

**AGENDA
BOARD OF TRUSTEES
JOINT COMMITTEE MEETINGS
September 5, 1996**

- I. Long Range Planning Committee**
 - Ten Year Housing Plan
 - Relationship to Master Planning and Architect Selection

- II. Finance Committee**
 - Resolution for Refunding Bonds

FINANCE COMMITTEE RESOLUTION

September 5, 1996

APPROVAL OF FINANCING PLAN FOR STUDENT HOUSING CONSTRUCTION PROJECT

On a motion made by Mr. Will, seconded by Mr. Clark, the sale of student housing refunding bonds, Series 1996, was approved.

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 20-12-8, to issue refunding bonds secured by the student housing facilities and the revenue generated thereby in order to refund the bonds issued to construct, furnish and equip student housing facilities on its Evansville campus;

WHEREAS, the Board by Resolution dated September 5, 1996 (the "Board Resolution") authorized the Finance Committee (the "Committee") to approve a Plan of Financing and to authorize the execution and delivery of the University of Southern Indiana Student Housing Revenue Refunding Bonds, Series 1996 (the "Bonds"), an Eighth Supplemental Indenture, and a Bond Purchase Agreement, and such other documentation as may be deemed necessary by the Committee;

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

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 Eighth Supplemental Indenture (the "Eighth Supplemental Indenture"), a form of Bond Purchase Agreement (the "Bond Purchase Agreement"), and a form of the Bonds in connection with the issuance of the bonds in an aggregate principal amount not to exceed the amount necessary to accomplish said refunding, which financing is in the process of being approved by the State Budget Committee 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 Board Resolution is hereby authorized with a total principal amount not to exceed the amount necessary to accomplish said refunding. The Bonds shall be designated "University of Southern Indiana Student Housing Revenue Refunding Bonds, Series 1996." The true interest cost of the Bonds shall not exceed the interest cost specified in the Board Resolution. The average maturity of the Bonds shall not extend beyond average maturity of the Refunded Bonds at closing. The Bonds shall be sold pursuant to the Bond Purchase Agreement at negotiated sale to Old National Bank in Evansville, The Citizens National Bank of Evansville, Indiana, NBD Bank, N.A., and The National City Bank of Evansville.

Section 2. The Eighth 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 Board, or either of them, is hereby authorized to execute and deliver, and the Treasurer, Secretary, or Assistant Secretary of the University, or one of them, is hereby authorized to attest the signature of and to imprint the corporate seal of the University on the Eighth Supplemental Indenture in substantially the form presented to this meeting, with those changes in form or substance that the officers executing those documents shall approve, such approval to be conclusively evidenced by the execution and delivery thereof, and any such prior actions are hereby ratified and confirmed.

- Section 3. 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 or Vice Chairman of the Board or either 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, and any such prior actions are hereby ratified and confirmed.
- Section 4. 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 Eighth Supplemental 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 to the purchasers thereof for payment of the purchase price as provided in the Eighth Supplemental Indenture.
- Section 5. The Chairman, Vice Chairman of the Board and the Treasurer, Assistant 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 including execution and delivery of such additional or supporting agreements, documents or certificates (including any agreement associated with obtaining bond issuance, if appropriate) as may be requested or necessary in order to complete the transaction contemplated by the Bond Purchase Agreement, the Eighth Supplemental Indenture, and the bond forms hereby authorized.
- Section 6. The University hereby designates the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Internal Revenue Code of 1986.

* Originals of the documents referenced in this Resolution are on file with the official Board of Trustees Minutes.

UNIVERSITY of SOUTHERN INDIANA
Student Housing Revenue Bonds - Refunding Analysis
September 3, 1996

STUDENT REVENUE BONDS		LOAN BALANCE OCT. 1, 1996	CURRENT PAYMENT	CURRENT INTEREST RATE
USI Series - 1983	(A) (B)	\$2,562,688	\$285,216	5.7750%
USI Series A - 1986	(A)	2,162,920	244,500	7.5625%
USI Series B - 1989	(A)	387,451	36,396	6.1875%
USI Series C - 1990	(A)	946,073	86,196	6.1875%
USI Series D - 1991	(A)	474,665	42,060	6.1875%
USI Series E - 1992	(A)	500,102	43,200	6.1875%
USI Series F - 1993	(A)	1,683,132	142,020	6.1875%
USI Series G - 1995		773,180	62,112	6.1875%
USI Series H - 1996		<u>2,719,480</u>	<u>214,416</u>	6.1875%
Total Outstanding		<u>\$12,209,691</u>	<u>\$1,156,116</u>	
Student Housing Revenue Refunding Bonds - Series 1996		<u>\$12,209,691</u>	<u>\$1,128,564</u>	5.9400%
Annual Savings			<u>\$27,552</u>	
Guaranteed Savings {Ten (10) Year Fixed Rate}			<u>\$275,520</u>	
Projected Savings for Amortization Term			<u>\$532,501</u>	

(A) Originally issued as City of Evansville Economic Development Bonds for Southern Indiana Higher Education, Inc. Project

(B) Refunding will also generate a cash flow savings since the payment will revert to a normal amortization schedule rather than be fixed at \$31,780.

STUDENT HOUSING REVENUE BONDS - REFUNDING ANALYSIS

BENEFITS OF REFUNDING STUDENT HOUSING REVENUE BONDS

- 1. Fixed rate for ten years rather than current variable rate.**
- 2. After initial ten-year term, rate will be fixed in five year increments.**
- 3. All adjustments after the initial period will be at seventy-two percent of prime rather than the current adjustment factor of seventy-five percent of prime.**
- 4. Existing bond issues will be merged into one bond fund.**
- 5. Eliminating numerous bond funds will reduce trustee charges.**
- 6. Negotiated fixed rate will generate real dollar savings.**
- 7. Cost of refunding (approximately \$36,000) will be recouped in less than two years.**