

**MINUTES  
FINANCE COMMITTEE**

**UNIVERSITY OF SOUTHERN INDIANA  
BOARD OF TRUSTEES**

**July 11, 1997**

The University of Southern Indiana Board of Trustees Finance Committee met on Friday, July 11, 1997, in the Conference Center of the New Harmony Inn in New Harmony, Indiana. Present were Trustees Charles Combs, Tina Kern, and James Will Sr. Also attending were Vice President Richard Schmidt and Business Office Director and Controller Michael Whipple.

There being a quorum present, Mr. Combs called the meeting to order at 1:30 p.m.

Mr. Schmidt reported on the proposed increase in student fees and discussed in detail the student parking fee. The comparison of tuition/fees for undergraduate Indiana students (Attachment 1) was reviewed. Discussion followed on the student fees and budget. An itemized listing of the proposed fees and budget for 1997-98 will be reviewed at the Board of Trustees meeting.

An analysis of interim financing plans from banking institutions for the Liberal Arts Center project was reviewed by Mr. Schmidt and Mr. Whipple. (Attachment 2) Discussion followed on the rates. Mr. Schmidt reported the best overall plan was from NBD Bank, N.A. On a motion by Mr. Will, seconded by Mrs. Kern, the committee voted to approve the following resolution subject to the Board of Trustees approval of authorizing a resolution at its July 11, 1997 meeting, and to recommend approval of NBD Bank, N.A. to the Board of Trustees for interim financing for the Liberal Arts Center.

WHEREAS, the Board of Trustees (the "Board") of the University of Southern Indiana (the "University") has heretofore received approval from the Indiana General Assembly for the construction and financing of a new classroom facility on its campus, as described more particularly in Exhibit A hereto (the "Project"); and

WHEREAS, the Finance Committee of the Board (the "Finance Committee") anticipates that the Board, by resolution to be considered for adoption at its July 11, 1997 meeting, will authorize the Treasurer of the Board (the "Treasurer") to develop a plan of financing for the Project (the "Plan"), including the selection of commercial or investment bankers, which may include the issuance of one or more notes under one or more loan agreements from time to time, in whole or in part up to the maximum authorized amount of the Project as described in Exhibit A plus other costs incidental to the financing as authorized by Indiana Code 20-12-6, and to present such Plan to the Finance Committee; and

WHEREAS, the Finance Committee anticipates that the Board will authorize the Finance Committee to approve any Plan developed and presented by the Treasurer which is consistent with the conditions hereof and which is deemed appropriate by the Finance Committee (as such Plan may be modified or supplemented by the Finance Committee); and

WHEREAS, the Finance Committee anticipates that the Board will further delegate to the Finance Committee the power to authorize the execution and delivery of such legal documents as may be necessary or appropriate to the financing, subject to the following conditions:

- a. The total amount of indebtedness incurred (excluding refundings of

financings for the Project authorized from time to time) shall not exceed the legislative authorization described in Exhibit A hereto, plus incidental costs permitted by statute;

- b. The interest rate or rates of such financings may be variable or fixed, and if fixed, may not exceed 8 percent per annum in true interest cost; and
- c. The final maturity of any authorized interim financings incurred may not exceed five (5) years from the date of issuance; and

WHEREAS, the Finance Committee further anticipates that the Board will authorize the Chair, Vice Chairs, and Treasurer of the Board to execute and deliver any notes, loan agreements, other contracts, agreements, certificates, etc. as may be necessary or appropriate to the financing, subject to the further approvals required from this Finance Committee; and

WHEREAS, the Treasurer has presented a Plan to the Finance Committee, which includes a proposal for interim financing of the Project featuring the financial institution and other terms and conditions as set forth in Exhibit B hereto.

