

MINUTES

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

July 7, 2003

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The University of Southern Indiana Board of Trustees met in annual and regular sessions on Monday, July 7, 2003, in Carter Hall in the University Center. Present were Chair J. David Huber and Trustees Bruce H. Baker, Louise S. Bruce, G. Patrick Hoehn, Tina M. Kern-Raibley, Thomas F. McKenna, and James L. Will, Sr. Also in attendance were President H. Ray Hoops; Provost and Vice President for Academic Affairs Linda L. M. Bennett; Vice President for Governmental Relations Cynthia S. Brinker; Vice President for Student Affairs Robert W. Parrent; Vice President for Business Affairs and Treasurer Robert W. Ruble; Vice President for Advancement Sherianne M. Standley; and Student Government Association President Troy Nethery.

There being a quorum present, the meeting was called to order at 1:00 p.m.

SECTION I - GENERAL AND ACADEMIC MATTERS

A. ANNUAL MEETING OF THE BOARD

The annual meeting of the University of Southern Indiana Board of Trustees was held preceding the regular session. The minutes of the annual meeting are appended.

B. APPROVAL OF MINUTES OF MAY 10, 2003, MEETING

On a motion by Mr. Will, seconded by Mr. Hoehn, the minutes of the May 10, 2003, meeting of the Board of Trustees were approved.

C. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION

Vice President Standley reported that the next regular meeting of the Board of Trustees was set for Wednesday, September 10, 2003. The schedule will include a board retreat in the morning and committee meetings and the regular meeting of the board in the afternoon.

D. REPORT OF THE LONG-RANGE PLANNING COMMITTEE

Mr. Baker reported that the Long-Range Planning Committee met prior to the Board meeting and heard a report from the School of Nursing and Health Professions from Dean Nadine Coudret.

E. PRESIDENT'S REPORT

Both President Hoops and Mr. Huber welcomed Dr. Linda Bennett, Provost and Vice President for Academic Affairs, to USI and her first Board of Trustees meeting. President Hoops noted that Dr. Bennett brings impressive credentials to the position and asked the trustees to join him in wishing her the best as she begins her tenure at USI.

He also welcomed the new Dean of the School of Business, Dr. Eugene Klippel, who arrived in Evansville earlier in the summer and already has been preparing for his work and meeting constituents. He noted that Dr. Klippel also brings impressive credentials, having served most recently as Dean of the School of Business and Economics at Michigan Technological University.

Dr. Hoops reported that nearly 200 southwestern Indiana leaders attended an Energize Indiana forum hosted by Governor Frank O'Bannon and Lt. Governor Joe Kernan on the USI campus in June. This was one of several such forums conducted throughout the state as the Governor and Lt. Governor explained the benefits of this program, intended to stimulate Indiana's economy and encourage collaboration between government, education, and business. Their visit also included the official opening of the Region 11 Office of the Indiana Department of Commerce, located on the USI campus.

In early June, local legislators attended an appreciation reception at the University Home. President Hoops remarked that the event provided an opportunity to express the University's thanks for their help and support during the 2003 legislative session and to bring them up to date about campus activities for the fall. He reported that USI benefits greatly from a strongly united, bipartisan group of highly competent and committed legislators.

Dr. Hoops reported that summer school enrollment continues to be strong, and that there currently are 110 students involved in summer internships and co-operative education programs.

He reminded the trustees that summer gives the University an opportunity to use its residence halls and buildings to host conferences for people of all ages. Scheduled events include athletic camps, camps sponsored by law enforcement agencies, Elderhostel, and continuing education programs in a range of interest areas. Notable among the summer programs, according to the president, is one that the Department of Recreation, Fitness, and Wellness organized with the Evansville-Vanderburgh School Corporation and the 21st Century Community Learning Center to run a five-week enrichment program for three middle schools. The curriculum included art, technology, reading, horticulture, physical fitness, keyboarding, and math. In addition, the students were bused to USI for sports workshops in swimming, basketball, volleyball, and soccer as well as a tobacco-prevention workshop and team-building activities.

In July, USI will host a conference on collaborative services for children and schools, attracting educators, school nurses, civic and business leaders, social service agencies, and others concerned about children, families, schools, and communities surrounding schools.

