

State Budget Committee
Meeting Minutes
Wednesday, December 14, 2011

Members:

Representative Jeffrey K. Espich, Chairman
Representative William Crawford
Senator Luke Kenley
Senator John Broden
Adam M. Horst, State Budget Director

Alternate Members:

Senator Brandt Hershman
Senator Karen Tallian
Representative Eric Turner
Representative Peggy Welch

Representative Espich called the meeting to order at 9:00 AM in State House Room 404.

Representative Espich introduced and discussed the October Budget Committee minutes. After committee discussion, Director Horst made a motion to adopt the proposed minutes. Senator Kenley seconded. The motion to adopt the minutes carried.

Prior to proceeding with the agenda, Representative Espich noted two members' interest in adding to the agenda a discussion item concerning the Department of Revenue's recent programming error which resulted in several hundred million dollars going unnoticed in a state revenue collection account over a number of years. Representative Espich distributed his December 9th letter addressed to the State Board of Accounts in which he requested that the State Board of Accounts independently confirm how the error occurred and provide answers to his specific questions. Following Representative Espich's remarks, Director Horst made a motion to amend the agenda to include a discussion item concerning E-Check revenues from corporate estimated payments. Senator Kenley seconded. The motion to adopt the amendment carried.

Senator Broden made a motion to amend the agenda to require an independent audit, by an outside vendor, of the E-Check revenues from corporate estimated payments. Representative Crawford seconded. A vote on the motion was taken at the end of the discussion items.

After each agenda item was presented and discussed, Representative Espich motioned to adopt the proposed agenda. Director Horst seconded. The motion to adopt the proposed agenda carried.

After adopting the December agenda, Representative Espich requested that the committee hear further amendments concerning pending discussion items. Senator Broden again made a motion to amend the agenda to require an independent audit, by an outside vendor, of the E-Check revenues from corporate estimated payments. Representative Crawford seconded. Prior to voting, several members discussed the role of the State Board of Accounts in performing independent audits, and suggested that a thorough review be completed by the State Examiner in lieu of an outside vendor.

A roll call vote taken on Senator Broden's motion was as follows:

Rep. Jeffrey K. Espich	NAY
Rep. William Crawford	AYE
Sen. Luke Kenley	NAY
Sen. John Broden	AYE
Director Horst	NAY

Motion failed.

Following Senator Broden's motion, Senator Kenley made a motion to ask the State Board of Accounts to reaffirm the details discussed concerning the E-Check revenues from corporate estimated payments. Director Horst seconded the motion. A roll call vote was taken as follows:

Rep. Jeffrey K. Espich	AYE
Rep. William Crawford	AYE
Sen. Luke Kenley	AYE
Sen. John Broden	AYE
Director Horst	AYE

Motion passed.

Following the revenue forecast update and the Medicaid forecast update, the meeting was adjourned.

I. October Minutes

II. Agency Projects

1. Kankakee River Basin Commission (322) \$470,000
Flood Control

The Kankakee River Basin Commission requests funding for various flood control projects across multiple counties. The projects consist of log jam removal (\$54,000), design costs for sediment removal in the Yellow River (\$31,000), and work to repair damage caused by the June 2011 windstorm (\$200,000). In addition, the request includes contingency funding for future flooding events (\$185,000) that would be made available across seven (7) counties.

Funding: 2011 Build Indiana Fund
Repair and Rehabilitation

2. Department of Natural Resources – State Parks (300) \$281,000
Trine State Recreation Area – Lodge, Cabin & Lake

The Division of State Parks requests authorization to proceed with repairs and updates to various cabins and lodges and installation of an accessible fishing pier located at the Trine State Recreation Area (SRA), part of Pokagon State Park. The requested funds will be utilized to repair lodges, cabin walkways and porches (\$182,000), demolish abandoned buildings (\$59,000), and build a fishing pier (\$40,000) on the property. Funding this request will provide DNR the necessary resources to meet their goal of opening the SRA by the summer of 2012.

