

MINUTES

SPECIAL MEETING

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

August 6, 2009

The University of Southern Indiana Board of Trustees met in a special session on Thursday, August 6, 2009, in Carter Hall in the University Center. Present were Chair John M. Dunn and Trustees Ira G. Boots, W. Harold Calloway, Jeffrey L. Knight, Lauren K. Raikes '11, and Ted C. Ziemer Jr. Attending via conference call were Trustees Amy MacDonell and Steven J. Schenck '72. Trustee Ronald D. Romain '73 was absent. Also in attendance were President Linda L. M. Bennett; Interim Provost and Vice President for Academic Affairs Nadine A. Coudret; Vice President for Government and University Relations Cynthia S. Brinker; Vice President for Student Affairs Robert W. Parrent; Vice President for Business Affairs and Treasurer Mark Rozewski; and Faculty Senate Chair Lesa Cagle. Student Government Association President Robert Wolfley was unable to attend.

Mr. Dunn called the meeting to order at 10 a.m.

SECTION I - GENERAL AND ACADEMIC MATTERS

There were no agenda items in Section I.

SECTION II – FINANCIAL MATTERS

A. REPORT OF CONSTRUCTION CHANGE ORDERS ISSUED BY THE VICE PRESIDENT FOR BUSINESS AFFAIRS

Mr. Dunn called on Vice President Rozewski for a review of change orders. Mr. Rozewski noted that construction change orders are customarily approved by the Finance/Audit Committee following a delegation of authority approved by the Board of Trustees as each major project begins. Because the Finance/Audit Committee will not meet again until September 3, 2009, he asked the full Board of Trustees to review and approve these items. He explained that any construction project is expected to have change orders, which are changes to a project after it has been bid. Change orders are either unforeseen items that need to be accommodated in a project or changes the owner requests after the project is underway. The vice president for Business Affairs has authority to approve any changes up to \$25,000, which then are reported to the Finance/Audit Committee at its next meeting. Changes over \$25,000 must be approved by the Committee. In addition to these accounting safeguards, a state law requires that change orders on a publicly funded project cannot total more than 20 percent of the construction cost.

Mr. Rozewski reported that budgets for major projects at USI include approximately three percent for change orders, which are always kept at a minimum. He noted the projects for which change orders are reported and requested in Exhibits II-A and II-B are well within budget.

B. APPROVAL OF CONSTRUCTION CHANGE ORDERS

Mr. Rozewski noted the change orders in Exhibit II-B (related to the Recreation and Fitness Center Expansion Project) were owner-directed. Early plans called for a more elaborate food service satellite in the project, but when the final budget for outfitting the space was too high, the vending area described in the change orders was created.

On a motion by Mr. Ziemer, seconded by Mr. Knight, the construction change orders in Exhibit II-B were approved.

C. APPROVAL OF PROPOSED SCHEDULE OF STUDENT FEES AND OTHER MANDATORY FEES FOR 2009-2010 and 2010-2011

Mr. Dunn called on Vice President Rozewski to review the proposed student fees for 2009-2010 and 2010-2011. Mr. Rozewski reviewed the process for setting tuition. A 2005 state law requires the University to set tuition in two-year periods at the beginning of each legislative biennium. The law also requires a public hearing to allow public comment on proposed tuition rates. The Tuition Hearing was held on July 20, 2009. There were no comments on the proposed increase. Mr. Rozewski thanked Mr. Ziemer for representing the Board of Trustees at the hearing.

While the Trustees have the sole authority to set tuition for the institution, a new law requires the Indiana Commission for Higher Education to issue non-binding tuition recommendations for each state-funded institution of higher education. Mr. Rozewski reported the Commission recommendation for USI was a range of 0-5 percent, and the University's recommendation falls within that range.

Mr. Rozewski reported the State Budget Committee asked all University presidents and board representatives to its meeting in Indianapolis on July 28, 2009, to discuss proposed tuition increases. President Bennett attended, as did Mr. Knight. He asked them for their comments.

President Bennett said the reason for the State Budget Committee hearing was understandable, given the current economic conditions in the state, the challenges many Hoosier families are facing, and the rate of unemployment in the State. The Committee expressed its concern about rate increases and access to public higher education in Indiana. She noted the USI story is a simple and straight-forward. The Committee understands USI does not charge different tuition for different academic programs and knows we have frozen most other fees for last two years. Our story is well understood among state legislators and there were very few questions regarding the proposed increase in tuition and fees. She thanked Mr. Knight for attending the hearing and asked for his comments. Mr. Knight stated he was pleased to be part of the meeting. He reported that President Bennett made an effective case on behalf of the University and agreed it was clear there was no concern among members of the State Budget Committee regarding the University of Southern Indiana tuition increase.

Mr. Rozewski recommended approval of the proposed rates in Exhibit II-C and noted that for a Hoosier full-time undergraduate student, the 2009-2010 rate will be \$255 more than last year, or \$5,334. In 2010-2011, the increase will be \$260 and the rate will be \$5,600.

