

MINUTES

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

January 11, 2007

The University of Southern Indiana Board of Trustees met in regular session on Thursday, January 11, 2007, at the Hyatt Regency Hotel in Indianapolis, Indiana. In attendance were Chair Bruce Baker and Trustees W. Harold Calloway, 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 Governmental Relations Cindy Brinker; 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 9:15 a.m.

SECTION I – GENERAL AND ACADEMIC MATTERS

A. APPROVAL OF MINUTES OF NOVEMBER 2, 2005, MEETING

On a motion by Ms. MacDonell, seconded by Mr. Calloway, the minutes of the November 2, 2007, meeting were approved.

B. ESTABLISHMENT OF NEXT MEETING DATE, TIME, LOCATION

Mr. Baker called on Vice President Standley, who reported that the next meeting of the Board of Trustees is scheduled for March 1, 2007, in New Harmony, Indiana.

C. PRESIDENT'S REPORT

President Hoops called on Dr. Bennett to report on two new awards to recognize outstanding teaching, made possible by the USI Foundation, that were presented at the spring semester faculty meeting. Dr. Bennett reported that the awards recognize excellence in teaching by new and part-time faculty members and carry a one-time stipend and a faculty development grant. She announced that the first winners of the awards are Christina Payne, lecturer in Physical Education, and Shannon Wooden, assistant professor of English.

Dr. Hoops noted that an issue encountered by the University in recruiting and retaining new faculty is the challenge for faculty to develop scholarship in the context of a demanding teaching load. He reported that one strategy USI has developed is to make summer fellowships available, and he called on Dr. Bennett to report. Dr. Bennett reported that a summer research fellowship is a stipend that supports faculty members during the summer months and allows them to focus on research or other work to build a scholarship portfolio. She explained that faculty in their first three years of tenure eligibility may apply for the competitive fellowships, and reported that the availability of the fellowships has had a positive effect on both recruiting and retaining faculty.

President Hoops asked Provost Bennett to present an annual report to the Trustees on faculty leaves of absence. Dr. Bennett reported that four faculty will be on sabbatical leave during 2007-2008, each taking one semester of leave to work on the following projects:

Dr. Karen Bonnell, professor of Communications (Fall 2007) – to work with WNIN-TV to create a series of ads that will be televised locally and offered for broadcast to other PBS affiliates promoting southern Indiana tourism;

Dr. Barbara Davis, professor of Nursing (Spring 2008) – to reexamine the psychometric properties of the Davis Consumer Emergency Care Satisfaction Scale (CECSS);

Mr. Brett Long, associate professor of Accounting and Business Law (Fall 2007) – to work on two pedagogy projects and to finish any submission or resubmission work on papers on the following subjects: volunteer income tax assistance service learning, fair use, self-employment tax and flow-through entities, tenure rights, and accountable plan tools reimbursement; and

Dr. Jeffery Seyler, professor of Chemistry (Spring 2008) – to spend a semester at the University of Hawaii to learn more about the synthetic methods and chemistry of the catalyst system.

Dr. Bennett also reported on the following leave that is funded through the “Excellence through Engagement” grant from Lilly Endowment, Inc.:

Dr. Leigh Anne Howard, associate professor of Communication Studies (Spring 2008) – to complete a book manuscript that documents her work as project director of the Sisters of Charity of Nazareth Oral History Project.

The University has a history of active involvement in outreach and public service to the region and the State. President Hoops remarked that this engagement role continues to expand as the University is increasingly recognized as a key player in economic and workforce development issues, particularly in southwestern Indiana. He gave these examples:

- The University is the higher education partner in the Evansville Certified Technology Park, Innovation Pointe, which opens in the spring;
- USI just received a grant from the Governor’s Office to plan for implementation of a project to improve education in the areas of Science, Technology, Engineering, and Mathematics, known as STEM, in the four-county Evansville metropolitan area. This project involves all eight school corporations and one charter school in the area; and
- Two significant outreach projects – *Connect with Southern Indiana* and the Center for Applied Research – were successfully begun in the past year.

He called on Dr. Ed Jones, associate vice president for Academic Affairs and dean of Extended Services, to provide more detail on some of activities undertaken by the Center for Applied Research and an overview of *Connect with Southern Indiana*. Dr. Jones reported that *Connect with Southern Indiana* is funded by a grant from Lilly Endowment, Inc. to boost Indiana’s retention of intellectual capital. It was formed out of a need for volunteer leadership in southwest Indiana counties and its purpose is to nurture citizenship to enhance the quality of life in the region. He described the program, which is designed to strengthen critical thinking and to help participants discover opportunities for involvement in community and regional projects. The counties included in *Connect with Southern Indiana* are Dubois, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick.

