Minutes of the Quarterly Committee Meetings of the Board of Regents
Murray State University
June 6, 2014

Call to Order

Dr. Constantine Curris called the Quarterly Committee Meetings of the Murray State University (MSU) Board of Regents (BOR) to order at 8:04 a.m. and requested a moment of silence in honor of the 70th year anniversary of the D-Day invasion that was integral to the successful effort to win World War II and in memory of the many Americans and alumni of this institution who lost their lives in that effort. He asked that all bow their heads in a moment of reflection and prayer. Dr. Curris expressed appreciation to all for their cooperation.

Academic Affairs Committee

Jerry Sue Thornton, Chair
Renee Fister
Jeremiah Johnson
Stephen Williams

Dr. Thornton called the Academic Affairs Committee to order at 8:05 a.m. and reported all Committee members were present.

New Master’s Degree Program – Master of Science in Economic Development, approved

Jay Morgan, Provost and Vice President for Academic Affairs, presented the following:

- The proposal being advanced today falls squarely within the 2013-14 academic affairs priorities to expand the academic curriculum and also offer additional appeal through these types of programs.
- The following individuals were complimented for taking on this charge: David Eaton, Chair of Economics and Finance, who drove this curriculum, along with faculty members in that department; Tim Todd, Dean of the Arthur J. Bauernfeind College of Business; and Associate Provost for Graduate Education and Research Bob Pervine.
- The proposal represents a 30-hour curriculum and it is believed the program will enhance the University’s graduate offerings and also falls within the goals for further economic development advanced by President Tim Miller over the course of the last year.
- The new Master of Science in Economic Development will be implemented in Fall 2014.
- Dr. Eaton reported that the culminating experience portion of this degree program involves cohort-based programs being held on campus August through May and the following summer work will be undertaken with economic development agencies and other groups to create an internship for these students. As part of that field experience students will engage in a significant piece of economic development work, hopefully tied into the place where the students have their internship, leading to employment with that business following internship.
- The goal is to provide students with practical experience writing economic development plans, conducting the research behind those plans and developing a piece of work that is meaningful to the community. An indication was made that nationally it is known internship opportunities can drive enrollment which represents another positive aspect of this degree program.
- In response to a question regarding whether model programs across the country were studied, Dr. Eaton indicated the University of Mississippi is the leading program in this area and University representatives met with the architect who developed that program 25 years ago. The University of Mississippi has moved heavily toward online instruction with a small amount of time spent on campus. That individual’s feeling – and the thought of MSU representatives leading this project – is if students can be on the physical campus for eight months to provide a more concentrated and intense experience that carries many extra benefits. Confirmation was provided that conversations have been held with faculty associated with the Kentucky Association of Economic Developers. An Advisory Board will be formed to help refine and shape how the program is further developed to ensure it represents the cutting edge of what is occurring in the economic development world.

On behalf of the Academic Affairs Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposal for the University Academic Council for a new degree, Master of Science in Economic Development. Dr. Fister seconded and there being no further discussion the motion carried.
Establishment of the Murray State University Residential Thoroughbred Academies for Creative and Performing Arts (CAPA) and Science, Technology, Engineering and Math (STEM), deferred

Dr. Morgan indicated that the administration requests the concurrence of the Board to table this agenda item for consideration at the August Quarterly BOR Meeting. A few pieces of key information still need to be developed and further refined.

On behalf of the Academic Affairs Committee, Dr. Fister moved that the Board of Regents, upon the recommendation of the University administration, defer action on the establishment of the Murray State University Residential Thoroughbred Academies for Creative and Performing Arts (CAPA) and Science, Technology, Engineering and Math (STEM). Mr. Johnson seconded and there being no further discussion the motion carried.

Regents Teaching Excellence Awards, approved

Dr. Morgan indicated there is a great faculty body in place at Murray State with 435 full-time faculty members. Each year the Regents Teaching Excellence awardees are recognized as being exemplary teachers who show a strong commitment to excellence in the classroom, an enthusiasm for their discipline and a sincere interest in the growth and well-being of students. This award was established in 1985 and has consistently been in place since its inception.

