

**UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING MINUTES**

August 10, 1995

The Finance Committee of the University of Southern Indiana Board of Trustees met on August 10, 1995, in Room 102K of the Wright Administration Building. Present were Trustees Charles Combs and Bruce Baker, Vice President for Business Affairs Richard Schmidt, Assistant Vice President for Business Affairs Cindy Brinker, and Director of Physical Plant Steve Helfrich. Attending via conference call was Trustee Robert Swan.

Mr. Combs called the meeting to order at 9:00 a.m.

UNIVERSITY CENTER ADDITION CONSTRUCTION BIDS AND AUTHORIZATION TO PROCEED

Mr. Combs called on Mr. Schmidt to report on construction bids received for the University Center Addition project. Mr. Schmidt reported that the low bid received was \$600,000 higher than anticipated, due primarily to the inflationary increase in construction costs. Even though the University is negotiating with the low bidders and making additional design changes in an attempt to reduce the cost, he recommended that approval be sought from the State of Indiana for an increase in the project cost from \$4,100,000 (submitted in August, 1992) to \$4,700,000 (\$500,000 for construction and \$100,000 for contingencies.)

On a motion by Mr. Baker, seconded by Mr. Swan, approval was given President Hoops to request the Indiana Commission for Higher Education, the Indiana State Budget Committee, and the Governor of the State of Indiana to approve an increase in the previously approved \$4,100,000 University Center Addition project to \$4,700,000. This increase includes \$500,000 for additional construction and professional fees and a \$100,000 contingency fee.

APPROVAL OF THE UNIVERSITY CENTER ADDITION FINANCING PLAN

Mr. Combs called on Mr. Schmidt to report on the Financing Plan for the University Center Addition. Mr. Schmidt presented the information detailed in Attachment 2*.

On a motion by Mr. Baker, seconded by Mr. Swan, the **Resolution of the Finance Committee of the Board of Trustees for the University of Southern Indiana Approving and Authorizing the Sale of the University of Southern Indiana Student Fee Bonds** was approved in substantially the form as it appears in Attachment 1*.

APPROVAL OF THE VEBA TRUST DOCUMENT

Mr. Combs called on Ms. Brinker to report on the **VEBA Trust Agreement for the Voluntary Employees' Benefit Association for Employees and Retired Employees of the University of Southern Indiana** (Attachment 3*). She reported that the document, which establishes the parameters under which the trust will be

administered, will be reviewed by the University's attorney and filed with the Internal Revenue Service.

On a motion by Mr. Baker, seconded by Mr. Swan, the VEBA Trust Agreement was approved. Mr. Combs abstained.

REVIEW OF 1996 HOUSING CONSTRUCTION PROJECTIONS AND AUTHORIZATION TO PROCEED

Mr. Schmidt reported on the need to plan to construct more housing buildings prior to the 1996-97 academic year. All available housing is filled for the 1995-96 year and approximately 100 students have been added as "fifths" in apartments usually occupied by four students. Evansville students who applied late will be offered delayed entry to housing if space becomes available. Approximately 50 additional students will be offered temporary space in hotels.

On a motion by Mr. Baker, seconded by Mr. Swan, the committee approved that Dr. Hoops request approval from the Indiana Commission for Higher Education, the State Budget Agency, and the Governor for the construction of three additional housing buildings.

There being no further business, the meeting adjourned at 9:40 a.m.

BOT/Finmin.895/jsa

** Attachments to this document are on file in the official Board of Trustees records.*

DRAFT

RESOLUTIONS OF THE FINANCE COMMITTEE OF THE BOARD OF TRUSTEES FOR THE UNIVERSITY OF SOUTHERN INDIANA APPROVING AND AUTHORIZING THE SALE OF THE UNIVERSITY OF SOUTHERN INDIANA STUDENT FEE BONDS

WHEREAS, the Board of Trustees (the "Board") of the University of Southern Indiana (the "University") has full power and authority under and by virtue of the laws of the State of Indiana, including, more particularly, the provisions of Indiana Code 20-12-6, to issue bonds secured by Student Fees to finance and refinance academic and building facilities on its Evansville campus; and

WHEREAS, the University has heretofore executed and delivered to The Merchants National Bank of Terre Haute, as succeeded by Old National Trust Company, as Trustee (the "Trustee"), a certain Trust Indenture dated as of November 1, 1985 (the "Indenture"), for the purpose of securing its Student Fee Bonds issued from time to time thereunder; and

WHEREAS, Article IV of the Indenture authorizes the issuance of additional series of Bonds by the University and the authentication and delivery of those additional series of Bonds by the Trustee under the conditions set forth in Article IV, which conditions have been complied with so as to authorize the issuance, authentication and delivery of those Bonds by the Trustee under the conditions set forth in Article IV, to provide the funds required to finance the construction of an addition to the University Center and related site preparation (the "Project"); and

WHEREAS, the Board has authorized the Treasurer of the University (the "Treasurer") to investigate, develop and evaluate a Plan of Financing and to present that Plan of Financing for approval to the Finance Committee of the Board (the "Committee"), to whom authority to approve the issuance of bonds has been properly delegated pursuant to the Board Resolution dated July 7, 1995 (the "Board Resolution"); and