Funding: 2007 General Fund "Previously Approved" \$281,000

3. Indiana State Museum – Museum & Historic Sites (303) \$489,000
Culbertson Mansion - Fence, Stairs & Retaining Wall

The Division of Historic Sites requests the authorization of funds to address the repair and rehabilitation of the fence, staircase and retaining wall of the historic Culbertson Mansion in New Albany. As a result of water pressure, the retaining wall is protruding into the sidewalk area around the mansion which affects the mansion's original wrought iron fence and staircase and poses a safety hazard to the public.

Funding: 2005 General Fund "Previously Approved" \$112,606
2007 General Fund "Previously Approved" \$109,093
2009 General Fund "Previously Approved" \$100,000
2011 General Fund \$167,301
Repair and Rehabilitation

III. University Projects

1. Indiana State University (770) \$4,850,000
Purchase of 7th & Cherry Parking Garage
Project No. C-1-12-3-01

The Board of Trustees of Indiana State University (ISU) request approval to proceed with the purchase and subsequent financing of a parking garage located at 7th & Cherry under I.C. 21-33 and I.C. 21-35. ISU entered into a long-term ground lease in 2006 with the City of Terre Haute to allow for construction of a Multi-Modal Transportation facility on University owned property. Included in this facility is a 626 space/228,293 GSF parking garage. Construction was completed in 2008 and was partially funded with Federal Transportation Authority (FTA) dollars. With recent growth in enrollment and the completion of the Scott College of Business in the fall of 2012, ISU wishes to expand parking in the southeast quadrant of campus. The city received authority from the FTA in July 2011 to transfer the non-transit portion of the facility to ISU. This purchase would be funded through Parking System reserves and a tax-exempt borrowing secured by net income of the Parking System. The Parking System Reserve Fund had a \$2,047,159 balance as of November 14, 2011. Funds are derived from parking fees. This project is not eligible for fee replacement or plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding:	Parking System Reserves	\$850,000
	Parking System Revenue Debt	\$4,000,000

2. Indiana University – Bloomington (750) \$19,800,000
Baseball and Softball Complex Construction
Project No. A-1-12-1-04

The trustees of Indiana University (IU) request approval to proceed with the construction of a new baseball and softball complex. This 23,542 GSF/ 19,775 ASF project will create new venues for the intercollegiate baseball and softball teams. The baseball field will feature artificial turf playing surfaces and both will feature indoor/outdoor batting cages, bullpens, locker rooms, and press boxes. Enhanced spectator amenities will include ample seating and parking, an entry plaza, concession areas, and restrooms.

This project will be funded by certificates of participation in a lease-purchase agreement with the IU Building Corporation (IUBC) to be repaid by Department of Athletics revenues, private fundraising, and Department of Athletics funds. The trustees request authorization to issue certificates of participation under IC 21-33-3-5. The University will enter into a lease-purchase agreement with IUBC to lease back the new facility for twenty-five years pursuant to IC 21-31-4-2. At such time as the certificate of participation debt is retired, the leases will terminate and the facilities, including any future capital improvement, will revert to the university from IUBC. Department Athletic Funds are derived from athletic ticket sales, marketing fees, licensing agreements, etc. The balance of Department Athletic Funds for construction of this facility as of October 3, 2011 was \$600,000. This project is not eligible for plant expansion funding. The permanent or interim financing package is subject

to approval by the State Budget Director.

Funding:	Certificates of Participation:	
	Repaid by Department of Athletics	\$17,200,000
	Gift Funds	\$2,000,000
	Department of Athletics Funds	\$600,000

CHE Review: October 14, 2011

3. Indiana University - Bloomington (750) \$2,500,000
Franklin Hall Reading Room - Renovation
Project No. A-1-12-2-02

The trustees of Indiana University request authorization to renovate the Franklin Hall Reading Room located on the Bloomington campus. This 12,198 GSF/7,319 ASF project will restore the Grand Reading Room to flexible multi-function meeting space that can be used for academic classes, seminars, symposiums, or as a large format-teaching venue. While restoring the room to its original condition (including detailed architectural configurations demolished or significantly altered since its original construction) and upgrading the area to meet current code requirements, this project will also integrate state-of-the-art audio/visual equipment and mechanical/lighting/data systems. The project will utilize \$2,500,000 of Campus Renovation Funds. Campus Renovation Funds are derived from the IU General Fund and may include State Appropriations, Student Tuition and Federal Cost Recovery.. The balance of the Campus Renovation Fund as of October 3, 2011 was \$3,437,008. This project is not eligible for plant expansion funding.