On behalf of the Academic Affairs Committee, Dr. Fister moved that the Board of Regents, upon the recommendation of the President of the University, approve the following faculty as Regents Teaching Excellence Awardees for 2014:

- James McCoy – Arthur J. Bauernfeind College of Business
- Robert Pilgrim – Arthur J. Bauernfeind College of Business
- Ajay Das – College of Education
- Daniel Hepworth – College of Health Sciences and Human Services
- Michael D’Ambrosio – College of Humanities and Fine Arts
- Cynthia Barnett – College of Humanities and Fine Arts
- Rudy Ottway – Jesse D. Jones College of Science, Engineering and Technology
- Alyx Shultz – Hutson School of Agriculture

Mr. Johnson seconded and there being no further discussion the motion carried.

New Minors Report, received

Dr. Morgan reported the following:

- Three new minors have been developed within the priorities for Academic Affairs: Information Studies, Theatre Design/Technical and Theatre Performance and the course outline for each program was provided.
- In the previous year Academic Affairs set forth to develop a variety of new programs and not only undergraduate and graduate programs were reviewed but there was also a desire to expand the University’s minor offerings.
- Appreciation was expressed to Adam Murray, Dean of University Libraries; David Balthrop, Chair of the Department of Art and Design; and Renae Duncan, Associate Provost for Undergraduate Education.

This agenda item was presented for informational purposes only and required no action.

Paducah Regional Campus Update, received

Dr. Morgan reported the following:

- All of the regional campuses are important to the institution but the Paducah Regional Campus is being spotlighted today.
- Review of the Memorandum of Agreement the University has with the citizenry of Paducah and McCracken County has been undertaken. Dr. Miller; Dr. Morgan; Brian Van Horn, Dean of Continuing Education and Academic Outreach (CEAO); and Dan Lavit, Assistant Dean/Distance Learning (CEAO), met with a Paducah Advisory Board composed of the Economic Development President, Mayor, Judge-Executive and Barbara Veazey, President of West Kentucky Community and Technical College (WKCTC). The Advisory Board was charged with meeting at least once per year to assess the progress and programs at the Paducah Regional Campus and discuss any issue which
The Academic Affairs Committee adjourned at 8:23 a.m.

Adjournment

The Academic Affairs Committee adjourned at 8:23 a.m.

Audit and Compliance Committee

Harry Lee Waterfield II, Chair
Constantine Curris
Phil Schooley
Jenny Sewell
Mr. Waterfield called the Audit and Compliance Committee to order at 8:23 a.m. and reported all Committee members were present.

**Auditor Communications, received**

Jackie Dudley, Interim Vice President for Finance and Administrative Services expressed appreciation to RubinBrown representatives Jeff Winter, Engagement Partner and Matt Finke, Assurance Partner, for being present today and indicated the Board earlier approved extending the RubinBrown contract for this upcoming audit cycle and planning communications for the 2014 Engagement were provided in the eBoard books. Mr. Winter and Mr. Finke presented the following:

- Appreciation was expressed to the Board for the opportunity to be present today and for the reappointment of RubinBrown as the University’s external auditors. Previous Board discussion focused on the importance of internships for students and RubinBrown works very hard as an accounting firm to employ students earlier in their academic career and has experienced some success with hiring Murray State students. The firm also – for the first time – is using a current student as part of its audit team. Starting in two weeks that student will devote approximately 120 hours to work with the firm throughout the procedures as well as at year end.

- A summary of the scope of services and deliverables to be utilized throughout the scope of the audit has been provided but has not changed a great deal from year-to-year. An audit of the University financial statements will be undertaken, including WKMS-FM Radio Station and an A-133 Single Audit which relates to compliance in the use of federal funds (Student Financial Aid). It is preliminarily anticipated that an audit will also be undertaken on a major program within the Student Financial Aid cluster and other major programs to include a research and development cluster and additional high-risk Type B program(s). Additional ancillary compliance reports will be undertaken and compliance with the Internal Revenue Service (IRS) Form 990 will be ensured.

- The auditor’s responsibility in regard to the audit financial statements related to WKMS and the University include conducting the audit in accordance with generally accepted accounting standards and ensuring those charged with governance are aware of internal control-related matters that are required to be communicated.

- Limitations of the engagement include that an audit is designed to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement; an audit is not designed to detect immaterial errors or fraud and an audit is not designed to provide assurance about internal controls or identify deficiencies in internal controls.

- Objectives and scope of other services includes the Single Audit/OMB Circular A-133 Audit, National Collegiate Athletic Association (NCAA) Agreed-Upon Procedures, reports on compliance with certain Kentucky state regulations and statutes and Management Letter/required communications. An Engagement Timeline was provided for the scope of the audit and the timing of fieldwork.

