AGENDA

JOINT MEETING OF
CONSTRUCTION COMMITTEE AND FINANCE COMMITTEE

UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

June 8, 1998

(FINANCE COMMITTEE)

I. Discussion of Preliminary Report of the 1997-98 Retirement Plan Review Committee
   (Attachments A, B, C, and D)

II. Approval of recommendation to transfer funds to the VEBA Trust Account

III. Recommendation for Board of Trustees to approve the Capital Improvement Budget Request 1999-01
    (Attachment E is a summary of the Budget Request)

(CONSTRUCTION COMMITTEE)

IV. Review of construction bids for the Science Center Renovation project

V. Discussion of architect selection process for the Wellness, Fitness, Recreational Facility Phase I project
Preliminary Report
1997-98 Retirement Plan Review Committee

Purpose:
The Retirement Plan Review Committee was convened in October 1997 to review the University's retirement plan for faculty and administrative staff, evaluate the current early retirement plan, and evaluate the current withdrawal and investment options available through TIAA/CREF.

Issues:
a. In 1990, the Retirement Plan Review Committee reviewed new options available through TIAA/CREF for transferability and cashability of retirement funds and new investment options. The Committee recommended adoption of additional investment options, but elected not to adopt transferability and cashability at that time. The Committee recommended that the issues of transferability and cashability be reviewed at a later date.

b. The University's early retirement plan is available to faculty and administrative staff from age 60 to 65 upon the completion of fifteen years of service. The plan provides a final year option for employment, severance pay, and contributions to TIAA/CREF based on an employee's final year's salary on a tax-deferred basis until July 1 following age 66.

c. The TIAA/CREF retirement plan was reviewed and benefits were compared with the other public institutions in the state of Indiana.

Scope of Review:
A committee of fourteen faculty and administrative staff members and one retiree are members of the committee. Several of the committee members served on the original committee in 1990. The institutional counselor from TIAA/CREF has consulted with the committee on a regular basis.

Recommendations:
The following recommendations have been made by the committee concerning cashability and transferability, the early retirement plan, and the TIAA retirement plan.
CASHABILITY AND TRANSFERABILITY

a. Cashability

Offer cashability of an individual's total accumulation as an option with no age or service requirement. The cash option only applies to retirement accumulations in CREF. By offering this option, employees will be able to draw retirement benefits in cash, as a lump-sum, through systematic withdrawals, or fixed period payments in addition to the regular annuity options.

b. Transferability

Maintain TIAA/CREF as the administrator of retirement plan for faculty and administrative staff. No alternative carrier recommended.

EARLY RETIREMENT PLAN

The committee recommended adopting a Revised Retirement Plan with two parts to replace the current early retirement plan.

Plan A: "Rule of 85"

If you are age 55, and your age at retirement plus your total years of service at the University of Southern Indiana equals 85 or more, you are eligible to retire with the following benefits:

a. Continuation of Health Insurance

b. Continuation of Life Insurance

Age/Service

55/30
56/29
57/28
58/27
59/26

Rationale: Provides an opportunity for long-term employees to retire early from the University and to maintain benefits.

Advantages: Rewards service
Less costly than employees exercising current early retirement plan

Plan B: "Revised Retirement Plan"

If you are at least age 60 and have 20 years of service with the University of Southern Indiana at retirement, you are eligible to retire with the following benefits:

a. One semester leave with full pay or half-assignment with full pay for the final academic or fiscal year with contributions to TIAA/CREF retirement plan during period of leave or reduced employment

b. Lump sum payment equal to 1 percent of final year's salary for each year of service up to 25 years

c. Continuation of health and life insurance during retirement

Rationale: Provides an additional incentive for people to retire

Advantages: Additional financial incentive for people to retire.

Benefit available to staff members who retire who meet the minimum age and service requirement.

The committee recommends freezing the existing early retirement plan and allowing employees to choose between the current early retirement plan or the revised retirement plan. Staff meetings would be conducted with employees to explain the options prior to asking employees to make a decision.