WHEREAS, the Board has authorized the Committee to approve a Plan of Financing and to authorize the execution and delivery of the University of Southern Indiana Student Fee Bonds, in one or more series (the "Bonds"), and of a Third Supplemental Indenture, a Preliminary Official Statement, a final Official Statement, a Bond Purchase Agreement, a Continuing Disclosure Undertaking Agreement, a Construction and Rebate Agreement, and forms of the Bonds, pursuant to the Board Resolution; and

WHEREAS, the Treasurer has investigated, developed, evaluated and presented a Plan of Financing to the Committee; and

WHEREAS, the Committee desires to approve the Plan of Financing presented by the Treasurer; and

WHEREAS, there has now been submitted to the Committee a form of Third Supplemental Indenture (the "Third Supplemental Indenture"), a form of Preliminary Official Statement (the "Official Statement"), a form of Bond Purchase Agreement (the "Bond Purchase Agreement"), a form of Construction and Rebate Agreement (the "Construction and Rebate Agreement"), and a form of Continuing Disclosure Undertaking Agreement (the "Undertaking Agreement") in connection with the issuance of the Bonds in an aggregate principal amount not to exceed \$6,000,000 plus certain additional costs and discounts and funding requirements, which financing has been approved by the State Budget Agency of the State of Indiana;

NOW, THEREFORE, BE IT RESOLVED by the Committee as follows:

Section 1. The issuance of the Bonds by the University on the terms and conditions set forth in the Third Supplemental Indenture is hereby authorized in the total principal amount not to exceed the sum of \$6,000,000, plus underwriters' discount, as described below, original issue discount, as permitted by law, costs of issuance, costs of any premium for bond insurance, and capitalized interest on the Bonds. The Bonds shall be designated "University of Southern Indiana Student Fee Bonds, Series E" (the "Bonds"). The true interest cost of the Bonds shall not exceed 6.5%, with a maximum underwriters' discount of 1% and with such serial or term maturities and redemption features as the executing officers shall approve. The final maturity of the Bonds shall not extend beyond October 1, 2020. The Bonds shall be sold pursuant to the Bond Purchase Agreement at negotiated sale to Smith Barney Inc., as representative of the underwriters listed in the Bond Purchase Agreement.

Section 2. The Third Supplemental Indenture is approved in substantially the form submitted to the Committee and is made a part of this Resolution as if fully set forth herein. The Chairman or Vice Chairman of the University, or either of them, is hereby authorized to execute and deliver, and the Secretary or Assistant Secretary of the University, or either of them, is hereby authorized to attest the signature of and to imprint the corporate seal of the University on the Third Supplemental Indenture in substantially the form presented to this meeting, with those changes in form or substance that the officers executing that document shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Official Statement is approved in substantially the form submitted to the Committee and is made a part of this Resolution as if fully set forth herein. The Treasurer of the University is hereby authorized and directed to make those changes in form or substance as are necessary or appropriate, to authorize the distribution of the Official Statement, to deem an Official Statement to be final or nearly final for purposes of applicable Securities and Exchange Commission rules, to execute and deliver the form of any final Official Statement with those changes in form or substance that the Treasurer shall approve, and to cause printed copies of the Preliminary and final Official Statements to be provided to those prospective purchasers, investors and other persons as he may deem advisable in order to market the Bonds, and any such prior actions are hereby ratified and confirmed.

Section 4. The Bond Purchase Agreement is approved in substantially the form submitted to the Committee and is made a part of this Resolution as if set forth fully herein. The Chairman, Vice Chairman or Treasurer of the University, or any of them, is hereby authorized to execute and deliver the Bond Purchase Agreement in substantially the form submitted to the Committee, with those changes in form or substance that the officers executing that document shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Construction and Rebate Agreement is approved in substantially the form submitted to the Committee and is made a part of this Resolution as if set forth fully herein. The Chairman, Vice Chairman or Treasurer of the University, or any of them, is hereby authorized to execute and deliver and the Secretary or Assistant Secretary of the University, or either of them, is hereby authorized to attest the signature of and to imprint the corporate seal of the University on the Construction and Rebate Agreement in substantially the form submitted to the Committee, with those changes in form or substance that the officers executing that document shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Undertaking Agreement is approved in substantially the form submitted to the Committee and is made a part of this Resolution as if set forth fully herein. The Chairman, Vice Chairman or Treasurer of the University, or any of them, is hereby authorized to execute and deliver the Undertaking Agreement in substantially the form presented to the Committee, with those changes in form or substance that the officers executing that document shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Treasurer is hereby authorized to prepare the bond forms, as approved by the Committee, in accordance with the Board Resolution, required for use in the issuance of the Bonds, and to cause the same to be executed manually or by facsimile by the proper officers of the University as provided in the Third Supplemental Indenture and the Indenture. Upon execution of the Bonds, the Treasurer shall deliver the Bonds to the Trustee for authentication, and upon their authentication, the Treasurer is authorized and directed to deliver the Bonds, upon payment of the purchase price, to The Depository Trust Company, New York, New York ("DTC"), on behalf of the purchasers thereof, which purchase price shall reflect the underwriters' discount permitted by this Resolution and original issue discount, if any, as permitted by law.

Section 8. The Chairman, Vice Chairman, Treasurer, Secretary and Assistant Secretary of the University are, and each of them is, hereby authorized and directed to do any and all further acts and things necessary underlying execution and delivery of such additional or supporting agreements, documents or certificates (including a DTC Letter of Representations and any agreement associated with obtaining bond insurance, if appropriate) as may be requested or necessary in order to complete the transaction contemplated by the Bond Purchase Agreement, the Third Supplemental Indenture, the Construction and Rebate Agreement, the Undertaking Agreement and the Official Statement hereby authorized.

