

**State Budget Committee
Meeting Minutes
Wednesday, July 7, 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
Senator Karen Tallian
Representative Ed DeLaney

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

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

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

Todd Swim from Mercer Health and Benefits LLC presented and answered questions concerning the Analysis of Health Insurance Benefits for Public Employees. Mr. Swim explained that this study was conducted pursuant to the 2009 budget bill. Mr. Swim estimated the total savings to the State of Indiana if public schools and universities were to collectively procure healthcare benefits by utilizing the State's program would equal \$454 million annually. Mr. Swim provided an explanation of the various sources of savings that were described in more detail in the written study. Mr. Swim advised that the \$454 million in annual savings could increase further based on the state's experience with its consumer driven health plans that lowered overall medical costs. There was committee discussion concerning the assumptions used to prepare the estimate and several comments related to school employees participating in the State's plan.

Prior to proceeding with the agenda action items, Senator Kenley requested motions to amend the agenda.

Budget Director Ruhl suggested the Medical School Expansion be funded using existing Indiana University, medical school or private resources and recommended those and other opportunities be exhausted prior to requesting taxpayer funds. Following his remarks, Budget Director Ruhl offered a motion to remove the Medical School Expansion review item from the agenda.

Budget Director Ruhl's motion to remove the Medical School Expansion review item failed due to lack of a second.

Following Roger Rhodes' presentation of the Public Television Distribution review item, Senator Kenley recommended that the Public Television Stations be funded for the second year of the biennium at the same level as last fiscal year, which is a 50% reduction compared to appropriation. Favorable discussion ensued on this point. This recommendation was put forth to provide the stations a sense of the level of support by the Budget Committee.

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. May Minutes

II. Agency Projects

1. Little Calumet River Basin Development Commission (885) \$7,369,728
Flood Control Project – Draw 2

The Little Calumet River Basin Commission requests funds to perform flood control projects within the 22 miles of the Little Calumet River in Lake County, Indiana. This project is being administered by the US Army Corps of Engineers, in which the Little Calumet River Basin Development Commission serves as the local sponsor. This request will provide funds to match federal contributions, acquire property rights, relocate utilities, repair and rehabilitate levees, and finance administrative expenditures. Funding this request will provide the Little Calumet River Basin Development Commission the necessary resources to continue with their flood control project in Northern Indiana. The state appropriation for the project is \$14 million in FY2010-FY2011. The first draw was \$5,545,978, which combined with this request represents a total allocation of \$12,915,706.

Funding: 2009 General Fund

2. Indiana Veterans' Home (570) \$200,000
Balcony Repair Project

The Indiana Veterans' Home requests funds to perform a balcony repair project on both the MacArthur and Pyle buildings. The balconies are currently separating from the main structure of the buildings, which requires repair to limit further structural damage. Since the Veterans' Home Demolition project was completed for less than the approved amount, the Veterans' Home requests approval to use previously approved ARRA (b) funds to complete the balcony repairs.

Funding: 2009 ARRA (b) State Fiscal Stabilization Fund "Previously Approved"
Indiana Veterans' Home-Repair and Rehabilitation

III. University Projects

1. Ball State University (780) \$24,100,000
Studebaker East Complex Renovation Project
D-1-10-2-04

The trustees of Ball State University request approval to proceed with the Studebaker East Complex Renovation project. Renovation of the Studebaker East Complex is the next priority of Ball State's housing and dining replacement and renewal plan. The project calls for restoration of the masonry exterior, interior renovations, replacement of the roof and windows, upgrades to the loading dock, more private restrooms, and upgrades to the lighting, plumbing, and electrical systems. New building components will include the addition of a sprinkler system for fire protection, two new elevators, and central air conditioning.

These renovations will be part of the university's comprehensive plan to add and upgrade residence hall facilities. The intent of the overall plan is to maintain total university student housing capacity at levels equal to the projected need for various housing types while providing new and updated housing facilities desired by students.

