

**MINUTES OF THE MEETING AND RETREAT OF
THE BOARD OF TRUSTEES OF OHIO UNIVERSITY**

Thursday, December 5, 2002

**Nationwide Arena, Founder's Club
Columbus, Ohio**

**THE OHIO UNIVERSITY BOARD OF TRUSTEES
MINUTES OF December 5, 2002 MEETING**

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I. ROLL CALL

Nine members were present — Chairman Gordon F. Brunner, Patricia A. Ackerman, R. Gregory Browning, C. Daniel DeLawder, M. Lee Ong, M. Marnette Perry, Larry L. Schey, C. David Snyder, and Robert D. Walter. This constituted a quorum.

Student Trustees Barry Spurlock and Tara Stuckey attended, as did President Robert Glidden and Secretary Alan H. Geiger.

II. APPROVAL OF THE MINUTES OF THE MEETING Of September 13, 2002 (Previously distributed)

Mrs. Ong moved approval of the previously distributed minutes. Mr. Schey seconded the motion. Approval was unanimous.

III. COMMUNICATIONS, PETITIONS, AND MEMORIALS

Secretary Geiger stated there were no communications, petitions, or memorials.

IV. ANNOUNCEMENTS

Secretary Geiger stated there were no announcements.

V. UNFINISHED BUSINESS

Secretary Geiger reported no unfinished business.

VI. NEW BUSINESS

**COMMITTEE OF THE WHOLE/BUDGET, FINANCE, PHYSICAL PLANT,
AND AUDIT COMMITTEE**

Chairman Brunner convened the meeting and thanked Trustees for their attendance. He noted the initial part of the meeting was to consider financial and audit matters but that the majority of time was to be spent characterizing choices to be made given the challenges of the changing state fiscal situation.

Following comments by President Glidden and Vice President for Finance Dick Siemer, Mr. Walter moved approval of the attached resolution. Mr. Browning seconded the motion. All Agreed.



OHIO UNIVERSITY

Office of the Vice President
for Finance

FDL Center 166
Athens, OH 45701-2979

740.593.1892
740.593.0025

DATE: November 25, 2002

TO: Members of the Ohio University Board of Trustees

FROM: Dick Siemer 

RE: **Resolution to Re-Issue \$8.4 Million General Receipts Bond Anticipation Notes of the Ohio University**

The attached resolution is similar to the ones approved by the Board since 1999 to provide funding for the Enterprise Project at Ohio University. The Enterprise project standardized Oracle's data base software and tools for Ohio University, implemented Oracle HRMS/Payroll and will implement this year Oracle's Financial modules. In tandem with this project is a work process redesign effort that is utilizing new data management technology (imaging, forms management, COLD technology) to streamline our business processes. We are also implementing through a company called Workforce an automated time and attendance system.

These Notes are issued annually. Last January's rate was 2.11%. They are planned to be retired in FY 2006.

Enclosure: Resolution

RESOLUTION NO. 2002 - 1854

**PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND
SALE OF NOT TO EXCEED \$8,400,000 GENERAL RECEIPTS
BOND ANTICIPATION NOTES OF THE OHIO UNIVERSITY**

WHEREAS, by authority of Sections 3345.11 and 3345.12 of the Ohio Revised Code (the "Act"), The Ohio University (hereinafter called the "University"), a state university of Ohio created and existing under Chapter 3337 of the Ohio Revised Code, is authorized to acquire and construct "facilities", as therein defined, to issue its obligations to pay all or part of the costs of such facilities or to reimburse itself for such costs which it has paid from its own funds, and to refund obligations previously issued, in accordance with the applicable provisions of Section 3345.12 of the Act, and to secure said obligations by a pledge of and lien on all or such part of the "available receipts" of the University (as defined in such section) as may be provided for in the proceedings authorizing such obligations, excluding moneys raised by taxation and state appropriations; and

WHEREAS, the University, pursuant to Section 3345.12 of the Act and a General Bond Resolution adopted by this Board of Trustees (hereinafter called the "Board") on April 14, 1972, entered into a Trust Agreement (the "Indenture") dated as of June 1, 1972 (of which a resolution of the Board known as the "General Bond Resolution" constitutes a part), providing for the issuance from time to time of General Receipts Bonds of the University and pledging such available receipts as security for such bonds; and

