

State Budget Committee
Meeting Minutes
Friday, July 25, 2008

MEMBERS:

Rep. Jeff Espich, Chair
Sen. Robert Meeks
Rep. Bill Cochran
Sen. Frank Mrvan
Chris Ruhl, Budget Director

ALTERNATE MEMBERS:

Rep. Larry Buell
Rep. Dennis Avery
Sen. Brandt Hershman
Sen. Lindel Hume

Rep. Espich called the meeting to order at the IUPUI Campus Center in Indianapolis, Indiana. After introducing the Committee members and staff, Rep. Espich called for a motion to consider the Agenda. Sen. Meeks made a motion to consider the Agenda; Rep. Cochran seconded. Motion carried.

After each item on the Agenda was presented and discussed, Rep. Cochran made a motion to accept the Agenda; Sen. Mrvan seconded. Agenda accepted.

Agency Projects

1. State Budget Agency (057) \$500,000
Crawford County 4-H Grant
Project No. SBA07292008

The Crawford County 4-H Council is proposing additional park facilities to be constructed in accordance with their Master Plan (see attached) completed in June 2004. The 4-H Council is proposing additions to their Expo Pavilion building which will allow the structure to be utilized year round. Improvements were previously added to the Expo Pavilion, (i.e. staging, bathroom facilities, kitchen facility, meeting hall, all accompanied by a new on-site wastewater treatment facility) in 2005 through a

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\$600,000.00 U.S. Department of Agriculture – Rural Development Loan and Grant. This application for state general funds includes building enclosure, concrete flooring, HVAC and lighting improvements.

The 4-H Council is also proposing to construct a livestock barn and arena with these funds. The proposed building will be a phased construction building with the showing arena in the center and the barn/animal pens around the perimeter.

Funding Source: 2007-2009 General Fund

2. Town of Rockville \$1,000,000
Sewer Upgrade
Project No.

The Town of Rockville, to comply with the terms and conditions of its NPDES (National Pollutant Discharge Elimination System) permit, must significantly improve and enhance its Wastewater Treatment Plant capabilities, in large part to accommodate the usage/needs of the Rockville Correctional Facility. The request for \$1,000,000 will assist in total construction costs of \$1,760,275 for Treatment Plant Improvements. The total project costs approximate \$4,000,000 which includes construction costs for a Lift Station (\$643,000) and Remediation (\$1,000,000) and other non-construction costs of \$596,000.

Funding Source: 2007-2009 Post War Construction Fund

3. Indiana School for the Blind (550) \$ 299,880
Resurface Breezeway Flooring
Project No. B19-08-64

The Indiana School for the Blind is requesting authorization of funds to resurface the breezeways used for travel between residential dormitories and school buildings. The existing surface comprised of 2x2 rubber tiles are warping and the corners of the squares are bending upward creating trip hazards and access issues for wheelchair bound students. The breezeways are partially covered by a curved roof, but also remain opened to the outside along the sides between the stub wall and the point where the roof begins.

In addition, the failure of the tiles has created a water infiltration problem that has affected the enclosed hallways below the breezeways. The water leaks have resulted in damage to the ceiling tiles, walls, and flooring in the hallways.

Funding: 2007-2009 General Fund
C-2 Resurface Breezeway Flooring

4. Department of Natural Resources (300) \$1,800,000
Rehabilitation of Various Facilities
Project No. 300SP4037002

Rehabilitation projects will repair restrooms, comfort stations, utilities, campgrounds, gatehouses, cabins and trail structures throughout all 33 DNR properties. These funds will also provide for ongoing repair of aged facilities and replacement of failed equipment due to excessive use and wear beyond reasonable lifecycles at public recreation areas.

Funding Source: 2007-2009 General Fund
Division of Parks – Campground Rehabilitation

5. Department of Natural Resources (300) \$1,437,500
Indiana Dunes State Park Wastewater Plant Design
Project No. 300SP4037001

Implementation of repairs to the sewer collection system at Indiana Dunes State Park and the Constructed Wetlands Project will be initiated.