**University of Southern Indiana
Student Fee Revenue Bonds
Series E
(Student Center Project)**

PRELIMINARY TIMETABLE

AUGUST 1995							SEPTEMBER 1995						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30

PARTICIPANTS

USI	·	University of Southern Indiana
ICE	·	Ice Miller Donadio & Ryan
SB	·	Smith Barney
TRA	·	Traub & Co.
B&T	·	Barnes & Thornburg
OLD	·	Old National Trust Company
AMBAC	·	AMBAC

DATE	EVENT	RESPONSIBILITY
August 9th	Conference Call / Meeting to Discuss Legal Documents, if required	All Parties
August 10th	Finalize Documents	All Parties
August 11th	Executive Committee Meeting - Approve Resolution	USI
August 11th	Print and Mail P.O.S.	B&T, SB
August 14th - 16th	Marketing Period	SB, TRA
August 17th	Pricing/Sign BPA	USI, SB
August 22nd	Finalize Official Statement	B&T
August 28th	Pre-Closing	All Parties
August 29th	Closing	All Parties

UNIVERSITY OF SOUTHERN INDIANA
Student Fee Revenue Bonds (Student Center Project)
20 Year Amortization

Semi Annual Debt Service

Period Ending	Original Principal	Coupon	Interest or Accretion (1)	Semi Annual Gross D/S	Annual Gross D/S	Net (2) Debt Service
15-Aug-95				150,028.33	150,028.33	
01-Apr-96			119,490.00	119,490.00	269,518.33	
01-Oct-96			119,490.00	119,490.00		59,745.00
01-Apr-97			119,490.00	269,490.00	388,980.00	116,415.00
01-Oct-97	150,000.00	4.100%	116,415.00	116,415.00		269,490.00
01-Apr-98			116,415.00	276,415.00	392,830.00	116,415.00
01-Oct-98	160,000.00	4.300%	112,975.00	112,975.00		276,415.00
01-Apr-99			112,975.00	277,975.00	390,950.00	112,975.00
01-Oct-99	165,000.00	4.400%	109,345.00	109,345.00		277,975.00
01-Apr-2000			109,345.00	279,345.00	388,890.00	109,345.00
01-Oct-2000	170,000.00	4.500%	105,520.00	105,520.00		278,345.00
01-Apr-2001			105,520.00	285,520.00	391,040.00	105,520.00
01-Oct-2001	180,000.00	4.600%	101,380.00	101,380.00		285,520.00
01-Apr-2002			101,380.00	291,380.00	392,760.00	101,380.00
01-Oct-2002	190,000.00	4.700%	96,915.00	96,915.00		291,380.00
01-Apr-2003			96,915.00	291,915.00	388,830.00	96,915.00
01-Oct-2003	195,000.00	4.800%	92,235.00	92,235.00		291,915.00
01-Apr-2004			92,235.00	297,235.00	389,470.00	92,235.00
01-Oct-2004	205,000.00	4.900%	87,212.50	87,212.50		297,235.00
01-Apr-2005			87,212.50	302,212.50	389,425.00	87,212.50
01-Oct-2005	215,000.00	5.000%	81,837.50	81,837.50		302,212.50
01-Apr-2006			81,837.50	308,837.50	388,675.00	81,837.50
01-Oct-2006	225,000.00	5.100%	76,100.00	76,100.00		308,837.50
01-Apr-2007			76,100.00	316,100.00	392,200.00	76,100.00
01-Oct-2007	240,000.00	5.200%	69,860.00	69,860.00		316,100.00
01-Apr-2008			69,860.00	319,860.00	389,720.00	69,860.00
01-Oct-2008	250,000.00	5.300%	63,235.00	63,235.00		319,860.00
01-Apr-2009			63,235.00	328,235.00	391,470.00	63,235.00
01-Oct-2009	265,000.00	5.400%	56,080.00	56,080.00		328,235.00
01-Apr-2010			56,080.00	336,080.00	392,160.00	56,080.00
01-Oct-2010	280,000.00	5.500%	48,380.00	48,380.00		336,080.00
01-Apr-2011			48,380.00	343,380.00	391,760.00	48,380.00
01-Oct-2011	295,000.00	5.600%	40,120.00	40,120.00		343,380.00
01-Apr-2012			40,120.00	350,120.00	390,240.00	40,120.00
01-Oct-2012	310,000.00	5.900%	30,975.00	30,975.00		350,120.00
01-Apr-2013			30,975.00	360,975.00	391,950.00	30,975.00
01-Oct-2013	330,000.00	5.900%	21,240.00	21,240.00		360,975.00
01-Apr-2014			21,240.00	371,240.00	392,480.00	21,240.00
01-Oct-2014	350,000.00	5.900%	10,915.00	10,915.00		371,240.00
01-Apr-2015			10,915.00	380,915.00	391,830.00	10,915.00
01-Oct-2015	370,000.00	5.900%				380,915.00
01-Apr-2016						
01-Oct-2016		5.900%				
01-Apr-2017						
01-Oct-2017		6.000%				
01-Apr-2018						
01-Oct-2018		6.000%				
01-Apr-2019						
01-Oct-2019		6.000%				
01-Apr-2020						
01-Oct-2020		6.000%				
01-Apr-2021						
01-Oct-2021		6.000%				
01-Apr-2022						
01-Oct-2022		6.000%				
01-Apr-2023						
01-Oct-2023		6.000%				
01-Apr-2024						
01-Oct-2024		6.000%				
01-Apr-2025						
01-Oct-2025		6.000%				
01-Apr-2026						
01-Oct-2026		6.000%				
	4,545,000.00		3,149,976.33	7,694,976.33	7,694,976.33	7,365,716.00

