

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES
JOINT MEETING OF THE FINANCE COMMITTEE
AND THE UNIVERSITY CENTER ADDITION CONSTRUCTION COMMITTEE**

September 22, 1995

The Finance Committee and the University Center Addition Construction Committee of the University of Southern Indiana Board of Trustees held a joint meeting on September 22, 1995, in Room 102K of the Wright Administration Building. Present were Trustees Bruce Baker and Joseph O'Daniel, Vice President for Business Affairs Richard Schmidt, Assistant Vice President for Business Affairs Cynthia Brinker, and Director of Physical Plant Steve Helfrich. Attending via conference call was Trustee Charles Combs.

Mr. Combs called the meeting to order at 3:00 p.m.

UNIVERSITY CENTER ADDITION CONSTRUCTION BIDS

Mr. Schmidt reported on the Cost Summary for the UC Project (Attachment 1). The project includes \$4,613,056 for construction contracts and professional compensation and \$86,944 for contingencies.

The total project cost of \$4,700,000 includes Alternates 4 and 5. Mr. Schmidt reported that Alternate 4 allows for enclosing the loading dock and Alternate 5 allows for a change in the tile pattern in the main floor concourse. He noted that if the committee voted to accept the bids, the original bid amounts would be accepted and change orders would be prepared immediately to reflect the negotiated reductions and the revised project. He reported that if the entire contingency is not necessary for changes during construction, it will be used to fund unfinished areas of the building.

On a motion by Mr. O'Daniel, seconded by Mr. Baker, the bids for the construction of the University Center Addition outlined in Attachment 1 were accepted by the UC Addition Construction Committee.

VEBA TRUST INVESTMENT POLICIES

Mr. Combs called on Mr. Schmidt and Ms. Brinker to report on a draft of the **Investment Policy for VEBA Trust for the University of Southern Indiana** (Attachment 2). Mr. Schmidt reviewed the document and the investments it would authorize. On a recommendation by Mr. Combs, the phrase "Cash Equivalent Funds" was added to the list of authorized investments (IV. 3. c.).

On a motion by Mr. Baker, seconded by Mr. O'Daniel, the revised Investment Policy was approved by the Finance Committee for recommendation to the Board of Trustees at its next meeting in November 2, 1995.

Ms. Brinker discussed options for the transfer of funds from the University to the VEBA Trust accounts established at ONB and NBD. She explained that these funds will come from two sources: (1) employer/employee post-retirement contributions; and (2) University funds

that become available for transfer to the VEBA Trust Account. Mr. Schmidt recommended that the first transfers of funds be deposited in the sub account at Old National Bank until the total in that sub account reaches \$500,000.

On a motion by Mr. Baker, seconded by Mr. O'Daniel, the Finance Committee voted to recommend to the Board of Trustees that funds received through employer/employee post-retirement contributions be transferred to the VEBA Trust accounts on a quarterly basis, with the first transfers deposited in the ONB sub account.

By consensus, the Finance Committee agreed to recommend to the University Board of Trustees the following procedures when authorizing the transfer of additional funds to the VEBA Trust accounts:

1. The Vice President for Business Affairs and Treasurer will recommend to the Finance Committee the amount to be transferred and the sub account to receive the funds.
2. Upon the recommendation of the Finance Committee, the full Board of Trustees will grant final approval for the transfer of funds.

There being no further business, Mr. Combs adjourned the meeting at 3:25 p.m.



Richard W. Schmidt, Acting Secretary

COST SUMMARY
University Center Expansion Project
University of Southern Indiana

	ORIGINAL BID	NEGOTIATED REDUCTIONS	REVISED PROJECT WITH ALTERNATES 4 & 5
General Construction Deig Bros.	\$2,786,244	\$76,374	\$2,709,870
Roof Work U.S. Industries	128,300	5,300	123,000
Fire Protection Plumbing HVAC Work Arc Mechanical	862,000	7,685	854,315
Temperature Control Johnson Controls	105,916	14,259	91,657
Electrical Work Premier Electric	453,000	171,865	281,135
Test & Balance Flotech	6,890	0	6,890
Tunnel Piping & Elec.	133,900	1,000	132,900
Dimming & Lighting Estimate		(130,000)	130,000
Professional Compensation	292,644	9,355	283,289
Total Contracts & Prof. Compensation	\$4,768,894	\$155,838	\$4,613,056
Contingency			\$86,944
TOTAL PROJECT			\$4,700,000

INVESTMENT POLICY FOR VEBA TRUST FOR THE UNIVERSITY OF SOUTHERN INDIANA

I. Investment Philosophy and Objective

The University of Southern Indiana established a Voluntary Employees' Benefit Association (VEBA) for employees and retirees which will hold separate accounts for the purpose of providing medical, dental, and/or life insurance benefits for retired employees of USI and medical/dental benefits for their eligible dependents and for the purpose of providing medical, dental, and/or life insurance benefits, and other forms of permitted welfare benefits for employees of USI and medical/dental benefits for their eligible dependents and COBRA participants.