President Hoops reported that programs in the Extended Services Division continue to grow in number and variety, including training in technology in the classroom for all teachers and staff at Evansville Day School, continuing education workshops for nearly 300 social workers, team training for employees of Rexam and Bristol Myers Squibb, and workshops for teachers, conducted in cooperation with Historic Southern Indiana and related to the regional Lewis and Clark Bicentennial celebration. He noted that distance education enrollments continue to increase, with spring semester enrollments totaling 2,332, an increase of 60 percent over the prior spring enrollment.

The President called on Provost Linda Bennett to introduce the academic report. Dr. Bennett introduced Dr. Scott Gordon, associate dean of the Pott School of Science and Engineering to report on the RISC (Research Innovation Scholarship and Creativity) Program. Dr. Gordon reported that the program goals of RISC, originated in fall 2001, include:

- To encourage, support, and publicize undergraduate research
- To strengthen the undergraduate experience
- To encourage student-faculty collaborations
- To serve as a clearinghouse of undergraduate research activities
- To expose students to prominent national/international figures

He reported that the RISC Grant Program provides funds to initiate or continue qualified projects and that the RISC Showcase is an annual opportunity for undergraduates to present, demonstrate, or display their works. Dr. Gordon concluded his report with a look at future plans for the RISC Program, which include opening the program to regional universities and colleges, expanding grant opportunities, and possibly inviting outstanding high school researchers to participate.

President Hoops reported that Staff Council hosted its annual University-wide picnic in mid-June, attracting over 550 faculty, staff, and student employees. He noted that the University is grateful to Staff Council for coordinating this annual event, which helps build esprit de corps.

A Health Insurance Review Committee comprised of 20 faculty, staff, administrators, and retirees, has been meeting since early March to evaluate the current medical/dental insurance plans in terms of plan design, delivery of care systems, plan provisions, and cost structures. In an effort to address the rising cost of health care, according to the president, the committee has reviewed health care trends, claim utilization, benefit coverage, and plan pricing to determine if alternative options are available. The committee's recommendations to the Human Resources Department will be addressed in the contract renewal process for calendar year 2004. The president announced that the USI/New Harmony Foundation is mounting an effort to raise the funds to restore the Schnee-Ribeyre-Elliott House. He reported that two volunteers recently organized a benefit luncheon that attracted over 200 donors and netted over \$10,000 for the cause. More than \$200,000 is needed

for the restoration and a plan is being developed to attract major gifts. When completed, part of the house will be used as the office for Historic New Harmony Operations.

He was pleased to report that the Lilly Endowment, Inc. is extending an opportunity to all Indiana colleges and universities to participate in the Endowment's "Initiative to Promote Opportunity through Educational Collaborations" grant program. USI is eligible to apply for \$1 million, and will prepare a proposal due to the Endowment by this fall.

The University's first ROTC graduates were commissioned in May just prior to the Commencement ceremony and President Hoops announced that Cadet Sarah Banks has won a \$2,000 Army scholarship from the Armed Forces Communications and Electronics Association. This scholarship is awarded only to cadets of the highest caliber who are majoring in math, computer operations, or hard sciences. He noted that, for a young program, USI's ROTC is setting itself apart through the achievements of its students.

President Hoops called on Troy Nethery, president of the Student Government Association, for a report. Mr. Nethery reported that SGA has set its goals for 2003-2004, which include enhancing the shuttle service and increasing safety awareness about severe weather conditions, earthquakes, fire, etc. Other goals include improved communication among organizations, increased promotion of the student organizational support grants, and increased participation in the SGA election process.

President Hoops closed his report by referring the trustees to three items in their meeting packets -- copies of the Orientation Guidebook, information on Welcome Week for incoming students, and a new brochure outlining Student Development programs.

F. APPROVAL OF POLICY ON POSTHUMOUS RECOGNITION OF STUDENTS

Mr. Huber called on Provost Bennett to report on the proposed Policy on Posthumous Recognition of Students. She introduced Associate Vice President for Student Affairs John Deem, who described the need for such a policy and noted the comfort and closure that can be offered to families of deceased students through such posthumous recognition.

