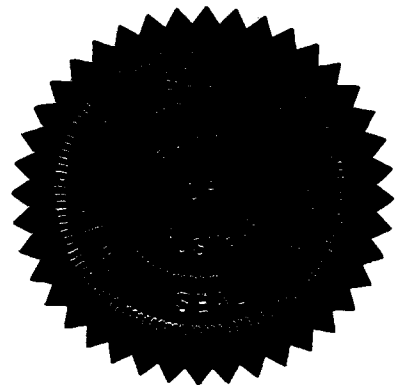


MINUTES

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

November 2, 2006



MINUTES

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

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The University of Southern Indiana Board of Trustees met in regular session on Thursday, November 2, 2006, in the University Center on campus. In attendance were Chair Bruce Baker and Trustees W. Harold Calloway, Mark A. Day, John M. Dunn, Lauren C. Fultz '07, Jeffrey L. Knight, Amy MacDonell, Frank F. McDonald II '73, and James L. Will, Sr. Also attending were President H. Ray Hoops; Provost and Vice President for Academic Affairs Linda L. M. Bennett; Vice President for Student Affairs Robert W. Parrent; Vice President for Business Affairs Mark Rozewski; Vice President for Advancement Sherrienne M. Standley; Faculty Senate Chair Christy Baker; and Student Government Association President Jeff Clark.

Mr. Baker called the meeting to order at 1:00 p.m.

SECTION I – GENERAL AND ACADEMIC MATTERS

A. APPROVAL OF MINUTES OF SEPTEMBER 7, 2006, MEETING

On a motion by Mr. Knight, seconded by Mr. Calloway, the minutes of the September 7, 2006, meeting of the Board of Trustees were approved.

B. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION

Mr. Baker called on Vice President Standley, who noted that the next meeting of the Board of Trustees is scheduled for Thursday, January 11, 2007, in Indianapolis, and will include a breakfast to which legislators will be invited.

C. REPORT OF THE LONG-RANGE PLANNING COMMITTEE

The Long-Range Planning Committee met prior to the Board of Trustees meeting on November 2, 2006. Mr. Baker called on the committee chair, Mr. Will, who asked Provost Bennett to review the meeting. Dr. Bennett reported that the Committee heard a report on the New Academic Development Plan, which is reviewed twice each year and is regularly shared with the Committee. She noted that new additions to the development plan include a Baccalaureate in International Business and a Clinical Doctorate in Nursing.

Dr. Bennett reported that the Long-Range Planning Committee also heard a presentation on the assessment of student learning in the College of Business. Dean Mohammed Khayum gave the Committee a brief description of how the College documents student learning. Committee members heard from business students about their learning experiences in the College, and Dean Khayum summarized the process in which faculty and students are engaged as they measure student learning.

D. PRESIDENT'S REPORT

President Hoops began his report by noting that in October, the University was pleased to welcome local elected officials and candidates to campus for dinner and to share its legislative message and institutional priorities. He reported that these priorities were highlighted again when he recently made presentations to both the Commission for Higher Education and the State Budget Committee about the University's 2007-2009 budget request.

Related to the Commission for Higher Education, Dr. Hoops remarked that he was saddened to learn of the death of long-time deputy commissioner Kent Weldon, who passed away earlier this week. Dr. Hoops noted that Mr. Weldon was considered a friend of higher education in Indiana and that the University mourns his passing.

He was pleased to report that the University recently celebrated the accomplishments of Southern Indiana Higher Education, Inc., the nonprofit organization that originally raised the money to purchase land for public higher education in southwestern Indiana. First organized in 1966, SIHE has assisted USI in meeting its goals for 40 years, providing student housing before the University could do so on its own, establishing scholarships, and sharing in planning for land use in the central core of campus and on land it still holds in trust.

The University has received word that Student Development's website has won the award for "Outstanding Orientation Website" in the National Orientation Directors Association Publications and Media Showcase. President Hoops announced that the USI website will be on display at the national conference in Salt Lake City.