II. Investment Officer - Authority

The University will not directly and internally manage any portion of the VEBA Trust. The University will retain one or more Trustees for the VEBA Trust to manage the assets of the fund. This will provide greater diversification of investment policy, judgment, investment opportunity, and risk exposure and will create a positive influence on performance through long-term monitoring of each Trustee of the VEBA Trust.

The Trustees for the VEBA Trust, subject to the approval of the University Board of Trustees, shall be selected from strongly established and financially sound organizations which have a proven and demonstrable record in managing funds with characteristics similar to those of the VEBA Trust. Selection will depend upon factors established by the Finance Committee of the University Board of Trustees. These factors will include the competitive structure of the VEBA Trustees' custodial fee and management fee schedules.

The determination of the amounts to be invested in the VEBA Trust shall be the responsibility of the Vice President for Business Affairs and Treasurer and subject to the approval of the University Board of Trustees. The responsibility for investing the funds shall rest with the Trustees for the VEBA Trust subject to limitations of this policy and consistent with procedures approved by the Vice President for Business Affairs and Treasurer.

III. Definition of Portfolio

This policy applies to funds held by the Voluntary Employees' Benefit Trust (VEBA) Trustees established to provide medical/dental, life, and other welfare benefits for retirees and eligible dependents, employees and eligible dependents, and COBRA participants.

IV. Authorized Investments

A. The following investments shall be authorized subject to the limits indicated.

1. U.S. Treasury Notes, Bills, and Bonds

- a. Limitations per issue: None
- b. Maximum Maturity: 30 years

2. U.S. Government Agencies

- a. Limitation per issue: None
- b. Maximum Maturity: 30 years

(Approval from the Vice President for Business Affairs and Treasurer is required to invest with a maturity which exceeds 10 years.)

3. Indiana Institutions

a. Certificate of Deposit

- 1) Investments limited to those banks, savings banks, and savings and loan institutions that provide deposit insurance for University funds under Indiana Statute by the Public Deposit Insurance Fund in addition to the amounts insured by agencies of the United States Government (FDIC/SAIF).

- 2) Maximum maturity: 5 years

b. Repurchase Agreements

- 1) Collateral: U.S. Treasury and Agency securities with the University having a perfected interest in the securities. Securities market value must equal or exceed the principal plus anticipated interest earnings.

- 2) Maximum maturity: 1 year

c. Cash Equivalent Funds

4. Non-Indiana Institutions

a. Certificate of Deposit

- 1) Investments limited to those banks, savings banks, and savings and loan institutions that are insured by agencies of the U.S. Government

(FDIC/SAIF) to the maximum statutory amount (\$100,000).

2) Maximum investment per issuer: \$100,000 (principal and interest)

3) Maximum maturity: 1 year

5. Money Market Mutual Funds

- a. Participation should be limited to those funds which invest in only U.S. Treasury and/or Federal Agency securities and whose assets exceed \$250,000,000 or funds managed by Indiana banks which provide insurance for University funds under Indiana Statute by the Public Deposit Insurance Fund.
- b. Maximum investment in Money Market Mutual Funds shall not exceed 15 percent of the investment portfolio.

V. Placement of Investments

Maturities of investments are to be arranged to meet the cash flow needs for disbursements from the VEBA Trust. The Vice President for Business Affairs and Treasurer will provide direction to the Trustees of the VEBA Trust concerning the schedule for anticipated disbursements.

VI. Premiums or Discounts

Securities may be purchased at either a premium or a discount.

VII. Gains/Losses

Securities may be sold for more or less than book value if such action would be consistent with the VEBA Trustee's investment goals.

VIII. Reporting

The Trustees for the VEBA Trust shall maintain subsidiary records of each investment made for the VEBA Trust. Quarterly reports shall be submitted to the Vice President for Business Affairs and Treasurer. An annual Treasurer's Report summarizing investment transactions shall be submitted to the University Board of Trustees.