

State Budget Committee
Meeting Minutes
October 17, 2014

Members:

Senator Luke Kenley, Chairman
Representative Tim Brown
Representative Terry Goodin
Senator Tim Skinner
Brian Bailey, State Budget Director

Alternate Members:

Senator Ryan Mishler
Representative Sheila Klinker
Representative Eric Turner

Senator Kenley called the meeting to order at 9:00 AM in the Vivian Auditorium located on the campus of Indiana University-East, in Richmond, Indiana. Following introductory remarks, Senator Kenley introduced the August Budget Committee minutes. After brief committee discussion Representative Brown made a motion to adopt the proposed minutes, Representative Goodin seconded the motion. The motion to adopt the August Budget Committee minutes was taken by consent.

The October Agenda was presented and the pertinent comments for the agenda, review, and discussions items are noted as follows:

Department of Administration: Bicentennial Projects - Engineering & Design Fees

Senator Kenley asked Director Bailey to comment further on what we are asking IDOA to do with the engineering and design funds. Director Bailey noted that we are currently using these funds to explore what options are available for relocating the archives material. Representative Turner added that there has been work done on building a new Judicial Center and we should consider incorporating that within the archives project.

Indiana Sports Corp

Representative Brown asked the Sports Corp their opinion on adding an additional stadium to attract further NCAA Championship events. Allison Melangton stated it would be difficult as we would start competing against warmer climate cities for outdoor events.

FSSA – Medicaid SPA Waivers

Senator Kenley asked if FSSA anticipated the new SPAs having any budgetary impact on the Hospital Assessment Fee (HAF). Paul Bowling stated that there will be a decrease in the hospital reimbursement and a loss of revenue to the State General Fund; both will

be reflected in the next Medicaid Forecast. The Hospital Association is aware of the budgetary impact. Representative Brown asked if the Centers for Medicare & Medicaid Services (CMS) changed their methodology, which led to FSSA having to make this change. Paul Bowling stated that was correct.

FSSA – Pre-K Pilot

Representative Brown asked how FSSA determines residency. Melanie Brizzi stated they use Child Care and Development Funds (CCDF) and other documentation. She further noted that they do not want to make it too burdensome for the family to prove residency.

Representative Brown asked if there was a cap reimbursement at cost per provider. Melanie Brizzi noted that it was modeled like CCDF with market rate and expense reports. FSSA wants to make sure they are not reimbursing more than the cost to educate.

Senator Kenley asked if Title I was a resource public schools could use on this. Representative Goodin noted that it was, but that there were many restrictions on that funding.

IEDC – SBIR Program

Senator Kenley asked if the IEDC reviews each application or if they take SBIR's recommendation. Ting Gootee stated that there were several levels of review from federal agencies as well, IEDC considers all of those recommendations.

Elevate Ventures – Purdue Foundry

Senator Kenley noted that over time, there needs to be a building block ROI analysis so that there can be a higher success rate. Elevate Ventures also stated that the Purdue Foundry is a model that they hope to extend to other universities throughout the state.

SBA – Retiree Medical Benefits Accounts

Representative Brown asked if with the actuarial analysis if SBA thought the Cigarette Tax funding plus other contributions to the program is sufficient. Deputy Director Deanna Oware noted that the answer would be known once the latest valuation report is released, but that the program was overfunded in the early years, and the hope was to be more in line with full (100%) funding now.

After the agenda and review items were presented and discussed, Senator Kenley asked for a motion to adopt the proposed agenda. Representative Brown motioned to adopt the agenda and Representative Goodin seconded the motion. The proposed agenda was taken on consent.

I. Agency Projects

- | | |
|--------------------------------------|-------------|
| 1. <u>Indiana State Police (100)</u> | \$2,013,000 |
| Vehicle Replacement | |

The Indiana State Police (ISP) requests approval to purchase approximately 88 new enforcement vehicles. The vehicles will be used to patrol various roadways across the State of Indiana, and will replace a number of aging vehicles that have high mileage and are costly to maintain. By purchasing new vehicles, the ISP will be able to reduce the overall age of its fleet.

