

State Budget Committee
Meeting Minutes
Monday, June 4, 2012

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 1:00 PM in the Indiana Center for Applied Technology on the campus of Vincennes University.

Following introductory remarks, Representative Espich introduced the December Budget Committee minutes and requested any amendments. Representative Crawford referenced Senator Broden's motion having been voted on twice during the December meeting instead of once. Following committee discussion, Representative Espich motioned to amend the December minutes to reflect Senator Broden's second motion and Representative Crawford's second. The committee consented to the adoption of the minutes as amended.

Subsequently, Representative Espich introduced the April Budget Committee minutes and requested any amendments. After committee discussion, Representative Espich made a motion to adopt the proposed minutes. Representative Crawford seconded. The motion to adopt the minutes carried.

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

Representative Espich requested that the committee proceed with Discussion Items.

Jay Collins, Deputy Budget Director, updated the Committee on the status of the risk assessment of the Department of Revenue's internal controls and review of policies and procedures related to information technology and financial operations.

Mr. Collins indicated that the state received proposals from ten (10) vendors in response to the state's request for information. The proposals were evaluated by State Budget Agency personnel, members of the Budget Committee, and the Department of Administration in accordance with the criteria established in the request for information. Based on the evaluations received from all participants, the State Budget Agency recommended the selection of Deloitte. They were the only firm included in everyone's top list and was the only firm ranked number one (1) by those who rank ordered the responses.

Following committee discussion, Representative Espich made the following motion:

We are supportive of the results of the work done to date, certainly continuing the outside audit, maintaining the open process that has occurred to date, and bringing forth the selected firm to do the final audit to the next Budget Committee meeting for an evaluation. That this bi-partisan effort continues on and that the Committee supports the choice of the budget agency to employ whichever auditor best meets these criteria. We are not directing that a specific firm be employed but rather the firm that was chosen by the Budget Agency should in fact be one of those firms that was not rejected by any caucus and was in fact supported by some caucuses as their top choice.

Representative Crawford seconded. The committee consented to the motion.

Upon completion of the Discussion Items, the meeting was adjourned.

I. **Minutes**

1. December 14, 2011
2. April 13, 2012

II. **Agency Projects**

1. Law Enforcement Training Board (103) \$190,000
Freezer/Cooler Replacement

The Law Enforcement Training Board requests approval for the purchase of a new, three compartment, walk-in freezer at the Indiana Law Enforcement Academy. The current freezer was installed during the building's construction in 1974. The condition of the current freezer has resulted in various malfunctions.

Funding: 2011 Law Enforcement Training Fund
Repair and Rehabilitation

2. Indiana State Prison (620) \$447,300
Security Perimeter

The Department of Correction (DOC) requests approval to install a perimeter stun fence at the Indiana State Prison Outside (ISO) unit. This project will provide the necessary security for the conversion of the ISO from primarily Level 1 to a primarily Level 2 facility. The project also includes funding to upgrade the perimeter lighting, locking devices and controls to make this facility conducive to the security needs of Level 2 offenders.

Funding: 2011 Post War Construction Fund
Repair and Rehabilitation

3. Women's Prison (640) \$290,860
Masonry Repair and Restoration

The Department of Correction (DOC) requests approval to proceed with a masonry repair and restoration project at the Indiana Women's Prison. The masonry exterior of the Administration Building is failing, causing the brick to spall, fragment and fail at the sealant joints. This request will provide funding for all design and construction work to rebuild the exterior masonry facade of the structure and eliminate further water infiltration and weathering.

Funding: 2011 Post War Construction Fund
Repair and Rehabilitation

4. Richmond State Hospital (440) \$285,000
Roof Replacement at Various Buildings

Richmond State Hospital requests approval to proceed with a roofing project at the Residential Treatment Center (Buildings #416, #420, #421, #422, #511, and the covered walkways). The current roofs, totaling 185,000 square feet, are nearly twenty years old and have developed leaks. Funding this project will preserve the integrity of the structures, while maintaining a safe environment for the patients.