Funding: Campus Renovation Funds
CHE Review: October 14, 2011

4. Indiana University - Bloomington (750) \$4,350,000
M100 Machine Room - New Chiller
Project No. A-1-12-2-09

The trustees of Indiana University request authorization to add approximately 2,500 tons of chilled water production capacity to the M100 Machine Room located in the southeast part of the Bloomington campus and connect the capacity to the chilled water loop. The project includes 1,400 feet of 16-inch piping, new cooling towers, upgraded electrical equipment and system controls. The addition of this capacity will improve the cooling efficiency for the School of Music facilities as well as improve the ability of the Central Chilled Water Plant to serve the connected buildings in the central portion of campus. The project will utilize \$4,350,000 of Campus Repair and Rehabilitation Funds. Campus R&R Funds are the result of the temporary student R&R fee imposed on the Bloomington campus. The balance of the Fund as of December 1, 2011 was \$6,212,928. This project is not eligible for plant expansion funding.

Funding: Campus Repair and Rehabilitation Funds
CHE Review: October 14, 2011

5. Indiana University - Bloomington (750) \$22,000,000
Forest Dining Hall Renovation and Expansion
Project No. A-1-12-1-01

The trustees of Indiana University request authorization to issue \$22,000,000 in Auxiliary Revenue Bonds under IC 21-35-3 to renovate and expand 67,188 GSF/46,529 ASF of the food services area in the center of the Forest Dining Hall. The existing kitchen will be relocated to the east side of Forest Quad in order to reposition the loading dock, opening up the façade overlooking Jones Avenue and the woods. It will also provide a north/south connector through the building which links the front of Forest Quad facing Third Street to Jones Avenue and the new Third and Union Residence Hall Complex.

The expansion portion of this project will construct a new 14,000 GSF, 700-seat dining hall consisting of a "marketplace" with unique food venues including international cuisine, an emporium/café, a coffee house, and a new kitchen. Installation of mechanical systems, restrooms, and a janitor room is included.

This project is not eligible for fee replacement or plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding: Auxiliary Revenue Bonds
CHE Review: October 14, 2011

6. Indiana University Southeast (750) \$5,300,000
Residence Hall Expansion
Project No. A-9-12-1-08

The trustees of Indiana University request authorization to construct a new two-story, 34,790 GSF/24,346 ASF residence hall to complete the south side of the existing five-building, student-housing complex on the Indiana University Southeast campus in New Albany. The two-story building will consist of 87 beds and will be comprised of 43 percent double occupancy bedrooms with shared bathrooms and 57 percent single occupancy, semi-suite bedrooms with shared bathrooms for every two occupants. The building will have a collaborative great room, computer lab, study lounge, and laundry facilities. Expanded parking for approximately 70 vehicles, site lighting, storm-water management, and emergency stations are included.

The cost of the project is estimated to be \$5,300,000 and is to be funded by \$4,000,000 of auxiliary revenue bonds which will be repaid by Residence Life and Housing operating revenues, \$1,000,000 of gifts, and \$300,000 of Auxiliary Reserves for new construction. The balance of Auxiliary Reserves for new construction as of October 3, 2011 was \$343,407. This project is not eligible for plant expansion funding. The permanent financing package is subject to approval by the State Budget Director.