On a motion by Mr. Will, seconded by Mr. Baker, the Policy on Posthumous Recognition of Students in Exhibit I-A was approved.

SECTION II – FINANCIAL MATTERS

A. REPORT OF THE FINANCE/AUDIT COMMITTEE

Mr. Hoehn reported that the Finance/Audit Committee approved the Internal Audit Charter and approved budget appropriations, adjustments, and transfers. He noted that other items on the committee's agenda appear as recommendations to the Board in Items B, F, and G.

B. APPROVAL OF RESOLUTIONS APPROVING AND AUTHORIZING THE SALE OF THE UNIVERSITY OF SOUTHERN INDIANA AUXILIARY SYSTEM REVENUE BONDS, SERIES 2003

Mr. Huber called on Vice President Ruble, who reported that the approval of the Resolutions Approving and Authorizing the Sale of the University of Southern Indiana Auxiliary System Revenue Bonds, Series 2003, in Exhibit II-A was recommended by the Finance/Audit Committee.

On a motion by Mr. Hoehn, seconded by Mrs. Kern-Raibley, the resolutions in Exhibit II-A were approved.

C. REPORT OF THE CONSTRUCTION COMMITTEE

Mr. Hoehn reported that the Construction Committee discussed the construction administration and management process for the library project and compared the benefits of hiring of a construction management firm to the benefits of providing construction management services in-house. He reported that the discussion will be continued at the next meeting of the committee. He noted that a request to delegate authority to the committee appears as a recommendation to the Board in Item D.

D. 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. Vice President Ruble reported that the following resolution authorizing the Construction Committee to act on behalf of the Board of Trustees was recommended by the Construction Committee.

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.

On a motion by Mr. Will, seconded by Mr. Hoehn, the resolution authorizing the Construction Committee to act on behalf of the Board of Trustees was approved.

E. UPDATE ON CURRENT CONSTRUCTION PROJECTS

Mr. Huber called on Vice President Ruble, who introduced Steve Helfrich, director of Facilities Operations and Planning, to report on the status of current construction projects. Mr. Helfrich reported that the Science and Education Center is near completion. Relocation of faculty and staff to the new facility is planned for late July.

He reported that construction and site work on Ruston Hall began in June with excavation for the basement and other preliminary work.

The Bent Twig parking lot is near completion. According to Mr. Helfrich, the crushed stone lot will provide space for 70 cars. Parking Lots G and H, west of the Science and Education Center, will be paved prior to the fall semester.

Mr. Helfrich announced that the library staff and architects are meeting regularly to finalize plans for the library design. He invited the trustees to attend the planning meetings, which are scheduled through December 2003. He reported that library construction will begin in July 2004, and plans call for the building to open in fall 2006. Mr. Helfrich announced that representatives of Edmund L. Hafer and Associates will attend the September meeting of the Board of Trustees to review schematic plans for the project.

F. APPROVAL OF SCHEDULE OF STUDENT FEES AND OTHER MANDATORY FEES FOR 2003-2004

Vice President Ruble reported on a recommendation 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 for non-resident graduate students. He reported that a full-time student will pay \$1,942.50 per semester compared to last semester's fee of \$1,800 -- an increase of \$142.50 or 7.9 percent.

President Hoops remarked that restraint in fee increases has always been an important way the University responds to the constituency it serves. He noted that in the past decade, USI has grown from a commuter institution to the second most residential campus in Indiana and one which offers an array of costly programs—including health care, laboratory sciences, and engineering. He further noted that the University has been able to maintain a high level of restraint in fee increases because much is expected of its faculty and staff at all levels; because it carefully manages its funds; and because it accepts the support of the community through a formal volunteer program and the remarkable level of giving to the USI Foundation.

Approval of the fees was recommended by the Finance/Audit Committee. On a motion by Mr. Hoehn, seconded by Mrs. Kern-Raibley, the Student Fees and Other Mandatory Fees for 2003-2004 in Exhibit II-B were approved.

