

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

July 7, 2003

(CONSTRUCTION)

- 1. DISCUSSION OF CONSTRUCTION ADMINISTRATION AND MANAGEMENT PROCESS FOR THE LIBRARY PROJECT**
- 2. APPROVAL OF AUTHORIZING RESOLUTION TO DELEGATE AUTHORITY TO THE CONSTRUCTION COMMITTEE FOR THE LIBRARY PROJECT**

At its meeting on May 10, 2003, the Board of Trustees of the University of Southern Indiana approved a resolution to proceed with the construction and financing of the library project, which authorized the President to request approvals of the Indiana Commission for Higher Education, the Indiana State Budget Committee, and the Governor of the State of Indiana; authorized the Treasurer to solicit proposals for investment banking services; and authorized the Finance Committee to approve a financing plan on behalf of the Board of Trustees.

It is recommended that the following resolution regarding the construction of the new library be presented to the Board of Trustees for approval at its meeting on July 7, 2003.

WHEREAS, the University of Southern Indiana Board of Trustees acted on July 1, 2002, to include a new library building in its 2003-2005 Capital Improvement Budget Request; and

WHEREAS, the 2003 Indiana General Assembly acted on April 26, 2003, to approve construction and authorize bonding for this facility;

NOW, THEREFORE, BE IT RESOLVED that, following the anticipated State approvals, the Construction Committee is authorized to request and review construction bids and construction management bids, and award contracts or reject any and all bids for the construction of the Library project; and

FURTHER RESOLVED that the Construction Committee will report its actions to the Board of Trustees.

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

(FINANCE/AUDIT)

4. APPROVAL OF INTERNAL AUDIT CHARTER

At its meeting on May 10, 2003, the Board of Trustees approved the establishment of the Finance/Audit Committee and the responsibilities of the committee, one of which is to approve the charter of the internal audit function of the University. At its meeting on May 10, 2003, the committee reviewed the Internal Audit Charter (Attachment A), which is recommended in the Sarbanes-Oxley Act of 2002 and sets forth the mission, authority, responsibility, and professional proficiency of the USI Internal Audit Department.

Approval of the Internal Audit Charter in Attachment B is recommended.

5. APPROVAL OF BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS

Approval of the budget appropriations, adjustments, and transfers in Attachment C is recommended.

6. RECOMMENDATION TO APPROVE PROPOSED SCHEDULE OF STUDENT FEES AND OTHER MANDATORY FEES FOR 2003-2004

It is recommended that the per-semester credit-hour fee be increased to \$127.50 for Indiana resident undergraduate students, \$185.25 for Indiana resident graduate students, \$304.25 for non-resident undergraduate students, and \$366.00 for non-resident graduate students.

Approval of a recommendation to the Board of Trustees for approval of the Student Fees and Other Mandatory Fees for 2003-2004 in Attachment D is recommended.

7. RECOMMENDATION TO APPROVE PROPOSED MISCELLANEOUS FEES FOR 2003-2004

Approval of a recommendation to the Board of Trustees for approval of the Laboratory and Miscellaneous Fees, Admission Prices for Athletics Events, and Children's Center Fees for 2003-2004 in Attachment E is recommended.

8. RECOMMENDATION TO APPROVE PROPOSED ANNUAL OPERATING BUDGETS FOR FISCAL YEAR 2003-2004

The proposed Current Operating Budget for fiscal year 2003-2004 (Attachment F) will be reviewed. The recommendation is for a balanced budget based upon estimates of fee revenue, State appropriations, and other available sources.

Approval of a recommendation to the Board of Trustees for approval of the Annual Operating Budgets is recommended.