He was pleased to report that the USI team has been chosen one of six finalists again this year in the Indiana CPA Society Case Competition. The objective of the competition is to challenge students with a practical project, requiring them to use their knowledge, skills, and presentation abilities. He recalled that the USI team has won this competition each of the past two years.

President Hoops reported that patronage of the new Rice Library continues apace, and that Director of the Library Ruth Miller reports that over 75,000 patrons have used the building since its opening in June, a number that exceeds annual use in the former library.

He reported that the Higher Learning Commission site visit was successful and that the accreditation team will recommend full ten-year accreditation from the North Central Association of Colleges and Schools. He expressed appreciation to all those whose careful work and management of the visit resulted in such a positive report. He further reported that USI also had a good site visit from the Accrediting Board for Engineering and Technology (ABET) and will await that final report next summer when the Board meets again.

Dr. Hoops called on Provost Bennett for a report on the Engineering Program. Dr. Bennett introduced Dr. Scott Gordon, dean of the Pott College of Science and Engineering, who presented an update on the progress of the Engineering Program at the University of Southern Indiana. Dr. Gordon reviewed the history of the program, which began in 2002 with more than 100 students. He explained the components of the program, which results in a Bachelor of Science in Engineering (BSE) degree. Enrollment growth in the program has been significant, and enrollment targets set by the Indiana Commission for Higher Education have been surpassed each year. Dean Gordon reported that the USI Engineering program produces graduates who are fully qualified for professional positions in private industry, consulting, and governmental agencies. The program has 13 graduates, all of whom are employed in southwestern Indiana. Another 20-25 students are expected to graduate this academic year. Dr. Gordon was pleased to announce that participation in student engineering societies, professional meetings, and competitions has grown, as has the number of engineering co-op opportunities and regional partnerships. He concluded his report by noting that the College was pleased with the visitation from the Accreditation Board for Engineering and Technology (ABET) and looks forward to its report in August 2007.

President Hoops noted that USI's annual Assessment Day is scheduled on Tuesday, November 14, and he asked Provost Bennett for a brief report about the process and goals of Assessment Day. Dr. Bennett reported that first-time, full-time freshmen and juniors who began their education at USI will take an Academic Proficiency and Progress test. This test marks the relative academic development of first-year students and the progress among juniors after two years of education at USI. Included in the testing are seniors in certain majors who are required to take Major Field exams to mark their field knowledge in comparison with peers at universities across the nation. Provost Bennett reported that USI students generally report significant gains in learning from the freshman to junior years, with USI juniors scoring at or above national averages on a variety of measures. Results from the Major Field exams show that USI seniors in the sciences often score above their peers at other institutions. Results from these tests are used to review and revise academic programs and processes. She noted that a complete report is shared with the Board annually through the Long-Range Planning Committee.

Dr. Hoops called on Faculty Senate Chair Christy Baker for a report. Professor Baker reported that all 2006-2007 Faculty Senate committees are in place and that charges have been assigned to the committees and the Senate. She noted that examples of the charges are a study of the addition of long-term care insurance to employee benefits; the establishment of criteria for two faculty awards for teaching excellence; and specific initiatives to improve communication with all faculty.

The president asked Student Government Association President Jeff Clark for a report. Mr. Clark reported that SGA members have been successful this fall in recruiting members and filling committee assignments. He reported that many students have applied for SGA's support through travel grants, which allow students to attend conferences related to their academic disciplines. He noted that SGA was a partner in planning Midnight Madness, an event marking the opening of the basketball season, and sponsored a successful program during National Collegiate Alcohol Awareness week. Mr. Clark concluded his report by telling the trustees that SGA is promoting student attendance at the USI vs. University of Evansville exhibition basketball game on November 4.

Dr. Hoops concluded by reporting that USI will hold its first fall Commencement on December 9, 2007. The fall Commencement is an event necessitated by growing numbers of students who finish coursework at the end of fall semester. He noted that later in the meeting, the trustees will be asked to approve the conferral of degrees for candidates who will graduate in December.