G. APPROVAL OF MISCELLANEOUS FEES FOR 2003-2004

Vice President Ruble reviewed the proposed miscellaneous fees for 2003-2004. He reported that the only increase in laboratory and miscellaneous fees (Exhibit II-C, Page 1) is an increase in the parking fee. The parking fee for students enrolled in eight or more semester hours will increase \$5 in 2003-2004. Students enrolled in fewer than eight credit hours per semester are charged a pro-rated parking fee. He noted that this increase is expected to be the first increase of a five-year plan in which the University plans to increase the fee \$5 each year. In five years, the parking fee will have doubled from \$25 to \$50 per semester, which is comparable to parking fees at other State institutions. The additional revenue will be available to support the construction of a proposed parking garage.

He referred the trustees to Exhibit II-C, Page 2, which includes no change in admission prices for athletics events and an increase in Children's Center fees.

Approval of the fees was recommended by the Finance/Audit Committee. On a motion by Mr. Hoehn, seconded by Mrs. Kern-Raibley, the Miscellaneous Fees for 2003-2004 in Exhibit II-C were approved.

H. APPROVAL OF ANNUAL OPERATING BUDGETS

Mr. Huber explained that due to time constraints in its meeting on July 7, 2003, the Finance/Audit Committee agreed by consensus to waive a proposed recommendation to the full Board of Trustees to approve the annual operating budgets for fiscal year 2003-2004, and to postpone the presentation of the operating budgets until the Board of Trustees meeting.

Vice President Ruble introduced Budget Director Mary Hupfer, who reviewed the Operating Budgets for fiscal year 2003-2004. In addition to reviewing the sources and uses of funds, Ms. Hupfer reported that the current operating budget will be \$63,946,754, and that the total budget, including current operating funds, designated funds, auxiliary funds, and plant funds, will be \$95,407,381.

On a motion by Mrs. Kern-Raibley, seconded by Mr. Baker, the Annual Operating Budgets were approved.

Note: Exhibit II-D is a summary of the Current Operating Budget. A copy of the complete Annual Operating Budget document is appended to the file copy of these minutes.

I. APPROVAL OF AUTHORIZATION OF FINANCIAL AID AWARDS

The chair called on Vice President Parrent to review the authorization of financial aid awards. Dr. Parrent noted that this authorization is requested annually and that a full report of financial aid awards, including the number of awards and spending by category, will be presented to the trustees at a future meeting.

On a motion by Mr. McKenna, seconded by Mr. Baker, the following authorization was approved.

Pursuant to Indiana Code 20-12-1-2 which provides for awarding financial aid to students from existing resources, the University of Southern Indiana Board of Trustees delegates to the President of the University of Southern Indiana the responsibility to approve financial aid recommendations for students within the 2003-2004 budgetary capabilities.

J. IMPLEMENTATION OF TIAA-CREF 457(b) DEFERRED COMPENSATION PLAN

The chair called on Vice President Brinker, who reported that the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 contained provisions expanding the retirement savings opportunities colleges and universities may offer employees. With the passage of EGTRRA, employers have the option of adding a 457(b) Deferred Compensation Plan which would allow eligible employees to defer income in both 403(b) and 457(b) plans, essentially doubling pre-tax retirement plan contributions in any year. Vice President Brinker recommended that the following voluntary plan, which will require no University funds, be approved with an effective date of July 15, 2003.

Definition

A 457(b) Deferred Compensation Plan is a non-qualified, tax-deferred compensation plan that functions in many ways that are similar to other retirement plans and offers many of the same tax advantages to employees as other retirement plans. Employees who participate in a 457(b) Deferred Compensation Plan are able to set aside a portion of their salary on a pre-tax basis, providing a supplement to their retirement plan and Social Security benefits. Participants in public plans do not pay any federal income taxes on the amounts they contribute, or on any earnings on those contributions, until the funds are withdrawn from their account.

Provisions:

- A. With the passage of the Economic Growth Tax Relief Reconciliation Act (EGTRRA), the annual aggregate contribution limit for 457(b) and 403(b) plans may be calculated separately. Participants who contribute to both a 457(b) and a 403(b) will be allowed to contribute the maximum amount permissible by law to both plans. The maximum annual contribution limit for 457(b) plans is determined each year and will include any "catch-up" provisions. For 2003 the annual maximum for elective deferrals is \$12,000. Participants age 50 or over may contribute an additional \$2,000 for a total of \$14,000. Participants age 50 or over with 15 years of service at the University of Southern Indiana may contribute the additional \$2,000 "catch up" amount plus an additional \$3,000 for a total of \$17,000.