WHEREAS, the University has previously issued general receipts bond anticipation notes in the principal amount of \$8,650,000 (the "Prior Notes") for the purpose of acquiring administrative information management systems including expenses necessary or incident to such acquisition of these systems and the placing of them in use and operation, and costs of issuance of such notes (collectively, the "Project"), which notes were issued in anticipation of the issuance of General Receipts Bonds of the University under and pursuant to Section 3345.12 of the Act and Resolution No. 2000-1745, adopted by the Board on December 8, 2000; and

WHEREAS, it is necessary and desirable to refund the Prior Notes in the principal amount of \$8,400,000 by issuing general receipts bond anticipation notes pursuant to Section 3345.12 of the Act in anticipation of the issuance of General Receipts Bonds of the University under the Indenture and the General Bond Resolution, and which such bond anticipation notes are to be secured as hereinafter provided;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF
THE PRESIDENT AND TRUSTEES OF THE OHIO UNIVERSITY, AS FOLLOWS:**

SECTION 1. In order to obtain funds for the purpose of refunding the Prior Notes, the Board hereby determines that (i) it is necessary and in the best interests of the University to issue General Receipts Bonds of the University in a principal amount not to exceed \$8,400,000 bearing interest at the rate of approximately six per cent (6%) per annum, maturing in substantially equal annual or semiannual installments of principal and interest over a period not

exceeding thirty (30) years after their issuance, and having an estimated annual principal and interest payment of approximately \$625,000, (ii) it is necessary and in the best interests of the University to issue notes in anticipation of the issuance of such bonds in a principal amount not to exceed \$8,400,000 (herein the "Notes") pursuant to the laws of the State of Ohio, and particularly the Act, upon the terms set forth herein; and (iii) the Project will constitute "auxiliary facilities" or "education facilities" as defined in the Act.

The Notes shall (i) be issued in a principal amount not to exceed \$8,400,000 in one or more series; (ii) be of the denominations, dated and numbered; (iii) bear interest at a rate or rates not exceeding six per cent (6%) per annum, based on a 360-day year comprised of twelve 30-day months, payable at maturity; and (iv) mature on a date not exceeding one year from the date of issuance; all as determined by the Vice President for Finance and Treasurer of the University (herein the "Treasurer"). The Notes may be subject to call for redemption prior to maturity, upon such terms as the Treasurer may determine. The principal of and interest on the Notes shall be payable upon presentation at maturity in lawful money of the United States of America at the office of the Treasurer or at such bank or trust company as may be designated by the Treasurer (herein the "Paying Agent"). The Notes may be issued in bearer or fully registered form, without coupons, as determined by the Treasurer, and the Paying Agent shall serve as Note registrar and transfer agent for any Notes issued as registered obligations. If the Notes are issued in registered form, principal and interest shall be paid only to the registered owner thereof as shown on the Note registration records maintained by the Paying Agent on behalf of the University.

Notes issued in registered form shall be transferable by the registered holder thereof in person or by his attorney duly authorized in writing at the principal office of the Paying Agent upon presentation and surrender thereof to the Paying Agent. The University and the Paying Agent shall not be required to transfer any registered Note during the 15-day period preceding any interest payment date or preceding any selection of Notes to be redeemed, or after such Note has been selected for partial or complete redemption, and no such transfer shall be effective until entered upon the registration records maintained by the Paying Agent. Upon such transfer, a new Note or Notes of authorized denominations of the same maturity and for the same aggregate principal amount shall be issued to the transferee in exchange therefor. The University and the Paying Agent may deem and treat the registered holders of registered Notes as the absolute owners thereof for all purposes, and neither the University nor the Paying Agent shall be affected by any notice to the contrary.

SECTION 2. The Notes shall bear such designation to distinguish them from other obligations of the University as shall be made by the Treasurer, shall be negotiable instruments and shall express upon their face the purpose for which they are issued and that they are issued pursuant to general laws of Ohio, particularly the Act, and to this Resolution. The Notes shall bear the manual or facsimile signatures of the Chairman of the Board or the President of the University and the Treasurer and may bear the official seal of the University or a facsimile thereof, and shall bear the manual authenticating signature of the Paying Agent or an authorized representative of the Paying Agent.