E. APPROVAL OF CANDIDATES FOR DEGREES

Chair Baker called on Provost Bennett, who reported that candidates for master, baccalaureate, and associate degrees, to be conferred December 9, 2006, are listed in Exhibit I-A, and recommended that award of the respective degrees be approved subject to the completion of all requirements.

On a motion by Mr. Knight, seconded by Ms. MacDonell, the candidates for master, baccalaureate, and associate degrees to be conferred December 9, 2006, and the award of the respective degrees, subject to the completion of all requirements, were approved.

F. REVIEW AND ACCEPTANCE OF CONFLICT OF INTEREST STATEMENTS

Mr. Baker called on Vice President Rozewski to review the summary of Conflict of Interest Statements in Exhibit I-B. Mr. Rozewski noted that the four statements in Exhibit I-B are those of trustees who were appointed in July 2006. He reported that University policy requires an annual disclosure statement from all trustees and members of the senior staff. Mr. Rozewski recommended approval of the statements and noted that following the approval of the Board of Trustees, the statements will be forwarded to the State Board of Accounts.

On a motion by Mr. Will, seconded by Mr. McDonald, the Conflict of Interest Statements summarized in Exhibit I-B were approved.

SECTION II – FINANCIAL MATTERS

A. ANNUAL REPORT ON STUDENT FINANCIAL ASSISTANCE

Mr. Baker called on Vice President Parrent, who introduced Jim Patton, director of Student Financial Assistance, to present his department's annual report. Mr. Patton referred the trustees to a printed report in their handouts. He summarized the report by noting that in 2005-2006, USI students received \$47 million in aid from all sources, an increase of 1.8 percent over the previous year. He reported a significant increase in funding of scholarships from the USI Foundation and the USI Varsity Club. He noted that in 2005-2006, loans account for 61.9 percent of total financial assistance for USI students, and that the Stafford Student Loan default rate for USI students continues to be below both national and state averages. Mr. Patton reported that three federal programs were created in 2006-2007: the Academic Competitiveness Grant; the National Science and Mathematics Access to Retain Talent (SMART) Grant; and the PLUS Loan for Graduate Students.

B. REPORT OF THE FINANCE/AUDIT COMMITTEE

The chair called on Mr. McDonald, chair of the Finance/Audit Committee, who reported that the committee met prior to the Board of Trustees meeting on November 2, 2006. The members heard a review of the preliminary financial statements for fiscal year ending June 30, 2006; heard a report on a Request for Proposal for investment banking services for the College of Business/General Classroom Building project; and approved a recommendation to the Board of Trustees to approve a transfer of funds to the VEBA Trust.

C. APPROVAL OF AUTHORIZING RESOLUTION FOR THE COLLEGE OF BUSINESS/GENERAL CLASSROOM BUILDING PROJECT

Mr. Baker asked Vice President Rozewski to review the authorizing resolution. Mr. Rozewski recommended approval of the resolution, which delegates responsibility to the Finance/Audit and Construction Committees for approval of contracts and general oversight of the construction of the College of Business/General Classroom Building project. The 2005 General Assembly approved \$6,600,000 in planning funds for the architectural planning and design of the College of Business/General Classroom Building, the completion of the lower level of the Education Center, and the construction of a Physical Plant/Support Services facility. He recalled that at its meeting on May 4, 2006, the Construction Committee, on behalf of the Board of Trustees, selected the team of Hellmuth, Obata + Kassabaum (HOK) and Hafer Associates to design the College of Business/General Classroom Building. At its meeting on July 6, 2006, the Board of Trustees authorized President Hoops to request release of the funds from various agencies of the State of Indiana to allow the University to proceed with a financing plan for the projects. The release of funds has since been authorized by the Indiana Commission for Higher Education and release is anticipated from the State Budget Committee at its meeting in December 2006. Mr. Rozewski reported that the schematic design of the College of Business/General Classroom Building will be presented to the Board at its meeting in January 2007.

On a motion by Mr. Dunn, seconded by Mr. McDonald, the following authorizing resolution for the College of Business/General Classroom Building Project was approved.