Note: Attachment F is a summary of the Current Operating Budget. Copies of the complete Annual Operating budget document will be available at the July 7 meeting

ADDENDUM TO THE AGENDA
JOINT MEETING
FINANCE/AUDIT AND CONSTRUCTION COMMITTEES
UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

July 7, 2003

(FINANCE/AUDIT)

9. RECOMMENDATION TO APPROVE RESOLUTIONS APPROVING AND AUTHORIZING THE SALE OF THE UNIVERSITY OF SOUTHERN INDIANA AUXILIARY SYSTEM REVENUE BONDS, SERIES 2003

Resolutions to finalize the sale of bonds for the construction of Ruston Hall will be presented to the Board of Trustees for approval at its meeting on July 7, 2003. These resolutions authorize the Chair of the Board of Trustees and the Treasurer to sign documents that will allow the sale of the bonds.

Approval of a recommendation to the Board of Trustees for approval of the Resolutions Approving and Authorizing the Sale of the University of Southern Indiana Auxiliary System Revenue Bonds, Series 2003 (Attachment G) is recommended.

Report to University of Southern Indiana Board of Trustees
July 7, 2003

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: Science and Education Center

	<u>Description</u>	<u>Contractor</u>	<u>Amount</u>
<u>CO1, Contract 02</u>	Additional masonry work at existing elevator in Science Center and allowance closeout.	Deig Brothers Lumber and Construction Co.	\$ 2,443
<u>CO 3, Contract 03</u>	Six revisions to the structural steel framing system and allowance closeout.	Stone City Ironworks, Inc.	18,055
<u>CO 1, Contract 04</u>	Install snow guards on metal roof at stair towers.	U.S. Industries Group, Inc.	5,621
<u>CO 4, Contract 13</u>	Revise condensate drain piping and add water and air to the head house in greenhouse.	Goedde Plumbing and Heating, Inc.	15,013



INTERNAL AUDIT CHARTER

The University of Southern Indiana established the Internal Audit Department in 1985 as an independent appraisal function of the administration's established practices and system of internal controls. Many changes have since occurred, including the definition and purpose of internal auditing. This charter sets forth the mission, authority, responsibility, and professional proficiency of the USI Internal Audit Department.

MISSION

The Internal Audit Department mission is to provide independent and objective assurance and consulting services designed to add value and improve the University's operations. Internal Audit assists others in the effective discharge of their responsibilities by furnishing evaluations of departmental activities, recommendations for improvements in systems and procedures, and other information designed to promote effective controls. Internal Audit strives to help the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes.

AUTHORITY

The Internal Audit Department is authorized by the Finance/Audit Committee of the Board of Trustees and the vice president for Business Affairs to provide a comprehensive program of internal audits, consulting services, and assurance activities throughout the University. Internal Audit has full, free, and unrestricted access to all records (manual and electronic), physical properties, and personnel relevant to any subject under review. All documents and information given to Internal Audit will be handled in the same prudent manner that the University expects of the employees normally accountable for them.

The Internal Audit Department is under the supervision of the director of Internal Audit. The director of Internal Audit reports administratively to the vice president for Business Affairs and functionally to the Finance/Audit Committee of the Board of Trustees.

The Internal Audit Department has neither direct responsibility for, nor management authority over, any of the operations or staff that are, or may be, reviewed. Accordingly, Internal Audit does not develop or write policies or procedures that it may be called upon to evaluate. The staff may review draft materials developed by management for propriety and/or completeness and may provide advice and make recommendations about any issues identified as a result of a review or audit. However, Internal Audit cannot establish policy or require implementation of any of its recommendations. Implementation of action plans, or the risks of not doing so, remains at management's discretion.

RESPONSIBILITIES

University management is responsible for ensuring that systems of internal control are in place, good business practices are implemented and followed, and fraud risks are identified and mitigated. Internal

Audit is responsible for examining and evaluating financial, managerial, and operating controls; determining compliance with internal and external policies, laws, and regulations; assisting management with special reviews as requested; and providing management with recommendations to improve University operations or internal controls.

The director of Internal Audit is responsible for developing an annual audit plan and applying risk assessment techniques to ensure that all subjects of material significance are accorded audit consideration on an appropriate basis. The annual audit plan will be approved by the vice president for Business Affairs and submitted to the Finance/Audit Committee of the Board of Trustees for review, discussion, and approval.