Funding: Housing and Dining Renewal and Replacement Funds
CHE Review: May 14, 2010

2. Indiana University Purdue University Indianapolis (750) \$18,000,000
Sports Complex Garage Expansion
A-2-10-1-20

The trustees of Indiana University request authorization to proceed with the expansion of the existing Sports Complex Garage located on the IUPUI campus. The expansion consists of an additional 1,300 parking spaces and will be directly south of the current garage. The new garage will serve the Herron School of Art, Inlow Hall, Engineering Science and Technology, the Natatorium and University Library. The project is estimated to cost \$18,000,000 and will be funded by auxiliary revenue bonds to be repaid by IUPUI parking operations. The university also requests authorization to issue and sell auxiliary revenue bonds, the principal amount of which shall not exceed the sum of \$18,000,000 for costs of construction plus cost of issuance. 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: Auxiliary Revenue Bonds, IC 21-35-3
CHE Review: May 14, 2010

3. Indiana University Purdue University – Indianapolis (750) \$25,000,000
Science and Engineering Laboratory Building – Phase 1
A-2-10-1-17

The trustees of Indiana University request authorization to proceed with the construction of the Science and Engineering Laboratory Building (SELB) located adjacent to the existing Engineering

and Science Buildings in the core of the IUPUI academic campus between Michigan and New York streets. The trustees also request authorization to issue and sell auxiliary revenue bonds, authorized by IC 21-35-3-7, in a principal amount which shall not exceed \$17,000,000 plus the cost of issuance.

The first phase of the project consists of construction of a new laboratory building containing approximately 44,825 assignable square feet. The new laboratory will provide critical research and teaching space and is designed to foster collaborative research teaching through shared laboratory space, technical support, and centralized analytical facilities. 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:	Auxiliary Revenue Bonds, IC 21-35-3-7	\$17,000,000
	Research Commercialization Income	\$7,000,000
	Indirect Cost Recovery Reserves	\$1,000,000
CHE Review:	May 14, 2010	

4. Purdue University – Calumet (760) \$4,700,000
Center for Hospitality and Tourism Management
B-2-10-6-13

The trustees of Purdue University request approval to proceed with the Center for Hospitality and Tourism Management building located on the Calumet campus. This project involves the conversion of the Purdue University Calumet Conference Center into the Center for Hospitality and Tourism Management. Approximately 10,975 square feet of existing space in the Conference Center will be remodeled, and approximately 1,170 square feet of additional space will be constructed. Having a facility dedicated to the program will enable the current number of Hotel, Tourism and Management majors to grow from 250 to over 400 by 2014.

The total cost of this project is expected to be \$4,700,000 to be funded by gift funds and Purdue Calumet Reserves. This project is not eligible for plant expansion funding.

Funding:	Gift Funds	\$3,000,000
	Purdue Calumet Reserves	\$1,700,000
CHE Review:	May 14, 2010	

5. Purdue University – Calumet (760) \$1,500,000
Cooling Tower Replacement
B-2-10-1-14

The trustees of Purdue University request approval to proceed with the Cooling Tower Replacement project, located on the Calumet campus. This project involves the installation of a field erected cooling tower to replace the existing 40 year old cooling tower. The scope includes the demolition of the existing tower and installation of chilled water connections from the new cooling tower to the chillers in the heating and cooling plant.

The total cost of this project is expected to be \$1,500,000 to be funded by Purdue Calumet reserves. This project is not eligible for plant expansion funding.

Funding: Purdue Calumet Reserves
CHE Review: June 2, 2010

6. Purdue University – West Lafayette (760) \$59,600,000
Windsor Residence Halls Renovation – Increase
B-1-06-2-06R

The trustees of Purdue University request a \$6,600,000 increase in authority for the Windsor Residence Hall Renovation project, located on the West Lafayette campus. The financing and construction of this project was approved by the State Budget Committee on March 28, 2006 with an estimated cost of \$53,000,000.

Work has been scheduled in phases over a period of five years and encompasses upgrading all five buildings to meet current building codes and accessibility regulations. This includes fire protection, upgrading, restoring or replacing architectural finishes, repairing historical architectural elements, replacing all five passenger elevators, replacing existing electrical and mechanical systems, upgrading community bathrooms and adding air conditioning. Phases I and II are complete, and Phases III and IV are currently under construction.

