projects are under the \$750,000 individual project approval threshold. This draw represents approximately 30% of the FY10 ARRA(a) Restoration R&R allotment.

Funding: FY10 ARRA(a) Restoration R&R – Draw 1
CHE Review: March 12, 2010

3. Indiana State University (770) \$2,000,000
FY10 ARRA(a) Restoration R&R – Draw 2
Rankin/Parsons Hall
C-1-10-2-07

The trustees of Indiana State University request approval to proceed with the Rankin/Parsons Hall Roof and Plaza Walkway Replacement project. The project consists of the replacement of the roof and plaza walkway that is part of the Rankin/Parsons and Tirey complexes. The Rankin/Parsons Hall Plaza consists of a brick paved walkway with a membrane roofing system underneath. The area below the Plaza houses much of the campus Information Technology systems. Because of the age of the existing roofing system, water intrusion has become a constant concern. The existing brick walkway has also deteriorated to the point where it

presents a safety hazard to students, staff, and visitors to campus. This draw brings the total amount drawn to 100% of the FY10 ARRA R&R appropriation.

Funding: FY10 ARRA(a) Restoration R&R – Draw 2
CHE Review: May 5, 2010

4. Indiana State University (770) \$10,000,000
Pickerl Hall
C-1-10-2-05

The trustees of Indiana State University request approval to proceed with the renovation of Pickerl Hall. The renovation will involve the reconfiguration of existing space in Pickerl Residence Hall to accommodate double rooms with private baths, individual heat and air conditioning controls, installation of air conditioning to the facility, a fire suppression system with sprinklers and alarms in each room, replacement of heating systems, windows, and electrical systems upgrades. A technology infrastructure will also be installed to support local area network and wireless capabilities.

This project will be funded by the University's Residence Hall Reserves and tax-exempt borrowing to be repaid from the University's Residence Hall System Operating Budgets. This project is not eligible for fee replacement appropriations or plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding: Residence Hall Reserves and Tax-exempt borrowing
CHE Review: February 12, 2010

5. Indiana University – Bloomington (750) \$32,500,000
Tulip Tree Apartments Renovation
A-1-10-2-14

The trustees of Indiana University request authorization to proceed with the complete renovation of the Tulip Tree Apartments located on the Bloomington campus. The trustees also request authorization to issue and sell auxiliary revenue bonds, as authorized under IC 21-35-3, in a principal amount which shall not exceed the sum of \$32,500,000 plus costs of issuance as allowed by law.

Work includes the upgrading of all building safety and security systems, all mechanical, electrical and building lighting systems, and all plumbing systems. New paint finishes, carpet, tile, modernized restrooms, kitchen finishes, fixtures, and cabinets are also included in this renovation. The facility will become fully covered for fire protection. Metal windows and walls will be upgraded to meet new thermal standards, and the limestone façade will be repaired, replaced, cleaned, and caulked.

This project will be funded through auxiliary revenue bonds repaid by Residential Programs and Services operating funds. The project is not eligible for fee replacement appropriations or plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding: Auxiliary Revenue Bonds (IC 21-35-3)
CHE Review: February 12, 2010

6. Indiana University – Bloomington (750) \$46,000,000
Briscoe Quad Renovation
A-1-10-2-13

The trustees of Indiana University request authorization to proceed with the complete renovation of the Briscoe Quad located on the Bloomington campus. The project consists of two parts: \$42,700,000 for construction and related project costs and \$3,300,000 for a chiller plant. The trustees also request authorization to issue and sell auxiliary revenue bonds, as authorized under IC 21-35-3, in a principal amount which shall not exceed the sum of \$46,000,000 plus costs of issuance as allowed by law.

The Briscoe Quad renovation project consists of the Shoemaker and Gucker Towers renovation, and the construction of a satellite chilled water facility. Both towers will be upgraded to provide more private, independent housing accommodations which will be focused on two, three, and four person suites with separate ADA compliant restrooms and mechanical, electrical, and telecommunications infrastructure in each suite. The facility will become fully covered for fire protection and will be upgraded with a more secure card-access entry system. The limestone exterior of the building will be cleaned, all windows and exterior doors replaced, and a new exterior canopy provided at the main entry.