SECTION 3. The Notes shall be awarded and sold to Banc One Capital Markets, Inc., Columbus, Ohio (the "Original Purchaser"), at a price determined by the Treasurer provided

that such price shall be not less than 100% of the principal amount thereof, plus accrued interest on the aggregate principal amount of the Notes from their date to the date of delivery to and payment by the Original Purchaser, all in accordance with, and subject to the terms and conditions of, the Original Purchaser's proposal contained in the hereinafter-described note purchase agreement. The determinations and designations to be made by the Treasurer pursuant to this Resolution and such award and sale shall be evidenced by the execution of a certificate of award (the "Certificate of Award") by the Treasurer setting forth such award and sale, the other matters to be set forth therein referred to in this Resolution, and such other matters as the Treasurer determines are consistent with this Resolution, including without limitation, restrictions on the issuance of additional notes on a parity with the Notes and requirements for payments into the Note Payment Fund. That the matters contained in the Certificate of Award are consistent with this Resolution shall be conclusively evidenced by the execution of the Certificate of Award by such officer.

The Treasurer is hereby further authorized and directed to execute and deliver, in the name and on behalf of the University, a note purchase agreement with the Original Purchaser upon such terms as approved by such officer not inconsistent with this Resolution, and not substantially adverse to the University. The approval of such officer, and that such note purchase agreement is consistent with this Resolution and not substantially adverse to the University, shall be conclusively evidenced by the execution of such note purchase agreement by such officer. The Treasurer is hereby authorized to make arrangements with Carlile Patchen & Murphy LLP to serve as bond counsel and underwriter's counsel for the Notes, and such firm is hereby appointed to serve in such capacities.

The Treasurer, and any other appropriate officers of the University, are each hereby separately authorized to make arrangements for the delivery of the Notes to, and payment therefor by, the Original Purchaser, to give all appropriate notices and certificates and to take all actions necessary to effect the due authorization, execution and delivery of the Notes pursuant to the provisions of the note purchase agreement. It is hereby determined that the price for and the terms of the Notes, and the sale thereof, all as provided in this Resolution, are in the best interest of the University and in compliance with all legal requirements.

SECTION 4. The proceeds from the sale of the Notes shall be deposited and allocated as follows:

- (a) \$8,400,000 shall be deposited in the Note Payment Fund referred to in the Prior Resolution and used, along with other moneys deposited by the University in the Note Payment Fund, to pay the principal of and interest on the Prior Notes at their maturity.

Such proceeds shall be used for the purposes set forth above and for no other purpose. Pending such use, the proceeds of sale of the Notes may be invested in lawful University investments approved by the Treasurer. Any of such proceeds remaining after the completion of the Project shall be transferred to the Note Payment Fund and used to pay the principal of and interest on the Notes. Interest on such proceeds shall be deposited in such fund or account of the University as the Treasurer shall determine.

The Notes shall be payable from a special fund previously created in the custody of the University or the Paying Agent, as determined by the Treasurer (the "Note Payment Fund") which shall be used solely for the payment of the principal of and interest on the Notes. Moneys for the payment of the principal of and interest on the Notes, but only from the hereinafter-described sources, shall be deposited in the Note Payment Fund not later than the date on which payment the Notes is payable. Interest on such moneys shall be deposited in such fund or account of the University as the Treasurer shall determine.

SECTION 5. Principal of and interest on the Notes, together with the principal of and interest on any other notes that may currently be outstanding or that may hereafter be issued by the University on a parity therewith, shall be equally and ratably payable from and secured by a pledge of and a lien on, the "General Receipts" of the University as defined in Section 1 of the General Bond Resolution, but subject to the existing pledges thereof in favor of the University's General Receipts Bonds heretofore or hereafter issued pursuant to the General Bond Resolution and the Indenture. The principal of and interest on the Notes shall also be equally and ratably payable from, and secured by a pledge of and lien on, the moneys and investments in the Note Payment Fund and the proceeds of the sale of bonds or notes issued pursuant to the Act or other authorizing provisions of law to refund or retire the Notes which shall be deposited in the Note Payment Fund; provided that neither the State of Ohio, the University nor the Board shall be obligated to pay the principal of or interest on the Notes from any other funds or source, nor shall the Notes be a claim upon or lien against any property of the State of Ohio or any other property of or under the control of the University, and the Notes, as to both principal and interest, shall not be debts or bonded indebtedness of the State of Ohio, shall not constitute general obligations of the State of Ohio or the University, the full faith and credit thereof are not pledged thereto, and the owners of the Notes shall have no right to have any excises or taxes levied by the General Assembly of the State of Ohio for the payment of such principal or interest.

