

MINUTES
JOINT MEETING
FINANCE/AUDIT AND CONSTRUCTION COMMITTEES
UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

January 12, 2006

The Finance/Audit and Construction Committees of the University of Southern Indiana Board of Trustees met in joint session on Thursday, January 12, 2006, in Indianapolis. Trustee J. David Huber chaired the meeting in the absence of Committee Chair Frank F. McDonald. Also present were Trustees Mark A. Day, G. Patrick Hoehn, and James L. Will Sr. Also in attendance were Vice President for Business Affairs and Treasurer Mark Rozewski and Vice President for Governmental Relations Cindy Brinker. President H. Ray Hoops joined the meeting in session.

Mr. Huber called the meeting to order at 9:00 a.m.

(CONSTRUCTION)

**1. REPORT OF CHANGE ORDERS ISSUED BY THE VICE PRESIDENT FOR BUSINESS AFFAIRS
(Attachment A)**

Mr. Huber called on Vice President Rozewski, who reviewed the change orders in Attachment A.

Mr. Hoehn inquired about the change orders related to the installation of sump pumps. Mr. Helfrich explained that the duplex pumps, which have emergency power sources and alarms in case of failure, were installed to pump ground water away from the outside of the building.

**2. REVIEW OF AUTHORIZING RESOLUTION FOR THE COLLEGE OF BUSINESS/GENERAL
CLASSROOM BUILDING PROJECT**

Mr. Huber called on Vice President Rozewski, who reported that the University's 2005-2007 Capital Budget included a request for funds for a College of Business/General Classroom Building project. The 2005 General Assembly approved planning funds for the project and the University's request for construction funds will be a high priority in the next Capital Budget Request. Therefore, to begin the process, a Request for Proposal (RFP) for architectural and engineering services will be issued. In order to continue the planning process for the College of Business/General Classroom Building project, Mr. Rozewski presented the following authorizing resolution to be recommended for approval by the Board of Trustees at its meeting on January 12, 2006.

On a motion by Mr. Will, seconded by Mr. Hoehn, the resolution was approved for recommendation to the Board of Trustees.

WHEREAS, the Board of Trustees wishes to proceed with plans for the College of Business/General Classroom Building project;

NOW, THEREFORE BE IT RESOLVED that the Construction Committee be authorized to evaluate responses to the Request for Proposal and select firms for further consideration; and

FURTHER RESOLVED that the Construction Committee be authorized to evaluate responses to the RFP, interview representatives of the firms selected for further consideration, and present a recommendation to the Board of Trustees to accept a proposal or to reject all proposals.

Following a discussion about capital projects and the process by which the University and the Trustees plan for current needs and future growth, Mr. Day requested additional information regarding the Ten-Year Capital Plan and its relationship to the University Master Plan that was presented at the November meeting of the Board of Trustees. He also asked for information regarding the impact of capital projects on tuition and budget, projections of future student population growth, and a clarification of the report on student financial assistance presented at the September meeting of the Board of Trustees. Mr. Huber recommended that these issues be discussed at a future Board retreat.

(FINANCE/AUDIT)

3. APPROVAL OF FINANCING PLAN FOR THE RECREATION AND FITNESS CENTER

Mr. Huber called on Vice President Rozewski, who reviewed the action of the Board of Trustees at its meeting on November 2, 2005, when it authorized him to issue a Request for Proposal (RFP) to investment banking firms interested in providing services to the University in financing the Phase II addition to the Recreation and Fitness Center. The Board also authorized the Finance/Audit Committee to evaluate the results of the proposals, accept or reject all proposals, and approve a financing plan on behalf of the Board of Trustees. Mr. Rozewski asked Assistant Treasurer and Director of the Business Office Michael Whipple to report on the proposals submitted.

Mr. Whipple reviewed the RFP process and reported that responses were received from six vendors who were asked to submit proposals to refund all or a portion of existing debt and to provide recommendations on funding options. He reviewed the staff analysis of the proposals and recommended that Old National Bank be selected to provide financing services for the Recreation and Fitness Center project. He reported that the University anticipates a variable-rate issue fully or partially backed by a swap instrument, which will provide the University with long-term rates priced at approximately 4.3 percent to 4.5 percent, based on current rates. He noted that rates may change before loan closing.

On a motion by Mr. Will, seconded by Mr. Hoehn, the recommendation to select Old National Bank to provide the University with investment banking services to develop a financing plan for the Phase II addition to the Recreation and Fitness Center was approved.