Funding: 2011 Post War Construction Fund
Repair and Rehabilitation

5. Richmond State Hospital (440) \$634,150
Security Window Replacement and Bedroom Door Renovation

Richmond State Hospital requests approval to replace the security windows and renovate the bedroom doors at the Residential Treatment Center (RTC) buildings (#420, #421 and #422). The current windows are vented, which allows contraband to be passed into patient rooms, and are also breakable, resulting in many high risk situations involving broken glass and/or patients leaving the building. Richmond State Hospital will be replacing 175 windows with an EFCO Series 700 Roto-Vent window unit, which will eliminate known issues.

In addition, the Joint Commission has issued safety alerts about potential patient risk related to the doors at the RTC. Richmond State Hospital will be 1) reversing the door swings on 135 resident room doors to prevent barricading, 2) modifying existing door frames to accept new strike and hinge locations, and 3) replacing hardware with new anti-ligature lever access.

Funding: 2011 Post War Construction Fund
Repair and Rehabilitation

6. Indiana Veterans' Home (570) \$400,000
Architectural and Engineering Design for MacArthur Hall Renovation

The Indiana Veterans' Home (IVH) is in the process of submitting a grant proposal to the Federal Veterans Administration (VA) for a Veterans Health Administration's State Home Construction Grant. Funding for this grant is to be allocated between the State of Indiana (35%) and the Federal Government (65%). This grant will be used to complete a full renovation of the three patient care floors at MacArthur Hall (built in 1982) at an estimated cost of \$4.9 million.

As part of the application process, the IVH must provide architectural and engineering design work to the VA. The cost for this design work is estimated to be \$400,000 of which 65% is guaranteed to be reimbursed by the VA.

Funding: 2011 IVH Building Fund
Repair and Rehabilitation \$140,000
Federal Veterans' Administration \$260,000

III. University Projects

1. Ball State University (780) \$1,000,000
Construction of New Greenhouse
Project No. D-1-12-1-01

The trustees of Ball State University request approval to proceed with the construction of a new greenhouse. The 3,124 GSF/2,216 ASF greenhouse is a combined teaching and research facility. The greenhouse has 3 main functions: it houses the teaching collection, which contains plants from around the world for students to examine, provides plant material and growing space for research projects, and produces plant lab material for students studying botany. In addition, the greenhouse will accommodate the existing Wheeler Orchid Collection and Species Bank. The existing Species Bank is one of the largest collections of orchids at a state supported university in the nation and also serves as a designated plant rescue center. The new facility will include 1,600 square feet of greenhouse space with separate climate zones, an office, restrooms, mechanical space, and a headhouse. The project will be funded with gifts to the BSU Foundation for the purposes of building the new greenhouse and maintaining the orchid collection.

Funding: Gift Funds
CHE Review: 4/23/2012

2. Indiana University Kokomo (750) \$4,000,000
Health and Wellness Center Renovation
Project No. A-6-12-2-16

The trustees of Indiana University request authorization to proceed with the conversion of the unfinished lower level of the Kokomo Library for conversion into a Health and Wellness Center. This 23,498 GSF/ 20,890 ASF project will utilize the lower level to accommodate a jogging/walking track, cardio and strength training, two multi-purpose rooms, a lobby reception area, staff offices, a classroom, a first-aid room, men's and women's locker rooms, showers, restrooms, a laundry room, and storage space. The project will be funded with private gifts and campus renovation funds. Campus renovation funds consist of approximately \$600,000 in auxiliary revenues, including food service and bookstore proceeds, and campus operating funds. Campus operating funds include State appropriations, student tuition and fees, and interest income. The balance of IU Kokomo's campus renovation funds is \$3,115,771.

Funding: Private Gifts \$1,276,000
Campus Renovation Funds \$2,724,000
CHE Review: 5/11/12

3. Purdue University (760) \$890,000
Civil Engineering Building Roof Replacement and Green Roof Preparation
Project No. B-1-12-2-16

The trustees of Purdue University request authorization to proceed with the construction of the Civil Engineering Building Roof Replacement and Green Roof Preparation on the West Lafayette campus. This project will install a new "green" roof system, including access points, stairways, safety railing, and other roof repairs. The project will also expose students to new technology and allow them to participate in research on energy reducing technologies within the building. The project will be funded with gift funds, Civil Engineering departmental funds and R&R funds. Departmental funds are derived from University General Funds which include State appropriations, student fees and interest income. The balance of Civil Engineering departmental funds is \$160,338. R&R funds are derived from University General Funds including student R&R fees. The balance of the FY10-11 R&R fund is \$656,891.