TIAA/CREF RETIREMENT PLAN - CONTRIBUTIONS AND ELIGIBILITY

The committee recommended no changes to the contributions and eligibility requirements for the current TIAA/CREF retirement plan. With recent changes to the eligibility requirements coupled with the current contribution schedule, it is an excellent benefit and should be continued.
Cashability Options of TIAA/CREF Accumulations Available at Other Indiana Institutions

Information was obtained from other public institutions in Indiana concerning the option of cashability of the TIAA/CREF accumulations. The following is a summary of those discussions:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Cashability Option</th>
<th>Age Requirement</th>
<th>Service Requirement</th>
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</thead>
<tbody>
<tr>
<td>USI</td>
<td>No</td>
<td>Only options for cash are the Retirement Transition Benefit - 10% of accumulation and the Repurchase Agreement available through TIAA/CREF</td>
<td></td>
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<tr>
<td>Indiana State Univ.</td>
<td>Yes</td>
<td>100% CREF</td>
<td>&lt; 5 years of contributions - employee must be separated</td>
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<td></td>
<td></td>
<td>10 Year Payout for TIAA</td>
<td>&gt; 5 years of contributions - must be 55 and separated from service</td>
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<tr>
<td>Purdue Univ.</td>
<td>Yes</td>
<td>100% CREF</td>
<td>No Cashability at any age</td>
</tr>
<tr>
<td></td>
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<td>10 Year Payout for TIAA</td>
<td></td>
</tr>
<tr>
<td>Indiana Univ.</td>
<td>Yes</td>
<td>100% CREF</td>
<td>No Cashability at any age</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Year Payout for TIAA</td>
<td></td>
</tr>
<tr>
<td>Ball State Univ.</td>
<td>Yes</td>
<td>100% CREF</td>
<td>Special policy for separated faculty on one-year appointments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Year Payout for TIAA</td>
<td></td>
</tr>
<tr>
<td>Vincennes Univ.</td>
<td>Yes</td>
<td>100% CREF</td>
<td>Must be eligible to retire; Rule of 85 or 10 years of service and 65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Year Payout for TIAA</td>
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</table>
participation in the TIAA/CREF plan. A special policy was adopted for these individuals who are separated at the end of each academic year. If a faculty person on a one-year contract withdraws their accumulation in cash, they must wait out an academic year before they are rehired by the University.

There is no hardship clause for withdrawals; however, employees who are disabled can receive their accumulation.

Ball State does not know how individuals settle their accounts, because most of the employees work directly with TIAA/CREF.

**Vincennes University:**

Cashability is available if an individual is eligible to retire either under the Rule of 85 or with 10 years of service and age 65. Employee may receive 100 percent of CREF and TIAA under the 10 year payout option.

Individuals who separate from the University and do not meet the eligibility requirements for retirement may receive their TIAA/CREF accumulations under the TIAA/CREF repurchase agreement policy.

The **TIAA/CREF Repurchase Agreement** allows an individual with less than $4,000 in their account to obtain the accumulation in cash. The TIAA portion cannot exceed $2,000.
Early Retirement Plans for Faculty and Administrative Staff at Other Public Institutions in Indiana

<table>
<thead>
<tr>
<th>Institution</th>
<th>Age Requirement</th>
<th>Service Requirement</th>
<th>Early Retirement Benefits</th>
<th>Benefits After Retirement</th>
</tr>
</thead>
</table>
| USI         | Age 60 up to Age 65 | 15 Years of Service | a. Final year of employment - semester leave of absence with full pay or one-half assignment with full pay for academic or fiscal year.  
b. Severance pay as percent of final year's salary based on length of service for 15 up to 25 years.  
c. Univ. contributions to TIAA/CREF based on final year's salary during ER benefit period until July 1 following age 66. | Health and life insurance during retirement with Univ. contributions. |
| Employee Pays 100% | "employee can pay for health insurance up to age 65. Employee can pay for health insurance during retirement. University contributions continue for years.