Accrued Interest:	
Gross Interest:	3,149,976.33
Accrued Interest:	9,293.67
Net Interest:	3,140,682.67

(1) 1st Period Interest Includes Accrued Interest
(2) Reflects Accrued and Capitalized Interest

UNIVERSITY OF SOUTHERN INDIANA
Student Fee Revenue Bonds (Student Center Project)
20 Year Amortization

Dated and Delivery

Dated Date:	15-Aug-95
Delivery Date:	29-Aug-95

Sources and Uses

Sources of Funds

Par Amount of Bonds:	4,545,000.00	
-OID:	0.00	
Bond Proceeds:	4,545,000.00	4,545,000.00
Project Fund Earnings:		0.00
Accrued:		9,293.67
Total Sources of Funds:		4,554,293.67

Uses of Funds

Bond Insurance Premium (1):		26,547.67
Debt Service Reserve Fund		0.00
Cost of Issuance (2):		60,000.00
Project Amount:		4,100,000.00
Capitalized Interest Amount:		319,967.87
Underwriter's Discount (3):		36,223.75
Accrued:		9,293.67
Rounding Amount:		3,260.91
Total Uses of Funds:		4,554,293.67

Summary of Results

Restricted Rate:	5.511984%
True Interest Cost:	5.602506%
Effective Interest Cost:	5.759101%
Avg Life of Project Fund:	0.51
Avg Life of Cap I Fund:	0.92
Gross Interest:	3,149,976.33
Accrued Interest:	9,293.67
Net Interest:	3,140,682.67
Avg Life of Bonds:	12.58
Avg Coupon:	5.26%
Net Interest Cost:	5.50%
Underwriter's Discount (%):	\$7.75/1000
Capitalized Interest Rate:	5.41%
Project Fund Rate:	5.41%
Project Fund Arbitrage:	0.00
Capitalized Interest Arbitrage:	0.00
DSRF Arbitrage:	0.00
Total Arbitrage:	0.00

(1) Bond Insurance Premium is 0.345% of Insured Debt Service
(2) Cost of Issuance is \$60,000, a fixed amount

DRAFT

TRUST AGREEMENT
FOR THE
VOLUNTARY EMPLOYEES' BENEFIT ASSOCIATION
FOR EMPLOYEES AND RETIRED EMPLOYEES OF
UNIVERSITY OF SOUTHERN INDIANA

Effective Date
_____, 1995

TRUST AGREEMENT

This Trust Agreement, made and entered into this day of , 1995, by and between University of Southern Indiana (hereinafter referred to as "USI") and Old National Trust Company of Evansville, as Trustee (hereinafter referred to as the "Trustee");

W I T N E S S E T H:

WHEREAS, USI established one or more employee welfare benefit plans which are named in Exhibit A attached hereto (the "Plan") the purpose of which is to provide welfare benefits for USI retired employees, active employees and eligible dependents and COBRA participants covered by the Plan;

WHEREAS, by the combination of the Plan and this Trust Agreement, USI desires to establish the Voluntary Employees' Benefit Association for Employees and Retired Employees of University of Southern Indiana (hereinafter referred to as the "Association") which will hold separate accounts for the purpose of providing retiree medical benefits for retired employees of USI (excluding any retired "key employees" as that term is defined in §416 of the Internal Revenue Code of 1986, as amended (the "Code")) and their dependents and for the purpose of providing medical benefits, disability benefits, and other forms of permitted welfare benefits for employees of USI (excluding any "key employees" as that term is defined in Code §416) and their dependents and beneficiaries and COBRA participants; and

WHEREAS, USI intends that the Trust established under this Trust Agreement, when taken together with the Plan, shall constitute a "voluntary employees' beneficiary association" under §501(c)(9) of the Code; and

WHEREAS, Old National Trust Company of Evansville desires to serve as Trustee under this Trust Agreement and to establish a master trust to hold the assets and sub accounts in conjunction with Old National Bancorp and National Bank of Detroit.

NOW, THEREFORE, USI and the Trustee do hereby declare and agree as follows:

ARTICLE I
CONTRIBUTIONS

- 1.01 Contributions by USI. The Trust established with the Trustee shall initially consist of a contribution of \$_____ delivered to the Trustee by USI; and shall also include such other sums of money including contributions to any Plan, plans or programs covered by this Trust, such other property acceptable to the Trustee, including any type of insurance policy, and the earnings and profits thereon. All such money, insurance policies, and other property, including dividends payable pursuant to any insurance policy provisions, all investments made therewith and proceeds thereon, less the payments which at the time of reference shall have been made by the Trustee in accordance with this Trust Agreement are hereinafter referred to as the "Fund" or "Trust Fund". The Fund shall be held by the Trustee in trust and dealt with in accordance with the provisions of this Trust Agreement. The Trustee shall not be responsible for the calculation or collection of any contribution under the Plan, but shall be responsible only for property received by it pursuant to this Trust Agreement.
- 1.02 Compliance. The Plan, this Trust Agreement and the Trust Fund are intended to meet all applicable requirements of Code §§501(a) and 501(c)(9) and the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