Dr. Jones further reported that the Center for Applied Research and Economic Development (CARED) was established in January, 2006, to serve as a “front door” for businesses and organizations that wish to work with the University of Southern Indiana. CARED, under the direction of Dr. Sue Ellspermann, mobilizes the resources of the University, including its faculty, students, and staff, to assist regional businesses and organizations. He cited several examples of projects in which the University has been involved, including:

- **Alcoa Coal Combustion Byproducts Oversight** – a USI certified geologist and faculty member is providing oversight to engineering design work being completed for the disposal of coal combustion byproducts, ensuring an ecologically sound design is developed.
- **Petroleum Gauging Device** – Three USI seniors are developing a working prototype of a device that may revolutionize the measurement of oil in barges and storage tanks. A local petroleum inspector from Mount Vernon, along with his partner in Washington State, is working with USI on this project.
- **Vectren Decatur County Economic Impact Study** – USI economics faculty completed a study assessing the impact of the new Honda plant on the gas needs for Decatur and surrounding counties. This information has been offered in Indiana utility regulatory hearings.
- **Innovation Pointe Marketing Plan** – A USI College of Business intern and faculty member completed the marketing plan for the new downtown Evansville certified technology park which will open in the late spring 2007.

Dr. Hoops reported that a fund drive for programmatic needs in the College of Business/General Classroom Building has begun, and he asked Vice President Standley to share the University's plans. Mrs. Standley explained that not all the programmatic needs of a new building can be met with the state appropriation and that capital project requests to the legislature are typically accompanied with a commitment of private support. The USI Foundation Major Gifts Committee has organized a campaign to raise \$2 million in supplemental support for the project.

Vice President Standley reported that the campaign received a leadership gift of \$250,000 and that the College of Business faculty raised over \$26,000 for the College of Business faculty development enhancement endowment fund. She reported that the Major Gifts Committee is working on a "peer to peer" solicitation among business leaders and those with engineering interests. According to Mrs. Standley, a significant financial commitment from the private sector will demonstrate to the legislature the community support for state-of-the-art instructional facilities, which are necessary for equipping students with skill sets that will place them in the contemporary workplace. Many naming opportunities are available for contributors at the \$10,000 and above level. Mrs. Standley welcomed the Trustees' comments and their involvement in the campaign. The solicitation phase of the campaign will close by June 30, 2007.

The president noted that the USI Foundation has successfully met the latest Lilly Endowment Challenge to Improve Philanthropy by earning the Lilly match of \$2.5 million to gifts made to University endowments, most of them for scholarships, and to the Annual Fund, which provides unrestricted gifts in support of University programs. Every institution of higher education in the State of Indiana had an opportunity to participate in this latest Lilly initiative. He remarked that USI is most grateful to the Lilly Endowment for its support of higher education, and particularly to USI, the youngest of these institutions. For USI, the \$2 million raised in gifts, plus the \$2.5 Lilly match, means a \$4.5 impact, benefiting the University.

Dr. Hoops called on Jeff Clark, president of the Student Government Association (SGA), for a report. Mr. Clark reported that SGA has created a new position for students who are unable to attend regular meetings of the General Assembly, but who wish to be active in the organization. SGA continues to promote The Red Zone, an incentive for students to support athletics and participate as spectators. Mr. Clark noted that the Student Government Association election process has begun and that elections will be held in March.

Christy Baker, chair of Faculty Senate, reported that the Senate participated in the planning of the successful spring semester faculty meeting and workshops. Several workshops were so popular that additional sessions were scheduled. She announced that during the spring semester, the Faculty Senate will sponsor "Breakfast with the President" to give faculty an opportunity to meet with President Hoops.

President Hoops reported that during the fall semester 2006, he appointed a Task Force on Economic and Workforce Development to renew the process used six years ago which resulted in several recommendations for improving and adding academic and workforce-oriented programs. That Task Force work is underway and the first public meeting of the Community Advisory Panel will be held in January. Dr. Hoops reported that he expects a full report from the Task Force in June and will bring that report to the Trustees when it is complete.

Dr. Hoops mentioned that he looks forward to presenting the University's case for support to the Indiana House of Representatives Ways and Means Committee on January 25, 2007, and welcomed any of the Trustees whose schedules permit their attendance.