The scope of each audit shall be sufficient to express an informed opinion about the audit subject. A draft audit report shall be issued promptly by the director of Internal Audit for each examination and shall be directed to the appropriate level of management. All levels of management having an interest in findings and recommendations in the report shall be given an opportunity to comment, particularly on remedial actions planned or taken. Such views shall be incorporated into the final report to the extent practicable and will be redistributed to all interested persons. Audit reports also will be shared with the Indiana State Board of Accounts during the planning stages of the annual financial audit.

Executive summaries of all audit reports will be presented to the Finance/Audit Committee at least annually. These summaries will include the major findings, recommendations for improvements, and the status of management's response or action plan developed in response to the recommendation. The comprehensive audit reports will be made available to the Finance/Audit Committee upon request.

PROFESSIONAL PROFICIENCY

The University of Southern Indiana is committed to the professional practice of internal auditing. In all of its activities, Internal Audit will abide by the *Standards for the Professional Practice of Internal Auditing* and the *Code of Ethics* adopted by the Institute of Internal Auditors.

Audit work will be conducted by a staff of recognized professional auditors who possess (1) a high level of technical knowledge or experience in auditing techniques; (2) relevant academic degrees; (3) certification as Certified Internal Auditors, Certified Information Systems Auditors, or Certified Public Accountants, or candidates seeking one or more of these certifications; and (4) the skills necessary for the examination of internal controls.

The continuing professional development of all auditors is essential if a progressive and qualified staff is to be maintained. Professional development requires activities planned and carried out by both the University and the audit department. In addition to on-the-job guidance under the supervision of the director of Internal Audit, the University will encourage training through courses offered by outside sources in appropriate circumstances. Auditors have a responsibility to devote themselves to sufficient personal study and development to participate in and benefit from the total program.

RECOMMENDED:

Vice President for Business Affairs

Date:

APPROVED:

Finance/Audit Committee Chair

Date:

BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS

1. Additional Appropriation of Income

From:	Unappropriated Current Operating Funds		
To:	1-10200	School of Liberal Arts Supplies and Expense Capital Outlay	9,719 32,316
To:	1-10300	School of Science and Engineering Supplies and Expense Capital Outlay	20,250 3,949
To:	1-10320	Engineering Supplies and Expense	12,971
To:	1-10330	Mathematics Personal Services	32
To:	1-10410	Nursing Supplies and Expense	1,132
To:	1-16221	Art Committee Supplies and Expense	1,500
To:	1-10700	School of Business Personal Services Supplies and Expense	6,750 5,439
To:	2-23100	Faculty Development Travel Supplies and Expense	5,709
To:	2-23130	Faculty Enhancement – Science and Engineering Supplies and Expense	5,719
To:	2-23140	Faculty Enhancement – Nursing and Health Professions Supplies and Expense	1,199
To:	2-23170	Faculty Enhancement – Business Supplies and Expense	4,302
To:	2-23180	Faculty Enhancement – Education and Human Services Personal Services Supplies and Expense	635 2,854
From:	Unappropriated Designated Funds		
To:	2-22800	Ropewalk Writers Retreat Supplies and Expense	12,736
To:	2-23300	School of Business Revolving Account Supplies and Expense	999

From:	Unappropriated Auxiliary Funds		
To:	3-30200	University Center Supplies and Expense	8,922
To:	3-30602	Baseball Supplies and Expense	250
To:	3-30606	Men's Basketball Supplies and Expense	8,400
To:	3-30609	Men's Cross Country Supplies and Expense	1,552
To:	3-30611	Volleyball Supplies and Expense	6,480
To:	3-30615	Women's Cross Country Supplies and Expense	4,121
To:	3-30617	Women's Golf Supplies and Expense	420
To:	3-30900	New Harmony Operations Supplies and Expense Capital Outlay	850 2,650
To:	3-36300	Athletic Fields Supplies and Expense	2,483