WHEREAS, the 2005 General Assembly authorized funds for architectural planning and design of the College of Business/General Classroom Building; related expansion of Physical Plant infrastructure; and completion of the unfinished lower level of the Education Center; and

WHEREAS, the University of Southern Indiana Board of Trustees wishes to proceed with the planning, design, development, and financing of the project; and

WHEREAS, in anticipation that the 2007 General Assembly will act to approve construction funds as requested in the University's Capital Budget Request; and

WHEREAS, approvals may be required between the regular meetings of the Board of Trustees;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees authorizes the Finance/Audit Committee to evaluate the results of Requests for Proposals for investment banking services; accept a proposal or reject all proposals; approve all financing plans on behalf of the Board of Trustees; and inform the Board of its actions.

FURTHER RESOLVED that the Board of Trustees authorizes the Construction Committee to review construction bids; to award contracts or reject any and all construction bids for the project; to approve design plans, cost estimates, and a construction schedule; and to report on the progress of the project to the Board of Trustees;

FURTHER RESOLVED that at the appropriate time, the President is authorized to request approval of the Indiana Commission for Higher Education, the Indiana State Budget Committee, and the Governor of the State of Indiana for the construction of the College of Business/General Classroom Building project.

D. PRESENTATION OF THE SCHEMATIC DESIGN FOR THE RECREATION AND FITNESS CENTER (RFC) EXPANSION – PHASE II

Mr. Baker asked Vice President Rozewski to introduce the presentation of the schematic design for the Recreation and Fitness Center. Mr. Rozewski reviewed with the Trustees that at its meeting in September 1998, the Construction Committee, on behalf of the Board of Trustees, selected the Merci-Kinkel Collaborative to provide architectural and engineering services for the Recreation and Fitness Center (RFC). The firm of Jack R. Kinkel and Sons prepared a schematic design for the RFC to be constructed in three phases. Phase I was completed in 2001. At its meeting on November 2, 2005, the Board of Trustees approved the selection of Jack R. Kinkel and Sons for architectural planning for Phase II of the Recreation and Fitness Center. Mr. Rozewski noted that the project is fully authorized and funded at approximately \$7.25 million, and that completion is expected in Spring 2009.

Mr. Rozewski introduced J.T. Kinkel of Jack R. Kinkel and Sons to present the schematic design, which will add 40,000 square feet to the Recreation and Fitness Center, doubling the size of the facility. Mr. Kinkel shared plans for a two-story addition on the south and west sides of the existing facility. The addition includes a lounge and game room; a two-and-one-half-story climbing wall; the addition of a third basketball court; a 5,000 square-foot cardio exercise room; a free weight area; group exercise studios; and additional locker room space. He described the building's features as being visible and transparent, with natural light from southern-facing windows.

E. UPDATE ON CURRENT CONSTRUCTION PROJECTS

Mr. Baker called on Vice President Rozewski, who introduced Director of Facilities Operations and Planning Steve Helfrich for a report on current construction projects. Mr. Helfrich reported that the renovation of the Wright Administration Building north entrance lobby is underway and that work continues on the replacement of a glass curtain wall in the lobby connecting the Wright Building and the Science Center. The renovation of public restrooms in the Physical Activities Center is nearly complete. He reported that among projects that will begin soon is the renovation of the lower level of the Orr Center office area and corridor, the first of a sequence of renovation projects in the Orr Center. The installation of a new emergency generator at the Physical Plant is nearly complete, as is the planning and design of the quadrangle and the lower level of the Education Center.