- B. The normal Plan Year will be a calendar year, January 1 through December 31. It is recommended that the initial Plan Year begin on July 15, 2003, and end on December 31, 2003.
- C. The TIAA-CREF 457(b) Deferred Compensation Plan instituted by the University of Southern Indiana would be a voluntary employee plan known as a "salary reduction" or "elective deferral" plan. Elective deferrals by eligible employees may be made to the Plan up to the maximum amount permitted by law. The University of Southern Indiana will not make non-elective contributions or matching contributions to the Plan.
- D. Employees who have maximized their 403(b) contributions, including the "catch up" provision, will be eligible to participate in the 457(b) Deferred Compensation Plan.
- E. Currently 37 employees contribute up to their 403(b) maximum. Eligible employees who wish to participate in the 457(b) Deferred Compensation Plan would be required to complete a 457(b) application form and a salary deferral agreement form.
- F. The Plan Document and the Adoption Agreement form constitute the provisions of the 457(b) Deferred Compensation Plan.

On a motion by Mr. McKenna, seconded by Mr. Baker, the adoption of the TIAA-CREF 457(b) Deferred Compensation Plan, effective July 15, 2003, was approved.

SECTION III – PERSONNEL MATTERS

A. APPROVAL OF PERSONNEL ACTIONS

Provost Bennett presented the recommendations for early retirement and emeritus status. On a motion by Mr. Baker, seconded by Mrs. Kern-Raibley, the following personnel actions were approved.

1. Early Retirement

Associate Professor of Psychology Robert E. Gehring, in accordance with the early retirement policy, has requested early retirement effective May 9, 2004, including leave with pay for the period January 2, 2004, through May 9, 2004. Severance pay based on 31 years of service to the University will be paid as of June 30, 2004.

Professor of Sociology Charles F. Petranek, in accordance with the early retirement policy, has requested early retirement effective May 7, 2006, including leave with pay for the period January 1, 2006, through May 7, 2006. Severance pay based on 33 years of service to the University will be paid as of June 30, 2006.

2. Emeritus Status

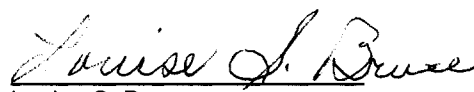
The following faculty members will be retired officially with the effective dates shown and the appropriate emeritus titles, as indicated, will be conferred:

Associate Professor Emeritus of Psychology Robert E. Gehring
31 years at USI, effective May 9, 2004

Professor Emeritus of Sociology Charles F. Petranek
33 years at USI, effective May 7, 2006

There being no further business, the meeting adjourned at 2:25 p.m.

Respectfully submitted,


Louise S. Bruce
Secretary

Policy on Posthumous Recognition of Students

Posthumous Degree

A degree may be awarded posthumously to a student who was enrolled at the time of death and had substantially completed the work for a degree, upon recommendation of the appropriate faculty and dean.

The University of Southern Indiana has established the following guidelines for awarding a posthumous degree:

Undergraduate

The posthumous degree can justifiably be awarded when a student had substantially completed the work for the undergraduate degree. This determination rests with the dean of the school, in consultation with the undergraduate faculty of the department of the student's major.

Graduate

A graduate degree may be awarded posthumously when the student had substantially completed the work for the degree. This determination shall be the responsibility of the dean of the school, in consultation with the graduate faculty of the student's program.

Certificate of Recognition

A Certificate of Recognition may be awarded posthumously to a student who was enrolled at the time of death but who did not qualify for a posthumous degree.

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

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
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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	798,281	731,862	626,522
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	586,610	510,606	554,067
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	55,343	26,852	27,283
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	338,029	107,027	119,053
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	391,271	117,799	117,778
Total Administration and General	12,503,498	11,709,550	12,475,980
TOTAL BUDGET	56,748,259	59,304,899	63,946,754