From:	Unappropriated Restricted Funds		
To:	4-46100	USI/Epi-Hab Center for Disability Studies Supplies and Expense	1,041
To:	4-46159	Indiana Workforce Development Team Training Grant - Toyota Motor Manufacturing Indiana Supplies and Expense	100,235
To:	4-46836	Historic New Harmony - Double Log Roof Restoration Supplies and Expense	8,231
To:	4-46838	Historic New Harmony - Reconstruction of Lenz House Garden Supplies and Expense	100

2. Additional Appropriation of Reserve Funds

To:	1-14005	Career Services Supplies and Expense	1,019
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3. Transfer and Appropriation of Funds

From:	2-24600	Employee Benefits Refund Revenue	
To:	3-36010	Fitness Center Programs Supplies and Expense	8,544
From:	6-60250	Campus Signage	
To:	3-36300	Athletic Fields Supplies and Expense	1,400

4. Transfer of Funds

From:	2-20660	Career Camp	
To:	2-20061	Spring Festival	467
From:	6-60000	Auxiliary System	
To:	6-60002	Housing Reserve - Bonding	641,108
From:	2-26000	Center for Teaching and Learning Excellence -	
To:	2-26202	Center for Teaching and Learning Excellence - Library Project Supplies and Expense	4,000
To:	2-26203	Center for Teaching and Learning Excellence - Nursing Project Supplies and Expense	3,930
To:	2-26204	Center for Teaching and Learning Excellence - English Department Supplies and Expense	2,250
To:	2-26205	Center for Teaching and Learning Excellence - Bluebird Trail Project Personal Expense	769

SCHEDULE OF STUDENT FEES AND OTHER MANDATORY FEES FOR 2003-2004

**Schedule of Fees
 Effective Fall Semester 2003
 Per Semester Credit Hour**

	<u>UNDERGRADUATE</u>		<u>GRADUATE</u>	
	Resident	Non-Resident	Resident	Non-Resident
Contingent	\$ 85.25	\$ 85.25	\$143.00	\$143.00
Academic Facilities	25.00	25.00	25.00	25.00
Student Services	12.25	12.25	12.25	12.25
Technology	5.00	5.00	5.00	5.00
Non-Resident		176.75		180.75
	<hr/>	<hr/>	<hr/>	<hr/>
Total*	\$127.50	\$304.25	\$185.25	\$366.00

OTHER MANDATORY FEES

University Services Fee (8 or more credit hours per semester)	\$30.00
University Services Fee (more than 3 and fewer than 8 credit hours per semester)	22.75
University Services Fee (3 or fewer hours per semester)	10.00
University Services Fee Summer	10.00

* A portion of the mandatory fees will be used to support initiatives not fully funded by the State, including enrollment change and base budget restoration. If these initiatives are subsequently funded by the State, the mandatory fees may be reduced to reflect that fact.