- 30 or more years: 80% (Maximum)
- 21-29 years: 70% plus 1% per year
- 20 years: 70% of final year's salary

Revised Retirement Plan effective 1/1/98 for Age 50

(1) Revised Plan Effective 1/1/98

(2) Item 2

(3) Replaced by item 7

(4) Item 1

(5) Old Plan - Terminated

(6) Same as current USL plan

(7) Indiana State Only

(8) )

(9) )

(10) )
<table>
<thead>
<tr>
<th>Service to Required</th>
<th>Age of Employment</th>
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<tbody>
<tr>
<td>At age 65, 10 years of</td>
<td>55</td>
</tr>
<tr>
<td>3/24</td>
<td>60</td>
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<tr>
<td>3/20</td>
<td>60</td>
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</tbody>
</table>

Example:
Needed for service:
For age, two less years are
With each additional year
Benefits:
Eligibility for Retirement:
Age of service:
Age of Retirement Linked to:

<table>
<thead>
<tr>
<th>Age of Retirement Plan</th>
<th>No Service Requirement</th>
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<tr>
<td>Regular Retirement Plan</td>
<td>60/1/1/0</td>
</tr>
<tr>
<td>7/1/96</td>
<td>4</td>
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<tr>
<td>For all Employees</td>
<td>4/</td>
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</tbody>
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Enhancement to Regular Retirement Plan:

<table>
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<tr>
<th>Enhanced Retirement</th>
<th>70</th>
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<tbody>
<tr>
<td>For up to 5 years, death or age</td>
<td>70</td>
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<td>6</td>
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<td>6</td>
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</table>

Enhancement to Retirement during Retirement:
For health Insurance:
Employee pays 100%
<table>
<thead>
<tr>
<th>Additional Coverage</th>
<th>10 Years of Service</th>
<th>15 Years of Service</th>
<th>20 Years of Service</th>
<th>Age 65</th>
<th>Age 60</th>
<th>Age 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health insurance</td>
<td>Retiree only: Alumni pays full costs of retiree only: Alumni pays 100% for retirees.</td>
<td>Retirement: To be eligible for benefits during retirement, individually designted.</td>
<td>No formal early retirement plan.</td>
<td></td>
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<tr>
<td>Contributions</td>
<td>10 Years of Service</td>
<td>15 Years of Service</td>
<td>Hall State Only.</td>
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<tr>
<td>Health and Life</td>
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</table>
University of Southern Indiana

Retirement Options
for
Early and Regular Retirement
for Faculty
and Administrative Staff

5/6/98
Retirement Contributions Cease upon Retirement

- Date of hire
- Years of service

- Cost and level of benefit to retire based on

Benefits

Continuation of Health and Life Insurance

- 10 years of service
- Age 60

USI Regular Retirement Plan
Following the attainment of age 66 that July 1 following age 65 and will end June 30.

Early retirement benefit period may not start later.

Early retirement any July 1 following age 60 must be at least age 60 or older to commence

Must have 15 or more consecutive years of service

Must arrange one year in advance

USI Early Retirement Plan
Total ER Benefit - $79,992

- Retirement Benefit Period
  - TIAA/CRREF Contribution during Early Retiree Period
  - $40,608
- Severance Pay
  - $12,000
- TIAA/CRREF Contribution in Final Year
  - $3,384
- One-Semester Leave with Pay
  - $24,000
- Year's salary of $48,000

Age 60 with 25 years of service and Final Benefit with Final Year Option

Example of Early Retirement
UNIVERSITY OF SOUTHERN INDIANA
1999-01 CAPITAL IMPROVEMENT PLAN

The Capital Improvement Budget Request for 1999-01 is detailed on Schedule A and asks approval and funding for the following projects:

SPECIAL REPAIR AND REHABILITATION

No requests for Special Repair and Rehabilitation for 1999-01.

NEW CONSTRUCTION

Request for Science/Education Classroom Building for 1999-01.

ACQUISITIONS

No requests for Acquisitions for 1999-01.

MAJOR EQUIPMENT

No requests for Major Equipment for 1999-01.

