

State Budget Committee
Meeting Minutes
Monday, September 10, 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 Peggy Welch

Representative Espich called the meeting to order at 2:00 PM in the Frangipani room on the campus of Indiana University.

Following introductory remarks, Representative Espich introduced the July Budget Committee minutes. After committee discussion, Senator Kenley 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. Representative Crawford seconded. The motion to adopt the proposed agenda carried.

I. Minutes

1. July 25, 2012

II. Agency Projects

1. Department of Natural Resources (300) \$182,000
Falls of the Ohio Lease

The Department of Natural Resources requests \$182,000 to pay the annual bond payment to the Clarksville Riverfront Foundation. This bond supports the Falls Interpretive Center and is scheduled for final payment in 2014.

Funding: 2011 General Fund
Falls of the Ohio Lease

2. Department of Natural Resources (300) \$1,080,000
Parks General Rehabilitation

The Division of State Parks and Reservoir Management requests approval to proceed with various minor repair and rehabilitation projects. These projects will address compliance requirements and health and safety concerns at several parks, recreation, and reservoir properties. The general repair and rehabilitation projects include electrical, plumbing, structure upgrades, and trail maintenance and construction.

Funding: 2011 General Fund
Repair and Rehabilitation

3. Department of Natural Resources (300) \$521,920
Digital Flood Insurance Rate Maps

The Division of Water requests approval to proceed with preliminary and final flood insurance maps for 2 counties and final maps for 18 counties in Indiana. The Department of Natural Resources (DNR) is charged with this work under a Cooperating Technical Partner agreement with the Federal Emergency Management Agency (FEMA). DNR has contracted with the Polis Center at Indiana University Purdue University Indianapolis (IUPUI) for GIS services associated with the production of the new floodplain mapping. The public relies on the floodplain maps for the safety of their life and property. These maps are also critical to lending institutions to make decisions on flood insurance requirements and when governmental units make findings on planning and zoning matters. DNR is providing the required 25% match for the Cooperating Technical Partner grants.

Funding: 2011 General Fund \$130,480
Repair and Rehabilitation
Federal Funds \$391,440

4. Department of Natural Resources (300) \$156,956
Simonton Lake Control Structure

The Division of Water requests approval to proceed with construction of a lake level control structure at Simonton Lake in Elkhart County. The lake is highly developed, surrounded by largely residential construction, and is used extensively for recreational purposes. In 2002, the Department of Natural Resources (DNR) filed a petition to change the 1950 established legal lake level of Simonton Lake under IC 14-26-8. The petition was granted. The proposed control structure will maintain the new water level. Currently, the lake is at a level where less and less property may be developed due to periodic flooding. The control structure will provide relief from high water levels. Per IC 14-26-8-24, DNR is responsible for 50% of the funding, Elkhart County is responsible for 25% of the funding, and the property owners benefiting from the project are responsible for 25% of the funding.

Funding:	1997 General Fund "Previously Approved"	\$78,478
	Local Support	\$78,478

5. War Memorials Commission (315) \$619,170
Entry Door Repair and Replacement

The War Memorials Commission requests approval to fund the replacement of ten (10) sets of entrance doors located at the War Memorial. The entrance doors are original to the War Memorial's construction in 1926 and are past their life span. The project includes replacing the brass entry doors at both the north and west side of the structure with historically appropriate replacements. In addition, the project includes restoration and refurbishment of the exterior mounted "night doors" which provide for the physical security of the structure.

Funding:	2011 General Fund
	Repair and Rehabilitation

6. War Memorials Commission (315) \$109,315
Sidewalk Repair and Replacement

The War Memorials Commission requests approval to fund sidewalk repairs involving 16 inlaid medallions scattered throughout the War Memorial, American Legion Mall, and University Park. The sidewalks are currently in need of repair due to uneven settling, cracking and chipping. The project includes demolition of the surrounding concrete, removing the medallions and granite, and installation of a new subsurface drainage system. The existing medallions and granite will be cleaned and reused.

