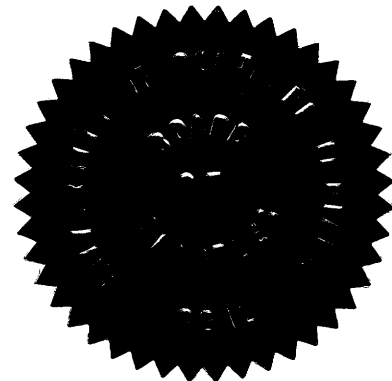


MINUTES

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES**

NOVEMBER 4, 1999



MINUTES

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

November 4, 1999

The University of Southern Indiana Board of Trustees met on Thursday, November 4, 1999, in Carter Hall of the University Center. Present were Trustees Bruce Baker, Louise Bruce, Ryan Helzerman, G. Patrick Hoehn, Tina Kern, Harolyn Torain, and James Will Sr. Also attending were President H. Ray Hoops; Vice Presidents John Byrd, Robert Reid, Richard Schmidt, and Sherianne Standley; Faculty Senate Chair Mark Krahling, and SGA President Brian Pauley.

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

SECTION I - GENERAL AND ACADEMIC MATTERS

A. APPROVAL OF MINUTES OF SEPTEMBER 9, 1999, MEETING

On a motion by Mrs. Kern, seconded by Mrs. Bruce, the minutes of the September 9, 2000, meeting were approved.

B. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION

The next regular meeting of the Board of Trustees was set for Thursday, January 13, 1999, in Indianapolis in conjunction with the Legislative Breakfast.

C. PRESIDENT'S REPORT

Dr. Hoops remarked that his report would be brief because of the busy day ahead with board meetings, the USI Foundation Scholarship luncheon, the groundbreaking for the new Recreation and Fitness Center, and Construction Committee interviews with architects.

Dr. Hoops announced that the University received a grant from the Posey Community Foundation and the Lilly Endowment for renovation of Murphy Auditorium, where New Harmony Theatre is produced each summer. He noted the facility also is used for community and school events by Posey County groups during the rest of the year. The \$277,000 construction project, funded by a \$175,000 Community Foundation Grant and additional private contributions, will allow the theatre to meet A.D.A standards for accessibility. It is hoped bids will be received before Thanksgiving in order to keep the project moving forward so that it can be completed before the New Harmony season opens next summer.

Dr. Hoops commented on an event-filled fall. At the September Founders Day program, five employees were honored - Linda Cleek, Ed Jones, Barry Schonberger, Pauline Schuler, and Steve Selby - for their 25 years of service to the institution. University staff traveled to Indianapolis for the Central Indiana President's Associates dinner and the Indianapolis-area Alumni Chapter golf outing. In October, the ribbon was cut on more than \$30 million in capital projects at a campus-wide community open house.

Dr. Hoops mentioned that the Finance Committee heard an internal audit report on the internal control structure at USI. He reminded the Board that this audit was done five years ago at the beginning of his tenure and that, while it is not something that is required, will be repeated every five years as a part of meeting the University's financial responsibility to the taxpayers and this Board. He observed that it was a very positive report and noted that the University will respond aggressively to the areas where attention is needed. Another project to

be accomplished in the coming year is an audit of the curriculum to determine its congruence to the University's past mission and to future changes. This is an institution which has been dedicated to curriculum that is important to the economic development of the region. USI and the area's needs have grown to the point that some broadening of that mission clearly is going to take place over the next few years. A task force under the direction of Dr. Munir Quddus, chair of the Finance and Economics Department, has begun its work and will produce a report by mid summer.

Related to this, the Commission for Higher Education has asked that each public institution review its programs with few graduates. This review has been completed and in today's Long-Range Planning Committee meeting, Dr. Reid reported on the responses forwarded to the Commission staff. Dr. Hoops alluded to many explanations for programs with few graduates including students with dual majors, basic menu programs which generate significant credit hours but produce few degrees, newly implemented programs, and programs in transition. USI has indicated that each of the programs on the list should be maintained.

Another topic of interest in the Long-Range Planning Committee was the University's emergency response plan. Dr. Hoops remarked that it was brought to the committee and the Board as an information item and to assure Trustees that the University staff is prepared for emergencies which might strike the campus.