Funding:	Gift Funds	\$486,295
	Departmental Funds	\$118,705
	FY10-11 Repair and Rehabilitation Funds	\$285,000

CHE Review: 5/18/2012

4. Purdue University – West Lafayette (760) \$1,300,000
Terry House Primary and Secondary Electrical Renovation
Project No. B-1-12-2-17

The trustees of Purdue University request authority to proceed with the renovation and replacement of electrical components at the Terry House located on the West Lafayette campus. This project involves renovation of the primary and secondary electrical systems serving Terry House, including existing utilities, vault demolition, and installation of a new switchgear and transformer. The project will be funded with R&R funds, which are derived from University General Funds and student fees. The balance of the FY11-12 R&R fund is \$10,669,725.

Funding: FY11-12 Repair and Rehabilitation Funds

CHE Review: 5/18/2012

5. Purdue University (760) \$1,700,000
Civil Engineering Fire Alarm Replacement
Project No. B-1-12-2-14

The trustees of Purdue University request authorization to proceed with the construction of the Civil Engineering Fire Alarm Replacement. This 297,338 GSF/177,683 ASF project includes the design and consultation to perform a complete replacement of the existing system with a new fully addressable fire alarm system in the Civil Engineering Building at the West Lafayette campus. The new system will include fire door holders, initiating devices, signaling devices, manual devices, automatic devices (smoke/heat detectors), annunciation system, elevator interconnections,

control and annunciator panels as recommended or mandated by National Fire Protection Association 72 standards and Purdue University guidelines. The project will be funded with R&R funds. R&R funds are derived from University General Funds including student R&R fees. The balance of the FY11-12 R&R fund is \$10,669,725.

Funding: FY11-12 Repair and Rehabilitation Funds
CHE Review: 5/18/2012

6. Vincennes University (790) \$900,000
Baseball Field Relocation
Project No. E-1-12-1-02

The trustees of Vincennes University request authorization to proceed with the relocation of the current baseball field on Vincennes University's main campus. This 1,600 GSF project will include a full-size, collegiate-level field, a press box, public restrooms, and concessions. Additional items include dugouts, bullpens, bleachers for approximately 500 spectators, storage space, and parking. The requested relocation is expected to free up space in the center of campus for more appropriate future usage.

The University Foundation endowment has earmarked \$900,000 of its unrestricted funds. No student fees or appropriations are associated with this project.

Funding: University Foundation Endowments
CHE Review: 3/30/2012

7. Vincennes University (790) \$1,600,000
Administration Building and Governor Hall Renovation
Project No. E-1-12-1-05

The trustees of Vincennes University (VU) request authorization to proceed with the renovation of the Administration Building and Governor Hall on the Vincennes University main campus. This 475 GSF project will add a covered walkway between the two buildings and an elevator to improve ADA access and pedestrian circulation within the Administration Building. In addition, the renovation will replace existing roofs to prevent water leakage and address structural deterioration near the main entry of the Administration Building.

Approximately \$8,000,000 has been set aside in the capital contingency reserve fund. At the completion of this project, this fund will have a balance of \$6,400,000. The source of the capital contingency reserve fund is VU general fund dollars which include State appropriations, student tuition and fees, interest income, miscellaneous gifts, and other revenue.

Funding: University Funds
CHE Review: 3/30/2012

8. Vincennes University (790) \$2,000,000
Ebner Building Renovation
Project No. E-1-12-1-06

The trustees of Vincennes University (VU) request authorization to proceed with the renovation of the Ebner Building at the Vincennes University main campus. This 68,083 GSF project upgrades the existing HVAC and electrical systems to handle newer technological and instructional needs. In addition, the renovation will include a new sprinkler system, new roofing, and façade repairs. The renovation is expected to result in operational savings which will be reinvested in the institution. The Ebner Building is currently used for classes associated with career and technical education.

Approximately \$8,000,000 has been set aside in the capital contingency reserve fund. At the completion of this project, this fund will have a balance of \$4,400,000. The source of the capital contingency reserve fund is VU general fund dollars which include State appropriations, student tuition and fees, interest income, miscellaneous gifts, and other revenue.