Funding:	2011 General Fund
	Repair and Rehabilitation

III. University Projects

1. Ball State University (780) \$35,700,000
Renovation of Johnson A Residence Hall
Project No. D-1-12-2-02

The trustees of Ball State University request approval to proceed with the renovation of Johnson A Residence Hall. The renovation represents the next step in Ball State's housing and dining replacement and renewal plan. The 178,401 GSF/105,840 ASF project includes a full renovation, which will include replacement of building exteriors with a more energy-efficient masonry wall assembly, roof, and windows. Lighting, plumbing, mechanical, and electrical systems will be replaced throughout the building which will add air conditioning, energy efficient equipment, and lighting as well as compatibility with the University's geothermal system. The interior renovations will include improved residential layouts such as bathrooms with more privacy, social and study lounges, kitchenettes, and meeting rooms. The existing one-story portion of the building will be replaced with a multi-story structure which will add approximately 130 beds to the facility and connect the upper floors. This addition will allow for the reorganization of first floor amenities such as a single, secure entry point, central front desk and administrative offices, wheelchair accessible lounges, meeting rooms, mechanical spaces, a loading dock, and new elevators.

Ball State University plans to finance the renovation through the issuance of Housing Revenue Bonds. The permanent financing package is subject to approval by the State Budget Director.

Funding: Housing Revenue Bonds
CHE Review: 6/8/2012

2. Indiana University – Bloomington (750) \$3,400,000
Campus View Apartments
Project No. A-1-13-2-24

Indiana University requests approval to proceed with the emergency stone repair at the Campus View Apartments located on the Bloomington campus. This request results from two large vertically stacked panels falling from the building in July. A subsequent review revealed additional panels exhibited significant displacement causing the panels to bulge outward. The scope of this project is to remove all panels and re-attach them to the building, allowing for expansion/contraction of both the building frame and the façade.

This project is estimated to cost \$3,400,000 and will be funded by Residential Programs and Services funds. The current balance of the RPS Central Renovation Fund is \$7,355,777.

Funding: Residential Programs and Services funds
CHE Review: 8/17/2012

3. Indiana University (750) \$140,000,000
Refunding of Student Fee Bonds Series P, Q, R, and S
Refunding of Qualified Energy Savings Notes Series 2005, 2007 and 2008
Project No. A-0-13-6-23

Indiana University requests approval to proceed with the issuance of student fee bonds to refund up to a par amount of \$140,000,000 currently outstanding student fee bonds comprising all or a portion of Series P, Q, R, and S bonds and currently outstanding qualified energy savings notes Series 2005 IU Northwest, 2007 IU Kokomo, and 2008 IU Southeast. The refunding transaction will not extend the maturity dates of the bonds and notes being refunded. Bonds and notes will be selected for the refunding transaction in a manner consistent with guidelines contained in the Indiana Finance Authority refunding policy and only if such bonds produce a positive net present value savings. Based on current market conditions, projected net present value savings will be approximately \$7.6 million of which approximately \$7.2 million (95%) of the savings comes from fee replaced debt. Debt service savings from refunding fee replaced bonds will accrue to the State. The aggregate net present value of debt service savings for the entire refunding transaction will be no less than 3% of the refunded bonds. The permanent financing package is subject to approval by the State Budget Director.

4. Ivy Tech Community College (710) \$174,600/ year
Patterson Building Lease Expansion
Project No. F-0-12-5-05

Ivy Tech Community College requests approval to proceed with the lease of the Patterson Building. This 23,280 GSF/15,634 ASF lease expansion in downtown Muncie is needed to continue serving Ivy Tech students in the Hospitality Program, which offers Culinary Arts degrees and certificates. The College has been using 19,980 square feet of the Patterson Building since November 2009 at a rent of \$149,900 per year and proposes adding 3,300 square feet November 1, 2012 through October 31, 2018 for a new total rent of \$174,600 per year.

The project would be funded using both Perkins Grant Funds at \$24,700 per year and Regional Operating funds at \$149,900 per year for the first three years of the lease. The balance of the lease will be funded with Regional Operating funds only at \$174,600 per year.

