ADDENDA TO THE AGENDA

UNIVERSITY OF SOUTHERN INDIANA

MAY 9, 1986

G. INTERIM FINANCING OF HPER BUILDING

The following resolution was prepared by board counsel to authorize the refinancing of interim debt. Exhibit II-B outlines the lender and condition of the agreement. Approval of the following resolution and Exhibit II-B is recommended.

WHEREAS, the University of Southern Indiana ("University") has previously assumed the liability of Indiana State University Board of Trustees for a $1,040,000 promissory note dated May 1, 1984, issued pursuant to Indiana Code 20-12-6 and payable to Terre Haute First National Bank, for the financing of a building facility known as the HPER Building; and

WHEREAS, said note and the agreement with Terre Haute First National Bank dated concurrently therewith, was amended on November 26, 1985; and

WHEREAS, pursuant to authorization granted by the University of Southern Indiana Board of Trustees ("Board") on April 3, 1986, a Waiver of Default and Extension of Maturity was executed by the Treasurer of this Board and Terre Haute First National Bank extending the maturity of said note until June 1, 1986, in order to allow the Treasurer to explore refinancing options for said note; and

WHEREAS, the said Treasurer has presented to this Board a proposal for refinancing said note, the terms of which (i.e., maturity, repayment schedule, redemption features, interest rates and other costs and features) are attached hereto as Exhibit II-B; and

WHEREAS, this Board desires to authorize the Treasurer to enter into an agreement pursuant to the terms set forth in Exhibit II-B hereto prior to June 1, 1986, to refinance said note;

NOW, THEREFORE, BE IT RESOLVED by this Board as follows:

1. The Chairman, Vice Chairman, and Treasurer of this Board, or any of them, are hereby authorized to execute and deliver and the Secretary and Assistant Secretary of the Board or either of them, are hereby authorized to attest to the signature of the foregoing on a loan agreement between the University and the banking institution described in Exhibit II-B hereto incorporating the terms of agreement approved by this Board as described in Exhibit II-B hereto or such other terms which, in the judgement of the officer executing the same, are more beneficial to the University than those described in Exhibit II-B.

2. The Chairman, Vice Chairman, and Treasurer of this Board, or any of them, are hereby authorized to execute and deliver a promissory note to the bank identified in Exhibit II-B hereto evidencing the indebtedness incurred pursuant to the Loan Agreement described in paragraph one above.

3. The Chairman, Vice Chairman, Treasurer, Secretary, and Assistant Secretary of this Board, or any of them, are hereby authorized to execute and deliver any other certificates, agreements, or other documents necessary to consummate the transaction as described in paragraphs one and two above.

H. TIAA-CREF RETIREMENT TRANSITION BENEFIT AND LUMP-SUM DEATH BENEFITS

The Teachers Insurance and Annunity Association and College Retirement Equities Fund (TIAA-CREF) have requested the University to establish policies enabling staff members to exercise the Retirement Transition Benefit and to permit staff members' spouses to receive lump-sum death benefits from TIAA-CREF Retirement Annuities.

The Retirement Transition Benefit (RTB) enables TIAA-CREF participants to elect to receive up to 10% of their regular TIAA and CREF annuity accumulations in a lump sum when they begin their retirement income. More than 99% of all institutions with TIAA-CREF retirement plans permit the use of the RTB. This option can provide TIAA-CREF participants with flexibility at retirement. It is designed to make available funds to help meet expenses that can accompany separation from service, such as moving expenses, purchase of a retirement home, or an income supplement to ease the transition from salary to annuity income.

If a participant dies before retirement, the full current value of the annuity accumulation is payable to the beneficiary under one of several methods of payment. However, the lump-sum death benefit is available to the spouse only if the last institution contributing to the participant's annuities has approved the lump-sum payment for spouse beneficiaries. It should be noted that the lump-sum death benefit is automatically available to any beneficiary other than the participant's spouse. Any participant who is opposed to the spouse receiving death benefits in a lump sum can restrict the methods of payment available by notifying TIAA-CREF. Over 99% of TIAA-CREF participating institutions have provided blanket authorization to make a lump-sum death benefit available to spouses.

The adoption of these changes would have no fiscal impact to the University.

Approval of changes in the TIAA-CREF contract to include the Retirement Transition Benefit and lump-sum death benefit for spouses is recommended.

I. GROUP LONG-TERM DISABILITY INSURANCE

The contract for the University disability insurance program with Teachers Insurance and Annuity Association of America (TIAA) is to be renewed as of July 1, 1986. The TIAA disability coverage provides income benefits and retirement contributions in the event of a long-term disability. The University pays the total premium cost of eligible employees. Following discussions with TIAA and a review of the disability program by the University, two changes have been recommended in the coverage.

One change is the monthly income benefit formula from: 60% of the first $2000 of monthly wage base plus 40% above $2000 with a cap of $2500 per month less the sum of benefits from other sources, to: 60% of monthly wage base with a cap of $3500 per month less the sum of benefits from other sources.

The other change is the definition of total disability from: "... being unable due to sickness, bodily injury or pregnancy to perform any occupation for which you are reasonably suited by education, training or experience.", to: "... being unable due to sickness, bodily injury or pregnancy to perform for the first two years your own occupation for which you are reasonably suited by education, training or experience. Following the two year "own occupation" period, total disability is being unable due to sickness, bodily injury or pregnancy to perform any occupation for which you are reasonably suited by education, training, or experience."

Comparison of monthly premium per employee

1985-86	Present rate - present coverage	$9.59
1986-87	New rate - present coverage	$11.49
1986-87	New rate - formula and definition change	$12.27

It is recommended that the 1986-87 long-term disability insurance contract with the changes in the monthly income benefit formula and in the definition of "total disability" and the monthly premium rates be approved.

EXHIBIT II-B

Lender:	Trust Department Old National Bank Evansville, Indiana
Interest Rate:	One-half (1/2) of the prime interest rate plus three fourths (3/4) of one percent (1%) per annum, floating day to day.
Maturity date:	May 30, 1991
Payment of Interest and Repayment of Loan:	Interest only on the note shall be payable, commencing on July 1, 1986 and monthly thereafter on the first day of each month in each year with a final payment of all unpaid principal and interest due May 30, 1991, unless sooner paid in full. Prepayment may be made at any time, in whole or in part, without penalty.
Other Conditions:	A line of credit will be established with the Old National Bank in the amount of principal balance due plus interest due. No charge will be made for the line of credit. If the line of credit is used, the interest rate will be the prime interest rate of Old National Bank.