Dr. Hoops noted that USI faculty undertake many interesting and worthwhile activities which positively impact learning and serve community need and that today's academic presentation is one of those programs. Dr. Hoops asked Dr. Reid to introduce Dean of the School of Nursing and Health Professions Nadine Coudret, who called on Clinical Services Coordinator for the Family Nurse Practitioner Program Jennie Hiam to present a report. Ms. Hiam described the program which provides health services and education to Vanderburgh County Jail inmates. The program is a collaboration between USI, The STD Clinic, Aldersgate Church, and others to provide on-site testing and treatment. She noted that future clinical plans include expanding these services to the Safe House.

Dr. Hoops announced that USI's undergraduate nursing programs have been re-accredited for ten years. The graduate program also has been re-accredited for five years, which is the maximum for graduate programs.

Dr. Hoops called on Faculty Senate Chair Mark Krahlung for a report. Dr. Krahlung provided the Board with a brief summary of Faculty Senate activities for the 1999-2000 year. He noted the spirit of cooperation between the faculty and administration is greatly appreciated. Dr. Hoops thanked Dr. Krahlung and commented that the Faculty Senate at USI is a very key part of the administration and an exceptional group to work with.

Dr. Hoops asked Student Government President Brian Pauley to report on SGA activities. Mr. Pauley commented that SGA has enjoyed a very successful fall semester thus far, and described activities including a Town Hall Meeting which was part of the National One America Initiative aimed at increasing diversity awareness on college and university campuses across the nation. He also shared information on Meet the Dean Week and the annual Oktoberfest which is held in conjunction with National Collegiate Alcohol Awareness Week. He noted Student Government has only four meetings left this semester and will begin preparation for next semester activities.

Dr. Hoops then turned the floor over to Mr. Will who presented Mrs. Torain with a plaque of the formal Resolution of Appreciation to Harolyn G. Torain for her service as chair of the Board of Trustees, passed by the Board at its July meeting.

D. REPORT OF THE LONG-RANGE PLANNING COMMITTEE

Mr. Baker reported that, in addition to Dr. Reid's overview of program review across the University, Director of Institutional Research and Assessment Dr. Charles Harrington presented an informative student profile report, and Director of Safety and Security Barry Hart explained the University's emergency response plan.

SECTION II - FINANCIAL MATTERS

A. REPORT ON STUDENT FINANCIAL ASSISTANCE

John Byrd called on Director of Student Financial Assistance Jim Patton to present a summary on Student Financial Assistance administered by the University during the 1998-99 academic year. In his report, Mr. Patton noted that over the last five years the University has more than doubled the amount of money awarded to students.

B. REPORT OF THE FINANCE COMMITTEE

The Finance Committee met prior to the Board meeting on November 4. Committee Chair Tina Kern reported that they heard a report on internal audit functions which included a history of the department, a history and status report of university debt, and approved the Budget Appropriations, Adjustments, and Transfers.

C. REPORT OF THE CONSTRUCTION COMMITTEE

Tina Kern reported that the Construction Committee met on October 14, 1999. The Skillman Corporation was selected to provide construction management services for the Science/Education Classroom Building project.

The committee selected five architectural firms interested in the Science/Education Classroom Building project and will interview the firms on November 4 and 5. The firms are:

BSA Design, Inc. of Indianapolis, Indiana
Hastings & Chivetta Architects, Inc. of St. Louis, Missouri and Edmund L. Hafer & Associates
of Evansville, Indiana
Odle McGuire & Shook of Bloomington, Indiana
Perkins & Will of Chicago, Illinois
Veazey Parrott & Shoulders of Evansville, Indiana

In other business, the committee approved the following bids for several University projects:

Wellness, Fitness, Recreational Facility Construction	\$ 4,165,956
Utility Tunnel Project	\$ 176,800
Curbs and Walkways Project	\$ 74,000
Excavation Project	\$ 230,000
Recreational Equipment Project	\$ 210,775

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

TRADITIONAL INDEMNITY PLAN

The following Anthem Blue Cross/Blue Shield health insurance monthly premium rates for the indemnity plan have been quoted for a twelve-month period beginning January 1, 2000.

The medical premium rates from Anthem Blue Cross/Blue Shield for 2000 reflect 20.2 and 20.4 percent rate increases for the single and family memberships and a 12.5 percent rate increase for retirees (over 65). There are no plan design changes. The University experienced a 34.2 percent increase in claims and an underwriting loss of 8.4 percent during the past year. Anthem projects an increase in claims in 2000 based on medical trend factors. To minimize the impact of the renewal quote, the premium rates were established using an alternative funding arrangement.

The University proposes the implementation of a deposit premium financial arrangement, a cash flow model in which the University retains a reserve account and only remits a portion of the monthly premium to Anthem.