In consideration of the loan evidenced by the Notes, the University covenants and agrees that (i) it will use its best efforts to do all things necessary to effect the authorization, issuance and delivery, prior to the maturity of the Notes, of bonds or notes to refund or retire the Notes, pursuant to the Act, or other authorizing provisions of law, in such principal amount as shall be necessary together with other lawfully available funds, if any, to pay the principal of and interest on the Notes, (ii) it will do all things necessary to sell such bonds or notes at the time provided above and will accept such price and such interest rate or rates as shall be necessary in order to effect such sale, and (iii) it shall apply the proceeds of such bonds or notes to the extent necessary to make full payment of the principal of and interest on the Notes; such obligations are established as duties specifically enjoined by law upon the University and its officers, and resulting from their respective offices, trusts or stations within the meaning of Section 2731.01 of the Ohio Revised Code. In connection with the aforesaid covenant, it is the present intention of the University that such bonds as may be issued to retire the Notes will be issued as "General Receipts Bonds" pursuant to the General Bond Resolution.

SECTION 6. The foregoing pledges in favor of the Notes shall be released upon the deposit by the University, in the Note Payment Fund, of cash or noncallable direct obligations of the United States of America, or a combination thereof (which United States

government securities mature on or before the maturity date of the Notes) in an amount sufficient fully to discharge the principal and interest requirements of the Notes at and prior to maturity.

SECTION 7. In the event any of the Notes shall not be presented for payment when the principal thereof becomes due, if moneys for the purpose of paying, and sufficient to pay, such Note shall have been made available to the Paying Agent therefor, it shall be the duty of the Paying Agent to hold such moneys in trust, without liability to the University or the owner of the Note for interest thereon, for the benefit of such owner, who shall, subject to the provisions of this Section, thereafter be restricted exclusively to such moneys for any claim of whatever nature on his part under this Resolution or on, or with respect to, such Note. Any moneys which shall be so held by the Paying Agent, and which remain unclaimed by the owner of the Note not presented for payment, for a period of three years after the date on which such Note shall have become payable as provided above, shall, upon request in writing by the University, be paid to the University, and thereafter the owner of such note shall look only to the University for payment and then only to the amounts, or to the extent of amounts, so received by the University without any interest thereon, and the Paying Agent shall have no further responsibility with respect to such moneys.

The moneys paid to the University pursuant to this Section shall be credited by it to a special fund of the University, as a trust fund separate and apart from other funds of the University, to be maintained in an account or accounts with a bank or banks that are members of the Federal Deposit Insurance Corporation. The University shall keep a record of the amounts so deposited in said special fund, and moneys in such fund shall be applied to payment of principal of the Note or Notes with respect to which such money is transferred to the University. Moneys in such special fund unclaimed for fifteen years after such moneys are paid to the University shall become the absolute property of the University free from all claims of any kind.

SECTION 8. The Board hereby covenants, for and on behalf of the University, that the University will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Notes under Section 103(a) of the Internal Revenue Code of 1986 and regulations promulgated thereunder (the "Code"). Without limiting the generality of the foregoing, the University hereby covenants as follows:

(a) The University will not directly or indirectly use or permit the use of any proceeds of the Notes or any other funds of the University, or take or omit to take any action that would cause the Notes to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Code. To that end, the University will comply with all requirements of Sections 103(b)(2) and 148 of the Code to the extent applicable to the Notes, including any expenditure requirement, investment limitations or rebate requirements. The Treasurer, or any other officer having responsibility with respect to the issuance of the Notes, is authorized and directed to give an appropriate certificate on behalf of the University, on the date of delivery of the Notes for inclusion in the transcript of proceedings, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to the use of the proceeds thereof and the provisions of such Sections 103(b)(2) and 148, and to execute and deliver on behalf of the University an IRS Form 8038G in connection with the issuance of the Notes.