Mr. Helfrich noted that the following projects are in the planning phase:

- Construction of the support services facility
- Construction of the loop road and new campus entrance intersection
- Renovation and expansion of the McDonald West Recreation Building in student housing
- Construction of an addition to the Liberal Arts Center for the Kenneth P. McCutchan Art Gallery
- Construction of a new Ceramics Center, relocated in preparation for the College of Business project
- New seating and finishes in Murphy Auditorium in New Harmony
- Installation of improved lighting along the boulevard and in the parking lots
- Repair and painting of several historic building exteriors in New Harmony
- Upgrade of emergency power in the University Center

F. APPROVAL OF ANTHEM BLUE CROSS/BLUE SHIELD GROUP HEALTH INSURANCE AND HEALTH RESOURCES, INC. DENTAL INSURANCE PREMIUM RATES

Mr. Baker asked Vice President Rozewski, in the absence of Vice President Brinker, to introduce the report on the 2007 health insurance renewal for health and dental plans and the flexible benefit plan outlined in items F., G., and H. Mr. Rozewski called on Donna Evinger, director of Human Resources, who began by reviewing two health insurance programs through Anthem Blue Cross/Blue Shield - the Blue Access 100 Plan (Preferred Provider Organization - PPO) and the Blue Access 500 Plan (Preferred Provider Organization - PPO).

A comprehensive review of claims from both Anthem health plans indicates medical and drug claims totaled 87.54 percent of paid premiums under the Cost Plus funding arrangement. Anthem projects an increase of approximately 18.4 percent in claims in 2007 based on trend factors of 13 percent for medical and 15.5 percent for prescription drugs.

In 2006, the University continued the use of the Cost Plus financial arrangement implemented in 2005 to minimize the impact of annual rate increases. Under this arrangement, Anthem pays claims for the University. The University is billed for actual claims paid for covered persons and administrative services which include utilization management and PPO access fees, and Stop Loss coverage. Under this arrangement, the University determines the level of reserves to be held and holds the reserves. While the University assumes additional risk under this funding arrangement, the Stop Loss coverage, both specific and aggregate, limits the University's overall exposure. At the same time, the University receives the advantage of favorable claims immediately, rather than through an annual settlement.

The University will continue to provide prescription drug coverage to retirees according to the guidelines set forth by the Medicare Prescription Drug Improvement and Modernization Act of 2003 (Medicare Part D). The Blue Access 100 Plan provides creditable prescription drug coverage based on an actuarial attestation of the plan. The University will receive a federal subsidy for providing the prescription drug coverage for retirees in 2007.

The following items provide 2007 plan renewal information for the Anthem Blue Cross/Blue Shield Group Health Insurance and Health Resources, Inc. Dental Plans.

BLUE ACCESS PLAN – (PREFERRED PROVIDER ORGANIZATION: PPO)

The Blue Access 100 Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The Blue Access 100 Plan was first offered with the 1999 renewal. One of the recommended changes to the plan in 2007 is to increase the deductible from \$100 to \$200. Effective January 1, 2007, the plan will be referred to as the Blue Access 200 Plan. The following monthly premium rates for the Blue Access 200 Plan are recommended for a 12-month period beginning January 1, 2007.

The proposed medical premium rates for the Blue Access 200 Plan for 2007 reflect a 10.7 percent rate increase for active employee and retiree (over 65) memberships.

There are two plan design changes recommended for 2007:

- Office Visit Co-Payment – Change from \$15 to \$20 in-network; 70%/30% non-network remains unchanged
- Deductible – Increase from \$100/\$200 to \$200/\$400 in-network; \$200/\$400 to \$400/\$800 non-network

For 2007, the University proposes continuation with the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2007, for Health Resources, Inc. dental insurance reflect a rate hold for single memberships; a 23 percent rate increase for employee/child(ren) memberships; a 10 percent rate increase for employee/spouse memberships; and a 7.5 percent rate increase for family memberships. The renewal rates effective January 1, 2007, are determined by claims experience by membership group for USI employees and dependents and increased dentists' fees.

The 2007 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield - Blue Access 200 Plan and Health Resources, Inc. provide the primary health/dental insurance for 422 active employees and 132 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees is 75 percent of the total premium.

Ms. Evinger recommended approval to renew the master policies with Anthem Blue Cross/Blue Shield – Blue Access 200 Plan, including plan design changes, and Health Resources, Inc. with the following rate schedule using the Cost Plus financial arrangement.