MISCELLANEOUS FEES FOR 2003-2004

1. LABORATORY AND MISCELLANEOUS FEES

	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Effective Date</u>
Application Fee (Undergraduate)	25.00	25.00	07/02/03
Application Fee (Graduate)	25.00	25.00	07/02/03
Audit Fee (Plus Applicable Lab Fee)	35.00	35.00	09/02/03
Bad Check Penalty First Check	10.00	10.00	07/02/03
Bad Check Penalty Subsequent	20.00	20.00	07/02/03
Change of Schedule	15.00	15.00	09/02/03
Computer Lab Fee	35.00	35.00	09/02/03
Departmental Exams	15.00	15.00	09/02/03
Distance Education Fee (Learning Center Fee, per credit hour)	25.00	25.00	09/02/03
Distance Education Delivery Fee	10.00	10.00	09/02/03
Distance Education Supply Fee	100.00	100.00	09/02/03
Health Professions Insurance	15.00	15.00	07/02/03
Health Services Fee	40.00	40.00	09/02/03
ID Card Replacement Fee	10.00	10.00	09/02/03
Laboratory Fee	35.00	35.00	09/02/03
Late Registration Fee	25.00	25.00	09/02/03
Matriculation Fee (7 or more credit hours per semester)	62.00	62.00	07/02/03
Matriculation Fee (fewer than 7 credit hours per semester)	31.00	31.00	07/02/03
Nursing Test Fee	30.00	30.00	09/02/03
Occupational Therapy Clinical Fee	50.00	50.00	09/02/03
Payment Plan Fee	30.00	30.00	07/02/03
Payment Plan Late Fee	25.00	25.00	09/02/03
Transportation & Parking Fee (8 or more credit hours per semester)	25.00	30.00	09/02/03
Transportation & Parking Fee (more than 3 and fewer than 8 credit hours per semester)	20.00	24.00	09/02/03
Transportation & Parking Fee (3 or fewer credit hours)	15.00	18.00	09/02/03
Transportation & Parking Fee (per summer session)	10.00	11.00	09/02/03
Transportation & Parking Fee (temporary)	5.00	5.00	09/02/03
Transportation & Parking Tag Replacement Penalty	10.00	10.00	09/02/03
Physical Education Fee	20.00	20.00	09/02/03
Respiratory Therapy Advanced Life Support Fee	100.00	100.00	09/02/03
Special Course Fee (varies by course; maximum amount)	200.00	200.00	09/02/03
Student Activity Fee (Non-mandatory)	15.00	15.00	09/02/03
Student Resident/Housing Conduct Program Fees			
Level I	25.00	25.00	09/02/03
Level II	50.00	50.00	09/02/03
Level III	100.00	100.00	09/02/03
Studio Fee	35.00	35.00	09/02/03
Traffic Violation Fines			
Reckless Driving	35.00	35.00	07/02/03
Speeding	35.00	35.00	07/02/03
Parking Handicapped Zone	50.00	50.00	07/02/03
Improper Registration (First Occurrence)	10.00	10.00	07/02/03
Improper Registration (Subsequent Occurrences)	25.00	25.00	07/02/03
All Other Violations	10.00	10.00	07/02/03
All Other Violations (Subsequent Occurrences)	25.00	25.00	07/02/03

2. ADMISSION PRICES FOR ATHLETICS EVENTS

	<u>Current</u>	<u>Proposed</u>
BASKETBALL, MEN AND WOMEN		
SEASON TICKET		
Reserved Chairback	\$110.00	\$110.00
General Admission Bench, Adult	75.00	75.00
General Admission Bench, Student (non-USI)	35.00	35.00
SINGLE GAME		
Reserved Chairback	10.00	10.00
General Admission Bench, Adult	7.00	7.00
General Admission Bench, Student (non-USI)	4.00	4.00

A valid student identification card admits USI students free to regularly scheduled athletics events. Children two years of age and under, not occupying a seat, will be admitted free when accompanied by an adult. Children occupying a seat will be charged the student (non-USI) fee. Senior citizens 65 years of age or older will receive a \$1 discount on each single-admission ticket or pass.

3. CHILDREN'S CENTER FEES

	<u>Current</u>	<u>Proposed</u>
<u>Full-time Attendance -- 2 year olds *</u>		
Daily Rate (One Child)	\$ 21.00	\$ 21.50
Weekly Rate (One Child)	105.00	107.50
<u>Full-time Attendance -- 3-5 year olds *</u>		
Daily Rate (One Child)	\$ 16.50	19.00
Weekly Rate (One Child)	80.00	88.00
<u>Hourly Attendance Fee -- 3-5 year olds**</u>		
One hour	\$ 2.75	\$ 3.50
Two hours	4.50	5.25
Three hours	6.25	7.00
Four hours	8.00	8.75
Five hours	9.75	10.50

Over five hours = full day

* Snacks and lunches are included in the full-time fee.

** Additional charges for lunches will be assessed all children enrolled on a part-time basis in attendance at lunch time.

In the event that a child is not picked up by closing (5:00 p.m.), a late fee of \$0.20 per minute per child will be assessed for the first 10 minutes and \$1.00 per minute per child for each minute thereafter.