Funding: Regional Operating Funds
 Perkins Grant Funds
CHE Review: 7/23/2012

5. Purdue University – West Lafayette (760) \$18,000,000
Seng-Liang Wang Hall Sublease
Project No. B-1-12-5-19

The trustees of Purdue University request authority to proceed with the sublease of Seng-Liang Wang Hall. This Hall is part of the Hayes Triangle District Development, which is a mixed-use commercial development alongside campus, led by the Purdue Research Foundation. Purdue University plans to sublease a portion of the facility to provide laboratories, offices, conference

rooms, and support facilities for the School of Electrical and Computer Engineering. The terms of the sublease include an initial period of 30 years for approximately 41,047 square feet of the entire 139,217 gross square feet facility. Funding for the sublease will include a payment of \$18 million in the form of prepaid rent, with an additional annual rent payment of \$1 per year. The project will be funded with Gift Funds and Capital Reserve for Buildings Funds. The balance of the Capital Reserve for Buildings Fund as of July 31, 2012 was \$17,256,013. These funds are derived from accumulated year-end balances from University General Funds and used for university-funded capital projects.

Funding:	Gift Funds	\$14,800,000
	Capital Reserve for Buildings	\$3,200,000
CHE Review:	8/10/2012	

- 6. Purdue University – West Lafayette (760) \$1,200,000
 Krannert Fire Alarm System Replacement
 Project No. B-1-12-2-20

The trustees of Purdue University request approval to replace the fire alarm system in the Krannert building. This 179,843 GSF/105,315 ASF project will bring the building into current code compliance established by the National Fire Protection Association and provide a safer environment for students, staff, and visitors. 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 was \$5,923,432 as of July 31, 2012.

Funding:	FY11-12 Repair and Rehabilitation Funds	
CHE Review:	7/17/2012	

- 7. Purdue University – West Lafayette (760) \$5,000,000
 West Lafayette Campus Metering Installation
 Project No. B-1-12-2-21

The trustees of Purdue University request authority to proceed with a metering installation project on the West Lafayette campus. This project will install steam, chilled water, domestic water, and electricity metering to major buildings on campus. This will result in better management of energy usage in individual campus buildings. Facilities staff will perform most of the design and installation work utilizing a standard meter for each utility system. The project will also help support new construction of various buildings on campus. The project will be funded with Infrastructure Reserve Funds. Infrastructure Reserve Funds are derived from Facility and Administrative Cost Recovery from external grants. The balance of the Infrastructure Reserve Fund was \$24,924,805 as of July 31, 2012.

Funding:	Infrastructure Reserve Funds	
CHE Review:	8/10/2012	

8. University of Southern Indiana (775) \$43,950,000
 Refunding Student Fee Series H and I Bonds
 Project No. G-0-13-6-01

The trustees of the University of Southern Indiana (USI) request approval to proceed with the issuance of student fee bonds to refund up to a par amount of \$43,950,000 currently outstanding for student fee bonds comprising all or a portion of Series H and I bonds. The refunding transaction will not extend the maturity dates of the bonds being refunded. Bonds will be selected for the refunding transaction in a manner consistent with guidelines contained in the Indiana Finance Authority refunding policy and only if such bonds produce a positive net present value savings. At current market conditions, USI expects to realize approximately 10 percent savings valued at \$4.5 million over the remaining life of the bonds. The permanent financing package is subject to approval by the State Budget Director.

Cost Summary

September 10, 2012	
1997 General Fund "Previously Approved"	\$78,478
Local Support	\$78,478
Federal Funds	\$391,440
2011 General Fund	\$2,120,965
University Funds	\$27,600,000
Auxiliary Revenue Bonds	\$35,700,000
Total	\$65,969,361

IV. Review Items

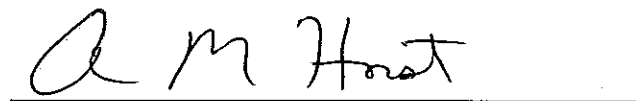
1. Gigapop
2. I-Light
3. IHETS
4. Indiana Sports Corporation – Indiana Office of Tourism Development
5. Foundation Report – Indiana Economic Development Corporation
6. Airport Development – Indiana Department of Transportation
7. Public Mass Transportation Fund (PMTF) – Indiana Department of Transportation

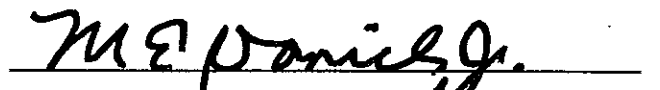
V. Discussion Items

1. Automatic Taxpayer Refund
2. Status of Department of Revenue Engagement – Deloitte

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