**2007 MONTHLY PREMIUM RATES
ANTHEM BLUE CROSS/BLUE SHIELD – BLUE ACCESS 200 PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2007 TOTAL MONTHLY PREMIUM</u>	<u>2006 TOTAL MONTHLY PREMIUM</u>
Single	\$409.00	\$22.18	\$8.50	\$439.68	\$400.12
Employee + Child(ren)	\$779.89	\$54.98	\$22.00	\$856.87	\$771.16
Employee + Spouse	\$1,033.16	\$46.58	\$22.00	\$1,101.74	\$997.60
Family	\$1,137.74	\$80.34	\$22.00	\$1,240.08	\$1,124.44
Over 65 (Retired)	\$267.13	\$22.18	\$8.50	\$297.81	\$268.88

On a motion by Mr. Will, seconded by Mr. McDonald, renewal of the master policies with Anthem and Health Resources, Inc., as outlined in Item F; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item G; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item H was approved.

BLUE ACCESS 500 PLAN – (PREFERRED PROVIDER ORGANIZATION: PPO)

The Blue Access 500 Plan, first offered with the 2004 renewal, provides employees with a second PPO option in their selection of medical insurance plans. The Blue Access 500 Plan is designed with elements of a managed care plan as an incentive to reduce medical costs. The following monthly premium rates for the Blue Access 500 Plan are recommended for a 12-month period beginning January 1, 2007.

The proposed medical premium rates for the Blue Access 500 Plan for 2007 reflect a 10.1 percent rate increase for active employee and retiree (over 65) memberships.

There are two plan design changes recommended for 2007:

- Office Visit Co-Payment – Change from \$20 to \$25 in-network; 70%/30% non-network remains unchanged
- Co-Insurance – Change from 90%/10% to 80%/20% in-network and 70%/30% to 60%/40% non-network

For 2007, the University proposes continuation with the Cost Plus financial arrangement.

The 12-month renewal rates effective January 1, 2007, for Health Resources, Inc. dental insurance reflect a rate hold for single memberships; a 23 percent rate increase for employee/child(ren) memberships; a 10 percent rate increase for employee/spouse memberships; and a 7.5 percent rate increase for family memberships. The renewal rates effective January 1, 2007, are determined by claims experience by membership group for USI employees and dependents and increased dentists' fees.

The 2007 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield - Blue Access 500 Plan and Health Resources, Inc. provide the primary health/dental insurance for 209 active employees and one retiree. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees is equal to the amount contributed to the Blue Access 200 Plan.

Ms. Evinger recommended approval to renew the master policies with Anthem Blue Cross/Blue Shield – Blue Access 500 Plan, including plan design changes, and Health Resources, Inc. with the following rate schedule using the Cost Plus financial arrangement.

**2007 MONTHLY PREMIUM RATES
ANTHEM BLUE CROSS/BLUE SHIELD – BLUE ACCESS 500 PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2007 TOTAL MONTHLY PREMIUM</u>	<u>2006 TOTAL MONTHLY PREMIUM</u>
Single	\$349.44	\$22.18	\$8.50	\$380.12	\$348.06
Employee + Child(ren)	\$668.54	\$54.98	\$22.00	\$745.52	\$673.90
Employee + Spouse	\$886.32	\$46.58	\$22.00	\$954.90	\$869.34
Family	\$976.25	\$80.34	\$22.00	\$1,078.59	\$983.40
Over 65 (Retired)	\$306.45	\$22.18	\$8.50	\$337.13	\$306.07

On a motion by Mr. Will, seconded by Mr. McDonald, renewal of the master policies with Anthem and Health Resources, Inc., as outlined in Item F; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item G; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item H was approved.

**G. APPROVAL OF WELBORN HMO GROUP HEALTH INSURANCE AND HEALTH RESOURCES, INC.
DENTAL INSURANCE PREMIUM RATES**

Ms. Evinger reported that the University of Southern Indiana has offered Welborn HMO/Health Resources, Inc. as an alternative health/dental benefit program since October 1988. Welborn HMO is administered locally and currently provides services to approximately 30,000 members in the local area. In 2007, Welborn HMO will add an out-of-area network, Multiplan National, to provide in-network benefits to employees who live outside the local area. This will benefit active employees, dependents, and retirees who live outside the local service area.