On a motion by Mr. Boots, seconded by Mr. Calloway, the Student Fees and Other Mandatory Fees for 2009-2010 and 2010-2011 in Exhibit II-C were approved.

D. APPROVAL OF ANNUAL OPERATING BUDGETS

Mr. Dunn called on Vice President Rozewski for a review of the proposed annual operating budgets.

Mr. Rozewski introduced Assistant Vice President for Business Affairs Mary Hupfer for a report on the proposed budget for fiscal year 2009-2010 will be presented.

Ms. Hupfer reported that as a not-for-profit institution, the University of Southern Indiana follows fund accounting principles. Fund accounting is a method of segregating resources into categories to identify both the sources and uses of the resources with emphasis on controlling the resources and demonstrating compliance with their sources and uses. She described the four fund types into which annual operating funds are segregated:

The Current Operating (General) Fund receives funding from student fees and state appropriation. It is separated into five functional classifications: Instruction; Instruction-related; Student Services; Physical Plant; and Administration and General.

Designated Funds are those designated by the University for a specific purpose and include funds to support Academic, Student, and Extended Services programs.

Auxiliary Funds consist of auxiliary enterprises which exist to furnish goods or services to students, faculty, and staff, and charge fees directly related to the costs of the goods and services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as a self-supporting activity. The University's auxiliary funds

include Athletic Operations and Athletic Grant-in-Aid; Recreation, Fitness, and Wellness Center; Residence Life; Food Service and Meal Plans; Bookstore; University Center; New Harmony Operations; Conference Services; and Children's Learning Center.

Plant Funds are used to record the acquisition, construction, and improvement of physical properties used for institutional purposes; renewal and replacement of plant fund assets; retirement of debt service obligations; and the value of campus assets.

Ms. Hupfer referred the Trustees to a handout titled Current Operating Budget Summary as she reviewed the operating budgets for fiscal year 2009-2010, including the sources and uses of funds, and reported that the 2009-2010 current operating budget will be \$85,504,172, compared to the 2008-2009 current operating budget of \$83,256,267.

She noted the total budget also includes designated, auxiliary, and plant funds. The total 2008-2009 budget was \$126,794,872 compared to the total 2009-2010 budget of \$130,615,588.

Ms. Hupfer reported that in the 2009-2011 biennium, additional one-time funding is available through federal stimulus funds passed through the State Fiscal Stabilization Act as a result of the American Recovery and Reinvestment Act of 2009. A portion of these funds, \$1.4 million, is designated solely for repair and rehabilitation projects. The remainder of the funds, just over \$3 million, is for the institution to use at its discretion. Ms. Hupfer reported the institution will use these funds for a group of repair and rehabilitation projects reviewed with the Board of Trustees at its meeting on May 9, 2009. If any stimulus funds are used for items in the current operating budget, they will fund one-time expenditures, will not be used for items requiring permanent funding, and will be used judiciously.

Mr. Rozewski shared a budget-related item that while not part of the operating budget to be approved, is a decision of which he wants the Board of Trustees to be aware and a disclosure that should be recorded. As a result of general economic conditions, the USI Foundation corpus has declined significantly. The University has chosen to use various fund balances and reserves to replace drawing down scholarship and faculty development support from the USI Foundation for approximately two years. This will allow the Foundation principal to rebound more quickly and is believed to be in the best interest of the University. The amount could be approximately \$1 million.

On a motion by Mr. Knight, seconded by Mr. Boots, the current operating budget for 2010-2011 was approved.

There being no further business, the meeting adjourned at 10:35 a.m.

Respectfully submitted,

Amy MacDonell
Secretary

Exhibit II-A
University of Southern Indiana Board of Trustees
Summary of Construction Change Orders
Authorized by the Vice President for Business Affairs

1. RECREATION AND FITNESS CENTER EXPANSION PROJECT

Arc Construction Company - General Construction Contractor

CO G-8	Furnish and install irrigation system and grass sod to south and west lawn areas	\$ 14,209.49
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Mel-Kay Electric Company - Electrical Contractor

CO E-5	Furnish and install dimming system in three rooms, change eighteen floor receptacles to different type, and install dedicated ground fault receptacle for irrigation system	\$ 3,018.00
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CO E-6	Replace nine light fixtures in existing lobby area to match new fixtures in lobby and lounge area of the addition	\$ 2,508.00
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Peyronnin Construction Company - Mechanical Contractor

CO M-1	Install water line to lawn area to supply irrigation system	\$ 1,735.83
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CO M-2	Additional work to remove and rework existing chilled water and heating water piping, valves, pumps, and control piping in mechanical room where AHU 5 and 7 were removed	\$ 8,653.00
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2. BUSINESS AND ENGINEERING CENTER PROJECT