He closed his report by noting that on Monday, January 15, 2007, the University will welcome nationally-known journalist George Curry, who will keynote the Martin Luther King Day celebration, and invited the Trustees to attend.

D. REPORT ON THE INDIANA GENERAL ASSEMBLY

Mr. Baker called on Vice President Brinker for a report on the Indiana General Assembly. Ms. Brinker reported that approximately 500 bills have been filed for consideration by the General Assembly. She noted that Governor Daniels will present his State of the State address on January 16 and will likely discuss the creation of the Hoosier Hope Scholarship Program to provide scholarships to outstanding high school graduates and a World Class Scholars Fund to attract top research faculty to Indiana public universities.

Vice President Brinker referred the Trustees to page 2 in Exhibit I-A, a comparison of USI's budget request and the budget recommendation of the Indiana Commission for Higher Education (CHE). She explained that the recently released Governor's budget is very similar to the Commission for Higher Education recommendation. She reviewed the comparisons in the Operating Budget, including Base Adjustments, Maintenance for Current Programs, and Quality Improvement Initiatives. She reported that the Commission's recommendation for the enrollment funding formula is approximately \$500,000 less than requested by the University and that the University will continue to work toward improving the funding amount. She reported that the CHE did not recommend an appropriation for plant expansion. It recommended an additional Appropriation/Equity Adjustment of \$500,000, less than requested by the University, but with an acknowledgement that USI's funding continues to lag behind other state institutions. This is another issue that will be pursued and discussed with legislators throughout the legislative session. The Commission recommended a 1.4 percent increase in personal services, supplies, and expense in the first year of the biennium, and a 2 percent increase in the second year of the biennium. Vice President Brinker reported that the Commission recommended no funding for the requested Quality Improvement Initiatives. In the Capital Budget, the Commission recommended funding the repair and rehabilitation formula at 50 percent of the formula and full repayment of the payment delay from 2002 to be used for repair and rehabilitation. A recommendation for the construction of the College of Business/General Classroom Building was included at \$5 million less than the University's request. In the category of Line Item Initiatives, the Commission recommended a three percent increase each year of the biennium for Historic New Harmony.

Vice President Brinker reported that the budget that will be recommended by the House following its budget hearings will be very different from the Governor's budget and the budget submitted by the Commission for Higher Education. She will provide an update on the budget process and any bills that will affect higher education to the Board of Trustees at its next meeting.

E. APPROVAL OF CONFLICT OF INTEREST STATEMENTS

Chair Baker called on Vice President Rozewski to review the Conflict of Interest Statements. Mr. Rozewski referred the Trustees to a list of individuals who have submitted a *Possible Conflict of Interest Disclosure Statement* for calendar year 2007 in Revised Exhibit I-B. Vice President 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. Knight, the *Possible Conflict of Interest Disclosure Statements* in Revised Exhibit I-B were approved.

SECTION II – FINANCIAL MATTERS

A. APPROVAL OF PROPOSAL AND FINANCING PLAN FOR THE DESIGN OF THE COLLEGE OF BUSINESS/GENERAL CLASSROOM BUILDING, COMPLETION OF THE LOWER LEVEL OF THE EDUCATION CENTER, AND CONSTRUCTION OF A PHYSICAL PLANT/SUPPORT SERVICES FACILITY

On November 2, 2006, the Board of Trustees authorized the Finance/Audit Committee to evaluate proposals for financing the design of the College of Business/General Classroom Building, completion of the lower level of the Education Center, and construction of a Physical Plant/Support Services facility. The committee was authorized to accept a proposal or reject all proposals and to approve a financing plan on behalf of the Board of Trustees. Because the Finance/Audit Committee did not meet on January 11, 2007, the Board of Trustees acted as a committee of the whole.

Mr. Baker called on Vice President Rozewski to present a recommendation of a proposal and financing plan for the design of the College of Business/General Classroom Building, completion of the lower level of the Education Center, and construction of a Physical Plant/Support Services facility. Mr. Rozewski reported that at its meeting on November 2, 2006, the Board of Trustees was advised that a Request for Proposal had been distributed to investment banking firms interested in financing the \$6.6 million project. Of nine firms from which proposals were requested, seven responded. Following a review of the proposals for the interim financing, which qualifies for fee replacement, Mr. Rozewski recommended that Old National Bank be selected to provide financing for the project. He noted that final documents for the financing plan will be presented to the Finance/Audit Committee for its approval at a future meeting.