Funding Source: 2007-2009 General Fund
Division of Parks – Water and Wastewater

University Projects

1. Indiana University – South Bend (750) \$20,000,000
Cancer Center – Addition to Raclin/Carmichael Medical Education Center
A-8-08-1-06

Indiana University requests approval to proceed with the construction of a new Cancer Center on the South Bend campus. The 61,000 GSF cancer center will attach to the existing Raclin/Carmichael hall. The building will accommodate cancer research programs for the Indiana University School of Medicine at South Bend and the University of Notre Dame. It will provide space for research labs, lab support, and other related offices. This project will be funded using general fund appropriations and University of Notre Dame gift funds.

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The project does not include capitalized interest as it is funded with state appropriations and gift funds. The project was not listed by Indiana University in its 2007-2009 capital budget request. The project was not recommended by CHE to the General Assembly and Governor for authorization in the 2007 Budget. Of the funding for the project, 50% is derived from non-state sources.

Recommendation and/or approval of this project and its financing by the Budget Committee does not constitute a commitment to plant expansion.

Funding:	HEA 1001-2007 Appropriation	\$10,000,000
	University of Notre Dame Gift Funds	\$10,000,000
CHE Review:	May 9, 2008	

2. Indiana University – Purdue University Indianapolis (750) \$2,598,000
University Place Conference Center and Hotel – Food Court Renovation
A-2-08-2-29

Indiana University requests approval to proceed with the renovation of approximately 14,000 assignable square feet of space in the University Place Conference Center and Hotel. The renovation would accommodate a re-developed food-court area, and provide restaurant and food service areas, a multi-purpose room, and support/storage areas. The space is vacated by the completion of the IUPUI Campus Center, and converts it into viable, revenue-generating space by providing food service, exhibit, and multi-use space for conferences and events. The project will be funded by Auxiliary Revenue Bonds as authorized under IC 21-35-3 and by University Place Conference Center and Hotel Operating Funds. This project is not eligible for plant expansion funding or fee replacement appropriations. The permanent financing package is subject to approval by the State Budget Director.

Funding:	Auxiliary Revenue Bonds	\$2,472,000
	University Place Conference Center and Hotel Operating Funds	\$ 126,000
CHE Review:	June 25, 2008	

3. Ivy Tech Community College (710) \$16,000,000
Sellersburg Workforce Education and Technology Center
F-0-00-1-09

Ivy Tech Community College requests approval to proceed with a project to construct a new facility and renovate existing facilities in Sellersburg. The planned project will construct the Workforce Education Center and also renovate the existing main campus buildings. This project will be the first Build-To-Suit With Purchase Option facility for ITCC. Ivy Tech is proposing to contract with a developer to construct the Workforce

Education Center to required specifications using a Build To Suit With Purchase Option process. This process would allow Ivy Tech to defer bonding and debt service needs for the project. The Workforce Education Center will contain all health programs, the Automotive Technology and Welding areas currently located in leased facilities, a wired Corporate and Community Center, an auditorium/lecture hall, an exhibit space, and a student fitness and wellness center. This project also provides funding for the renovation of the existing campus buildings which will create additional space for educational offerings, revamp the Enrollment Services area, upgrade laboratory facilities, and resurface the exterior of the buildings. The project will be funded using 2007 bonding authority. The General Assembly authorized \$20,000,000 in fee-replaced bonding authority for this project. ITCC believes at this time that it can complete the new construction and renovations to its existing facilities for \$16,000,000.

The project has a preliminary financing plan that does not include capitalized interest. The project is the fourth priority out of nine fee replaced projects in HEA 1001-2007 of Ivy Tech Community College. This project was not recommended by CHE to the General Assembly and Governor for authorization in the 2007 Budget. The bonding level requested by ITCC is less than the bonding authorization by the General Assembly due to ITCC Build-To-Suit With Purchase Option process. Of the funding for the project, 0% is derived from non-state sources. Ivy Tech Community College's ratio of debt service to operating and debt service appropriations was 11.9% for FY 08 and is 14.7% for FY 09.

This project is eligible for fee replacement. Recommendation and/or approval of this project and its financing by the Budget Committee does not constitute a commitment to plant expansion. The permanent financing package is subject to approval by the State Budget Director.