Without limiting the generality of the foregoing, the University agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code. This covenant shall survive payment in full or defeasance of the Notes. The University specifically covenants to pay or cause to be paid to the United States at the times and in the amounts determined under such section.

Notwithstanding any provision of this sub-section (a), if the University shall obtain an opinion of nationally recognized bond counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Notes pursuant to Section 103(a) of the Code, the University may rely conclusively on such opinion in complying with the provisions hereof.

(b) So long as any of the Notes, or any obligations issued to refund the Notes, remain unpaid, the University will not operate or use, or permit the operation or use of, the Project or any part thereof in any trade or business carried on by any person within the meaning of the Code which would cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Code.

SECTION 9. For purposes of this Resolution, the following terms shall have the following meanings:

"Book entry form" or "book entry system" means a form or system under which (i) the beneficial right to payment of principal of and interest on the Notes may be transferred only through a book entry, and (ii) physical Note certificates in fully registered form are issued only to the Depository or its nominee as registered owner, with the Notes "immobilized" to the custody of the Depository, and the book entry maintained by others than the University is the record that identifies the owners of beneficial interests in those Notes and that principal and interest.

"Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, together with its Participants or otherwise, a book entry system to record ownership of beneficial interests in Notes or principal and interest, and to effect transfers of Notes, in book entry form, and including and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Participant" means any participant contracting with a Depository under a book entry system and includes security brokers and dealers, banks and trust companies, and clearing corporations.

Upon a determination by the Treasurer, all or any portion of the Notes may be initially issued to a Depository for use in a book entry system, and the provisions of this Section shall apply to such Notes, notwithstanding any other provision of this Resolution. If and as long as a book entry system is utilized with respect to any of the Notes: (i) there shall be a single Note of each maturity; (ii) those Notes shall be registered in the name of the Depository or its nominee, as registered owner, and immobilized in the custody of the Depository; (iii) the beneficial owners of the Notes in book entry form shall have no right to receive Notes in the

form of physical securities or certificates; (iv) ownership of beneficial interests in any Notes in book entry form shall be shown by book entry on the system maintained and operated by the Depository and its Participants, and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (v) the Notes as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Board of Trustees. Debt service charges on the Notes in book entry form registered in the name of a Depository or its nominee shall be payable in the manner provided in the University's agreement with the Depository to the Depository or its authorized representative.

The Paying Agent may, with the approval of the Treasurer (if the Paying Agent is an entity other than the Treasurer), enter into an agreement with the beneficial owner or registered owner of any Note in the custody of a Depository providing for making all payments to that owner of principal and interest on that Note or any portion thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner (including wire transfer of federal funds) other than as provided in this Resolution, without prior presentation or surrender of the Note, upon any conditions which shall be satisfactory to the Paying Agent and to the officer executing the same. That payment in any event shall be made to the person who is the registered owner of that Note on the date that principal is due, or, with respect to the payment of interest, as of the applicable date agreed upon as the case may be. The Paying Agent shall furnish a copy of each of those agreements, certified to be correct by the Paying Agent, to other paying agents for Notes and to the Treasurer (if the Paying Agent is an entity other than the Treasurer). Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for the purposes of, this Resolution.

The Treasurer is authorized and directed to execute, acknowledge and deliver, in the name of and on behalf of the University, a letter agreement with The Depository Trust Company, as Depository, to be delivered in connection with the issuance of the Notes to the Depository for use in a book entry system.

If any Depository determines not to continue to act as Depository for the Notes for use in a book entry system, the University and the Paying Agent may attempt to establish a securities depository/book entry relationship with another qualified Depository under this Resolution. If the University and the Paying Agent do not or are unable to do so, the University and the Paying Agent, after the Paying Agent has made provision for notification of the beneficial owners by the then Depository, shall permit withdrawal of the Notes from the Depository and authenticate and deliver Note certificates in fully registered form to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing definitive Notes), if the event is not the result of action or inaction by the University or the Paying Agent; of those persons requesting such issuance.

