

**MINUTES**  
**JOINT MEETING**  
**FINANCE/AUDIT AND CONSTRUCTION COMMITTEES**  
**UNIVERSITY OF SOUTHERN INDIANA**  
**BOARD OF TRUSTEES**

**July 6, 2006**

The Finance/Audit Committee of the University of Southern Indiana Board of Trustees met on Thursday, July 6, 2006, in the University Center. In attendance were Committee Chair Frank F. McDonald II '73 and Trustees Mark A. Day, G. Patrick Hoehn, J. David Huber, and James L. Will, Sr. Also in attendance were Vice President for Business Affairs and Treasurer Mark Rozewski and Vice President for Governmental Relations Cindy Brinker.

Mr. McDonald called the meeting to order at 11:10 a.m.

(FINANCE/AUDIT)

**1. REPORT ON VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION (VEBA) TRUST FUND**

Vice President Brinker introduced Neil Heppler, Principal with Asset Performance Partners, who reported on the VEBA Trust portfolio. He shared a document, the *VEBA Trust Investment Performance Analysis*, which summarized the performance of the fund and reviewed the asset allocation, sources of growth, and total returns. Mr. Heppler shared an analysis of fees and a proposed fee structure for the VEBA Trust investments. Reference was made to the actuarial valuation of the University's post retirement plan by Mercer Human Resource Consulting in 2005 and its relationship to the funding of the VEBA Trust. Mr. Heppler will continue to provide periodic updates on the VEBA trust.

**2. RECOMMENDATION TO APPROVE PROPOSED 2007-2009 CAPITAL IMPROVEMENT BUDGET REQUEST**

Mr. McDonald asked Vice President Brinker to review the recommendation to approve the 2007-2009 Capital Improvement Budget Request. Ms. Brinker reported that at its meeting on May 5, 2006, the Board of Trustees approved the Ten-Year Capital Improvement Plan for 2007-2017. The Capital Improvement Budget Request for 2007-2009, of which the Ten-Year Capital Improvement Plan is a part, was submitted to the Indiana Commission for Higher Education and the State Budget Committee on June 16, 2006. She referred the committee to Exhibit II-A in the Board of Trustees agenda. She reported that the University received \$6,600,000 in bonding authorization from the 2005-2007 General Assembly to plan and design the College of Business/General Classroom Building and related physical plant expansion, and that the University will request the balance of the funding for construction of the facility in 2007-2009. The total cost of the fee-replacement project will be \$29,900,000. Construction is expected to begin in March 2008 and completion of the project is expected in July 2010.

Vice President Brinker reported that the second request in the Capital Improvement Budget Request is for General Repair and Rehabilitation (R&R) and Infrastructure Funding. She explained that the 2007-2009 request of \$1,965,000 is based on the state's funding formula for R&R, and she reported the recent history of R&R funding, including:

- The 2001-2003 budget included a 50 percent reduction in the R&R funding formula; the amount released for R&R in 2002 was further reduced; in 2003, no funds were released.
- In the 2003-2005 budget, the R&R formula was funded at 25 percent, approximately \$400,000 for USI.
- In the 2005-2007 budget, the R&R formula was funded at 50 percent, approximately \$800,000 for USI.
- The 2006 General Assembly approved SB345, which authorized the partial reversal of operating budget payment delays that took place in 2002 and required that the appropriation to higher education be used to fund R&R projects. USI will receive \$1.2 million in 2006-2007.
- The 2007-2009 request assumes full funding of the R&R formula.

On a motion by Mr. Huber, seconded by Mr. Hoehn, a recommendation to the Board of Trustees for approval of the *Capital Improvement Budget Request 2007-2009* was approved.

### **3. DISCUSSION OF THE OPERATING BUDGET REQUEST FOR 2007-2009**

Vice President Brinker reviewed the Operating Budget Request for 2007-2009, which will be submitted to the Commission for Higher Education and the State Budget Agency on August 1, 2006, pending approval of the Board of Trustees at its meeting on September 7, 2006. She reviewed the University's operating appropriation for 2005-2007 and discussed the 2007-2009 request, which will include:

- Base adjustment for increase to maintain current programs;
- Funding for increases in enrollment;
- Appropriation to address the continuing disparity in funding per-full-time-equivalent-Hoosier student at USI and other institutions;
- Debt service and plant expansion funding for the new David L. Rice Library;
- Funding for an economic development initiative, which includes the Center for Applied Research, and for development of the Southwestern Indiana STEM (Science, Technology, Engineering, and Math) Education Center.

Vice President Brinker reported that the University has only one line item in the budget, which is Historic New Harmony. She noted that funding for Historic New Harmony has remained at the same level since the budget was reduced in 2002-2003. The request will be for increased funding to restore the base and will include inflationary adjustments.

### **4. APPROVAL OF RECOMMENDATION TO REQUEST ARCHITECTURAL PLANNING AND DESIGN FUNDS FOR THE COLLEGE OF BUSINESS/GENERAL CLASSROOM BUILDING**

Mr. McDonald asked Vice President Rozewski to review a recommendation to request planning and design funds for the College of Business/General Classroom Building. The 2005-2007 Biennial Budget contains bonding authorization for \$6,600,000 in fee-replacement borrowing for architectural planning and design of the College of Business/General Classroom Building; related expansion of Physical Plant infrastructure; and completion of the unfinished lower level of the Education Center. Approval of this recommendation to request release of the funds will allow the University to proceed with a financing plan for the projects.

On a motion by Mr. Huber, seconded by Mr. Hoehn, a recommendation to the Board of Trustees to authorize President Hoops to request the Indiana Commission for Higher Education, the State Budget Committee, and the Governor of the State of Indiana to release the appropriated fee-replacement funds for architectural planning and design of the College of Business/General Classroom Building; related expansion of Physical Plant infrastructure; and completion of the unfinished lower level of the Education Center was approved.