- Preliminary identified areas of focus during the audit are focused on the overall college and university environment, not specifically related to MSU, and based on experience. High risk areas include Student Financial Aid and other federal programs; tuition, related receivables and unearned revenue and statement of overall net position. Within those areas the plan is to test a student sample, as well as individual students, to determine compliance with the Federal Code of Regulations and undertake a detailed test of whether revenue numbers are stated accurately. Moderate risk areas include cash and short term investments; payroll and employee benefits, including self-insurance; capital assets; bonds payable; cash disbursements, purchasing and current liabilities; institutional loans to students and auxiliary revenues and expenses. Low risk areas include other assets and state appropriation revenue. The Committee was asked whether it is aware of anything of significance that should be incorporated into the audit plan and no suggestions were offered.

- Confirmation was provided that the audit process is just beginning and this meeting precedes any procedures being performed for the June 30, 2014, audit. The main purpose for this meeting is to make the Board aware of the objective and scope of the proposed audit as well as limitations. RubinBrown representatives are financial statement and compliance auditors and their work differs from that of the State Auditor. The goal is to be able to express a clean, unmodified opinion and sufficient work will be undertaken to enable the auditors to do so, if appropriate. Management plays a key role in the success of the audit and has responsibilities with regard to preparation, accuracy and completeness of the financial statements, compliance with laws and regulations and cooperating with the auditors to provide necessary information. RubinBrown has never had any issues with Murray State management in any of these areas.

- If Board members are aware of any issues of improprieties or fraud contact information has been provided so the auditors can be contacted directly and not in this forum. It is important for the Audit and Compliance Committee to know its role and the Charter which exists. The Committee’s role in the oversight and monitoring of internal controls over financial reporting include meeting prior to the audit and at the conclusion of the audit to discuss the audit plan and results; reviewing weaknesses in internal control and following-up on actions taken to resolve auditor recommendations; monitoring
management’s policies with respect to any unethical or illegal activities; providing reasonable assurance that financial information is materially consistent with the result of operations and ensuring accounting policies are consistent with applicable standards.

- The auditors are not aware of any changes in the role of the Audit and Compliance Committee and at this point are not aware of any allegations, suspicions or known issues of fraud; any issues with compliance with required laws and regulations or any whistleblower reports received. If this understanding is incorrect when the auditors meet with many members of management during the audit process they would appreciate hearing from those individuals at that time.

- Confirmation was provided that the auditors would make themselves available to the new President in the event Dr. Davies has any questions or suggestions.

- Governmental Accounting Standards Board (GASB) statements which will have a significant effect on Murray State’s financial statements include GASB Statement No. 65: Reporting Items Previously Referred to as Assets and Liabilities which is currently auditing. This basically reclassifies certain items currently reported as assets and liabilities to deferred outflows or inflows (period expenses). The term deferred should only be used in conjunction with outflows and inflows (not revenue). Accounting standard setters have determined that if certain items do not qualify as to the definition of an asset or a liability and has always been reported as such – because that was the only category they could be reported in – they now must be reported in one of the two new categories – outflows or inflows. A table was provided listing the most common items which would be affected for universities with regard to changing the presentation, including prepayments, deferred amounts on refunding of debt, debt issuance costs, grant proceeds received prior to meeting eligibility requirements, prepayment of revenue and grant proceeds received prior to meeting time requirements.

- Under current standards when an entity has costs related to a bond issuance those costs – which can be substantial – get capitalized on the balance sheet and are amortized to expense over the life of the bond. GASB has determined that those do not have any utility for future years and should be written off at the time they are incurred. This will be undertaken but what is currently on the balance sheet must be retroactively restated and written off. In essence there is $1 million that is not going to be a loss but will affect the University’s net position or equity for this year retroactively. The University’s healthy position will become a little less healthy with regard to this adjustment.

- New pension standards are reflected in GASB Statement No. 68. The University is involved in two cost-sharing multiple employer pensions administered at the state level – Kentucky Teachers Retirement System (KTRS) and Kentucky Employee Retirement System (KERS). This change will be effective for next year but is actually effective at the beginning of the year. It is important for finance officials at the University that are employed and participants of those plans who are working with those plan administrators to determine what they are doing to adhere to the standards so the employers (members) can receive the information needed to adhere to this standard. The University will now be required to recognize its portion and share of that plan’s unfunded actual liability. The commercial world has been required to adhere to this standard for some time but they do not have to address the situation as often because most companies do not have defined benefit plans like those found offered in government agencies.

