

MINUTES
FINANCE/AUDIT COMMITTEE
UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

July 12, 2012

The Finance/Audit Committee of the University of Southern Indiana Board of Trustees met on Thursday, July 12, 2012, in the New Harmony Inn and Conference Center in New Harmony, Indiana. In attendance were Chair W. Harold Calloway and Trustees Ira G. Boots, Amy MacDonell, and Ronald D. Romain '73. Others in attendance were Vice President for Finance and Administration and Treasurer Mark Rozewski and Vice President for Government and University Relations Cynthia S. Brinker.

Committee Chair Calloway called the meeting to order at 1 p.m.

1. APPROVAL OF CONSTRUCTION BIDS FOR THE TEACHING THEATRE PROJECT

At its meeting on November 5, 2009, the Board of Trustees authorized the Finance/Audit Committee to review construction bids and award contracts or reject any and all bids for the construction of the Teaching Theatre project and report the progress to the Board of Trustees.

Mr. Calloway called on Vice President Rozewski, who reported the construction bids for the Teaching Theatre were received and opened on June 28, 2012, and reviewed by the architects and University staff. He referred the Trustees to a bid summary in their handouts. Mr. Rozewski recommended a budget of \$14,174,700 for the project. While this amount is approximately five percent over the proposed budget, he told the Committee that since the bid opening, a value engineering process resulted in the review of 41 elements of the project and to date has reduced the overage by \$773,000. He reported construction of the project is expected to begin in August 2012 and will be complete in summer 2014.

Mr. Rozewski recommended approval of the following construction contracts:

<u>General Construction</u>	Empire Contractors, Inc., Evansville	\$10,865,000
<u>Mechanical</u>	Deig Bros. Construction Company, Evansville	\$ 1,429,700
<u>Electrical</u>	Alva Electric Inc., Evansville	\$ 1,880,000

On a motion by Mr. Boots, seconded by Mr. Romain, the construction contracts for the Teaching Theatre Project were approved as recommended.

A copy of the bid summary is appended to these minutes.

2. APPROVAL OF INVESTMENT BANKING PROPOSAL TO REFUND BOND SERIES H AND SERIES I AND ISSUE BOND SERIES K

Mr. Calloway called on Vice President Rozewski, who referred the Trustees to a handout titled *Investment Banking Proposals for Financing the Teaching Theatre Project and Refunding Bond Series H and Bond Series I*, a tabulation of responses to USI's Request for Proposals for a new money bond issue (Series K) of \$13 million to partially fund the construction of the Teaching Theatre. He reviewed the summary, which also includes a proposed refunding of the balances of Series H (which funded the Education Center and Series I (which funded the Rice Library). He reported this is fee-replacement debt and the state of Indiana will reimburse the University for the debt service on this issue. The savings from the refunding inure directly to the state of Indiana and are not available for reallocation to other University operating purposes.

Mr. Rozewski recommended the proposal of City Securities Corporation, Indianapolis, Indiana, for the refunding of Bond Series H and Series I and issuance of Bond Series K.

On a motion by Mr. Romain, seconded by Ms. MacDonell, the proposal from City Securities Corporation was approved.

A copy of the summary of *Investment Banking Proposals for Financing the Teaching Theatre Project and Refunding Bond Series H and Bond Series I* is appended to these minutes.

3. APPROVAL OF A RECOMMENDATION TO APPROVE MISCELLANEOUS FEES FOR 2012-2013

Mr. Calloway called on Vice President Rozewski to review the proposed miscellaneous fees for 2012-2013. Mr. Rozewski reviewed the fees in Attachment A, a schedule of non-mandatory miscellaneous fees for various activities and services at USI.

On a motion by Mr. Boots, seconded by Mr. Romain, a recommendation to the Board of Trustees for approval of the Laboratory and Miscellaneous Fees for 2012-2013 in Attachment A was approved.

4. APPROVAL OF A RECOMMENDATION TO APPROVE A RESOLUTION REGARDING BANK DEPOSITORIES AND WIRE TRANSFER AUTHORIZATIONS

Mr. Calloway asked Vice President Rozewski to review a recommendation to the Board of Trustees to approve the following resolution. Mr. Rozewski explained that at its meeting on November 6, 2008, the Board of Trustees approved a resolution regarding bank depositories and wire transfer authorizations. He recommended Board of Trustees approval of this housekeeping resolution, which is periodically updated as required by our banking institutions

On a motion by Mr. Romain, seconded by Mr. Boots, the following resolution was recommended for approval by the Board of Trustees.

WHEREAS, the University of Southern Indiana wishes to update the list of banks designated as depositories in which funds may be deposited and to update the authorizations required for transactions with the depositories;

THEREFORE, BE IT RESOLVED the Boonville Federal Savings Bank, Fifth Third Bank, First Federal Savings Bank, German American Bancorp, JP Morgan Chase Bank, Legence Bank, Lynnville National Bank, Old National Bank of Evansville, PNC Bank, Regions Bank, and United Fidelity Bank be and hereby are designated as depositories in which funds of this Corporation may be deposited by its officers, agents, and employees; and

FURTHER RESOLVED that the Treasurer is authorized to sign (including using electronic and facsimile signatures) any and all checks, drafts, and orders, including orders or directions in informal or letter form, against any funds at any time standing to the credit of this Corporation with said Bank, and that the said Bank hereby is authorized to honor any and all checks, drafts and orders so signed, including those drawn to the individual order of such officer without further inquiry or regard to the authority of said officer or the use of said checks, drafts, and orders, or proceeds thereof; and

FURTHER RESOLVED that the Treasurer or Assistant Treasurer of the University of Southern Indiana are authorized to enter into a Funds Transfer Agreement with the aforementioned Banks; and

FURTHER RESOLVED that the Treasurer, the Assistant Treasurer, the Controller, the Assistant Controller, and the Payroll Manager be designated as the officers of the University authorized to make wire transfers; and

FURTHER RESOLVED that each of the foregoing resolutions shall continue in force until express written notice of its rescission or modification has been received by the said Bank, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed for the purpose of inducing the said Bank to act thereunder, that the said Bank shall be saved harmless from any loss suffered or liability incurred without such notice.

