

## MINUTES

### JOINT MEETING FINANCE AND CONSTRUCTION COMMITTEES AND LONG-RANGE PLANNING COMMITTEE

#### UNIVERSITY OF SOUTHERN INDIANA

November 2, 2000

The University of Southern Indiana Finance and Construction and the Long-Range Planning Committees met in joint session on Thursday, November 2, 2000, at 10:30 a.m. in Carter Hall of the University Center. Present were Trustees Bruce Baker, Ryan Helzerman, Patrick Hoehn, Horolyn Torain, and James Will Sr. Also attending were President H. Ray Hoops, Vice Presidents John Byrd, Robert Reid, Richard Schmidt, and Sherrienne Standley; Faculty Senate Chair Mark Krahl; and Student Government Association President Rick Hudson.

There being a quorum present, Mr. Will called the meeting to order at 10:30 a.m.

(Finance Committee)

#### 1. APPROVAL OF RESOLUTION APPROVING AND AUTHORIZING INTERIM FINANCING FOR THE SCIENCE/EDUCATION CLASSROOM BUILDING

On a motion by Mr. Hoehn, seconded by Mr. Baker, the following resolution was approved.

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 Board has authorized the Finance Committee to approve a financing plan for the project; and

WHEREAS, the Treasurer presented a Plan to the Finance Committee at its meeting on September 7, 2000, which includes a proposal for an interim financing plan for initial site development and infrastructure work on the Project featuring the financial institution and other terms and conditions as set forth in Exhibit B hereto; and

WHEREAS, the Finance Committee approved the interim financing plan for initial site development and infrastructure work on the project at its meeting on September 7, 2000,

NOW THEREFORE, BE IT RESOLVED, by the Finance Committee as follows:

1. 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.
2. The Chair, Vice Chairs, Treasurer, or Assistant 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 by the execution and delivery thereof.
3. The Finance Committee hereby designates the tax-exempt indebtedness to be incurred in calendar year 2000, pursuant to the authorization for interim financing set forth herein, in an amount not to exceed \$3,424,000 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.

## **2. REVIEW OF 2000 AUDITED FINANCIAL STATEMENTS**

Diana Biggs, Internal Auditor, reported on the 2000 audited financial statements. Representatives from the State Board of Accounts will attend and report at the November 2001 Board of Trustees meeting.

## **3. APPROVAL OF BUDGET APPROPRIATIONS, ADJUSTMENTS, AND TRANSFERS**

On a motion by Mr. Hoehn, seconded by Mrs. Torain, the budget appropriations, adjustments, and transfers in Attachment B were approved.

## **4. DISCUSSION FOR PROPOSAL FOR THE BACHELOR OF SCIENCE IN APPLIED COMPUTER SCIENCE**

School of Business Dean Phil Fisher and Information Systems and Business Education Department Chair Marvin Albin presented details of a new baccalaureate program in Applied Computer Science. Computer Science is a popular major for prospective students. Information from recent PSAT and SAT tests shows that an average of 4.8 percent of high school students taking these exams indicate a preference for computer and information science majors. If that percentage were applied to USI's enrollment, it would yield 433 students. There are currently 265 majors in the existing computer information systems software, which stresses business applications of existing software rather than creation of software. Thus, one could conclude that there would be significant demand for this new program.

The program will be offered with two options: a business option, designed to meet the needs expressed by a panel of information technology managers from the area's major employers; and a technical option, designed to meet the need for scientific programmers and civil service requirements for computer scientists.

On a motion by Mrs. Torain, seconded by Mr. Will, the committee voted to recommend approval of the degree program by the Board of Trustees.

## **5. REPORT ON ENGINEERING-RELATED PROGRAMS.**

Pott School of Science and Engineering Technology Dean Jerome Cain and Associate Dean Jay Fredrich explained the various approaches being considered for a baccalaureate engineering program. They said the proposals will be refined and will move through the appropriate University committees for consideration and approval before coming to the Board of Trustees. Because approval by the Board of Trustees will be necessary before the next meeting in January, the trustees will be asked to delegate approval authority to the Long-Range Planning Committee.

Meeting was adjourned at 11:35 a.m.