1.03 Designation of Contributions. The parties agree that USI shall designate which portion of any contribution made to the Trust will be designated for the purpose of providing retiree medical benefits. Such amounts shall be held exclusively for the purposes of providing such retiree medical benefits under the Association and the remaining portion of the Trust will be held exclusively for purposes of providing benefits for retired employees, active employees and their dependents and beneficiaries and COBRA participants. Such amounts shall remain segregated unless or until a segregated portion of the Trust is deemed to be overfunded. For purposes of this Section, a segregated portion of the Trust will be deemed to be overfunded if the fair market value of its assets equal more than one hundred ten percent (110%) of the present value of its accumulated plan benefits. The present value of accumulated plan benefits will be determined by an actuary selected by USI. In such event, the amounts by which the segregated portion of the Trust is deemed to be overfunded may be applied to the remaining portion of the Trust to provide benefits thereunder.

ARTICLE II
PAYMENTS FROM THE FUND

2.01 Trustee Duties. It shall be the duty of the Trustee (a) to hold, to invest, and to reinvest the Fund and (b) to make payments from the Fund to individuals, service providers for benefits covered under the Plan, or any insurance company on the order of the Plan Administrator authorized in accordance with the Plan, plans or programs covered by this Trust. Such orders need not specify the purpose of the payments so ordered, and the Trustee shall not be responsible in any way respecting the purpose or propriety of such payments or for the administration of the Plan, plans or programs covered by this Trust. The Trustee shall be under no duty to enforce the payment of any contribution and shall not be responsible for the adequacy of the Fund to meet and discharge any liabilities under the Plan, plans or programs covered by this Trust. It is expressly understood that the duties and obligations of the Trustee shall be only those expressly stated in this Trust Agreement without reference to the provisions in any Plan, plans or programs. If a dispute arises as to who is entitled to or should receive any benefit or payment, the Trustee may withhold or cause to be withheld such payment until the dispute has been resolved.

In the event that any payment ordered by the Plan Administrator shall be mailed by the Trustee by registered mail directed to the person or service provider specified in such order at the latest address of such person or service provider, and shall be returned to the Trustee because such person or service provider cannot be located at such address, the Trustee shall promptly notify the Plan Administrator of such return. Upon the expiration of sixty (60) days after such notification such order shall become void, and unless and until a further order is received by the Trustee with respect to such payment, the Trustee shall thereafter continue to administer the Fund as if such order had not been made. The Trustee shall not be obligated to search for or ascertain the whereabouts of any such person (or his duly appointed representative) or service provider.

- 2.02 Impossibility of Diversion. It shall be impossible at any time for any part of the Trust Fund to be used for, or diverted to, purposes other than to provide the benefits contemplated under the Plan for the exclusive benefit of covered retired employees, covered employees and their dependents, except that any taxes and administrative expenses for which the Trust is liable may be made from the Trust Fund as provided for herein.

ARTICLE III
INVESTMENTS

3.01 General. The Trustee shall have the discretion to invest and reinvest the Fund and keep the Fund invested, without distinction between principal and income, in any and all annuity contracts and insurance policies issued by insurance companies licensed to do business in the State of Indiana of such kind and in such amounts as the Trustee deems proper for the purposes of this Trust and to use funds of the Trust to maintain any such contracts and policies in force, and in all common stocks, preferred stocks, bonds, debentures, mortgages on real or personal property wherever situated, equipment, trust certificates, savings deposits, notes or other evidences of indebtedness, or any other securities, and in any other property or joint or other part interest in property (including without limitation, part interest in bonds and mortgages or notes and mortgages), real or personal, foreign (including non-United States) or domestic, wherever situated, and of any kind, class or character, which the Trustee may in its discretion deem suitable for the Fund, and irrespective in any case of whether the Trustee, individually or as trustee, is acting as participator of any part interest in property that may be acquired and receiving remuneration therefor; such investment and reinvestment shall not be restricted to property authorized for investment by trustees under any present or future law. Such investment and reinvestment is authorized whether or

not the property acquired is productive of income, is marketable, or constitutes a wasting asset. The Trustee in its discretion may keep such portion of the Fund in cash or cash balances as the Trustee may from time to time deem to be in the best interests of the Fund without liability for the payment of interest thereon.

3.02 Funding Policy. USI shall establish and carry out a funding policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time. As part of such funding policy, USI shall direct the Trustee to exercise its investment discretion so as to provide sufficient cash assets as is necessary to meet the liquidity requirements of the Plan.

3.03 Adherence to Funding Policy. The Trustee's discretion in investing and reinvesting the principal and income of the Trust Fund shall be subject to the funding policy, as such policy may be adjusted by USI from time to time. Any such changes in the funding policy will be communicated to the Trustee in writing. The Trustee shall have the duty to act strictly in accordance with such funding policy, including any changes of which it has been advised.