Currently the reserve account is retained by Anthem. If expenses exceed the remitted amount, the University will remit up to the full premium amount. The advantage of this arrangement is that the favorable cash flow associated with future underwriting gains is advanced to the University prior to the annual settlement. If underwriting gains do not occur, or are less than the amount of premium not paid, the University is not responsible for paying expenses above the full premium fee. The 2000 premium rates for the traditional indemnity plan were established using the deposit premium financial arrangement.

The twelve-month renewal rates effective January 1, 2000, for Health Resources, Inc. dental insurance reflect a 5 percent rate increase for 2000. The renewal rate is the result of an increased number of claims for USI employees and dependents and an increase in dentists' fees in 1999.

The 2000 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield indemnity plan and Health Resources, Inc. provide the primary health/dental insurance for 325 employees and retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for single, family, and retiree coverage is 75 percent of the total premium.

On a motion by Mr. Hoehn, seconded by Mr. Bruce, renewal of the master policies with Anthem Blue Cross/Blue Shield indemnity plan and Health Resources, Inc. with the following rate schedule was approved.

**2000 MONTHLY PREMIUM RATES
FOR ANTHEM BLUE CROSS/BLUE SHIELD INDEMNITY PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2000 TOTAL MONTHLY PREMIUM</u>	<u>1999 TOTAL MONTHLY PREMIUM</u>
Single	\$243.49	\$17.72	\$ 8.50	\$269.71	\$227.93
Family	\$628.62	\$44.96	\$22.00	\$695.58	\$587.07
Over 65 (Retired)	\$206.25	\$17.72	\$ 8.50	\$232.47	\$208.77

PREFERRED PROVIDER ORGANIZATION: PREMIUM PREFERRED NETWORK (PPN)

The Anthem Blue Cross/Blue Shield PPN provides employees with a second option in their selection of medical insurance plans. The PPN is designed with elements of a managed care plan as an incentive to reduce medical costs. The PPN plan was first offered with the 1999 renewal. The following Anthem Blue Cross/Blue Shield health insurance monthly premium rates for the PPN plan have been quoted for a twelve-month period beginning January 1, 2000.

The medical premium rates from Anthem Blue Cross/Blue Shield for 2000 reflect 13.6 and 13.7 percent rate increases for the single and family memberships and a 5.6 percent rate increase for retirees (over 65). There are no plan design changes. The negotiated renewal quote from Anthem was a 14 percent rate increase, due to the fact that this plan had only seven months of experience and the Blue Cross/Blue Shield traditional indemnity and PPN plans were combined for rating purposes.

The University proposes the implementation of a deposit premium financial arrangement, a cash flow model in which the University retains a reserve account and only remits a portion of the monthly premium to Anthem. Currently the reserve account is retained by Anthem. If expenses exceed the remitted amount, the University

will remit up to the full premium amount. The advantage of this arrangement is that the favorable cash flow associated with future underwriting gains is advanced to the University prior to the annual settlement. If underwriting gains do not occur, or are less than the amount of premium not paid, the University is not responsible for paying expenses above the full premium fee. The 2000 premium rates for the PPN Plan were established using the deposit premium financial arrangement.

The twelve-month renewal rates effective January 1, 2000, for Health Resources, Inc. dental insurance reflect a 5 percent rate increase for 2000. The renewal rate is the result of an increased number of claims for USI employees and dependents and an increase in dentists' fees in 1999.

The 2000 insurance rates include a contribution for funding the liability for post-retirement benefits.

Anthem Blue Cross/Blue Shield PPN plan and Health Resources, Inc. provide the primary health/dental insurance for 102 employees and retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for single, family, and retiree coverage is 75 percent of the total premium.

On a motion by Mrs. Torain, seconded by Mr. Hoehn, renewal of the master policies with Blue Cross/Blue Shield PPN plan and Health Resources, Inc. with the following rate schedule was approved.

**2000 MONTHLY PREMIUM RATES
FOR ANTHEM BLUE CROSS/BLUE SHIELD PPN PLAN**

	<u>BC/BS MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2000 TOTAL MONTHLY PREMIUM</u>	<u>1999 TOTAL MONTHLY PREMIUM</u>
Single	\$217.29	\$17.72	\$ 8.50	\$243.51	\$216.73
Family	\$561.12	\$44.96	\$22.00	\$628.08	\$558.32
Over 65 (Retired)	\$183.09	\$17.72	\$ 8.50	\$209.31	\$198.69

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

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 40,000 members in the local area.