- Funding: 2013 State Police Building Fund - Vehicle Replacement
2. Richmond State Hospital (440) \$430,000
Residential Treatment Center Flooring

Richmond State Hospital is requesting additional money to replace flooring in their Residential Treatment Center (RTC). \$230,000 of the total amount needed was approved at the October 2013 Budget Committee meeting. These floors were originally installed in 1992, and due to years of wear, the underlying adhesive is seeping up and around the worn and scratched tiles. Since the project was approved in October, the Department of Public Works (DPW) has bid the project three times and each time bids have come back for more than \$230,000. Flooring material costs have increased nearly 35% during the bid process. To lower the potential costs for this project, the facility has requested a change in scope from only rubber material to a combination of rubber and linoleum. The total estimated cost for linoleum in all rooms with one corridor of rubber to match the rest of the facility equals \$430,000. This option requires an additional \$200,000 to fund the project.

- Funding: 2013 Post War Construction Fund \$200,000
'Previously Approved' 2013 Post War Construction Fund \$230,000
3. Indiana War Memorial Commission (315) \$300,000
Fire Suppression, Egress

The Indiana War Memorial is requesting funding for the construction of an egress and fire suppression system at the Memorial building. Currently, the Memorial is lacking a fire exit and this project will bring the facility up to current egress standards. The Memorial will also have fire suppression sprinklers installed above the artifact pathway located within the museum. These two additions will address life safety issues and protect the Memorial's artifacts.

- Funding: 2013 General Fund – Conservation & Environmental
4. Indiana War Memorial Commission (315) \$250,000
Windows and Doors

The Indiana War Memorial is requesting funding to restore several windows and doors within the Memorial building. The North and East facing doors are no longer operational due to deterioration and therefore have been deemed an egress code violation by the State Fire Marshall. The restoration of the doors will allow those entrances to once again be used. The request also includes funding for the rehabilitation of windows within the Memorial building. The windows need new framing in several areas and will allow for a more energy efficient building. Interior storm windows will also be installed to better seal the building.

- Funding: 2013 General Fund – Conservation & Environmental

5. Department of Administration (061)/Department of Natural Resources (300) \$150,000
Bicentennial Projects Engineering & Design Fees

The Department of Administration and DNR requests funding for engineering and design fees related to upcoming bicentennial projects. These funds will be spread among three capital projects: the Indiana Statehouse Visitor's Center, Bicentennial Plaza, and a new building for the State Archives.

Funding: 2011 General Fund - Conservation & Environmental

6. Department of Natural Resources (300) \$145,000
Nature Preserves Mandated Resources

The Division of Nature Preserves is requesting funding for the annual reduction of invasive plant species at various Nature Preserve locations across the state. These invasive species displace native food sources for wildlife, destroy habitat for rare wildflowers and animals and can cause agricultural loss. The division plans to treat 86 of the 250 plus nature preserves with this allotment.

Funding: 2013 General Fund – Nature Preserves General R&R

7. Department of Natural Resources (300) \$300,000
Brown County & O'Bannon Woods Horse Trail Rehab

The Division of State Parks and Reservoirs requests funding to repair sections of the Brown County State Park and O'Bannon Woods State Park horse trails. Due to heavy use, sections of these trails are becoming safety concerns to the horses and riders. Deep mud holes, erosion, and debris need to be addressed for safety proposes. The division plans to remove the top soil, install a base stone and top stone, grade the trails where necessary, and add missing signage at various spots along the trails.

Funding: 2013 General Fund – SP&R Trail Rehabilitation

8. Department of Natural Resources (300) \$150,000
Shakamak Pool Sand Filter

The Division of State Parks and Reservoirs requests funding to replace the original pool filter system at Shakamak State Park swimming pool. The current system has surpassed its useful life and preventative maintenance is no longer sufficient to maintain the system. The project will include removing the existing system, installation of two new fiberglass sand filters, new filter media, two 25 horse power circulation pumps, a fiberglass strainer with stainless basket, plumbing, piping, and valves.

