

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

September 3, 2009

The Finance/Audit Committee of the University of Southern Indiana Board of Trustees met on Thursday, September 3, 2009, in Carter Hall in the University Center. In attendance were Trustees Ira G. Boots, John M. Dunn, and Amy MacDonell. Chair Jeffrey L. Knight and Trustee Ted C. Ziemer Jr. were absent. Others in attendance were President Linda L. M. Bennett, Vice President for Business Affairs and Treasurer Mark Rozewski, and Vice President for Government and University Relations Cynthia S. Brinker.

Acting Committee Chair Ira Boots called the meeting to order at 11 a.m.

1. REVIEW OF RECOMMENDATION FOR 2010-2011 HOUSING RATES

Mr. Boots called on Vice President Rozewski, who reviewed the recommended housing rates for 2010-2011. Mr. Rozewski noted the recommended increase for the most prevalent accommodation, a two-bedroom apartment with two students per bedroom, is \$55 per semester, a three percent increase to \$1,780 per semester.

In an overview of the housing operation, Mr. Rozewski reported the University has two housing types. Forty-three apartment buildings offer 578 two-bedroom apartments with full kitchens. Most of these buildings were built during the last 25 years by Southern Indiana Higher Education, Inc. (Mid-America Student Housing, Inc.) or by the University. One part of the complex was originally an adjoining private sector apartment complex that was purchased and incorporated into the inventory. Four residence halls were built later, the last in 2004. Mr. Rozewski reported these facilities have mostly two-bedroom suites (total of 236) without kitchens and are intended primarily for freshmen and sophomores. A meal plan is required for residence hall occupants.

Mr. Rozewski reported that student housing is 98.7 percent occupied for fall 2009. He noted the University budgets for 87 percent occupancy for the fall semester and 77 percent occupancy for the spring semester. The total budget for the housing operation is \$9,300,000.

A new student housing Community Center, funded from housing reserves, was completed in 2008-2009. The Center includes a lounge, a convenience store, laundry facilities, and outdoor recreation space. Mr. Rozewski noted these extra amenities in student housing may have resulted in higher occupancy numbers in 2009-2010.

On a motion by Ms. MacDonell, seconded by Mr. Dunn, a recommendation to the Board of Trustees for approval of the following 2010-2011 housing rates was approved.

		<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
<u>FALL OR SPRING SEMESTER</u>				
<u>McDONALD or O'DANIEL APARTMENT</u>				
Two Bedroom:	Two students per bedroom	\$1,725	\$1,780	7-01-10
	One student per bedroom	3,090	3,185	7-01-10
One Bedroom:	Two students	2,084	2,150	7-01-10
	One student	3,878	3,995	7-01-10
<u>GOVERNORS, NEWMAN, O'BANNON, or RUSTON HALL</u>				
One and Two Bedroom: Two students per bedroom		\$1,725	\$1,780	7-01-10

SUMMER SESSIONS

Summer session rates are indexed to semester rates. The rate for each five-week summer session is one-third of the academic year semester rate.

2. REVIEW OF RECOMMENDATION FOR 2010-2011 MEAL PLAN RATES

Mr. Boots asked Vice President Rozewski to review the recommendation for 2010-2011 Meal Plan Rates. Mr. Rozewski reported the recommended increase in each of three meal plans is \$55 per semester, an increase of 3.4 percent. The three meal plans cost the same amount, but differ in the number and combination of meals and dining dollars (which can be spent in snack bars, vending machines, and the convenience store.) Mr. Rozewski reported participation in meal plans in 2009-2010 increased 12 percent from 2008-2009.

He told the Committee that food service at USI has, for many years, been outsourced to Sodexo, a major institutional food service contractor, and the University is pleased with its services. He noted the University is currently negotiating an extension of the Sodexo contract and the results will be reported to the Committee at a future meeting.

Students who live in the Residence Halls (Newman, Governors, O'Bannon, and Ruston) are required to purchase a Resident Meal Plan. For 2010-2011, each of the three plans offers a different combination of meals and discretionary spending. The proposed rates allow for normal increases in food and labor costs.

On a motion by Ms. MacDonell, seconded by Mr. Dunn, a recommendation to the Board of Trustees for approval of the following 2010-2011 meal plan rates was approved.