Due to a 7.2 percent increase in the total cost of claims, the quoted premium rates effective for a twelve-month period beginning January 1, 2000, reflect a 6 percent increase for a single plan and 6 percent increase for a family plan. Due to decreased costs associated with retiree coverage, the premium decreased .2 percent for retirees (over 65). Changes to the existing benefit plan, which were part of the 2000 renewal provided by Welborn HMO, are prescription drug co-pay for formulary brand name increases from \$10 to \$15; and inpatient professional and facility for mental health coverage increases from \$50 co-pay per day to 100 percent coverage, outpatient professional and facility increases from \$25 co-pay per day to 100 percent coverage, and individual or group office visits increase from \$20 co-pay per visit to 100 percent coverage after \$10 co-pay.

The twelve-month renewal rates effective January 1, 2000, for Health Resources, Inc. dental insurance reflect a 5 percent rate increase for 2000. The renewal rate is the result of an increased number of claims for USI employees and dependents and an increase in dentists' fees in 1999.

The 2000 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 270 employees, dependents, and retirees. The University contribution for medical and dental coverage and for funding the liability for post-retirement benefits for single, family, and retiree coverage is 75 percent of the total premium.

On a motion by Mr. Baker, seconded by Mr. Hoehn, renewal of the master policies with Welborn HMO and Health Resources, Inc. with the following rate schedule was approved.

2000 MONTHLY PREMIUM RATES

	<u>WELBORN MEDICAL PREMIUM</u>	<u>HRI DENTAL PREMIUM</u>	<u>POST- RETIREMENT CONTRIBUTION</u>	<u>2000 TOTAL MONTHLY PREMIUM</u>	<u>1999 TOTAL MONTHLY PREMIUM</u>
Single	\$170.78	\$17.72	\$ 8.50	\$197.00	\$186.43
Family	\$442.15	\$44.96	\$22.00	\$509.11	\$481.78
Over 65 (Retired)	\$179.39	\$17.72	\$ 8.50	\$205.61	\$205.04

F. APPROVAL OF THE FLEXIBLE BENEFIT PLAN ADMINISTRATIVE FEE

The Section 125 Flexible Benefit Plan, which was implemented in 1990 and expanded in 1992, 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 25 percent of the eligible employees participate in the uninsured medical expense and dependent care reimbursement plans, and 99 percent of employees with medical insurance are enrolled in the premium-only portion of the plan.

During the 1998 plan year, the University's net savings were \$50,260 due to the University's reduced FICA tax (Social Security and MQFE).

Olive LLP administers the plan for the University. The per-participant administrative fee of \$5.50 per month has been in effect since January 1, 1998. Renewal rates from Olive LLP reflect no rate increase for a twelve-month guarantee period effective January 1, 2000.

On a motion by Mrs. Bruce, seconded by Mrs. Torain, renewal of the administrative arrangement with Olive LLP for the flexible benefit plan with the quoted per-participant rate was approved.

G. APPROVAL OF AUTHORIZING RESOLUTION FOR NEW RESIDENCE HALL

In Fall 1999, the first 54-unit suite-style student residence hall opened with 180 beds. Due to a shortage of available beds, an additional 50 students were housed in the new facility. The second student residence hall is scheduled for completion for Fall 2000. Enrollment and housing statistics for Fall 1999 indicate the need for additional space in student housing for Fall 2001. Given the construction schedule for completion of a housing project, planning for one additional student residence hall is proceeding. The facility will be of the same

general design as previously constructed. However, a review of the facility will be undertaken to incorporate improvements and enhancements into the architectural design of the project including the possible redesign of the facility to accommodate an additional twelve units.

Several steps need to be taken prior to the January 2000 Board meeting to proceed with the planning and the requests for approval for the construction of this project. Therefore, the following resolution authorizing the Construction Committee to proceed with the project is recommended. The committee will report the progress on the project to the full Board at its meeting in January 2000.

On a motion by Mrs. Torain, seconded by Mrs. Bruce, the following resolution was approved.

WHEREAS, the Board of Trustees wishes to proceed with the construction of one student residence hall; and

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

NOW, THEREFORE, BE IT RESOLVED that the Chair authorize the Construction Committee to approve the architectural contracts, design plans, cost estimates, and construction schedule, review construction bids, and award contracts or reject any or all construction bids for the project, and report on the progress of the project to the Board of Trustees;

FURTHER RESOLVED that the Chair authorize the Finance Committee to approve a financing plan for the project;

FURTHER RESOLVED that President Hoops be authorized to request the Indiana Commission for Higher Education, the Indiana State Budget Committee, and the Governor of the State of Indiana to approve the student residence hall building project.

There being no further business, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,



Louise S. Bruce, Secretary