Funding: 2013 General Fund – SP&R Pools and Beaches Rehabilitation

9. Department of Natural Resources (300) \$225,000
Bodine State Fish Hatchery Emergency Generator

The Division of Fish and Wildlife is requesting funding to replace the generator at the Richard Clay Bodine State Fish Hatchery in Mishawaka. The generator has passed its life expectancy and is currently failing. The generator is important to this facility because it provides emergency power to the hatchery building and production wells that are operational year round. Trout and salmon produced at the Bodine Hatchery supports Indiana's Lake Michigan trout and salmon recreational fishing and are valued at approximately \$5,000,000.

Funding: 2013 General Fund R&R – General Administration

10. Indiana State Museum and Historic Sites Corporation (303) \$2,040,490
 Levi Coffin Home Renovation and Visitor Center

The Indiana State Museum and Historic Sites Corporation (ISMHSC) is requesting funding to renovate the Levi Coffin Historic Site, and build a visitor center on the property. As part of the Underground Railroad, the Coffin house was home to Levi and Catherine Coffin. The carriage house and the home are on the National Historic Landmark list of historic sites. This project will renovate the existing home by providing adequate office space, restrooms, a gift shop, and interpretive exhibits that tell the story of the Levi Coffin house. The current site only has one restroom and a small office that are insufficient to meet the expectations of thousands of visitors and the needs of the staff.

Funding:	2003 "Previously Approved" General R&R	\$85,890
	2005 "Previously Approved" General R&R	\$315,890
	INDOT Federal Highway Administration TE Grant	\$1,000,000
	Private Donations	\$638,110

11. Department of Correction (620) \$4,450,000
 Security & Support Services Building

The Department of Correction is requesting approval to construct a combined laundry and security building at the Indiana State Prison. The current laundry building has severe building and foundation issues along with antiquated equipment, some dating back to WWII US Navy Ships. In addition to the laundry equipment, the lighting, hot water generation and other plumbing systems have reached the end of their service life. Renovation and repair of the current laundry building would be in excess of \$3 million dollars. The security building requires renovations and repairs in excess \$2 million dollars to stabilize the exterior alone.

Funding: 2013 Post War Construction Fund

12. Department of Correction (615) \$5,600,000
 Energy Savings Contract Payment

The Department of Correction (DOC) is requesting approval to make payment to the Indiana Finance Authority, in order to satisfy requirements of the energy savings contract with Johnson Controls, Inc. This payment represents the annual cost of the first 3 phases of the energy savings contract. The 3 phases include, but are not limited to, projects aimed at realizing energy efficiencies in the following areas: lighting systems, pipe insulation, boilers, steam traps, building automation, laundry systems, water conservation, and HVAC systems.

Funding:	2011 Post War Construction Fund	\$4,052,994
	2013 Post War Construction Fund	\$1,547,006

13. Department of Transportation (800) \$1,150,000

Monticello Unit Salt Building Construction

The Department of Transportation is requesting approval to begin the construction of a new salt building. This new salt building will replace the existing Monticello Salt Building located off-site of the Sub district and Unit operations. The construction of a new salt building on site will allow for the salt loading and off-loading operations to be on the same site as the sub district and unit operations thus eliminating the need to maintain a remote location. This will lead to efficiency and will decrease INDOT's service time during a snow storm thus improving public safety during inclement weather.

Funding: 2013 State Highway Fund

14. Department of Transportation (800) \$225,000

Design Fees - New Haven Salt and New Haven Unit Buildings

The Department of Transportation is requesting approval to allocate architectural and engineering fees for the upcoming construction of the New Haven Salt and New Haven Unit Buildings. If this request is approved, INDOT will use the \$225,000 to pay for architectural fees, preliminary engineering fees, design, bidding and other development costs leading to the construction of these new aforementioned buildings.