Funding:	Auxiliary Revenue Bonds	\$4,000,000
	Gift Funds	\$1,000,000
	Auxiliary Reserves for new construction	\$300,000

7. CHE Review: October 14, 2011
Purdue University - West Lafayette (760) \$30,000,000
Center for Student Excellence and Leadership
Project No. B-1-12-2-04

The trustees of Purdue University request approval for the Center for Student Excellence and Leadership project. The 85,000 GSF/50,000 ASF Center for Student Excellence and Leadership will house space supporting programs that help retain students and augment their ability to succeed at the University, along with space supporting student leadership activities such as student organizations and student affairs support functions. Space types include student study/tutoring rooms, staff offices, meeting rooms, counseling areas, student organization office areas, student work rooms, design space, storage space, and a student senate meeting room. The site location for this project will be on Vawter Field at the corner of Third Street and Martin Jischke Drive. The balance of the Unrestricted Endowment Fund as of August 31, 2011 was \$19,198,014 with \$18,000,000 earmarked for this project. This project is not eligible for plant expansion funding.

Funding: Unrestricted Endowment Income/Gifts \$18,000,000
Big Ten Television Revenue \$12,000,000
CHE Review: October 14, 2011

8. Purdue University - West Lafayette (760) \$39,900,000
Vawter Field Housing
Project No. B-1-12-2-05

The trustees of Purdue University request approval to issue bonds under IC 21-35-5 for the Vawter Field Housing project. This project will construct an approximately 300-bed, 128,400 GSF/89,900 ASF residence hall to support learning communities and upper-division student retention and to improve academic success. A small restaurant serving coffee, soups, salads, sandwiches, and baked goods is planned as well as a convenience store, relocating an existing University Residence retail operation.

This project creates a LEED Silver certified residence hall targeted toward upper-division students, thereby creating a new on-campus community of students who want to continue to experience the benefits of living on-campus, but in a setting that offers more privacy and autonomy than traditional residence halls. The balance of the University Residences - Reserve for Renewal Fund as of August 31, 2011 was \$49,283,881. University Residences - Reserve for Renewal funds are derived from housing operating revenue and used for housing and food services construction and renovation. The permanent and/or interim financing package is subject to approval by the State Budget Director. This project is not eligible for plant expansion funding or fee replacement funding.

Funding: Auxiliary Revenue Bonds \$30,400,000
University Residences - Reserve for Renewal \$9,500,000
CHE Review: October 14, 2011

9. Purdue University - West Lafayette (760) \$4,500,000
Young Hall Floors 2, 3, and Partial Basement Renovation
Project No. B-1-12-2-08

The trustees of Purdue University request approval to renovate the second and third floors of Young Hall, converting the area from residence hall rooms into office spaces and conference rooms to be occupied by the Center for Career Opportunities and the College of Technology. The area affected by the project will be roughly 36,752 GSF/26,863 ASF, and will include the renovation of restroom facilities as well. Additionally, a partial renovation of the basement area into a computer/collaboration lab will be included in this project. The balance of the Capital Reserve for Buildings Fund as of August 31, 2011 was \$29,256,657. Capital Reserve for Buildings funds are derived from accumulated year-end balances from University General Funds and used for university-funded capital projects. This project is not eligible for plant expansion funding or fee replacement funding.

Funding: Capital Reserves for Buildings
CHE Review: October 14, 2011

10. Purdue University - West Lafayette (760) \$1,132,000
Brown Laboratory Air Distribution Shafts Seal
Project No. B-1-12-2-13

The trustees of Purdue University request approval for construction of the Brown Laboratory air distribution shafts seal on the West Lafayette campus. This project will completely seal the remaining seven air distribution shafts located in the Brown Laboratory, repair deteriorated plaster shaft walls, and install appropriate fire-stopping materials, an air barrier membrane, and new shaft insulation. The goal of this project is to decrease air leakage and increase air flow to reduce energy consumption of the air handlers.

This project is to be funded from non-recurring general fund savings realized through the University's Sustaining New Synergies efforts of curtailed hiring, energy conservation initiatives and campus-wide IT spending cuts.