GENERAL REPAIR AND REHABILITATION AND INFRASTRUCTURE

This Capital Improvement Budget Request asks for funding and approval of several general repair and rehabilitation projects totalling $990,000. The repair and rehabilitation projects planned for completion in the 1999-01 biennium include the following:

- Repair Physical Activities Center exterior patio and concrete facia beam
- Perform exterior repairs to the 1830 Owen House, Bodmer, Pottery Shop Cabin, and Neef House buildings in New Harmony
- Renovate Art Annex/Security Building
- Renovate lower level of Forum Wing - north end
- Replace wood floor in New Harmony Atheneum, Visitor's Center
- Renovate Forum II classroom in Wright Administration Building
- Rebuild Science Center Redwood Lobby exterior patio - south side
- Replace Boiler No. 1 in Central Utility Plant
- Upgrade exterior walkway and parking lights to metal halide
- Dredge Reflection Lake
- Replace pipe support racks in utility tunnels Phase IV and high voltage oil switches
- Replace sidewalks at Murphy Auditorium in New Harmony

The General Repair and Rehabilitation and Infrastructure funding requested, along with funds from other sources, will keep deferred maintenance to a minimum and the University and New Harmony structures/campus in a satisfactory condition.

The Capital Improvement Budget Request Schedules A through F are included on the following pages.
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<td>Fund 1</td>
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<td>11/2,000</td>
<td>9/500,000</td>
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<td>Fund 2</td>
<td>(b) 75,000</td>
<td>22,000</td>
<td>32,000</td>
<td>1/15,000</td>
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<td>Fund 3</td>
<td>(c) 50,000</td>
<td>80,000</td>
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<td>11/4,000</td>
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Note: All amounts are expressed in 1999-01 dollars.
PROJECT SUMMARY
NEW CONSTRUCTION

INSTITUTION: University of Southern Indiana  CAMPUS:  

PROJECT TITLE: Science/Education Building  BUDGET AGENCY NO.: G-0-97-1-01  

INSTITUTION’S PRIORITY: 1  

PROJECT SUMMARY DESCRIPTION (ATTACHMENT A) Construction of a 74,780 ASF Science/Education Classroom Building to provide general and specialized classrooms, laboratories, and office space for the Schools of Science and Engineering Technology, Education and Human Services, and University Division Advising and Academic Skills.

SUMMARY OF NEED AND NET CHANGE IN CONTRIBUTION TO EDUCATIONAL SERVICES PROVIDED BY INSTITUTION (ATTACHMENT B) The Science/Education Classroom Building will provide essential classrooms, specialized instructional facilities, computer, multi-media, and teaching/research laboratories, and faculty office space needed to provide quality educational services to students. The building is needed due to the increased student enrollment and program expansion in science and education.

SPACE DATA (ATTACHMENT C)

| AREA AFFECTED BY THE PROJECT: | 115,000 GSF | 74,780 ASF |
| PROJECT SIZE: | 115,000 GSF | 74,780 ASF | 0.65 ASF/GSF |
| NET CHANGE IN CAMPUS ACADEMIC/ADMINISTRATIVE SPACE: | 74,780 ASF |

TOTAL PROJECT BUDGET (ATTACHMENT D)

| TOTAL ESTIMATED COST: | $21,600,000 | $/GSF 187.83 |
| ANTICIPATED DATE OF PROJECT COMPLETION: | July, 2002 |

ANTICIPATED SOURCES OF FUNDING (ATTACHMENT E)

| Bonding Authority | $21,600,000 |
|                   | |
|                   | |
| TOTAL BUDGET | $21,600,000 |

ESTIMATED CHANGE IN ANNUAL OPERATING BUDGET AS A RESULT OF THIS PROJECT (ATTACHMENT F)

$1,031,550  (X) INCREASE  ( ) DECREASE

NOTE: SEE ATTACHMENTS FOR SUPPORTING INFORMATION REQUEST TO BE SUBMITTED WITH PROJECT SUMMARY FORM.