Funding: 2013 State Highway Fund

15. Department of Transportation (800) \$470,000

Design Fees - Plymouth Sub district Building and Salt Building

The Department of Transportation is requesting approval to allocate architectural and engineering fees for the upcoming construction of the new Plymouth Sub district Building and the new Plymouth Sub district Salt Building. If this request is approved, INDOT will use the \$470,000 to pay for architectural fees, preliminary engineering fees, design, bidding and other development costs leading to the construction of these new aforementioned buildings. If approved, and upon the completion of the Plymouth construction projects, the existing Plymouth Sub district site will be sold.

Funding: 2013 State Highway Fund

II. University Projects

1. Indiana State University \$22,000,000
Renovation of Blumberg Hall
Project No. C-1-15-2-01

The Trustees of Indiana State University request approval to proceed with the renovation of Blumberg Hall. This 100,468 GSF/61,968 ASF project includes new lighting, doors and hardware, a new mechanical system, and air conditioning and fire suppression systems. The renovation will provide a total of 366 beds.

The estimated cost of this project is \$22,000,000 and will be funded from the University Residence Hall Reserves and tax-exempt borrowing to be repaid from the net Operating Revenues of the Residence Hall System as outlined in Indiana Code 21-35-3. The reported balance of the Residence Hall Reserve is \$23,696,260 as of 9/22/2014. This project is not eligible for plant expansion or fee replacement funding. The permanent or interim financing package is subject to approval by the State Budget Director.

Funding:	Residence Hall Reserve	\$3,500,000
	Net Operating Revenues of the Residence Hall System	\$18,500,000
	Tax Exempt Revenue Bonds (IC-21-35-3)	
CHE Review:	September 11, 2014	

2. Indiana University - Indianapolis \$1/year
Regenstrief Institute Ground Lease

The Trustees of Indiana University request authorization to lease approximately 2.5 acres of university owned real estate located at the southwest corner of 10th Street and Wilson Street. The property will be leased to Regenstrief Institute for a term of forty (40) years with a mutual option to extend the initial term. Regenstrief Institute will construct a research building of approximately 80,000 GSF and will own the constructed research building. Indiana University will be required to purchase when the Regenstrief Institute desires to sell. Regenstrief Institute will also be responsible for ongoing maintenance, operational, and building improvement costs. Indiana University has approval authority concerning construction architecture and location issues to maintain consistency with university standards.

3. Indiana University - Bloomington \$35,000,000
Assembly Hall Renovation
Project No. A-1-15-2-01

The Trustees of Indiana University request authorization to proceed with the renovation of Assembly Hall located on the Bloomington campus. This 409,340 GSF/180,689 ASF project consists of renovations and improvements to the south lobby, restrooms, concessions areas, and mechanical and other infrastructure systems. The new, expanded south entry will include centralized ticket windows, escalators, a new elevator, and new signage for building navigation. A new Box Seat Club located on the Concourse Level will be provided with additional arena seats and a new flexible entertainment and hospitality space. Existing restrooms will be upgraded and fully-accessible facilities and family restrooms will be added. Concessions will also be renovated. Accessible seating will be improved and expanded.

The project will be funded through debt financing in the form of capital lease-purchase obligations issued by the IU Building Corporation (IUBC) under Indiana Code 21-33-3-5, which would be repaid from IU Foundation (IUF) gifts or other athletics revenues.

Funding: Capital Lease-Purchase Obligations, Repaid from IUF Gifts or Athletic Revenues
CHE Review: September 11, 2014

4. Indiana University - Bloomington \$4,700,000
North Woodlawn Avenue Roadway Renovation and Improvements
Project No. A-1-15-2-19

The Trustees of Indiana University request authorization to proceed with improvements on North Woodlawn Avenue from 13th Street north to 17th Street on the Bloomington campus. The project consists of creating 11-foot travel and two-way bike lanes, 10-foot wide tree lawns, and 10-foot wide sidewalks on both sides of the roadway. A new traffic signal will be introduced at 17th Street to facilitate the operation of bus service through the corridor. Storm water utility improvements will enhance storm water quality and reduce site runoff. New site lighting will also be installed along the length of the project to support pedestrian and vehicular safety.