Funding: HEA 1001-2007 Bonding Authority
CHE Review: March 14, 2008

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| 4. | <u>Ivy Tech Community College (710)</u>
Goshen/Elkhart New Campus
F-0-06-1-09 | \$15,018,880 |
|----|---|--------------|

Ivy Tech Community College requests approval to proceed with the financing and construction or purchase of a new campus building at Elkhart. The project will construct a new 70,000 square foot facility that will serve as a full-service campus to alleviate the current and projected space needs of the campus. The campus will include general classroom space, science labs, technology labs, administrative and faculty offices, a library, a Workforce Learning Resource Center, a flexible-space auditorium, a wellness-center, a student gathering spaces, and other support spaces. At present, the Elkhart campus is housed in leased space. Further, land limitations at the current site limit options to expand there. Ivy Tech is proposing to contract with a developer to construct a building to required specifications using a Build-To-Suit With Purchase

Option process. This process would allow Ivy Tech to defer bonding and debt service needs for the project. The project will be financed using 2007 bonding authority and private donations. The General Assembly authorized \$16,000,000 in fee-replaced bonding authority for this project. ITCC believes that it can complete the new construction for \$14,000,000. ITCC has secured \$1,018,880 in community support for the project in the form of land.

The project has a preliminary financing plan that does not include capitalized interest. The project is the fifth priority out of nine fee replaced projects in HEA 1001-2007 of Ivy Tech Community College. This project was not recommended by CHE to the General Assembly and Governor for authorization in the 2007 Budget. The bonding level requested by ITCC is less than the bonding authorization by the General Assembly due to ITCC Build-To-Suit With Purchase Option process. Of the funding for the project, approximately 6.8% is derived from non-state sources. Ivy Tech Community College's ratio of debt service to operating and debt service appropriations was 11.9% for FY 08 and is 14.7% for FY 09.

This project is eligible for fee replacement. Recommendation and/or approval of this project and its financing by the Budget Committee does not constitute a commitment to plant expansion. The permanent financing package is subject to approval by the State Budget Director.

Funding:	HEA 1001-2007 Bonding	\$14,000,000
	Gifts	\$ 1,018,880
CHE Review:	June 13, 2008	

5. Ivy Tech Community College (710) \$5,700,000
Refunding of Series E Student Fee Bonds
Project No. C710C06078

Ivy Tech Community College requests approval from the State Budget Committee to proceed with the issuance of student fee bonds to refund the current outstanding student fee bonds Series E. Ivy Tech Community College anticipates combining this refunding transaction with any new issuance to finance projects which have been approved by the State Budget Committee and may issue refunding bonds in an amount necessary to refund the existing Series E Bonds, together with any costs associated with the issuance as allowed by law. Based on market conditions as of this writing, the refunding will produce an estimated net present value savings of \$100,000. The College will only issue refunding bonds if market conditions allow for a net present value savings for each maturity refunded. The Series E Bonds are currently callable and have a limited window of opportunity to be refunded, as they mature from 2009 through 2013. The

refunding transaction will not extend the maturity dates of the bonds being refunded. The permanent financing package is subject to approval by the State Budget Director.

6. Indiana University-Purdue University – Fort Wayne (760) \$42,400,000
Student Services and Library Complex
B-3-05-1-06-P

The trustees of Purdue University request authorization to proceed with the construction of the Student Services and Library Complex on the Indiana University-Purdue University Fort Wayne Campus (176,311 GSF/112,231 ASF). The project will create a Student Services and Library Complex in the center of campus by constructing additions to Helmke Library (12,000 GSF/6,060 ASF - \$2,500,000), Walb Student Union (61,311 GSF/31,725 ASF - \$12,700,000) and Hilliard Gates Sports Center (103,000 GSF/74,446 ASF - \$27,200,000, \$264 per GSF).

A portion of the project will connect the library to other campus buildings via a 32 foot wide second story walkway that will include instructional areas. An addition to the student union will provide space for more classrooms, meeting spaces for continuing studies programs and increased student activities, as well as food and retail services. The student union addition will include 10,000 GSF for the campus bookstore (approximately 16.3% of the student union portion of the project, \$2.1 million). The bookstore is owned and operated by a private third party provider, Follett Higher Education Group, an Illinois-based company.

Follett pays IPFW approximately 12% of gross proceeds in order to operate the bookstore; revenue which will accrue to IPFW. A sports center expansion will allow programs to grow to meet additional student demand for intramural and health-related activities. It would include areas for aerobics, cardiovascular fitness, and wellness programs. It would also include a gymnasium with a running track and sport courts. The sports center addition is estimated to be used for 75% recreational activity and 25% academic activities.