Funding: University Funds
CHE Review: 3/30/2012

9. Vincennes University (790) \$3,800,000
Art Center
Project No. E-1-12-1-01

The trustees of Vincennes University (VU) request authorization to proceed with the construction of a new Art Center at the Vincennes University main campus. The new 14,950 GSF Art Center will replace the existing Art Annex and will be used for three dimensional art education as well as classroom instruction for art appreciation and other academic classroom needs. The facility will contain up-to-date equipment for art education in ceramics, sculpture, and woodworking and will provide adequate space for the instruction of these disciplines. Also included in the facility will be a small gallery to display student and faculty work to the campus and community. The classrooms will house a variety of educational opportunities and will be equipped with the latest classroom technology. The design of the building will have an emphasis on energy efficiency, day lighting and functional optimization.

Approximately \$4,400,000 is available from the capital contingency reserve fund, of which \$900,000 will be used to supplement the University Foundation Endowment funds of \$2,900,000 dedicated to this project. The source of the capital contingency reserve fund is VU general fund dollars which include State appropriations, student tuition and fees, interest income, miscellaneous gifts, and other revenue.

Funding: University Foundation Endowments \$2,900,000
University Funds \$900,000
CHE Review: 5/11/12

10. Vincennes University (790) \$4,250,000
Morris Hall Renovation
Project No. E-1-12-2-03

The trustees of Vincennes University request authorization to proceed with the renovation of Morris Hall at the Vincennes University main campus. This 73,789 GSF/ 47,707 ASF renovation will include a complete upgrade of the HVAC system to improve air quality, control and comfort, and a partial electrical system upgrade. The new project will increase the number of outlets per room, improve lighting, and upgrade electrical distribution systems. The project will also add an exterior skin to update the building's appearance, repair external brick, and increase insulation of exterior walls.

It is expected housing reserves of \$12,000,000 will fund 20% of the renovation, with the balance funded through revenue bonds. Housing reserves are derived from student room and board fees. The permanent or interim financing package is subject to approval by the State Budget Director.

Funding:	Housing Reserves	\$850,000
	Auxiliary Revenue Bonds	\$3,400,000
CHE Review:	5/11/12	

11. Vincennes University (790) \$3,060,000
Vanderburgh Residence Hall Renovation
Project No. E-1-12-2-04

The trustees of Vincennes University request authorization to proceed with the renovation of Vanderburgh Residence Hall at the Vincennes University main campus. This 113,161 GSF renovation will include a complete upgrade of the HVAC system to improve air quality, control and comfort, a partial electrical system upgrade, and the complete replacement of the exterior windows.

It is expected housing reserves of \$12,000,000 will fund 20% of the renovation, with the balance funded through revenue bonds. Housing reserves are derived from student room and board fees. The permanent or interim financing package is subject to approval by the State Budget Director.

Funding:	Housing Reserves	\$612,000
	Auxiliary Revenue Bonds	\$2,448,000
CHE Review:	5/11/12	

Cost Summary

June 4, 2012	
2011 IVH Building Fund	\$140,000
2011 Law Enforcement Training Fund	\$190,000
2011 Post War Construction Fund	\$1,657,310
Auxiliary Revenue Bonds	\$5,848,000
Federal Funds	\$260,000
University Funds	\$18,652,000
Total	\$26,747,310

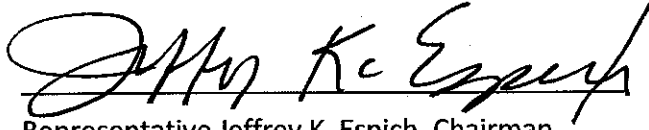
IV. Review Items

1. Contingency Fund – Indiana Department of Homeland Security
2. Local Health Department Account Distribution – Indiana State Department of Health
3. Public Deposit Insurance Fund – Board for Depositories
4. 21st Century Research and Technology Grants – Indiana Economic Development Corporation
5. Financing of Pepsi Coliseum Improvements – Indiana State Fair Commission

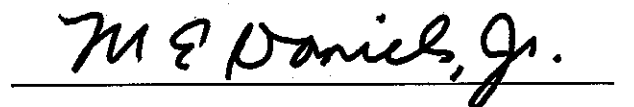
V. Discussion Items

1. Department of Revenue Audit Update

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