This project is estimated to cost \$46,000,000, of which \$42,700,000 will be funded through auxiliary revenue bonds repaid by Residential Programs and Services (RPS) operating funds, and \$3,300,000 to be funded by RPS reserves. The project is not eligible for fee replacement appropriations or plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding:	Auxiliary Revenue Bonds (IC 21-35-3)	\$42,700,000
	Residential Programs & Services Reserves	\$3,300,000
CHE Review:	February 12, 2010	

7. Indiana University – Bloomington (750) \$2,000,000
Assembly Hall Roof Replacement
A-1-10-2-18

The trustees of Indiana University request authorization to proceed with the roof replacement of Assembly Hall project located on the Bloomington campus. This project removes the existing roof down to the decking and replaces it with new insulation and a fully-adhered membrane roof. The building, built in 1971, still retains its original roof. It has been repaired many times, but now has become worn and dilapidated. Water infiltration has caused damage to several large ceiling tiles, becoming a hazard to both students and employees. The total roofing area for this building is approximately 124,000 square feet. The project is not eligible for fee replacement appropriations or plant expansion funding.

Funding:	IU Athletics Department
CHE Review:	March 12, 2010

8. Indiana University Purdue University – Indianapolis (750) \$1,500,000
Glick Eye Institute – Clinical Quad Site Improvements
A-2-10-2-19

The trustees of Indiana University request authorization to proceed with renovations to improve the exterior grounds for the Clinical Quad area located on the IUPUI campus. The project includes improvements to building/pedestrian access and vehicular control for service/life safety, public gatherings and special events. The focus of this project is to improve the function of the site while incorporating sustainable construction, improving storm-water management, and improving ongoing maintenance activities to reduce annual costs and environmental impact.

The project is estimated to cost \$1,500,000 and will be funded by Campus Reserves and the School of Medicine.

Funding: Campus Reserves/School of Medicine
CHE Review: May 5, 2010

9. Indiana University Purdue University – Indianapolis (750) \$3,200,000
Herron Ceramics and Sculpture Building Addition
A-2-10-1-15

The trustees of Indiana University request authorization to proceed with the construction/renovation of an additional 16,400 square feet of space in the Herron Ceramics and Sculpture Building located on the Indianapolis campus. This project includes enlarging the metal courtyard space for sculpture and the kiln courtyard, along with the refuse area for ceramics. The enlarged space will create foundry space for sculpture graduate students and studio space for 20 ceramics graduate students, as well as common space for all graduate students equipped with floor drains, storage space, and emergency eye washes. The facility will also consist of a minimum of five offices for faculty, studio space for figure drawing, and a large multi-purpose room for exhibition and critique space. The current building severely limits the graduate class and the space available to graduate students in the program. Workspace is fixed and the building has physical limits, forcing graduate students to compete with undergraduates.

Total cost of this project is estimated at \$3,200,000 and is funded through gift funds. The project is not eligible for fee replacement appropriations or plant expansion funding.

Funding: Gift Funds
CHE Review: February 12, 2010

10. Ivy Tech Community College (710) \$3,300,000
Qualified Energy Savings Project – Indianapolis
F-0-11-6-01

The trustees of Ivy Tech Community College request authority to proceed with a Qualified Energy Savings Project (QESP) at the Fall Creek site in Indianapolis. This project will reduce utility and maintenance costs by upgrading or replacing selected mechanical, electrical, and plumbing systems in the North Meridian Center and the Glick Technology Center buildings. Energy savings will come from replacing steam boiler systems with high efficiency hot water heating systems, replacing temperature controls with state of the art direct digital controls, retrofitting lighting

systems with current high efficiency lighting, sealing both buildings to reduce air leakage, retrofitting restrooms with utility savings fixtures, updating combustion air controls to boilers, and installing power management software to existing desktop computers.

This project is to be funded through the borrowing authority for QESPs as provided in IC 21-33-4 and IC 21-34-10-7. The total cost of this project is estimated to be \$3,300,000. This project is not eligible for fee replacement appropriations or plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding: QESP Bonding Authority
CHE Review: May 5, 2010

11. Purdue University – West Lafayette (760) \$77,700,000
Replacement Student Housing
B-1-05-1-18R

The trustees of Purdue University request an increase in bonding authorization for the Replacement Student Housing project (now known as First Street Towers). The original project was approved by the Budget Committee on September 14, 2005 for \$60,000,000, which included the construction of 560 on-campus single student resident rooms. Since that time, two of the three residential towers were constructed for a total project cost of \$52,000,000. The third tower is now expected to cost \$25,700,000, which would require a \$17,700,000 increase in bonding authority, for a new total of \$77,700,000.

The third tower will be constructed adjacent to MacArthur Drive and mirror the First Street Towers East building. It will provide 174 resident rooms for upperclassmen. Each room will house one student and include a private bath. Rooms will be grouped into clusters of not more than 22, with shared living room/gathering space, kitchenette, and laundry.