CHE recommends that IPFW reduce the size of the project, or raise additional non-state funds in the amount of \$7,286,364 to pay for the non-academic space included in the Gates Sports and Walb Union additions.

The estimated cost of this project is \$42,400,000 to be funded from State Appropriations (\$2,400,000), 2007 fee replaced bonding authority (\$24,000,000 authorized), 2008 non-fee replaced bonding authority (\$9,000,000 of \$16,000,000 authorized), Gifts (\$5,000,000), and Student Fees (\$2,000,000 accumulated debt service payment on non-fee replaced bonding).

The project has a preliminary financing plan drafted that does not include capitalized interest. The project is considered the fifth priority of Purdue University and was not recommended by CHE to the General Assembly and Governor for authorization in the 2007 Budget. Of the funding for the project, 37.7% is derived from non-state sources.

Purdue University's ratio of debt service to operating and debt service appropriations was 8.4% for FY 08 and is 8.9% for FY 09.

The \$24,000,000 of 2007 bonding authority is eligible for fee replacement. Recommendation and/or approval of this project and its financing by the Budget Committee does not constitute a commitment to plant expansion. The temporary or permanent financing package is subject to approval by the State Budget Director.

Funding:	HEA 1001 2005 Appropriation	\$2,400,000
	HEA 1001 2007 Bonding Authority (fee-replaced)	\$24,000,000
	HEA 1125 2008 Bonding Authority (non-fee-replaced)	\$ 9,000,000
	Accumulated Student Fees	\$2,000,000
	Gift Funds (cash)	\$5,000,000
CHE Review:	June 13, 2008	

7. Purdue University – West Lafayette (760) \$34,500,000
 Roger B. Gatewood Wing of the Mechanical Engineering Building
 B-1-08-1-14

The trustees of Purdue University request authorization to proceed with the construction of the Roger B. Gatewood Wing of the Mechanical Engineering Building on the West Lafayette campus. This project will construct an 84,500 GSF/ 39,940 ASF addition on the southwest exposure of the existing Mechanical Engineering building. The addition will house a 120 seat classroom, teaching labs, instructional space, break-out spaces for the Prototype Engineering and Realization Lab (PEARL), faculty and graduate student offices, a graduate and an undergraduate commons, research labs and a tech-atrium. The addition will be designed to be the University's first LEED (Leadership in Energy and Environmental Design) silver level certified building. The project will be funded using 2001 fee replaced bonding authority (\$700,000), 2007 non-fee replaced bonding authority (\$17,000,000 of \$33,000,000 authorized) and gift funds (\$16,800,000).

The project has a preliminary financing plan drafted that does not include capitalized interest. The project is considered the second priority of Purdue University and was

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recommended by CHE to the General Assembly and Governor for authorization in the 2007 Budget. The bonding authorization by the General Assembly is at the same funding level as was recommended by the CHE. Of the funding for the project, 98% is derived from non-state sources. Purdue University's ratio of debt service to operating and debt service appropriations was 8.4% for FY 08 and is 8.9% for FY 09.

The \$700,000 of 2001 bonding authority is eligible for fee replacement.
Recommendation and/or approval of this project and its financing by the Budget

Committee does not constitute a commitment to plant expansion. The temporary or permanent financing package is subject to approval by the State Budget Director.

Funding:	HEA 1001 2001 Bonding Authority (fee-replaced)	\$ 700,000
	HEA 1001 2007 Bonding Authority (non-fee-replaced)	\$17,000,000
	Gift Funds (cash)	\$16,800,000
CHE Review:	May 9, 2008	

8. Purdue University (760) \$1,012,069
Small Project Debt Issuance
B-1-08-6-28

Purdue University requests authorization to issue \$1,012,069 in debt financing for the following Repair and Rehabilitation projects with a value of less than \$750,000. These projects are not eligible for fee replacement. The temporary and/or permanent financing package is subject to approval by the State Budget Director.