On a motion by Mr. Will, seconded by Ms. Fultz, the recommendation to select Old National Bank to provide financing for the design of the College of Business/General Classroom Building, completion of the lower level of the Education Center, and construction of a Physical Plant/Support Services facility was approved. Mr. Dunn and Mr. Knight abstained.

B. PRESENTATION OF SCHEMATIC DESIGN OF THE COLLEGE OF BUSINESS/GENERAL CLASSROOM BUILDING PROJECT

Chair Baker called on Vice President Rozewski, who reported that the architectural team of Helmut, Obata + Kassabaum (HOK) of St. Louis, Missouri, and Hafer Associates of Evansville, Indiana, was selected to design the College of Business/General Classroom Building at the May 2006 meeting of the Board of Trustees. In addition to facilities for the College of Business, the building will contain laboratory and office space for the Department of Engineering of the Pott College of Science and Engineering. Mr. Rozewski reported that the project is estimated to cost \$31.9 million, of which \$2 million in design funding (a portion of the financing plan described in Section II, Item A.) has been released to the University. The \$29.9 million balance of the project cost, for construction of the building, will be sought from the 2007 General Assembly.

Mr. Rozewski introduced Jeff Ryan and Kyle St. Peter of HOK and David Wills of Hafer Associates. Mr. Wills reported that the first two phases of architectural design, programming and schematic design, are complete. He reported that design development will continue following the approval of construction funding by the Indiana General Assembly. Construction could begin early in 2008 with completion expected for occupancy in January 2010. Mr. Ryan presented a design overview and discussed the process of the programming and schematic design phases. He reviewed the site plan and the building location and shared floor plans and renderings of the building, including the atrium. He reported that primary building materials will be limestone, cast stone, and buff masonry.

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

Respectfully submitted,

Lauren C. Fultz
Secretary

**UNIVERSITY OF SOUTHERN INDIANA
BIENNIAL BUDGET 2007-2009
OPERATING BUDGET REQUEST SUMMARY/COMPARISON**

	2007-08		2008-09	
	Request	Commission for Higher Education Recommendation	Request	Commission for Higher Education Recommendation
<u>EXPENDITURES</u>				
Expenditure Base	70,953,039	70,953,039	78,700,394	71,908,064
Base Adjustments				
A. Enrollment Change	910,000	455,000	0	455,000
B. Plant Expansion	1,258,763	0	0	0
C. Appropriation/Equity Adjustment	2,000,000	0	1,000,000	500,000
D. On-Time Completion	0	0	0	85,672
Subtotal Base Adjustments	4,168,763	455,000	1,000,000	1,040,672
Debt Service	3,586,621	3,856,621	3,358	2,218,518 e
Reallocation of Student Fees	(3,586,621)	(3,856,621)	(3,358)	(2,218,518)
Subtotal Debt Service	0	0	0	0
Total Expenditure Base	75,121,802	71,408,039	79,700,394	72,948,736
Percent Change	5.88%	0.64%	1.27%	1.45%
Maintenance for Current Programs				
A. Personal Services	1,606,636 a		1,654,835 a	0
B. Supplies & Expense	452,656 a		466,235 a	0
C. Student Aid	69,300 a		71,379 a	0
Subtotal Maintenance for Current Programs	2,128,592	500,025 b	2,192,449	714,261 c
Quality Improvement				
A. Econ Development Outreach in SW Indiana	950,000	0	850,000	0
B. SW Indiana STEM Education Center	500,000	0	750,000	0
Subtotal Quality Improvement	1,450,000	0	1,600,000	0
Total Budget Increases	7,747,355	955,025	4,792,449	1,754,933
Total Expenditure Request	78,700,394	71,908,064	83,492,843	73,662,997
Percent Change	10.92%	1.35%	6.09%	2.44%
<u>REVENUE</u>				
Student Fee Base	29,838,415	29,838,415	27,478,833	25,981,794
Fee Increase	1,227,039 d	0	1,263,851 d	0
Transfer to Debt Service	(3,586,621)	(3,856,621)	(3,358)	(2,218,518)
Total Student Fees	27,478,833	25,981,794	28,739,326	23,763,276
Operating Appropriation Base	35,213,023	35,213,023	41,733,339	36,168,048
Appropriation Increase	6,520,316	955,025	3,528,598	1,754,933
Total Operating Appropriation	41,733,339	36,168,048	45,261,937	37,922,981
Fee Replacement Appropriation Base	5,901,601	5,901,601	9,488,222	9,758,222
Fee Replacement Change	3,586,621	3,856,621	3,358	2,218,518 e
Total Fee Replacement Appropriation	9,488,222	9,758,222	9,491,580	11,976,740
Total State Appropriation	51,221,561	45,926,270	54,753,517	49,899,721
Percent Change	24.58%	11.70%	6.90%	8.65%
Total Revenue Request	78,700,394	71,908,064	83,492,843	73,662,997