A comprehensive review of USI claims for the Welborn HMO indicates medical and prescription drug claims totaled 90.61 percent of paid premiums for the time period of June 2005 through May 2006.

The University will continue to provide prescription drug coverage to retirees according to the guidelines set forth by the Medicare Prescription Drug Improvement and Modernization Act of 2003 (Medicare Part D). Welborn HMO provides creditable prescription drug coverage based on an actuarial attestation of the plan. The University will receive a federal subsidy for providing the prescription drug coverage for retirees in 2007.

The proposed medical premium rates for the Welborn HMO for 2007 reflect a 2 percent rate decrease for active employee memberships. The expected medical premium rates for retiree (over 65) memberships reflect a 2 percent rate decrease, but will not be confirmed until mid-November 2007.

There are four plan design changes recommended for 2007:

- Deductible – Introduce a \$100/\$200 deductible
- Office Visit Co-Payment – Change from \$15 to \$20 for primary care physician and \$25 to \$30 for specialist
- Emergency/Urgent Care Co-Payment – Change emergency room co-payment from \$50 to \$75; change urgent care co-payment from \$25 to \$35
- Co-Insurance – Change from 90%/10% to 80%/20%

The 12-month renewal rates effective January 1, 2007, for Health Resources, Inc. dental insurance reflect a rate hold for single memberships; a 23 percent rate increase for employee/child(ren) memberships; a 10 percent rate increase for employee/spouse memberships; and a 7.5 percent rate increase for family memberships. The renewal rates effective January 1, 2007, are determined by claims experience by membership group for USI employees and dependents and increased dentists' fees.

The 2007 insurance rates include a contribution for funding the liability for post-retirement benefits.

Welborn HMO and Health Resources, Inc. provide the primary health/dental insurance coverage for 125 active employees and 19 retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for active employees is 75 percent of the total premium.

Ms. Evinger recommended approval to renew the master policies with Welborn HMO and Health Resources, Inc. with the following rate schedule.

**2007 MONTHLY PREMIUM RATES
WELBORN HMO**

	<u>WELBORN MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2007 TOTAL MONTHLY PREMIUM</u>	<u>2006 TOTAL MONTHLY PREMIUM</u>
Single	\$312.10	\$22.18	\$8.50	\$342.78	\$349.24
Employee + Child(ren)	\$602.65	\$54.98	\$22.00	\$679.63	\$681.82
Employee + Spouse	\$669.26	\$46.58	\$22.00	\$737.84	\$747.46
Family	\$938.85	\$80.34	\$22.00	\$1,041.19	\$1,055.02
Over 65 * (Retired)	\$270.72	\$22.18	\$8.50	\$301.40	\$307.58

* *Expected 2007 medical premium rates*

On a motion by Mr. Will, seconded by Mr. McDonald, renewal of the master policies with Anthem and Health Resources, Inc., as outlined in Item F; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item G; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item H was approved.

H. APPROVAL OF SECTION 125 FLEXIBLE BENEFIT PLAN ADMINISTRATIVE FEE

Ms. Evinger reviewed the Section 125 Flexible Benefit Plan, which was implemented in 1990 and expanded in 1992, and which allows enrolled employees to pay medical insurance premiums, dependent care expenses, and uninsured medical expenses with pre-tax dollars. Participation in the program has been steady since its introduction. Approximately 36 percent of eligible employees participate in the uninsured medical expense and dependent care reimbursement plans, and 99.5 percent of employees with medical insurance are enrolled in the premium-only portion of the plan. In calendar year 2005, the University contracted with The Nyhart Company to administer the Section 125 Flexible Benefit Plan.

During the 2005 plan year, University savings were \$147,192 due to reduced FICA tax (Social Security and Health Insurance).