4. APPROVAL OF RECOMMENDATION TO AUTHORIZE SALE OF NEW HARMONY PROPERTIES

Mr. Huber called on Vice President Rozewski to review a recommendation to the Board of Trustees regarding the sale of New Harmony properties. Mr. Rozewski reported that at its meetings on September 8, 2005, and November 2, 2005, the Finance/Audit Committee reviewed the proposed sale of various properties in New Harmony, Indiana. He recommended that the following resolution be recommended for approval by the Board of Trustees at its meeting on January 12, 2006.

Mr. Huber noted that Vice President Rozewski has met with officials of the Town of New Harmony and with the USI/New Harmony Foundation Board of Directors regarding the sale of the properties and that the plan has strong support from these groups.

On a motion by Mr. Will, seconded by Mr. Day, the following resolution was approved for recommendation to the Board of Trustees.

WHEREAS, the University of Southern Indiana (USI) has, for many years, engaged in the preservation, interpretation, and presentation of the history of New Harmony, Indiana, as part of the community outreach aspect of its mission; and

WHEREAS, the University of Southern Indiana owns, as part of its effort to preserve, interpret, and present the history of New Harmony, 37 New Harmony buildings, some essential to the New Harmony mission of the University, and some more commercial in nature; and

WHEREAS, the University's efforts to preserve, interpret, and present the history of New Harmony to the scholarly community and general public are supported in part by state appropriation; and

WHEREAS, the state appropriation dedicated to these purposes has decreased, while the costs of providing these services has substantially increased; and

WHEREAS, it has been determined that the preservation of core historic holdings of the University in New Harmony, with these diminished resources, requires that the overall number of buildings be reduced; and

WHEREAS, it has been determined that reducing the number of buildings, in a manner such that the core historic holdings of the University in New Harmony are retained and preserved, is best achieved by selling those properties that are primarily commercial in nature; and

WHEREAS, proceeds from the sale of these properties will create a fund that will allow the University to enhance its stewardship of the remaining New Harmony holdings of the University;

NOW, THEREFORE BE IT RESOLVED, that the University administration is authorized to sell the following properties, all in New Harmony, Indiana:

505 Main Street
507 Main Street
509 Main Street
507 Church Street

FURTHER RESOLVED that the administration is instructed to encumber the titles of the above-noted properties with "conservation easements" assuring that the façades of the properties will be maintained in an historically appropriate manner, in perpetuity, as befits the character of New Harmony, and the other holdings of the University;

FURTHER RESOLVED that the proper corporate officers of the University are authorized to enter into contracts of sale and conveyance of the parcels of real estate listed above, on such terms and conditions as they deem appropriate, and in the best interests of the University.

5. REPORT ON THE VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION (VEBA) TRUST FUND

Due to insufficient time, the report on the VEBA Trust Fund was postponed to a future meeting.

**Report to University of Southern Indiana Board of Trustees
 January 12, 2006**

Change Orders Issued by the Vice President for Business Affairs

On September 6, 2001, the Board of Trustees adopted a procedure related to changes in construction contracts which included the following: "Change orders up to \$25,000 may be issued by the Vice President for Business Affairs and reported to the Board of Trustees at its next meeting." Consistent with that policy, the following change orders have been issued.

PROJECT: David L. Rice Library

<u>Description</u>	<u>Contractor</u>	<u>Amount</u>
<u>CO- CC 03</u> Install controls for exterior duplex sump pump to remove ground water	Johnson Controls, Inc.	\$2,400.00
<u>CO- EC 29</u> Additional cost of lighting fixture Type M	The State Group	10,518.00
<u>CO- EC 30</u> Electrical installation of additional light fixtures for art illumination	The State Group	12,913.00
<u>CO- EC 31</u> Install conduit, wiring, and starters for exterior duplex sump pumps	The State Group	4,748.00
<u>CO- GC 22</u> Change carpet pattern match to 18" by 36"	Deig Bros. Construction Co.	712.00
<u>CO- GC 23</u> Provide floor tile for Starbuck's coffee shop areas	Deig Bros. Construction Co.	10,953.00
<u>CO- GC 24</u> Install blocking in wall and ceiling of Reading Room 1005 for art work	Deig Bros. Construction Co.	5,021.00
<u>CO- GC 25</u> Install exterior duplex sump pump to remove ground water	Deig Bros. Construction Co.	9,031.00
<u>CO- MC 09</u> Delete chemical treatment for chilled water piping	Goebel Mechanical, Inc.	(315.00)
<u>CO- MC 10</u> Install additional ductwork for Room 4501 and delete FCU-8	Goebel Mechanical, Inc.	1,538.00
<u>CO- MC 11</u> Install exterior duplex exterior sump pump to remove ground water	Goebel Mechanical, Inc.	7,563.00