The total project is expected to cost \$77,700,000, an increase of \$17,700,000, funded by Purdue's existing tax-exempt commercial paper program on an interim basis until such time that a permanent debt financing can be issued. This project is not eligible for fee replacement appropriations or plant expansion funding. The interim and permanent financing packages are subject to approval by the State Budget Director.

Funding: Student Facilities Revenue Bond Proceeds
CHE Review: March 12, 2010

12. Indiana University Purdue University – Fort Wayne (760) \$1,330,000
IPFW Chiller No. 3
B-3-10-1-11

The trustees of Purdue University request approval to proceed with the IPFW Chiller Installation project on the Fort Wayne campus. This project will install the next incremental chiller (2,000 tons) in the existing chiller plant. With the addition of the IU Medical Education Center and the Student Services and Library Complex, the current equipment in the Chiller Plant will not be able to keep up with the anticipated demand for chilled water for cooling. Piping, valves, and controls will be upgraded and expanded so this new chiller can be integrated into the central chiller plant operation.

The total estimated cost of this project is \$1,330,000, to be funded from IPFW University Reserve Funds. This project is not eligible for fee replacement appropriations or plant expansion funding.

Funding: IPFW University Reserve Funds
CHE Review: February 12, 2010

13. Purdue University – Calumet (760) \$3,700,000
Powers Building Center for Innovation
B-2-10-6-12

The trustees of Purdue University request approval to proceed with the Powers Building Center for Innovation through Visualization and Simulation Project on the Calumet campus. This project involves the renovation of the Powers Computer Education Building and the construction of an addition to the building to accommodate the new innovation center. This research effort will advance visualization and simulation technologies as well as computational tools and equipment. The center will infuse new technology into regional industrial and economic development. Approximately 5,000 square feet will be renovated within the Powers Education Building along with approximately 5,200 square feet of additional space being constructed adjacent to the building to accommodate the Immersion Theatre, faculty offices, and mechanical space. This project is not eligible for fee replacement appropriations or plant expansion funding.

Funding: Federal Grant Funds \$2,700,000
Purdue Calumet Reserve Funds \$1,000,000
CHE Review: March 12, 2010

14. Vincennes University (790) \$1,500,000
Tecumseh Dining Center Renovation
E-1-10-2-01

Vincennes University requests authorization to proceed with the renovation of Tecumseh Dining Center located on the Vincennes Campus. This renovation will include significant electrical and mechanical upgrades, such as new electrical wiring, plumbing, HVAC, kitchen equipment upgrades, and fire sprinklers and alarms. Renovations to comply with ADA handicap accessible specifications will also be made. In addition, enhancements to the overall appearance of the facility, including the replacement of interior walls, pillars and flooring, will be made.

This project is expected to cost \$1,500,000 to be funded by auxiliary housing reserves. This project is not eligible for fee replacement appropriations or plant expansion funding.

Funding: VU Auxiliary Housing Reserves
CHE Review: May 5, 2010

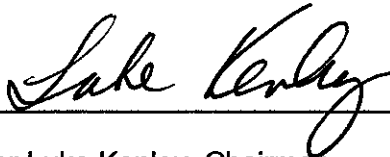
Cost Summary

May 12, 2010	
1999 Postwar Construction Fund	\$302,020
2009 General Fund	\$1,626,000
2009 American Recovery and Reinvestment Act Section 14002(a)	\$4,212,603
Federal Grant Funds	\$3,075,000
Qualified Energy Savings Project	\$3,300,000
Revenue Bonds	\$102,900,000
Revenue Bonds "Previously Drawn"	\$60,000,000
University Funds	\$13,830,000
Total	\$189,245,623

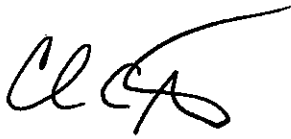
VI. Annual Reports Submission

1. Indiana Children's Health Insurance Program – 2008 and 2009 Annual Reports
2. CHOICE – 2009 Annual Report

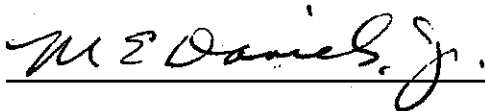
Pursuant to the provisions of IC 4-12-1, the State Budget Committee recommends approval of these projects.



Senator Luke Kenley, Chairman



Christopher A. Ruhl, State Budget Director



Mitchell E. Daniels, Jr., Governor, State of Indiana