ARTICLE VI
TRUSTEE POWERS

4.01 Powers. The Trustee is authorized and empowered in its discretion, but not by way of limitation:

- (a) to sell, exchange, convey, transfer or otherwise dispose of any property, real or personal, at any time held by it, by private contract or at public auction, for cash or on credit, upon such conditions, at such prices and in such manner as the Trustee shall deem advisable, and no person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;
- (b) to vote upon any stocks, bonds or other securities; to give general or special proxies or powers of attorney with or without power of substitution, to sell or exercise any conversion privileges, subscription rights or other options and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations, mergers, consolidations or other changes effecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of any

- owner with respect to stocks, bonds, securities or other property held in the Fund;
- (c) to form corporations and to create trusts under the laws of any state for the purpose of acquiring and holding title to any securities or other property, all upon such terms and conditions as it deems advisable;
 - (d) to make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
 - (e) to hold property in the Fund in its own name or in the name of a nominee and to hold any investment in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Fund;
 - (f) to manage, administer, operate, lease for any number of years, regardless of any restrictions on leases made by Fiduciaries, develop, improve, repair, alter, demolish, mortgage, pledge, grant options with respect to or otherwise deal with any real property or interest therein at any time held by it;
 - (g) to make temporary advances to the Fund, on a cash or overdraft basis;
 - (h) to compromise, compound, settle or arbitrate any claim, debt or obligation due to or from it as Trustee and to reduce the rate of interest on, extend or otherwise modify, or to foreclose upon default or otherwise enforce any such obligation; to bid in property on foreclosure or to take a deed in lieu

of foreclosure with or without paying consideration therefor and in connection therewith to release the obligation on the bond secured by the mortgage;

- (i) to purchase from legal life insurance companies, licensed to do business in the State of Indiana, annuity contracts and insurance policies;
- (j) to invest the funds of the Trust in the secured obligations of USI, subject to the limitations contained in Part 4 of Title I of ERISA and the other limitations expressed herein.

4.02 Fees and Expenses. The Trustee may employ suitable agents, auditors, actuaries and legal counsel and pay their reasonable expenses and compensation. The expenses incurred by the Trustee in the performance of its duties, including fees for legal services rendered to the Trustee, such compensation to the Trustee as may be agreed upon in writing from time to time between USI and the Trustee, and all other proper charges and disbursements of the Trustee, and expenses incurred incident to administration of the Plan, plans or programs covered by the Trust and the termination of any such Plan, plans or programs may be paid by the Employer, as directed by USI, or may be paid from the Fund to the extent such expenses are permitted to be charged against the Fund. The determination of whether such expenses may be charged against the Fund shall be made by USI. All taxes of any and all kinds whatsoever that may be levied or assessed under

existing or future laws upon or in respect to the Fund or the income thereof shall
be paid from the Fund.

ARTICLE V
TRUSTEE DUTIES

- 5.01 General. The Trustee and any fiduciary shall discharge its duties under this Trust Agreement solely in the interest of the retired employees, employees and dependents covered under this Plan and for the exclusive purpose of providing benefits to such persons and defraying reasonable expenses of administering the Trust, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, and by diversifying the investments of the Trust so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, all in accordance with the provisions of this Trust Agreement insofar as they are consistent with the provisions of ERISA, as this Trust Agreement and ERISA may be from time to time amended; but the duties and obligations of the Trustee as such shall be limited to those expressly imposed upon it by this Trust Agreement notwithstanding any reference herein to the Plan, or the provisions thereof, it being expressly agreed that the Trustee is not a party to the Plan.
- 5.02 Liability of Trustee. The Trustee shall not be liable for the making, retention, or sale of any investment or reinvestment made or received by it as herein provided

or for any loss to or diminution of the Fund, except due to its own negligence, willful misconduct or lack of good faith or except as provided in Section 5.01. The Trustee may from time to time consult with legal counsel, who may be counsel to USI, and shall be fully protected in acting upon the advice of counsel.

5.03 Retention of Records. The Trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder, and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by USI. Within ninety (90) days after the last day of each calendar quarter (or such other date as may be agreed upon in writing between USI and the Trustee), and within ninety (90) days after the effective date of the removal or resignation of the Trustee as provided in Section 7.01, the Trustee shall file with USI a written account setting forth all investments, receipts, disbursements and other transactions effected by it during the year ending on such date (but not including any part of such year for which an account has previously been filed), which account so filed shall be open to inspection during business hours by any person designated by USI for a period of ninety (90) days immediately following the date on which the account is filed with USI. If, for any reason, an account required of the Trustee hereunder shall not be filed within the applicable time specified in the preceding sentence, such an account may be filed by the Trustee after the expiration of such time, provided such account otherwise complies with the requirements of this Trust Agreement,

and such account so filed shall be open to inspection during business hours by any person designated by USI for a period of ninety (90) days immediately following the date on which the account is filed with USI. Upon the expiration of such ninety (90) day period, the Trustee shall be forever released and discharged from all liability and accountability to anyone with respect to its acts or transactions except such acts or transactions to which USI shall have filed written objections with the Trustee within such ninety (90) day period. Nothing herein contained shall impair the right of the Trustee to a judicial settlement of any account of proceedings rendered by it. In any proceeding for such judicial settlement, the only necessary parties shall be the Trustee and USI, and any judgment, decree or final order entered therein shall be conclusive on all persons having or claiming an interest in the Fund or under any Plan, plans or programs covered by the Trust.

USI, its successor or assign, shall have the sole authority to enforce this Trust Agreement on behalf of any Employer which has at any time adopted any Plan, plans or programs covered by the Trust, and the Trustee shall in no event be required to deal with any such Employer except by dealing with USI, its successor or assign, as agent of such Employer.