a 3% increase on Expenditure Base

b 1.42% increase on Operating Appropriation Base

c 2.03% increase on Operating Appropriation Base

d 3% increase on Gross Student Fee Base

e includes Fee Replacement for the College of Business/Classroom Building

December 21, 2006

**Possible Conflict of Interest Disclosure Statements
Filed for 2007**

DATE	NAME/ TITLE	VENDOR/ CONTRACTOR	DESCRIPTION OF FINANCIAL INTEREST
11-21-06	Janel Allen Assistant to the President	Safety Management Corporation	Spouse is owner
11-05-06	Bruce H. Baker Trustee	N/A	N/A
11-03-06	Linda L.M. Bennett Provost and Vice President for Academic Affairs	N/A	N/A
11-14-06	Cynthia S. Brinker Vice President for Governmental Relations	N/A	N/A
11-28-06	Pam Buschkill Coordinator of Children's Center	Safety Management Corporation	Spouse is employee
11-06-06	W. Harold Calloway Trustee	N/A	N/A
11-03-06	Nadine Coudret Dean, College of Nursing and Health Professions	N/A	N/A
11-08-06	Mark A. Day Trustee	N/A	N/A
11-14-06	John L. Deem Associate Vice President for Student Affairs	Cabinets & Counters Keller Schroeder	Son employed at C&C Son employed at Keller
12-22-06	John M. Dunn Trustee	Dunn Hospitality Group Old National Community Bank Evansville Commerce Bank St. Mary's Health System Welborn Foundation WNIN	Majority Share Holder Director Spouse is Director Director Director Director
11-08-06	Lauren Fultz Trustee	N/A	N/A
11-06-06	David M. Glassman Dean, College of Liberal Arts	N/A	N/A
11-03-06	Scott A. Gordon Dean, Pott College of Science and Engineering	N/A	N/A
11-06-06	Jon Mark Hall Director of Athletics	N/A	N/A
11-16-06	H. Ray Hoops President	Integra Bank Deaconess Hospital, Inc. Deaconess Health System, Inc. WNIN Public Television Eastern Illinois University Foundation	Director (compensated) Director Director Director Member

DATE	NAME/ TITLE	VENDOR/ CONTRACTOR	DESCRIPTION OF FINANCIAL INTEREST
11-03-06	Mary A. Hupfer Assistant Vice President for Business Affairs and Foundation Fiscal Officer	N/A	N/A
11-22-06	Nils I. Johansen University Division Advisor, Lecturer, Science and Engineering	Nils I. Johansen, P.E.	Owner
11-06-06	M. Edward Jones Associate Vice President for Academic Affairs and Dean of Extend Services	N/A	N/A
11-14-06	Mohammed F. Khayum Dean, College of Business	N/A	N/A
11-08-06	Jeffrey L. Knight Trustee	Old National Bank	Executive Officer and Shareholder
12-22-06	Amy MacDonell Trustee	N/A	N/A
11-06-06	Frank F. McDonald II Trustee	Integra Bank	Officer and Stockholder
11-29-06	Deborah Murray Senior Program Assistant	Three I Engineering, Inc.	Husband is partner in firm
11-03-06	Robert W. Parrent Vice President for Student Affairs	Fifth Third Bank	Wife employed in trust dept.
11-03-06	C. Thomas Pickering Dean, Bower-Suhrheinrich College of Education and Human Services	N/A	N/A
11-09-06	Brian Posler Assistant Vice President for Academic Affairs	N/A	N/A
11-03-06	Mark Rozewski Vice President for Business Affairs and Treasurer	Veazey Parrott Durkin Shoulders	Wife is employee
11-03-06	Sherrienne Standley Vice President for Advancement	N/A	N/A
11-30-06	Carmen F. Stoen Director Student Development	United Rentals	Spouse is Sales Coordinator for company
11-30-06	Connie Weinzapfel Director, Historic New Harmony	James Parrent Garden Design	Spouse is owner
11-06-06	James L. Will, Sr. Trustee	N/A	N/A