A parent of a child dually enrolled in the Head Start Program is eligible, based on income, for a reduced fee. The fee schedule for these children is available from the Children's Center.

When space is available, the Children's Center may accept children whose parents are not affiliated with USI. The fee schedule for these children is available from the Children's Center.

CURRENT OPERATING BUDGET SUMMARY

	Actual 2001-02	Appropriation 2002-03	Appropriation Recommended 2003-04
Fund Balance Allocated		40,952	40,000
INCOME			
State Appropriation	34,868,745	35,222,958	38,552,209
Student Fees	20,036,713	22,218,526	23,624,184
Other Income	3,037,338	1,822,463	1,730,361
Total Income	57,942,796	59,263,947	63,906,754
TOTAL AVAILABLE	57,942,796	59,304,899	63,946,754

MAJOR EXPENSE CLASSIFICATION

Personal Services	38,387,813	43,818,062	47,215,424
Supplies and Expense	14,345,064	12,156,219	13,389,018
Repairs and Maintenance	1,845,848	1,836,472	1,897,609
Capital Outlay	2,169,534	1,494,146	1,444,703
TOTAL	56,748,259	59,304,899	63,946,754

FUNCTIONAL EXPENDITURE CLASSIFICATION

Instruction	30,424,766	32,764,939	35,081,637
Instruction Related	2,209,196	2,336,803	2,447,292
Student Services	4,181,611	4,981,780	5,171,975
Physical Plant	7,429,188	7,511,827	8,769,870
Administration and General	12,503,498	11,709,550	12,475,980
TOTAL	56,748,259	59,304,899	63,946,754

	<u>Actual 2001-02</u>	<u>Appropriation 2002-03</u>	<u>Appropriation Recommended 2003-04</u>
FUNCTION BY MAJOR EXPENSE CLASSIFICATION			
Instruction			
Personal Services	25,314,272	28,612,491	30,686,218
Supplies and Expense	3,682,485	2,763,500	3,110,777
Repairs and Maintenance	629,728	657,086	658,120
Capital Outlay	<u>798,281</u>	<u>731,862</u>	<u>626,522</u>
Total Instruction	30,424,766	32,764,939	35,081,637
Instruction Related			
Personal Services	1,369,343	1,548,512	1,622,124
Supplies and Expense	181,494	191,067	193,388
Repairs and Maintenance	71,749	86,618	77,713
Capital Outlay	<u>586,610</u>	<u>510,606</u>	<u>554,067</u>
Total Instruction Related	2,209,196	2,336,803	2,447,292
Student Services			
Personal Services	3,219,431	4,030,124	4,249,603
Supplies and Expense	845,793	858,903	837,532
Repairs and Maintenance	61,044	65,901	57,557
Capital Outlay	<u>55,343</u>	<u>26,852</u>	<u>27,283</u>
Total Student Services	4,181,611	4,981,780	5,171,975
Physical Plant			
Personal Services	2,735,097	3,033,534	3,501,240
Supplies and Expense	3,668,684	3,731,887	4,437,947
Repairs and Maintenance	687,378	639,379	711,630
Capital Outlay	<u>338,029</u>	<u>107,027</u>	<u>119,053</u>
Total Physical Plant	7,429,188	7,511,827	8,769,870
Administration and General			
Personal Services	5,749,670	6,593,401	7,156,239
Supplies and Expense	5,966,608	4,610,862	4,809,374
Repairs and Maintenance	395,949	387,488	392,589
Capital Outlay	<u>391,271</u>	<u>117,799</u>	<u>117,778</u>
Total Administration and General	12,503,498	11,709,550	12,475,980
TOTAL BUDGET	56,748,259	59,304,899	63,946,754

RESOLUTIONS OF THE BOARD OF TRUSTEES FOR THE UNIVERSITY OF SOUTHERN INDIANA APPROVING AND AUTHORIZING THE SALE OF THE UNIVERSITY OF SOUTHERN INDIANA AUXILIARY SYSTEM REVENUE BONDS, SERIES 2003