SECTION 10. This Resolution and the pledges and covenants of the Board made herein shall constitute a contract between the University and the owners of the Notes, and no alteration or variation of any of the provisions of this Resolution, which shall have, in the opinion of the Treasurer, a material adverse effect on the then current holders of said Notes shall

be made so long as any of said Notes remain outstanding and unpaid, except with the written consent of all of such owners.

SECTION 11. The officers of the University and of the Board are hereby authorized to take any and all action necessary or proper to comply with the terms of this Resolution and to effect timely delivery of the Notes, and to execute all necessary and appropriate certifications with respect to the Notes and the disposition of the proceeds of sale thereof.

SECTION 12. This Board hereby finds and determines that all formal actions relative to the passage of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and of its committees, if any, which resulted in formal action, were taken in meetings open to the public, in full compliance with applicable legal requirements, including Section 121.22 of the Revised Code.

SECTION 13. The proper and appropriate officers of the Board and of the University, to the extent authorized by law, are hereby authorized to take such actions, and to execute and deliver appropriate closing certificates, and such other documents, certificates and statements, as may be required in connection with sale and delivery of the Notes. Without limiting the generality of the foregoing, the Treasurer and other appropriate officers of the University are hereby authorized to apply to the Ohio Board of Regents for any required approvals with respect to the Project or the Notes, and any such actions heretofore taken are hereby approved, ratified and confirmed.. Should all the Project or the Notes not receive such approvals by the time the Notes are sold, the Treasurer shall set forth in the Certificate of Award the portions of the Project and the amount of Notes that have received such approvals. Thereupon, the Notes shall be issued in a principal amount not exceeding the amount approved by the Ohio Board of Regents and the Project shall include only the portions approved by the Ohio Board of Regents. In addition, the Treasurer is hereby authorized to enter into an agreement with the Paying Agent for its services if the Paying Agent is an entity other than the Treasurer.

SECTION 14. The Treasurer is hereby authorized to execute and deliver preliminary and final official statements on behalf of the University, in such forms as such officer may approve, and to deem such official statements to be "near final" and "final" for purposes of Securities and Exchange Commission Rule 15c2-12, if such officer determines that doing so is in the best interests of the University, such officer's execution thereof on behalf of the University to be conclusive evidence of such authorization, determination, approval and deeming, and copies thereof are hereby authorized to be prepared and furnished to the Original Purchaser for distribution to prospective purchasers of the Notes and other interested persons.

The Treasurer on behalf of the University is hereby authorized to execute and deliver a continuing disclosure certificate or agreement dated as set forth in the Certificate of Award (the "Continuing Disclosure Certificate") in connection with the issuance of the Notes in such form as such officer may approve. The University hereby covenants and agrees that it will execute, comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Failure to comply with any such provisions of the Continuing Disclosure Certificate shall not constitute a default on the Notes; however, any holder or owner of the Notes may take such

action as may be necessary and appropriate, including seeking specific performance, to cause the University to comply with its obligations under this paragraph and the Continuing Disclosure Certificate

The Treasurer on behalf of the University is hereby authorized to furnish such information, to execute such instruments and to take such other actions in cooperation with the Original Purchaser as may be reasonably requested to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations and to determine their eligibility for investment under the laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Original Purchaser; provided however, that the University shall not be required to register as a dealer or broker in any such state or jurisdiction or become subject to the service of process in any jurisdiction in which the University is not now subject to such service.

SECTION 15. This Resolution shall take effect and be in force from and after its adoption.

Adopted: December 5, 2002

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065288.001

Vice President Siemer presented a series of financial information to Trustees. The new format presented by Mr. Siemer offers a more reader-friendly approach to understanding University finances. Mr. Siemer's information included comparative statements for Fiscal Years 2002 and 2001, highlighting annual variances; statements of net asset variances; revenues and expenses; changes in net asset variances; and cash flow variance analysis.

Members thanked Mr. Siemer for his two-year financial comparisons and asked that he provide benchmarking information on key items as well as more specific data on revenue sources from auxiliaries.

A copy of Mr. Siemer's report was distributed at the meeting and is included with the official minutes.