The current administrative fee for the Section 125 Flexible Benefit Plan is \$5.25 per-participant per month. Renewal rates from The Nyhart Company reflect no rate increase for a 12-month guarantee period effective January 1, 2007.

Ms. Evinger recommended approval to renew the contract with The Nyhart Company beginning January 1, 2007, to administer the Section 125 Flexible Benefit Plan with the quoted per-participant rate.

On a motion by Mr. Will, seconded by Mr. McDonald, renewal of the master policies with Anthem and Health Resources, Inc., as outlined in Item F; renewal of the master policy with Welborn HMO and Health Resources, Inc., as outlined in Item G; and renewal of the contract with The Nyhart Company for administration of the Section 125 Flexible Benefit Plan as outlined in Item H was approved.

I. APPROVAL TO TRANSFER FUNDS TO THE VEBA (VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION) TRUST ACCOUNT

Mr. Baker asked Vice President Rozewski to review the recommendation to transfer funds to the VEBA (Voluntary Employees' Benefit Association) Trust. Mr. Rozewski noted that the VEBA Trust Investment Policy requires the approval of the Board of Trustees for a transfer of funds to the Trust. He noted that the VEBA Trust was established in 1995 to eventually accumulate sufficient principal whose income will partially or fully fund retiree health care costs. The cost of current retiree health insurance premiums are accommodated through the University's general operating budget and the University anticipates that these costs will be accommodated through the general operating budget long into the future. The VEBA Trust account provides a long-range plan to migrate the costs of retiree health care into an alternative financing source. He reported that the trust currently contains approximately \$6 million. He further reported that the University continues to work with an investment advisor who assists in meeting investment goals and will report periodically to the Committee. The University also has retained an actuarial health care consultant to assist in determining the requirements of the trust and to review options regarding the health care benefits offered.

On a motion by Mr. McDonald, seconded by Mr. Dunn, the transfer of \$500,000 to the VEBA Trust was approved.

SECTION III – PERSONNEL MATTERS

A. APPROVAL OF PERSONNEL ACTIONS

Chair Baker called on Provost Bennett to review the following recommendations.

On a motion by Mr. Will, seconded by Ms. MacDonell, the following personnel actions were approved.

1. Retirement

Professor of History and Director of Center for Communal Studies Donald E. Pitzer, in accordance with the revised retirement policy, has requested retirement effective December 31, 2007, including leave with pay for the period August 20, 2007, through December 15, 2007. Severance pay based on 40.5 years of service to the University will be paid as of December 31, 2007.


2. Emeritus Status

It is recommended that the following faculty member be retired officially with the effective date shown and that the appropriate emeritus title, as indicated, be conferred:

Professor Emeritus of History and Director Emeritus of Center for Communal Studies Donald E. Pitzer, 40.5 years at USI, effective December 31, 2007.

There being no further business, the meeting adjourned at 2:12 p.m.

Respectfully submitted,


Lauren C. Fultz
Secretary

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December 9, 2006

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MASTER OF BUSINESS ADMINISTRATION
MASTER OF HEALTH ADMINISTRATION
MASTER OF PUBLIC ADMINISTRATION
MASTER OF SCIENCE IN EDUCATION
MASTER OF SCIENCE IN INDUSTRIAL MANAGEMENT
MASTER OF SCIENCE IN NURSING
MASTER OF SCIENCE IN OCCUPATIONAL THERAPY**

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BACHELOR OF GENERAL STUDIES
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**Possible Conflict of Interest Disclosure Statements
Filed for 2006**

DATE	NAME/ TITLE	VENDOR/ CONTRACTOR	DESCRIPTION OF FINANCIAL INTEREST
8-29-06	Amy MacDonell Trustee	N/A	N/A
9-06-06	W. Harold Calloway Trustee	N/A	N/A
9-07-06	Jeffrey L. Knight Trustee	Old National Bank	Owner & Executive Officer
10-24-06	John M. Dunn Trustee	Dunn Hospitality Group	Majority Share Holder