Funding: University Funds
CHE Review: November 22, 2011

11. Purdue University - West Lafayette (760) \$1,500,000
Meredith Hall Accessible Renovation
Project No. B1-12-2-10

The trustees of Purdue University request approval to renovate Meredith Hall to make it more accessible. This 3,248 GSF/ 3,248 ASF project will construct an accessible entrance to Meredith Hall and includes the replacement of a 1950's freight elevator with a passenger elevator and accessible public restroom. The elevator's installation will ensure access to all floors of the building. This project will enhance residential life programs by giving all residents and disabled guests access to all student success programs taking place in Meredith Hall. The balance of the University Residences - Reserve for Renewal Fund as of October 31, 2011 was \$47,796,297. University Residences - Reserve for Renewal funds are

derived from housing operating revenue and used for housing and food services construction and renovation.

Funding: University Residence - Reserve for Renewal
CHE Review: November 22, 2011

12. Purdue University - West Lafayette (760) \$750,000
Cary Tunnel Lateral Waterproofing and Repairs
Project No. B-1-12-2-11

The trustees of Purdue University request approval to issue Repair and Rehabilitation Bonds under bonding authority provided by IC 21-34-10-8 to renovate and repair the Cary Tunnel. This project will repair and waterproof a 600 foot section of the utility tunnel extending from the Lambert Fieldhouse to the Cary Quad electrical vault. The project is not eligible for fee replacement. The interim and/or permanent financing packet is subject to approval by the State Budget Director.

Funding: Repair and Rehabilitation Bond Proceeds
CHE Review: November 22, 2011

13. Purdue University - West Lafayette (760) \$750,000
Third Street Utility Tunnel Top Replacement and Waterproofing Phase III
Project No. B-1-12-2-12

The trustees of Purdue University request approval to issue Repair and Rehabilitation Bonds under bonding authority provided by IC 21-34-10-8 to replace and repair the tunnel beneath Third Street. This project will replace the tunnel top from the alley east of Waldron to Lawson Lateral and waterproof the existing tunnel top from Lawson Lateral to the east side of University Street and perpendicular across Third Street at Armory Lateral. This tunnel is beneath Third Street, and contains steam and telecommunications utility feeds for campus buildings. The project is not eligible for fee replacement. The interim and/or permanent financing packet is subject to approval by the State Budget Director.

Funding: Repair and Rehabilitation Bond Proceeds
CHE Review: November 22, 2011

Cost Summary

December 14, 2011	
2005 General Fund "Previously Approved"	\$112,606
2007 General Fund "Previously Approved"	\$390,093
2009 General Fund "Previously Approved"	\$100,000
2011 General Fund	\$167,301
2011 Build Indiana Fund	\$470,000
Auxiliary Revenue Bonds	\$60,400,000
Bonding Authority - Non-Fee Replaced	\$1,500,000
Certificates of Participation	\$17,200,000
University Funds	\$58,232,000
Total	\$138,572,000

IV. Review Items

1. Public Deposit Insurance Fund – Board for Depositories
2. Refinancing of Department of Correction Energy Savings Projects – Indiana Finance Authority
3. IHETS
4. Gigapop

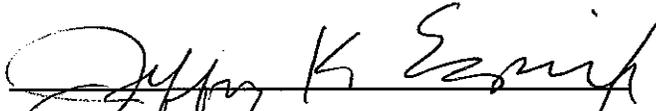
V. Discussion Items

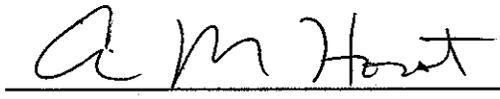
1. Revenue Forecast
2. Medicaid Forecast
3. E-Check revenues from corporate estimated payments – Department of Revenue

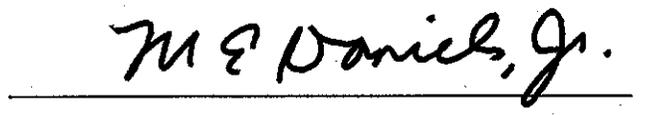
VI. Other Submissions

1. Diversion and Deferral Study – Indiana Criminal Justice Institute
2. Ivy Tech Community College Space Study – Commission for Higher Education
3. Law Enforcement Academies in Indiana Report – State Budget Agency

Pursuant to the provisions of IC 4-12-1, the State Budget Committee has reviewed the above items.


Representative Jeffrey K. Espich, Chairman


Adam M. Horst, State Budget Director


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