The estimated cost of this project is \$4,700,000 and will be funded through Campus Renovation Funds. The reported balance of the Campus Renovation Funds is \$6,809,368 as of 9/29/14.

Funding: Campus Renovation Funds
CHE Review: September 11, 2014

5. Indiana University Purdue University – Indianapolis \$45,200,000
Campus Housing Expansion
Project No. A-2-15-1-16

The Trustees of Indiana University request authorization to proceed with the construction a new residence hall on the IUPUI campus. This 175,000 GSF/105,000 ASF project will provide 700 beds and a mixture of residential unit types as well as classroom support and common auxiliary spaces. A quick serve or canteen location may be constructed as well.

The project will be funded by \$41,700,000 of Auxiliary Revenue Bonds under Indiana Code 21-35-3 and \$3,500,000 of Campus General Fund Revenue. The debt service on the bonds will be repaid by Campus Housing operating revenues and Campus Funds. The reported balance of the Campus General Fund Revenue is \$4,334,725 as of 9/29/14. This project is not eligible for plant expansion or fee replacement funding. The permanent or interim financing package is subject to approval by the State Budget Director.

Funding: Campus General Fund Revenue \$3,500,000
Auxiliary Revenue Bonds to be repaid by Campus Housing \$41,700,000
Revenue and Campus Funds
CHE Review: September 11, 2014

6. Indiana University Purdue University – Indianapolis \$20,000,000
Natatorium Renovation

Project No. A-2-15-2-09

The Trustees of Indiana University request authorization to proceed with the renovation of the IU Natatorium on the IUPUI campus. This 277,495 GSF/140,631 ASF project will renovate the building's structure and immediate exterior space and include replacement of the fire pump, sprinkler pipe, pool filtration system, clerestory and concourse roofs, pool mechanical system, locker room mechanicals, pool lighting and electrical, the competition pool roof deck, bulkheads in the competition pool, and tiles on the competition pool deck. The Kalwall Skylight system will be repaired or replaced. The east and west concourse wall systems will also be reconfigured and accessibility upgrades will be included. Repairs will also be made to the exterior concrete.

In addition, the City of Indianapolis will also contribute \$10,000,000 from future TIF revenues to redesign the street layout on IUPUI's campus. These improvements will convert nearby roadways into two-way streets and will include new crossings and sidewalks, bike lanes, specialized lighting, decorative signage, grass medians, trees, and gardens.

This project consists of a \$10,000,000 contribution from Indiana University from Campus Renovation Funds and \$10,000,000 from Lilly Endowment Grant funds. The reported balance of the IU Campus Renovation Fund is \$10,455,574 as of 9/29/14.

Funding:	Campus Renovation Funds	\$10,000,000
	Lilly Endowment Grant	\$10,000,000
CHE Review:	September 11, 2014	

7. Purdue University – West Lafayette \$3,000,000
Horticulture Building Power and Lighting Sub-Distribution Switchboard Replacement
Project No. B-1-15-2-01

The Trustees of Purdue University request authorization to proceed with the replacement of the Horticulture Building's power and lighting sub-distribution switchboard. This 1,274 ASF project will replace the electrical distribution system and high voltage vault. A separate room for arc-flash mitigation breakers will be added. The main distribution switchboard, new sub-distribution and branch circuit panel boards will also be added. An arc-flash study will also be included.

The project will be funded from Repair and Rehabilitation University Funds – F&A. The reported balance of the Repair and Rehabilitation University Funds – F&A is \$6,513,125 as of 7/25/14 .

Funding:	Federal Repair and Rehabilitation University Funds – F&A
CHE Review:	September 11, 2014

8. Purdue University –West Lafayette \$4,000,000
Biochemistry Building Annex Third Floor Space Renovation
Project No. B-1-15-2-02

The Trustees of Purdue University request authorization to renovate the existing lab space on the third floor annex of the Biochemistry Building. This 1,274 ASF project will bring the space to current university level research standards. The annex will be reconfigured to create a flexible,

open concept laboratory, and two offices. Existing mechanical systems will be replaced and upgraded as required to support the renovated facility.