FALL OR SPRING SEMESTER

	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
Red Eagle Plan	\$1,625	\$1,680	7-01-10
White Eagle Plan	1,625	\$1,680	7-01-10
Blue Eagle Plan	1,625	\$1,680	7-01-10

3. REPORT ON THE VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION (VEBA) TRUST FUND

Mr. Boots called on Vice President Brinker, who reported the University created the Voluntary Employees' Benefit Association Trust Fund in 1995 to establish a long-term investment vehicle to partially fund future retiree benefit costs for medical, dental, and life insurance coverage. The initial investment policy was approved by the Board of Trustees in August 1995.

Ms. Brinker introduced Neil Heppler, principal with Fourth Street Performance Partners and the investment advisor for the VEBA trust, for an annual report. Mr. Heppler referred the Committee to a handout titled *USI VEBA Trust Investment Performance Analysis – June 30, 2009* and reviewed the Quarterly Market Review for the Second Quarter 2009 on pages one and two. He discussed recent problems in the market and noted some improvement in the second quarter. He referred the Committee to page four, the Performance Summary Table, and noted the VEBA Trust returns for June 20, 2009, are down 14.8 percent. He noted this was acceptable performance relative to market indexes and attributed that performance to fixed income growth of 6.4 percent. Mr. Heppler reported the Trust's total assets are \$8,051,022 as of June 30, 2009, and reviewed the asset mix and sources of growth.

4. APPROVAL OF RECOMMENDATION TO TRANSFER FUNDS TO THE VEBA (VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION) TRUST

Mr. Boots called on Vice President Rozewski who reported that the VEBA Trust is being funded over a period of years to eventually generate enough income to fully or partially supplant the cost of retiree benefits that are currently paid out of the University's operating budget. The University is not drawing from the Trust now, and the process could require another 10 to 15 years.

Mr. Rozewski reported that every two years, a consultant is hired to complete an actuarial study that determines a recommended contribution to the VEBA Trust based on the demographics of the employee base. The last report, conducted by Mercer, recommended the contribution should be \$2,146,904.

Vice President Rozewski noted the VEBA Trust Investment Policy requires approval of the Board of Trustees for a transfer of funds, except those funds transferred from the regular operating budget.

On a motion by Mr. Dunn, seconded by Ms. MacDonell, a recommendation to the Board of Trustees to transfer \$750,000 to the VEBA Trust was approved.

5. APPROVAL OF YEAR-END BUDGET APPROPRIATIONS FOR FISCAL YEAR 2008-2009

Mr. Boots asked Vice President Rozewski to review the Year-End Budget Appropriations for fiscal year 2008-2009. Mr. Rozewski referred the Committee to a list of year-end budget appropriations for fiscal year 2008-2009 in Attachment A and recommended its approval.

On a motion by Ms. MacDonell, seconded by Mr. Dunn, the year-end budget appropriations for fiscal year 2008-2009 in Attachment A were approved.

There being no further business, the meeting adjourned at 11:40 a.m.

**University of Southern Indiana
 Fiscal Year 2008-2009 Budget Appropriations
 August 17, 2009**

From:	Appropriation of USI Foundation Support	\$2,914,366
To:	Scholarships and Awards	1,502,871
	Education and Academic Enhancements	758,897
	Athletic Support	70,981
	Other University Support	467,117
	Capital Projects	6,147
	Community Outreach	108,353
From:	Appropriation of transfers from current operating year-end savings to reserves	3,916,287
To:	Special Projects	1,250,000
	Institutional Scholarships	600,000
	Reserve – Energy Management Controls	225,000
	Reserve – Engineering Program	186,975
	Reserve – Copy Center and Graphic Design Equipment	113,300
	Reserve – Economic Development Initiatives	653,004
	Reserve – Center for Applied Research	388,008
	Employee Benefits Revolving Fund – VEBA Trust	500,000
From:	Appropriation of transfer of bookstore revenue to reserves	650,000
To:	Bookstore Reserve	575,000
	Reserve – University Initiatives	75,000
From:	Appropriation of transfer from food service revenue to reserves	488,223
To:	Dining Reserve	382,966
	University Center Expansion	105,257
From:	Appropriation of Extended Services fund balance	150,000
To:	Adult Learner Scholarship Program	100,000
	Children’s Learning Center Emergency Aid Program	50,000
From:	Appropriation of transfer from residence life year-end surplus to reserve	
To:	General Housing Reserve	785,892
From:	Appropriation of additional transportation fee revenue to reserve	
To:	Reserve – Parking	970,733