There being no further business, the meeting was adjourned at 1:40 p.m

MISCELLANEOUS FEES FOR 2012-2013

Laboratory and Miscellaneous Fees

<u>Fee Name</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Effective Date</u>	<u>Last Changed</u>
Application Fee	35.00	40.00	08/20/12	08/22/11
Enrollment Fee	100.00	100.00	08/20/12	08/22/11
Audit Fee (plus applicable lab fee)	35.00	35.00	08/20/12	08/30/93
Departmental Exams Fee	15.00	15.00	08/20/12	08/29/95
Distance Education Fees:				
Learning Center Fee (per credit hour)	25.00	25.00	08/20/12	08/30/99
Delivery Fee (per credit hour)	10.00	10.00	08/20/12	08/30/99
Supply Fee	100.00	100.00	08/20/12	07/01/94
Health Professions Insurance	15.00	20.00	08/20/12	07/01/93
Health Services Fee	47.00	47.00	08/20/12	08/31/98
Housing Living Learning Community Fee	0.00	10.00	08/20/12	N/A
Housing Student Activity Fee	0.00	25.00	08/20/12	N/A
Laboratory Fee (College of Science, Engineering & Education)	45.00	60.00	08/20/12	08/29/05
Laboratory Fee (all other colleges)	35.00	50.00	08/20/12	08/07/01
Late Registration Fee Week 1	30.00	35.00	08/20/12	07/01/06
Late Registration Fee Beginning Week 2	125.00	125.00	08/20/12	07/01/06
Matriculation Fee (all new and transfer students)	85.00	100.00	08/20/12	08/22/11
Nursing Test Fee	30.00	30.00	08/20/12	08/31/92
Occupational Therapy Clinical Fee	50.00	75.00	08/20/12	08/31/98
Payment Plan Fee	30.00	30.00	08/20/12	07/01/95
Payment Plan Late Fee	25.00	25.00	08/20/12	08/30/99
Respiratory Therapy Advanced Life Support Fee	100.00	100.00	08/20/12	09/02/97
Special Course Fee (varies by course; maximum amount)	200.00	200.00	08/20/12	08/07/01
Student Activity Fee (non-mandatory)	25.00	50.00	08/20/12	08/30/04
Studio Fee	40.00	50.00	08/20/12	08/22/11
Study Abroad Fee	100.00	100.00	08/20/12	08/29/05
Transcript Fee	0.00	20.00	08/20/12	N/A
Transportation Fee:				
8 or more credit hours per semester	75.00	90.00	08/20/12	08/22/11
>3 and <8 credit hours per semester	60.00	72.00	08/20/12	08/22/11
3 or fewer credit hours	45.00	54.00	08/20/12	08/22/11

**Investment Banking Proposals
 for
 Financing the Teaching Theatre Project and Refunding Bond Series H and Bond Series I**

	Bank of America	City Securities	Hilliard Lyons	JP Morgan Chase	Morgan Keegan and Raymond James	PNC Capital Markets	Piper Jaffray	Wells Fargo Securities
<u>Amount</u>	\$ 50,120,641	\$ 49,710,000	\$ 52,410,000	\$ 50,000,000	\$ 46,750,000	\$ 50,765,000	\$ 51,345,000	\$ 50,940,000
All-In-Interest Rate Projection	2.76%	2.72%	2.55%	2.77%	2.85%	2.88%	2.94%	3.30%
Net Present Value Savings Est	4,078,255	4,442,060	4,087,124	4,377,159	3,885,580	3,961,877	4,052,745	3,405,818
Gross Savings Est		5,083,071	4,519,357		5,318,800	4,475,695	4,594,272	
<u>University Expenses</u>								
Ice Miller	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Bond and escrow trustee	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Official statement printing	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Moody's Investor's Service	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Standard & Poor's Corporation								
University counsel	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Verification agent	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
<u>Compensation Component</u>								
Management fee						10,000		
Expenses								
Underwriting risk								
Takedown	154,000	99,420	225,363	175,000	110,205	115,000	199,404	178,500
Underwriters bond counsel	35,000		20,000	25,000				15,000
CUSIP	528			550				500
DTC	500			500				500
Day loan	1,111			1,521				
Syndicate Wire (DALCOMP)				3,310				
DALCOMP News Service Wires	2,400			45				
DALCOMP Tax				294				
Travel and out of pocket	1,250			3,000				
MSRB fee reimbursement			4,000					1,200
Miscellaneous								750
Total	\$ 332,289	\$ 236,920	\$ 386,863	\$ 346,720	\$ 247,705	\$ 262,500	\$ 336,904	\$ 333,950