NOW, THEREFORE, BE IT RESOLVED by this Finance Committee as follows (all subject to, and effective only upon receipt of, the anticipated authorization and delegation from the Board as described above):

1. The Finance Committee hereby approves the Plan developed by the Treasurer and presented to this Finance Committee, including the proposal for interim financing and the selection of the financial institution and the other terms and conditions as set forth in Exhibit B hereto.
2. The Finance Committee hereby authorizes the Treasurer to cause to be prepared and to approve in final form any notes, loan agreements, other contracts, agreements, certificates, etc. as may be necessary or appropriate, subject to and setting forth the terms of the interim financing described in the Plan and in Exhibit B hereto.
3. The Chair, Vice Chairs, and Treasurer of the Board are hereby authorized to execute and deliver any notes, loan agreements, other contracts, agreements, certificates, etc. as may be necessary or appropriate to consummate the interim financing as approved herein and as described in the Plan and in Exhibit B hereto, the approval of all such documents to be conclusively evidenced the execution and delivery thereof.
4. The Finance Committee hereby designates the tax-exempt indebtedness to be incurred in calendar year 1997, pursuant to the authorization for interim financing set forth herein, in an amount not to exceed \$1,050,000 as described in Exhibit B hereto, to be a qualified tax-exempt obligation under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Mr. Whipple updated the committee on the vendor change for the University's purchasing credit card. Citizens Bank credit card portfolio was recently acquired by MBNA America Bank. This change will not affect usage of the card.

There being no further business, the meeting adjourned at 2:05 p.m.

# UNIVERSITY OF SOUTHERN INDIANA

## Tuition/Fees for Full-time Hoosier Undergraduate Students

	1996-97	1997-98	% Increase	Dollar Increase	Notes
<b>INDIANA UNIVERSITY</b>					
Bloomington	\$3,783	\$3,929	3.9%	\$146	
East	2,728	2,855	4.7%	127	
Kokomo	2,757	2,920	5.9%	163	
Northwest	2,768	2,883	4.2%	115	
South Bend	2,856	2,985	4.5%	129	
Southeast	2,718	2,895	6.5%	177	
IUPUI	3,300	3,441	4.3%	141	
<b>PURDUE UNIVERSITY</b>					
West Lafayette	3,208	3,352	4.5%	144	
Calumet	2,775	2,970	7.0%	195	
North Central	2,760	2,979	8.0%	219	
IUPU-Ft. Wayne	3,006	3,213	6.9%	207	
Indiana State University	3,072	3,196	4.0%	124	Estimate. Trustees have not yet acted.
<b>University of Southern Indiana</b>	2,452	2,565	4.6%	113	Estimate. Trustees have not yet acted.
Ball State University	3,286	3,414	3.9%	128	
Vincennes University	2,367	2,455	3.7%	88	Estimate. Trustees have not yet acted.
Ivy Tech State College	1,880	1,937	3.0%	57	
<b>Weighted Average</b>	<b>\$2,964</b>	<b>\$3,094</b>	<b>4.4%</b>	<b>\$130</b>	

UNIVERSITY of SOUTHERN INDIANA  
 Student Fee Analysis - UNDERGRADUATE  
 Academic Years 1996/97 - 1997/98

	96/97	97/98	Change	% Change
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Resident Credit Hour Fees	\$80.00	\$83.75	\$3.75	
Credit Hour Fees for Non-Resident	\$195.25	\$205.25	\$10.00	
Other Mandatory Fees				
Campus Services Fee - 8 or more credit hours per semester	\$27.00	\$27.00	\$0.00	

**COST OF ATTENDANCE COMPARISONS**

**PART-TIME STUDENT/COURSE**

Resident	\$240.00	\$251.25	\$11.25	4.69%
Non-Resident	\$585.75	\$615.75	\$30.00	5.12%

**FULL-TIME STUDENT/SEMESTER**

Resident	\$987.00	\$1,032.00	\$45.00	4.56%
Non-Resident	\$2,370.00	\$2,490.00	\$120.00	5.06%
Resident	\$1,227.00	\$1,283.25	\$56.25	4.58%
Non-Resident	\$2,955.75	\$3,105.75	\$150.00	5.07%

**FULL-TIME STUDENT/ACADEMIC YEAR**

Resident	\$1,974.00	\$2,064.00	\$90.00	4.56%
Non-Resident	\$4,740.00	\$4,980.00	\$240.00	5.06%
Resident	\$2,454.00	\$2,566.50	\$112.50	4.58%
Non-Resident	\$5,911.50	\$6,211.50	\$300.00	5.07%