This project will be funded from Repair and Rehabilitation ARRA Funds – F&A and Repair and Rehabilitation University Funds – 12-13 General Fund. The reported balance of the Repair and Rehabilitation ARRA Funds – F&A is \$5,900,000 as of 7/25/14. The reported balance of the Repair and Rehabilitation University Funds – 12-13 General Fund is \$15,500,000 as of 7/25/14.

Funding:	Federal Repair and Rehabilitation ARRA Fund – F&A	\$3,000,000
	Repair and Rehabilitation University – 12-13 General Fund	\$1,000,000
CHE Review:	September 11, 2014	

9. Purdue University – West Lafayette \$3,000,000
Physics Building Switchgear Replacement
Project No. B-1-15-2-03

The Trustees of Purdue University request approval to proceed with the replacement and of the electrical distribution system throughout Physics Building. This project will include removal of the existing DC generator and distribution systems, installation of arc-flash mitigation breakers, performance of an arc-flash study, replacement of sub-distribution switchboards and panel boards, replacement of existing automation transfer switch (back-up power), and replacement of building “risers” if sufficient funding exists.

The project will be funded from Repair and Rehabilitation University General Funds derived from Student Fees. The reported balance of the Repair and Rehabilitation - University Funds – General Funds – Student Fees is \$15,000,000 as of 7/29/14.

Funding:	Repair and Rehabilitation - University Funds – General Funds – Student Fees
CHE Review:	September 11, 2014

**Cost Summary
October 17th 2014**

2003 "Previously Approved" General R&R	\$85,890
2005 "Previously Approved" General R&R	\$315,890
2011 General Fund	\$150,000
2013 General Fund	\$1,370,000
2011 Post War Construction Fund	\$4,052,994
2013 Post War Construction Fund	\$6,197,006
2013 State Highway Fund: Buildings and Grounds	\$1,845,000
2015 ISM Private Funds	\$638,710
2013 State Police Building Fund	\$2,013,000
'Previously Approved' 2013 Post War Construction Fund	\$230,000
INDOT Federal Highway Administration TE Grant	\$1,000,000
University Funds	\$31,700,000
University Auxiliary Revenue Bonds	\$60,200,000
University Capital Lease-Purchase Obligations	\$35,000,000
Total	\$144,798,490

III. Review Items

1. Indiana Sports Corp
2. Airport Development – INDOT
3. Public Mass Transportation Fund – INDOT
4. Northwest Indiana Teaching and Trauma Center Study – RDA
5. Medicaid SPAs/Waivers – FSSA
6. Pre-Kindergarten Pilot Program – FSSA
7. 21 Fund Investments – IEDC
8. 21 Fund, SBIR Program – IEDC
9. Purdue Foundry Program – Elevate Ventures
10. Retiree Medical Benefits Accounts – SBA

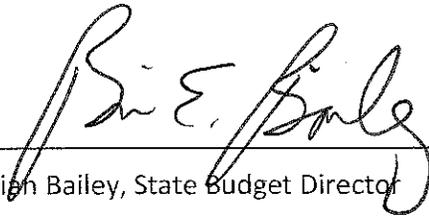
IV. Discussion Item

1. Ball State University Investments

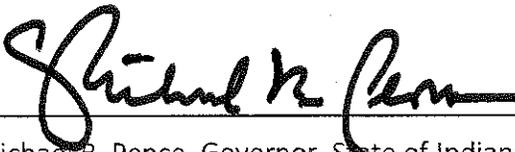
Pursuant to the provisions of IC 4-12-1, the State Budget Committee has reviewed the above items.

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Senator Luke Kenley, Chairman

A handwritten signature in cursive script, appearing to read "Brian E. Bailey", written above a horizontal line.

Brian Bailey, State Budget Director

A handwritten signature in cursive script, appearing to read "Michael R. Pence", written above a horizontal line.

Michael R. Pence, Governor, State of Indiana