USI shall have the sole authority to enforce this Trust Agreement on behalf of the Association and any and all persons having or claiming any interest in the Fund

by virtue of this Trust Agreement or any Plan, plans or programs covered by the Trust.

ARTICLE VI

USI DUTIES

6.01 Generally. USI shall be responsible for keeping necessary records so that appropriate determinations may be made by the Plan Administrator. USI, its successor or assign, shall be responsible for the appointment and retention of the Trustee and the Plan Administrator and for developing an overall investment policy. The Trustee shall have exclusive responsibility for the management and control of the assets of the Fund except that USI (who shall be the named fiduciary for all Employers in regard to this appointment) may, in its discretion, employ at any time and from time to time an investment manager (as defined in Section 3(38) of ERISA to direct the Trustee with respect to all or a designated portion of the assets comprising the Fund. The Plan Administrator shall have exclusive responsibility for all other matters dealing with the Plan and Fund. Each fiduciary shall be responsible only for the specific duties assigned above and shall not be directly or indirectly responsible for the duties assigned to another fiduciary. USI shall be deemed the plan administrator for purposes of ERISA.

ARTICLE VII
RESIGNATION

7.01 Resignation. The Trustee may resign at any time upon sixty (60) days notice in writing to USI. The Trustee may be removed by USI at any time upon sixty (60) days notice in writing to the Trustee. Within sixty (60) days after notice of such resignation or removal of the Trustee, USI shall appoint a successor trustee. If, within sixty (60) days after notice of resignation or removal of the Trustee has been given under the provisions of this Section, a successor to the Trustee has not been appointed, the resigning Trustee or Trustee being removed may apply to any court of competent jurisdiction for the appointment of a successor Trustee. Any successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder and, subject to receipt by the Trustee of written acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer and pay over to such successor trustee the funds and properties then constituting the Fund. Subject to the provisions of Section 5.01, the Trustee may, however, reserve such sum of money as it may deem advisable for payment of its fees and expenses in connection with the settlement of its account or otherwise and any balance of such reserve remaining after the payment of such fees and expenses shall be paid over to the successor trustee.

ARTICLE VIII**AUTHORIZATIONS, AMENDMENT AND TERMINATION**

8.01 Authorizations. Any action by USI pursuant to any of the provisions of this Trust Agreement shall be evidenced by a resolution of its Board, certified under the corporate seal, to the Trustee over the signature of the Secretary or of any duly authorized officer of USI, and the Trustee shall be fully protected in acting in accordance with the resolution so certified to it, provided, however that all orders, requests and instructions to the Trustee with respect to the payment of moneys from the Fund shall be valid only if in writing and signed by the Plan Administrator or the person or persons duly authorized by the Plan Administrator to make or give such orders, requests or instructions, and the Trustee shall act and shall be protected in acting in accordance with any resolution, order, request or instruction which it believes to be genuine and which purports to have been signed in accordance with this Section.

8.02 Termination of Plan. In the event that USI terminates any Plan, plans or programs covered by the Trust in whole or in part, with respect to all or any group of employees, retired employees or their dependents or beneficiaries under such Plan, plans or programs, the Fund, or the portion thereof with respect to which such Plan, plans or programs is terminated, shall, subject to the provisions

of Section 5.01, be held by the Trustee for the benefit of any employees, retired employees or their dependents or beneficiaries in any remaining plans participating in the Association or, if no plans remain in the Association, disposed of by the Trustee in accordance with the written order of USI. Such order shall require that the Fund be disposed of in a manner which benefits solely those persons then entitled to benefits under the Plan and to those employees who are participating in the Plan at the time of the said termination of the Plan. Any remaining assets are to be used to provide life, sickness and accident and similar benefits for employees covered under the Plan. USI reserves the right to determine the application of funds for the benefit of such persons and employees in whatever manner it deems fair and equitable.

USI shall direct the Trustee to segregate and set apart a portion of the Fund as a separate trust fund for the exclusive benefit of any group of employees or retired employees and their beneficiaries to be held in a segregated account under this Trust or under a separate agreement of trust substantially identical with this Trust Agreement. The selection of the particular assets to be segregated shall be made by USI and the Trustee shall segregate such assets in accordance with the written order of USI.

Unless otherwise directed by USI pursuant to the preceding paragraph, the Trustee shall hold, invest and administer the Fund as a single fund without identification

of any part of the Fund with or allocation of any part of the Fund to USI or to any subsidiary or Affiliate of USI designated by it as a participating Employer under any Plan, plans or programs covered by the Trust or to any group of employees or retired employees of USI or of any such Employer or their dependents or beneficiaries.

8.02 Amendment. USI reserves the right at any time and from time to time by action of the Board or officer(s) duly authorized by its Board to modify, amend or terminate, in whole or in part, any or all of the provisions of this Trust Agreement provided that no such modification or amendment which affects the rights, duties, or responsibilities of the Trustee may be made without its consent in writing. A modification, amendment or termination hereunder shall be inclusive of a change to cover or delete other employee benefit plans or programs under this Trust Agreement which USI may desire to be included or deleted.

USI further reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of any Plan, plans or programs covered by this Trust Agreement; provided that no such modification or amendment shall make it possible for any part of the Fund to be used for, or diverted to, purposes other than for the exclusive benefit of employees, retired employees and their dependents or their beneficiaries.