Based upon actual construction costs for the first four phases and the architect's estimate for the fifth phase, the estimated cost for this project is now \$59,600,000, to be funded from Student Facility Revenue Bonds. The University intends to utilize its existing tax-exempt commercial paper program to fund these expenditures on an interim basis until such time that permanent debt financing can be issued. 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: Student Facility Revenue Bonds
CHE Review: May 14, 2010

7. Purdue University (760) \$715,000
Qualified Energy Savings Project – West Lafayette
B-1-10-6-20

Purdue University requests authorization to proceed with a Qualified Energy Savings Project (QESP) at the West Lafayette campus. This project will reduce utility costs by installing an Enterprise Energy Management System. The implementation of this system will help reduce the peak demand and energy consumption for steam, chilled water and electricity. The system will increase energy awareness and help to modify behavior so the West Lafayette campus can delay future utility capital expenditures. Included in the project is the cost of the Enterprise Energy Management System, additional server capacity to run the system and the training of Purdue staff to utilize the system.

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. This project is not eligible for fee replacement appropriations.

Purdue University requests authorization to issue \$715,000 in interim financing for the project. This financing program was approved by the State Budget Committee on March 3, 2008. The temporary and/or permanent financing package is subject to approval by the State Budget Director.

Funding: QESP Bonding Authority
CHE Review: June 27, 2010

8. Purdue University (760) \$260,000
Small Project Debt Issuance
B-1-10-6-19

Purdue University requests authorization to issue \$260,000 in interim financing for the following Qualified Energy Savings projects on the West Lafayette campus as provided in IC 12-33-4 and IC 21-34-10-7:

Birck Nanotechnology Center HVAC Airflow Reduction And Energy Demand Reduction	\$ 50,000
Jischke Hall Airflow and Energy Demand Reduction	\$110,000
West Lafayette North Campus Steam Optimization	\$100,000

This financing program was approved by the State Budget Committee on March 3, 2008. State Budget Committee and CHE approval is not required for any qualified energy savings project with a value of less than \$500,000, however, the State Budget Committee's approval is required for small project debt issuance. These projects are not eligible for fee replacement. The temporary and/or permanent financing package is subject to approval by the State Budget Director.

Funding: QESP Bonding Authority

9. University of Southern Indiana (775) \$560,963
General R&R Projects – FY09 R&R Draw 1 (Revised)
G-0-09-2-02R

The University of Southern Indiana originally requested approval to proceed with three small repair and rehabilitation projects totaling \$560,963 using ARRA (a) restoration funds. These projects were reviewed by the State Budget Committee in October 2009. The University wishes to revise their previous authority and use all of the previously reviewed funds for one of the three projects (Phase III renovation of selected classrooms, laboratories, and faculty offices in the Science Center). This is the first draw from the FY09 restoration funds and represents approximately 58% of the FY09 restoration funds available to the University.

Funding: ARRA(a) - FY09 Restoration Funds – Draw 1 "Previously Approved"

CHE Review: September 11, 2009
June 2, 2010

Cost Summary

July 7, 2010	
2009 American Recovery and Reinvestment Act Section 14002(a) "Previously Approved"	\$560,963
2009 American Recovery and Reinvestment Act Section 14002(b) "Previously Approved"	\$200,000
2009 General Fund	\$7,369,728
Qualified Energy Savings Project	\$975,000
Revenue Bonds	\$41,600,000
Revenue Bonds "Previously Approved"	\$53,000,000
University Funds	\$38,300,000
Total	\$142,005,691

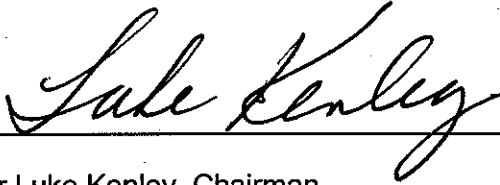
IV. Review Items

1. Lifetime Hunting, Fishing, and Trapping License Trust Fund
(Approx. 69,000 acres for up to \$21.5M from the Trust Fund)
2. 21st Century Research and Technology Grants
3. State Library – INSPIRE
4. Indiana Community Services Block Grant Program
5. Public Television Distribution
6. Medical School Expansion

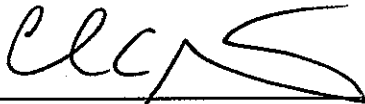
V. Discussion Items

1. Analysis of Health Insurance Benefits for Public Employees – HEA1001(ss)2009, Section 494

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

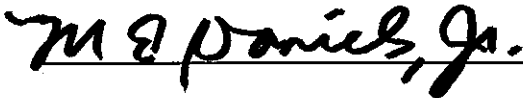


Senator Luke Kenley, Chairman



Adam M. Horst, State Budget Director

CHRISTINA A. RYAN



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