R&R Projects – 2006 R&R Student Fee Bonding Authority:

Armory Lateral Utility Tunnel Repairs & Waterproofing	200,000
Campus-Wide Utility Tunnel, Phase II	700,000
Wetherill Laboratory of Chem. Electrical Upgrade, Phase II	112,069

9. Purdue University – West Lafayette (760) \$850,000
Mechanical Upgrades to Freehafer Hall, Engineering
Administration Building and Life Science Greenhouses
B-1-08-2-23

The trustees of Purdue University request authorization to proceed with three R&R projects to upgrade mechanical systems in Freehafer Hall, Engineering Administration Building and Life Science Greenhouses. The project includes: replacing the cooling coil section in air handling unit that serves the north 2/3 of the first floor of Freehafer Hall; replacing the existing 2,000 cfm air handling unit which serves the northeast quadrant

of the first floor of the Engineering Administration Building; and replacing the steam radiation and associated control valves in Life Science Greenhouses 1 through 12. The project will be funded using HEA 1001-2007 R&R Appropriations.

Funding: HEA 1001-2007 R&R Appropriation
CHE Review: June 17, 2008

10. Purdue University – West Lafayette (760) \$883,000
Grand Prix Track Relocation
B-1-08-1-24

Purdue University requests approval to proceed with the relocation of the Grand Prix kart track. The existing track is located adjacent to Ross-Ade Stadium. The land is needed for the construction staging area during the Mackey Complex renovation and expansion project. Purdue plans to spend around \$120 million on this project during the next three years. The new track will include an asphalt track surface, bleacher area and parking. The project is estimated to cost \$883,000 and will be funded from gift funds. This project is not eligible for plant expansion funding.

Funding: Gift Funds
CHE Review: May 9, 2008

11. University of Southern Indiana (775) \$17,650,000
University Center Expansion
G-0-03-2-01

The trustees of the University of Southern Indiana request authorization to proceed with the expansion and renovation of the University Center. The University Center will expand into the original library building that is now vacant due to the completion of the David L. Rice Library in 2006. The expansion and renovation of the University Center will provide additional and/or renovated space for student activities and student organizations, Extended Services, food services, the University Bookstore, and Special Events. The project will be funded using 2003 fee replaced bonding authority (\$800,000), 2003 and 2006 non-fee replaced bonding authority (\$13,750,000), and cash from University Reserves, Dedicated Student Fees and Bookstore Reserves (\$3,100,000).

The project has a preliminary financing plan that does not include capitalized interest. The project was recommended by CHE to the General Assembly and Governor for authorization in the 2003 Budget however the CHE did not recommend the 2006 bonding authority. Of the funding for the project, 95.5% is derived from non-state sources. University of Southern Indiana's ratio of debt service to operating and debt service appropriations was 12.5% for FY 08 and is 14.7% for FY 09.

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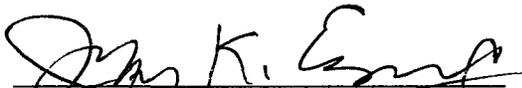
The \$800,000 of 2003 fee replaced bonding authority is eligible for fee replacement and has already been reviewed by the State Budget Committee as part of a larger project in September 2003. Recommendation and/or approval of this project and its financing by the Budget Committee does not constitute a commitment to plant expansion. The temporary or permanent financing package is subject to approval by the State Budget Director.

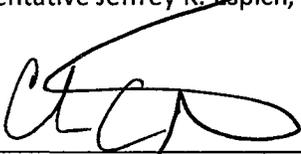
Funding:	HEA 1001-2003 Bonding Authority (non-fee-replaced)	\$9,750,000
	HEA 1029-2006 Bonding Authority (non-fee-replaced)	\$4,000,000
	HEA 1001-2003 Bonding Authority (fee-replaced approved by SBC September 2003)	\$ 800,000
	Cash-Dedicated Student Fees	\$1,450,000
	Cash -Academic Funding Reserves	\$ 650,000
	Cash-Bookstore Reserves	\$1,000,000
CHE Review:	June 13, 2008	

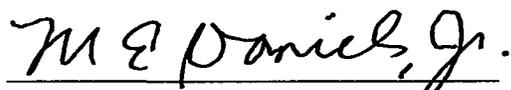
Review Items:

1. Common School Fund
2. INDOT Buildings and Grounds
3. Public Television Distribution

Pursuant to the provisions of IC 4-12-1, IC 20-12 and IC 10-14-3-28, the State Budget Committee recommends approval of these projects.


Representative Jeffrey K. Espich, Chair


Christopher A. Ruhl, State Budget Director


Mitchell E. Daniels, Governor, State of Indiana