# UNIVERSITY of SOUTHERN INDIANA

## Interim Financing Analysis - Liberal Arts Building

### June 30, 1997

	<u>AmBank</u>	<u>Bank One</u>	<u>Fifth Third</u>	<u>NBD</u>	<u>NatCity</u>	<u>National</u>	<u>Citizens</u>
Fixed Rate - Tax Exempt	5.290%	0.000%	5.250%	4.280% (A)	4.450% (2) (A)	4.790%	
Fixed Rate - Taxable	7.690%	0.000%	7.750%	6.370% (A)	6.200% (2) (A)	7.160%	
Variable Rate - Tax Exempt	0.000%	6.200%	0.000%	4.252%	0.000%	4.640%	
Variable Rate - Taxable	0.000%	7.220%	7.631%	6.312%	0.000%	6.940%	
Fees		1/8%			\$16,000		
Interest Payments	Semi-annual	Quarterly	Semi-annual	Semi-annual	Maturity		Semi-annual
Principal Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prepayment Penalty	\$0.00	\$0.00	\$0.00	\$0.00 (1)	\$0.00	\$0.00	\$0.00
Maturity	31-Dec-98	31-Dec-98	31-Jul-98	31-Dec-98	31-Jul-98 (3)		31-Dec-98

Old National Bank of Evansville and National City Bank of Evansville declined to quote.

(1) Prepayment penalty on variable rate if prepayment made during LIBOR period.  
 (2) Interest rate includes an adjustment to reflect the impact of placement fee.  
 (3) Proposal suggests initial disbursement of entire \$8,000,000 rather than incremental borrowing.  
 (A) Rate projection based upon Treasury quote as of date of submission, rate will be fixed at time of note issuance.

## PROJECT DESCRIPTION

### NEW CONSTRUCTION - LIBERAL ARTS CENTER

**Budget Agency Number: G-0-93-1-01**

#### DESCRIPTION OF THE PROJECT:

The University of Southern Indiana proposed the construction of a general purpose classroom building (the Liberal Arts Center) in its 1995-97 Capital Improvement Budget Request. This project includes related site preparation for the building and expansion of the central campus chiller plant to accommodate the facility. Projections for the building include approximately thirty (30) general classrooms, twenty-two (22) specialized instructional facilities for individual disciplines, eighty (80) faculty offices, and administrative and academic/administrative support facilities.

The building will be located southwest of the University Center and east of Reflection Lake near the former location of the Children's Center. As part of the site preparation for the project, the Children's Center has been moved to the area near the Theatre Center and the Radio Center.

The primary function of this classroom building is to provide additional classrooms and faculty offices. The building also will provide specialized facilities and service areas for the School of Liberal Arts. The general purpose classrooms and lecture rooms will be available for scheduling by all academic schools.

PROJECT SIZE: approximately 110,000 GSF

ESTIMATED PROJECT COST: \$15,200,000

#### ANTICIPATED CONSTRUCTION SCHEDULE:

Bid Date	8/97
Start Construction	9/97
Occupancy	8/99

**EXHIBIT B**

**TERMS OF INTERIM FINANCING FOR THE LIBERAL ARTS CENTER PROJECT**

Maximum Principal Amount: \$1,050,000 tax-exempt  
\$6,950,000 taxable

Final Maturity: January 31, 1999

Interest Rate: Tax-exempt: Fixed at the prevailing rate on U.S. Treasury obligations of like maturity, plus 75 basis points, divided by 1.565363, plus 22 basis points  
Taxable: Fixed at the prevailing rate on U.S. Treasury obligations of like maturity, plus 75 basis points

Interest Payable: Semiannually (December 31, 1997; June 30, 1998; December 31, 1998) and at Final Maturity

Principal Payable: At Final Maturity

Financial Institution: NBD Bank, N.A.

Financing Documents: Loan Agreement; Promissory Note

Prepayment Provisions: No Restrictions

Demand Provisions: None or Demand upon default

Fees: None

Security: Junior lien on student fees