Mr. Siemer then introduced members of the firm KPMG, Sean Keenan, partner, and Kendra Laney-Smith, senior manager, who served as external auditors. Mr. Keenan reported no material weaknesses were found by the audit. Ms. Laney-Smith described the areas encompassed in the audit. Both complimented Mr. Siemer and his staff for the preparation of financial documents and their cooperation during the process. A copy of the management letter and audit were distributed at the meeting and a copy is included with the official minutes.

In response to Trustees' questions, Mr. Keenan noted our internal controls were adequate and comparable with those of other universities they audit. Mr. Keenan also explained that the audit was delayed by meeting and implementing the new Government Accounting Standard Board (GASB) requirements.

Trustees concluded the session by discussing how the audit can assist the Board in focusing better on risk areas such as fraud, theft, etc., realizing our biggest exposure was probably one of embarrassment.

Mr. DeLawder moved, with a second by Mr. Snyder, to accept the Treasurer's Audited Financial Statement. All voted aye. Copies of the audit were distributed at the meeting and a copy is included with the official minutes.

2001-02 FY TREASURER'S AUDITED FINANCIAL STATEMENTS

RESOLUTION 2002 - 1855

WHEREAS, the Ohio University Board of Trustees has reviewed the fiscal year financial statements of the Treasurer and Vice President for Finance, and audit reports,

NOW, THEREFORE, BE IT RESOLVED, that the Ohio University Board of Trustees hereby accepts the Treasurer's Audited Financial Statements for fiscal year 2001-2002 ending June 30, 2002.

EXECUTIVE SESSION

10:30 am, Thursday, December 5, 2002
Nationwide Arena, Founders Club
Columbus, Ohio

On a motion by Mr. Brunner and a second by Mr. Schey, the Ohio University Board of Trustees resolved to hold an executive session to consider personnel matters under Section 121.22(G)(1), real estate matters under Section 121.22(G)(2), litigation or threat thereof under Section 121.22(G)(3), and audit review with external auditors under Section 121.22 (G-5) of the Ohio Revised Code on this 5th day of December 2002.

On a roll call vote Dr. Ackerman, Mr. Browning, Mr. Brunner, Mr. DeLawder, Mrs. Ong, Mrs. Perry, Mr. Schey, Mr. Snyder, and Mr. Walter voted aye. This constituted a quorum. President Robert Glidden, Board Secretary Alan Geiger, and KPMG auditors Mr. Keenan and Ms. Laney-Smith attended the session.

Personnel

No discussion.

Real Estate

No real estate issues were considered.

Litigation

Matters of litigation were not discussed.

Audit Review

In response to a question, Mr. Keenan responded that the University relates well to other universities they have audited having both adequate controls in place and a competent staff. The one area he said could be strengthened is the internal audit function. Mr. Keenan noted that while we were not dissimilar to many other universities, the need to increase compliance auditing was real.

Mr. Keenan commented as well on the new GASB reporting requirement and their effect on reporting net assets and changes thereto.

X. RETREAT MATERIAL AND SUMMARY

Prior to the start of the Retreat, President Glidden thanked and congratulated Vice President for Administration Gary North and President of AFSCME Local 1699 Chuck Adkins, and their staffs, for the successful negotiations to extend the provisions of the current labor contract through February 1, 2005. The President noted he felt the arrangement was a win-win situation for all concerned.

All of the background materials utilized and discussed during the retreat were included in the agenda materials and not reported here but are included with the official minutes. Those attending the retreat included:

BOARD OF TRUSTEES

Patricia A. Ackerman
Gregory R. Browning
Gordon F. Brunner
C. Daniel DeLawder
M. Lee Ong
M. Marnette Perry
Larry L. Schey
C. David Snyder
Robert D. Walter

STUDENT TRUSTEES

Barry Spurlock
Tara Stuckey

OU ADMINISTRATION

Robert Glidden
Alan Geiger
Stephen Kopp

Gary North
Leonard Raley
Dick Siemer
Charles Bird
John Bantle
Michael Sostarich
Thomas Boeh
John Burns