WHEREAS, the Board of Trustees (the "Board") of the University of Southern Indiana (the "University") has full power and authority under and by virtue of the laws of the State of Indiana, including, more particularly, the provisions of Indiana Code 20-12-8 and 20-12-9, to issue revenue bonds secured by net income or net revenues of student residence, dining, and parking facilities and other auxiliary facilities, in order to finance and refinance such facilities on its Evansville campus; and

WHEREAS, the University has heretofore executed and delivered to Fifth Third Bank, Indiana, as trustee (the "Trustee"), an Indenture of Trust dated as of February 1, 2001 (the "Original Indenture"), as heretofore supplemented (collectively, the "Indenture"), for the purpose of securing its Auxiliary System Revenue Bonds (hereinafter sometimes referred to as the "Bonds") to be issued from time to time thereunder; and

WHEREAS, Article IV of the Original Indenture authorizes the issuance of additional series of Bonds by the University and the authentication and delivery of those additional series of Bonds by the Trustee under the conditions set forth in Article IV, which conditions have been complied with so as to authorize the issuance, authentication, and delivery of a series of Bonds by the Trustee under the conditions set forth in Article IV, to provide the funds required to finance the acquisition, construction, renovation, or equipping of a certain student residence facility (the "Project"); and

WHEREAS, the Board has full authority to take all necessary actions in connection with the financing of the Project through the issuance of a series of Bonds, and to approve and authorize the appropriate officers of the Board and the University to execute and deliver, for and on behalf of the University, such instruments as may be determined by such officers to be appropriate and necessary to carry out the financing of the Project through the issuance of a series of Bonds; and

WHEREAS, the Board desires to authorize the execution and delivery of the University of Southern Indiana Auxiliary System Revenue Bonds, Series 2003 (the "Series 2003 Bonds"), a Third Supplemental Indenture (the "Third Supplemental Indenture"), a Supplement to Continuing Disclosure Undertaking Agreement (the "Undertaking Agreement"), a Preliminary Official Statement (the "Preliminary Official Statement"), and forms of the Series 2003 Bonds; and

WHEREAS, the Board desires to authorize the execution and delivery of a final Official Statement (the "Official Statement"), a Construction and Rebate Agreement (the "Construction and Rebate Agreement"), and a Purchase Contract (the "Purchase Contract"); and

WHEREAS, there has now been submitted to the Board a form of Third Supplemental Indenture, a form of Undertaking Agreement, a form of Preliminary Official Statement, a form of final Official Statement, a form of Construction and Rebate Agreement, and a form of Purchase Contract, all submitted in connection with the issuance of the Bonds, in an aggregate principal amount not to exceed \$7,500,000 for the Series 2003 Bonds, plus certain additional costs and discounts and funding requirements, which financing has been approved by the State Budget Agency of the State of Indiana;

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. The issuance of the Series 2003 Bonds by the University on the terms and conditions set forth in the Third Supplemental Indenture is hereby authorized in the total principal amount not to exceed the sum of \$7,500,000, plus underwriter's discount, as described below, original issue discount/premium, as permitted by law, costs of issuance, costs of any premium for bond insurance, and capitalized interest on the Series 2003 Bonds. The Series 2003 Bonds shall be designated "University of Southern Indiana Auxiliary System Revenue Bonds, Series 2003." The true interest cost of the Series 2003 Bonds shall not exceed 6%, with a maximum underwriter's discount of 1% and with such serial or term maturities and redemption features as the executing officers shall approve. The final maturity of the Series 2003 Bonds shall not extend beyond October 1, 2024. The Series 2003 Bonds shall be sold pursuant to the Purchase Contract at negotiated sale to Banc One Capital Markets, Inc., as the representative of the underwriters listed in the Purchase Contract.