USI, by action of its Board, may terminate the Association, any Plan, plans or programs covered by the Trust or the Trust for any reason at any time. In case of termination, the Fund shall be used for the exclusive benefit of employees, retired employees and their dependents and beneficiaries as of the date of such termination.

In no event shall USI incur any liability to any employee or retired employee in any Plan, plans or programs covered by the Trust or any dependents or beneficiaries of the employee or retired employee in the event the Trust defaults in the payment of any benefit due under any such Plan, plans or programs.

The parties agree that they may amend this Trust Agreement from time to time to cover additional employee benefit plans or programs under this Trust Agreement which USI, both in its corporate capacity and as agent for the Association hereby established, may desire to be included.

ARTICLE XI

ADDITIONAL EMPLOYERS

9.01 Adding Additional Employers. With the approval of the Board, any organization which is a member of the same controlled group of organizations [as defined in IRC §§ 414(b), (c), (m) and (o)] as USI may, by taking appropriate action, become a party to the Plan, plans or programs covered under this Trust by adopting the Plan, plans or programs applicable to this Trust for its employees and consenting to become a party hereunder. Any such organization which becomes a party hereunder shall promptly deliver to the Trustee a certified copy of the resolutions or other documents evidencing its adoption of the Plan, plans or programs and a written instrument evidencing the Board's approval of such organization becoming a party to the Plan, plans or programs and this Trust.

Any organization which becomes a participating Employer hereunder shall supply such full and timely information for all matters relating to the Plan, plans or programs and this Trust as (a) the Plan Administrator, (b) the Trustee and (c) USI may require for the effective discharge of their respective duties.

9.02 Withdrawal of Employer. Any one or more of the Employers participating hereunder may withdraw at any time by giving six (6) months advance notice in

writing of its or their intention to withdraw to USI and the Plan Administrator (unless a shorter notice shall be agreed to by USI).

Upon receipt of notice of any such withdrawal, the Plan Administrator shall certify to the Trustee the equitable share of such withdrawing Employer or Employers in the Fund, and the Trustee shall thereupon set aside from the Fund then held by it such securities and other property as it shall, in its sole discretion, deem to be equal in value to such equitable share.

Neither the segregation of the Fund assets upon the withdrawal of an Employer, nor the execution of a new agreement and declaration of trust, shall operate to permit any part of the corpus or income of the Fund to be used for or diverted to purposes other than for the exclusive benefit of employees or retired employees or their dependents or beneficiaries.

ARTICLE X
MISCELLANEOUS PROVISIONS

- 10.01 Contractual Obligations. USI does not assume any contractual obligation as to the continuance of the Association or the making of future Contributions with respect thereto.
- 10.02 Legal Rights. The establishment of the Association shall not be construed as conferring any legal rights upon any employee, retired employee or other person for a continuation of employment, nor shall it interfere with the rights of USI to discharge any employee and to treat him without regard to the effect which such treatment might have upon him as a member of the Association.
- 10.03 Alienation. Assignment. No benefit payable at any time from this Trust Fund shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or encumbrance of any kind.
- 10.04 Fiduciaries. For purposes of Part 4 of Title I of ERISA, USI, the Trustee, and the Plan Administrator shall each be fiduciaries. All actions by fiduciaries shall be in accordance with the terms of the Plan and of this Trust Agreement insofar as such documents are consistent with the provisions of Title I of ERISA.

- 10.05 Inurement. No part of the net earnings of the Association or Fund shall inure, other than by payment of the benefit or benefits provided under the Plan, plans or programs covered by the Trust, to the benefit of any private shareholder or individual.
- 10.06 Liability. In no event shall USI incur any liability to any employee or retired employee in any Plan, plans or programs covered by the Trust or any dependents or beneficiaries of such employee or retired employee in the event the Trust or Association defaults in the payment of any benefit due under any such Plan, plans or programs.
- 10.07 Acceptance by Trustee. The Trustee hereby accepts the Trust created by this Trust Agreement on the terms and conditions herein set forth.
- 10.08 Situs. This Trust Agreement shall be administered and construed according to the laws of the State of Indiana.
- 10.09 Conditioned Upon Tax Status. Notwithstanding any other provisions herein to the contrary, in the event the Commissioner of the Internal Revenue Service or his delegate initially rules that the Trust is not eligible for favorable tax treatment pursuant to IRC Section 501(c)(9), USI shall recover the funds contributed to the Trust.

IN WITNESS WHEREOF, USI and the Trustee have caused this Trust Agreement to be executed by their officers thereunto duly authorized, and their corporate seals to be hereunder affixed and attested, as of the day and year first above written.

ATTEST: **University of Southern Indiana**

By: _____ By: _____

ATTEST: **Old National Trust Company of Evansville, Trustee**

By: _____ By: _____

Exhibit A

Welfare Benefit Plans Covered Under The Trust Agreement for the Voluntary Employees' Benefit Association for Employees and Retired Employees of University of Southern Indiana

- Medical - Blue Cross and Blue Shield of Indiana Plan, Accounts 22703 and 29326
- Medical - Welborn HMO as described in the Benefits, Exclusions, Limitations Pamphlet WC-HMO-22 (Rev. 1-91)
- Dental - Health Resources, Inc. Dental Health Options 6 with Adult and Children's Orthodontic Benefit Rider