BUSINESS AND ENGINEERING CENTER

Weddle Brothers Building Group, LLC - General Contractor

GC-002	Make changes to room layouts, change steel stair in tunnel to aluminum, provide special paint and crane service for final beam lifting, all requested by owner	\$ 19,160.00
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GC-003	Make changes to Quadrangle site improvements at building, change spandrel glass at four columns, change floor finish on second level to slate instead of carpet, delete display case, change ceiling material type in Corridor 2510, change layout of service drive to Liberal Arts Center	\$ 17,409.50
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GC-004	Relocate storm drain for Technology Center, raise three sewer manholes, and make changes in glass handrail system on main stair	\$ 9,491.00
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GC-005	Miscellaneous changes to project including changes in hardware for two doors, add concrete topping slab at exhaust air shaft, add retaining wall at mechanical room, and add strapping block at wall	\$ 16,235.00
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Ray Haase Heating and Air Conditioning, Inc. - Mechanical Contractor

MC-001	Miscellaneous changes to work including installation of two high temperature gate valves, insulation of two gate valves, and credit to re-use 8-inch pipe	\$ 3,522.00
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CENTRAL HEATING AND COOLING PLANT EXPANSION

Empire Contractors, Inc.- Contractor

GC-001	Furnish and install additional steel support to piping and structure in existing central heating and cooling plant to support hanging load	\$ 15,828.00
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GC-002	Add concrete paving at dumpster location, increase size of fan motor B4, raise invert elevations of storm and sanitary sewer, add steel support for air separator, change curb layout at parking lot to facilitate loop road changes, and delete requirement to rebuild pump	\$ 9,276.00
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3. UNIVERSITY CENTER EXPANSION PROJECT

Weddle Brothers Building Group, LLC - General Contractor

GC-002	Delete wood paneling from storage rooms	\$ (1,338.00)
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GC-003	Delete requirement for professional engineer review of metal stud shop drawings	\$ (6,000.00)
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GC-004	Install wood blocking in walls for installation of casework	\$ 5,882.00
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GC-005	Install additional support on construction fence to accommodate banners	\$ 1,251.00
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GC-006	Change ceiling grid type	\$ (4,200.00)
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GC-007	Additional demolition work and installation of chase wall	\$ 4,100.00
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GC-008	Use batt insulation instead of rigid insulation board	\$ (3,200.00)
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Deig Brothers Lumber and Construction Company - Mechanical Contractor

MC-003	Adjust duct and piping locations where incorrectly shown on plan	\$ 2,178.00
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MC-004	Change air handling unit overall size to facilitate installation	\$ 1,854.00
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Capital Electric Company - Electrical Contractor

EC-002	Install new feed for sump pump, control system, exhaust fan, and convenience outlets in tunnel from the Orr Center	\$ 1,992.00
EC-003	Delete power and control circuits to motorized projector screen in Room 2229	\$ (325.00)
EC-004	Install power, data, and video circuits for additional video monitors	\$ 1,100.00
EC-005	Install power, data, and video circuits for two monitors in public areas on the main level	\$ 2,731.00

Exhibit II-B
University of Southern Indiana Board of Trustees
Summary of Construction Change Orders
Recommended for Authorization by the Board of Trustees

RECREATION AND FITNESS CENTER EXPANSION PROJECT

Arc Construction Company - General Contractor

CO GC-10	Additional general construction work to construct Vending room and computer terminal area on main floor	\$ 64,570.00
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Peyronnin Construction Company - Mechanical Contractor

CO MC-03	Additional mechanical construction work to construct Vending room and computer terminal area on main floor	\$ 19,394.12
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Mel-Kay Electric Company - Electrical Contractor

CO EC-07	Additional electrical construction work to construct Vending room and computer terminal area on main floor	\$ 24,892.00
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SCHEDULE OF STUDENT FEES AND OTHER MANDATORY FEES
2009-2010 and 2010-11

STUDENT FEES 2009-2010
(per semester credit hour)

	<u>UNDERGRADUATE</u>		<u>GRADUATE</u>	
	<u>Resident</u>	<u>Non-Resident</u>	<u>Resident</u>	<u>Non-Resident</u>
Contingent	\$103.30	\$103.30	\$182.60	\$182.60
Academic Facilities	48.10	48.10	48.10	48.10
Student Services	19.40	19.40	19.40	19.40
Technology	5.00	5.00	5.00	5.00
Non-Resident		242.70		248.25
University Services Fee*	2.00	2.00	2.00	2.00
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Total	\$177.80	\$420.50	\$257.10	\$505.35

STUDENT FEES 2010-2011
(per semester credit hour)

	<u>UNDERGRADUATE</u>		<u>GRADUATE</u>	
	<u>Resident</u>	<u>Non-Resident</u>	<u>Resident</u>	<u>Non-Resident</u>
Total	\$186.67	\$441.53	\$269.95	\$530.62

*Maximum amount – fee is based on credit hours as outlined below:

University Services Fee (8 or more credit hours per semester)	\$30.00
University Services Fee (more than 3 and fewer than 8 credit hours per semester)	\$22.75
University Services Fee (3 or fewer hours per semester)	\$10.00