Section 2. The Third Supplemental Indenture is approved in substantially the form submitted to the Board and is made a part of this Resolution as if fully set forth herein. The Chair or Vice Chair of the University, or either of them, is hereby authorized to execute and deliver, and the Secretary or Assistant Secretary of the University, or either of them, is hereby authorized to attest the signature of and to imprint the corporate seal of the University on the Third Supplemental Indenture, in substantially the form submitted to the Board, with those changes in form or substance that the officers executing those documents shall approve (including any changes necessary to obtain bond insurance or other credit enhancement), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Official Statement is approved in substantially the form submitted to the Board and is made a part of this Resolution as if fully set forth herein. The Treasurer of the University is hereby authorized and directed to make those changes in form or substance as are necessary or appropriate (including any changes necessary to obtain bond insurance or other credit enhancement), to authorize the distribution of the Official Statement, to deem the Official Statement to be final or nearly final for purposes of applicable Securities and Exchange Commission rules, to execute and deliver the form of each final Official Statement with those changes in form or substance that the Treasurer shall approve (including any changes necessary to obtain bond insurance or other credit enhancement), and to cause printed copies of any Preliminary Official Statement and final Official Statement to be provided to those prospective purchasers, investors and other persons as he may deem advisable in order to market the Bonds, and any such prior actions are hereby ratified and confirmed.

Section 4. The Purchase Contract is approved in substantially the form submitted to the Board and is made a part of this Resolution as if set forth fully herein. The Chair, Vice Chair, or Treasurer of the University, or any of them, is hereby authorized to execute and deliver the Purchase Contract in substantially the form submitted to the Board, with those changes in form or substance that the officers executing that document shall approve (including any changes necessary to obtain bond insurance or other credit enhancement), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Construction and Rebate Agreement is approved in substantially the form submitted to the Board and is made a part of this Resolution as if set forth fully herein. The Chair, Vice Chair, or Treasurer of the University, or any of them, is hereby authorized to execute and deliver and the Secretary or Assistant Secretary of the University, or either of them, is hereby authorized to attest the

signature of and to imprint the corporate seal of the University on the Construction and Rebate Agreement in substantially the form submitted to the Board, with those changes in form or substance that the officers executing those documents shall approve (including any changes necessary to obtain bond insurance or other credit enhancement), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Undertaking Agreement is approved in substantially the form submitted to the Board and is made a part of this Resolution as if set forth fully herein. The Chair, Vice Chair, or Treasurer of the University, or any of them, is hereby authorized to execute and deliver the Undertaking Agreement in substantially the form presented to the Board, with those changes in form or substance that the officers executing that document shall approve (including any changes necessary to obtain bond insurance or other credit enhancement), such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Treasurer of the University is hereby authorized to prepare the bond forms, as approved by the Board, required for use in the issuance of the Series 2003 Bonds, and to cause the same to be executed manually or by facsimile by the proper officers of the University as provided in the Original Indenture and the Third Supplemental Indenture. Upon execution of the Series 2003 Bonds, the Treasurer shall deliver such Series 2003 Bonds to the Trustee for authentication, and upon their authentication, the Treasurer is authorized and directed to deliver such Series 2003 Bonds, upon payment of the purchase price, to The Depository Trust Company, New York, New York ("DTC"), on behalf of the purchaser thereof, which purchase price shall reflect the underwriter's discount permitted by this Resolution and original issue discount/premium, if any, as permitted by law.

Section 8. The Chair, Vice Chair, Treasurer, Secretary, and Assistant Secretary of the University are, and each of them is, hereby authorized and directed to do any and all further acts and things necessary, and to execute and deliver any necessary additional or supporting agreements, documents or certificates (including any supplement to the Blanket Issuer Letter of Representations, and including any agreement, document or certificate associated with obtaining bond insurance or other credit enhancement), as may be requested or necessary in order to complete the transactions contemplated by the Third Supplemental Indenture, the Purchase Contract, the Construction and Rebate Agreement, the Undertaking Agreement and the Official Statement hereby authorized.

Dated: July 7, 2003