**EXHIBIT A**

**PROJECT DESCRIPTION**

**NEW CONSTRUCTION – SCIENCE/EDUCATION CLASSROOM BUILDING**

**Budget Agency Number: G-0-97-1-01**

**Project Description**

In its 1999-01 capital budget request, the University sought \$21,600,000 of bonding authority to construct a Science/Education Classroom Building. In reviewing that request, the Commission for Higher Education recommended that the project be broken into two phases, with Phase One funding of \$12,600,000 provided in 1999-01. The 1999 General Assembly followed the Commission's recommendation and authorized Phase One bonding of that amount. The University requested Phase Two funding to complete this project as the top priority in its 2001-03 capital budget request.

The University expects to delay construction until funding for both phases is available. That will facilitate construction of a single integrated facility rather than a Phase One facility and a subsequent Phase Two addition.

The following infrastructure and site development steps will be completed in preparation for the new construction:

Estimated Mechanical Construction Cost	\$825,000
Estimated Electrical Construction Cost	272,000
Site Preparation	1,245,000
Design Fees and Expenses	<u>1,076,801</u>
<b>Total Project Development</b>	<b>\$3,418,801</b>

**EXHIBIT B**

**TERMS OF INTERIM FINANCING FOR THE SCIENCE/EDUCATION CLASSROOM BUILDING**

Maximum Principal Amount:	\$3,424,000 tax-exempt
Final Maturity:	January 1, 2002
Interest Rate:	Tax-exempt: Fixed at the prevailing rate on prime rate obligations of like maturity, minus 225 basis points, divided by 1.56, plus 22 basis points.  Example: A rate based on Prime Rate equal to $((a-b) \div c) + d$ , where:  a = Bank One's Prime Rate (currently 9.5 percent); b = Two and one quarter percent (2.25 percent) per annum; c = 1.56 (A factor which gives cognizance to the interest on the facility being tax exempt); and d = 22 basis points (.22 percent) per annum.  (Bank One's Prime Rate is currently 9.5 percent, thus yielding an interest rate of 4.87 percent based on the above formula.)
Interest Payable:	Semi-annually December 1, 2000; June 1, 2001; December 1, 2001; and at final maturity.
Principal Payable:	At final maturity
Financial Institution:	Bank One, Indiana, 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

**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	327
To:	1-10251	Communal Studies Supplies and Expense	64
To:	1-10300	School of Science and Engineering Technology Supplies and Expense	1,221
To:	1-10700	School of Business Supplies and Expense	1,289
To:	1-16200	President's Office Personal Services	80
To:	1-16240	Special Events Personal Services	188
To:	1-10300	School of Science and Engineering Technology Supplies and Expense	2,697
To:	1-14101	Intramurals and Recreational Sports Capital Outlay	1,881

From: Unappropriated Designated Funds

To:	2-20100	Student Program Services and Expenses	37
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From: Unappropriated Auxiliary Funds

To:	3-30603	Men's Tennis Supplies and Expense	150
To:	3-30200	University Center Supplies and Expense	1,614

From: Unappropriated Restricted Funds

To:	4-46420	Department of Health and Human Services – Advanced Nursing Program Grant Personal Services Services and Expenses	157,456 124,255
To:	4-46425	Department of Health and Human Services – Practitioner and Nurse Midwifery Program Grant Personal Services Services and Expenses	166,256 39,506

**2. Additional Appropriation of Reserve Funds**

From: Unappropriated Current Operating Reserves

To:	1-14005	Career Services and Placement Supplies and Expense	4,663
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**3. Transfer of Funds**

From:	2-20050	Student Services	
To:	2-20110	Student Activities	250

From:	2-20500	Student Services	
To:	3-30601	Athletics	500

From:	2-20050	Student Services	
To:	2-20300	Student Government	2,000

From:	6-60100	Special Projects Fund	
To:	3-32000	Lincoln Amphitheatre	9,459

**4. Transfer and Appropriation of Funds**

From:	2-20700	Student Orientation	
To:	2-20760	International Programming Personal Services Services and Expenses	600 1,250

From:	3-36000	Fitness Center	
To:	2-20100	Student Programs Supplies and Expense	30