VP FINANCE OFFICE

Darrell Winefordner
Kathryn Gilmore
Gina Fetty

OFFICE OF THE PRESIDENT

Nancy Crist
Carolyn Ervin

RSR, International

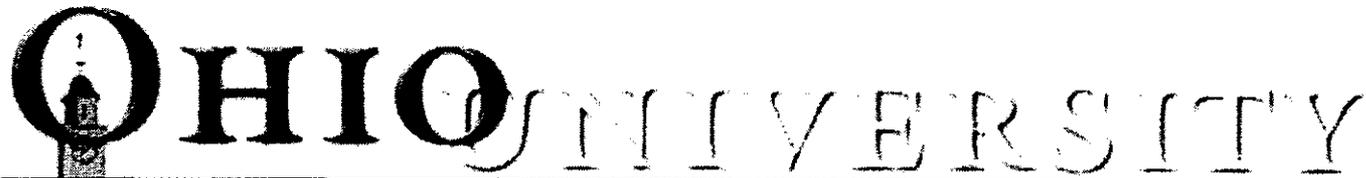
Rody Salas

A summary of the retreat findings are copied in the minutes. It is the Trustees' intention to continue deliberation on identified topics at succeeding meetings.

This is to include the detailed reporting on each of the three major topics identified:

- 1.) Clarify our areas of excellence in order to prioritize and align our programs with our mission,
- 2.) Increase diversity (out-of-state enrollment, legacy programs, non-resident enrollment,)
- 3.) Organize the University for learning – transform from a teaching-centered to learning-centered institution.

Reporting is expected to begin at the February 2003 meeting.



Board Retreat – December 2002

Sources & Uses of Funds

Priority Actions

Sources of Funds	Priority
□ Tuition - Student Fees	Hi
□ State Appropriation Non-Capital	Hi
□ Gifts, Grants, Contracts	Hi
□ Auxiliary Enterprises	Hi
□ State Appropriation Capital	
□ Sales, Services, etc.	
□ Investment Income	
□ MCI - COM	
□ Bonds/ Notes Proceeds	
□ Provided by (to) Operations	

Uses of Funds	Priority
□ Salaries	Hi
□ Employee Benefits	Hi
□ Fellowships, Honor., Prof. Fees	
□ Supplies	
□ Travel & Entertainment	
□ Information & Communication	
□ Maintenance & Repair	
□ Bond Interest Expense	
□ Scholarships	
□ Capitalizable Expenditures	
□ Miscellaneous	
□ Endowment Growth	
□ Retirement of Indebtedness	

Potential Actions	Priority
<ul style="list-style-type: none"> □ Clarify our areas of excellence in order to prioritize and align our programs with our mission. 	Hi
<ul style="list-style-type: none"> □ Increase diversity (out-of-state enrollment, legacy programs, non-resident enrollment). 	Hi
<ul style="list-style-type: none"> □ Organize the University for learning - Transform from teaching centered to learning centered. 	Hi
<ul style="list-style-type: none"> □ Increase level of contracts and grants with incentives. 	Med
<ul style="list-style-type: none"> □ Create an advocacy contingent which includes parents, students, and alumni to influence legislatures 	Med
<ul style="list-style-type: none"> □ Enable athletic programs to generate revenue. Enhance/improve athletic programs to promote national visibility. 	Med
<ul style="list-style-type: none"> □ Expand investment in external programs. 	
<ul style="list-style-type: none"> □ Elimination of non-essential programs. Assessing effectiveness/efficiency of programs. 	
<ul style="list-style-type: none"> □ Introduce a culture of continuously improving productivity and rewarding for performance 	
<ul style="list-style-type: none"> □ Rationalize our pricing. 	
<ul style="list-style-type: none"> □ Invest to improve off-campus quality of life. 	
<ul style="list-style-type: none"> □ Expand our efforts of diversity. 	

X. ADJOURNMENT

Determining there was no further business to come before the Board, Chairman Brunner adjourned the meeting at 3:15 p.m.

CERTIFICATION OF SECRETARY

Notice of this meeting and its conduct was in accordance with Resolution 1975 - 240 of the Board, which resolution was adopted on November 5, 1975, in accordance with Section 121.22(F) of the Ohio Revised Code and of the State Administration Procedures Act.

Gordon B. Brunner
Chairman

Alan H. Geiger
Secretary