(CONSTRUCTION)

### **5. REPORT OF CHANGE ORDERS ISSUED BY THE VICE PRESIDENT FOR BUSINESS AFFAIRS (Attachment A)**

Mr. Rozewski reviewed the change orders in Attachment A. He noted that these change orders are the last for the Rice Library project, which is was completed on schedule and at budget.

There being no further business, the meeting adjourned at 11:35 a.m.

**Report to University of Southern Indiana Board of Trustees  
 July 6, 2006**

**Change Orders Issued by the Vice President for Business Affairs**

On September 6, 2001, the Board of Trustees adopted a procedure related to changes in construction contracts which included the following: "Change orders up to \$25,000 may be issued by the Vice President for Business Affairs and reported to the Board of Trustees at its next meeting." Consistent with that policy, the following change orders have been issued.

**PROJECT:** David L. Rice Library

<b><u>CO- CC 04</u></b>	<b><u>Description</u></b>	<b><u>Contractor</u></b>	<b><u>Amount</u></b>
	Upgrade energy management system controller with new technology	Johnson Controls, Inc.	\$ 0.00
	Provide application data server for energy management system	Johnson Controls, Inc.	5,900.00
	Install lighting fixture and switch in second floor chase	The State Group	716.00
	Modify elevator controls to disable access after hours	The State Group	0.00
	Provide 120V power to hardware for door 1513	The State Group	346.00
	Provide interconnection of access control and fire alarm systems	The State Group	2,381.00
	Provide safety disconnect switch for cooler, freezer, and water heater	The State Group	660.00
	Make modifications to Type M light fixture	The State Group	1,000.00
	Install receptacles for 3 <sup>rd</sup> level freezer and copy machine	The State Group	3,067.00
	Provide voice messages on fire alarm system annunciator	The State Group	2,467.00
	Replace 20 208V receptacles with twist-lock type	The State Group	1,714.00
	Provide electrical work for Starbucks signage	The State Group	2,960.00

<b><u>CO- EC 42</u></b>	Interconnect fire alarm system with Archives area HVAC unit	The State Group	895.00
<b><u>CO- EC 43</u></b>	Install 6 volt power supply to twelve towel dispensers	The State Group	4,169.00
<b><u>CO- EC 44</u></b>	Install electrical supply for Elevator No. 4 emergency light	The State Group	1,547.00
<b><u>CO- EC 45</u></b>	Install additional electrical and data items for furniture systems	The State Group	2,715.00
<b><u>CO- EC 46</u></b>	Relocate fire alarm strobe light on first level at art work	The State Group	2,208.00
<b><u>CO- EC 47</u></b>	Change custodial equipment charging station receptacle	The State Group	310.00
<b><u>CO- GC 26</u></b>	Install nine wall access panels at fire dampers	Deig Bros. Construction Co.	3,840.00
<b><u>CO- GC 27</u></b>	Provide and install nine warning mats at wheelchair ramps	Deig Bros. Construction Co.	21,205.00
<b><u>CO- GC 28</u></b>	Install mortised hardware to lock inactive leaf of four doors	Deig Bros. Construction Co.	2,600.00
<b><u>CO- GC 29</u></b>	Modify elevator controls to disable access after hours	Deig Bros. Construction Co.	4,436.00
<b><u>CO- GC 30</u></b>	Install additional oak panels at entryways	Deig Bros. Construction Co.	1,995.00
<b><u>CO- GC 31</u></b>	Install bulkheads at three entrances	Deig Bros. Construction Co.	1,340.00
<b><u>CO- GC 32</u></b>	Install laminate sills on 3 <sup>rd</sup> level overlooking the Reading Room	Deig Bros. Construction Co.	1,706.00
<b><u>CO- GC 33</u></b>	Install blocking in wall for plaque	Deig Bros. Construction Co.	2,709.00
<b><u>CO- GC 34</u></b>	Interconnect fire alarm and access control systems to allow deactivation in event of fire alarm	Deig Bros. Construction Co.	1,850.00
<b><u>CO- GC 35</u></b>	Make modifications to cabinets in Room 3019	Deig Bros. Construction Co.	300.00
<b><u>CO- GC 36</u></b>	Repaint Room 1005 to new color	Deig Bros. Construction Co.	4,122.00
<b><u>CO- GC 37</u></b>	Provide additional floor frames to accommodate HVAC system	Deig Bros. Construction Co.	5,965.00
<b><u>CO- GC 38</u></b>	Install Starbucks signage	Deig Bros. Construction Co.	1,117.00
<b><u>CO- GC 39</u></b>	Revise service parking area and entry at north side	Deig Bros. Construction Co.	4,004.00

<b><u>CO- GC 41</u></b>	Provide ceramic base for toe board on Starbucks casework	Deig Bros. Construction Co.	2,200.00
<b><u>CO- MC 12</u></b>	Install additional storm piping on north side	Goebel Mechanical, Inc.	4,250.00
<b><u>CO- MC 13</u></b>	Replace 30 feet of 8 inch storm pipe with 12 inch pipe	Goebel Mechanical, Inc.	970.00
<b><u>CO- MC 14</u></b>	Provide and install three fire hose fittings at sprinkler test pipe	Goebel Mechanical, Inc.	1,898.00
<b><u>CO- VDC 09</u></b>	Install data outlet and device for copy machine	Mel-Kay Electric Co.	786.97
<b><u>CO- VDC 10</u></b>	Install additional telephone and data outlets for furniture systems	Mel-Kay Electric Co.	120.00