- What is important from an auditor’s standpoint – and management may or may not be aware of – is the profession has developed new guidance that states when the University is involved in a cost-sharing plan where it has not hired the actuaries and the actuarial data is not specific to the University for the plan as a whole and someone at the plan level has to allocate these items to each member – the plans’ auditors take some role in ensuring those numbers are accurate. RubinBrown, as the auditor for the employer, may not be able to render a clean opinion on that aspect. It is extremely important that the employers of these plans (members) ensure the plan is addressing this issue from the standpoint of what their auditors are doing with regard to how they are allocating and communicating. It is not known what affect this change will have financially on the University – what the liability will be that needs to be reported – but it will likely be substantial as it will be for all members. Ms. Dudley reported that the retirement systems have not provided numbers at this point but meetings have taken place with all member schools and work is currently underway with their auditors. Meetings will continue with the retirement systems and additional meetings with their audit firms will be scheduled to provide better understanding. Murray State shares in the obligations and assets with all other members and no figures have previously been carved out for the individual members which is why figures are not yet available. If the University was an employer utilizing a single plan it would always disclose what that liability was in the footnotes but it was never required to be recorded on the balance sheet (although the amount was known). With a multi cost-sharing plan the University has never known what this exact figure has been. It is hoped some figures will be available by the end of the calendar year but not all are hopeful that will actually occur. The preparer of the state’s financial statements will also want all universities to be consistent in terms of reporting.

- In response to a question regarding whether the University has any liability for the payment of retirement benefits to retirees or if that is totally the state’s responsibility, Ms. Dudley indicated it is her understanding it is the state’s responsibility. Statutorily the University is required to make its annual contribution but this is done through the Legislature. The University would not be responsible for the liability if there were a default and this represents a reporting obligation.
Dr. Curris indicated one concern the University has with regard to these new accounting standards is the impact they will have on bond ratings and it was suggested that the University’s bonds be sold as quickly as possible. The auditors responded that in actuality nothing has changed financially and the University still has the obligation to make its annual contribution and if it had not been making that contribution that would represent a liability on the books (under funding the plan). It is believed that when new standards come out more than just the effect on net position and cash flow are taken into consideration and this may or may not affect the University’s bond rating.

Confirmation was provided that GASB Statement 68 will require more time and effort on the part of the auditors and with management in working with the plan because it represents a complicated standard which requires significant disclosures and the University is at the mercy of the plan. Constituents, auditors and governmental entities tried to push GASB to delay implementation of this standard but to no avail. Confirmation was provided that state auditors have attended the meetings with the universities and they are aware of the significant issues and are trying to remain abreast of the situation.

Information on new single audit and federal rules was provided for informational purposes in terms of what management will be adhering to with new grants during the next year (“Super Circular”). This will consolidate a lot of items and will not be effective for next year but the following year.

This agenda item was presented for informational purposes only and required no action.

**Audit Engagement Letter – Racer Foundation, approved**

Ms. Dudley reported that this information is normally presented to the Board at the same time as the University Engagement Letter but did not this year because work was underway with the Racer Foundation on several issues, including land ownership. The Racer Foundation has taken action and will be donating their assets to the University Foundation thanks to the work of President Miller; Bob Jackson, President of the MSU Foundation and Athletic Director Allen Ward. This should be the last Athletic Foundation agenda item to come before the Board and this represents the final year-end audit and a final tax return. Mr. Winter suggested that it might be wise to consult with someone knowledgeable about taxes for not-for-profits because there are some entities that have ceased operations but have kept the entity alive and filed inactive 990s. There are some advantages to proceeding in this fashion that the University may want to consider. Dr. Jackson agreed to explore this possibility.

On behalf of the Audit and Compliance Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, approve the Engagement Letter for the Murray State University Racer Foundation for the June 30, 2014, work by RubinBrown. Dr. Curris seconded and there being no further discussion the motion carried.

**New Internal Audit Charter, received**

Mr. Waterfield reported that during the Audit Scope RubinBrown does not necessarily look to discover fraud and that is why it is important for the Internal Auditor to identify any such issues. A few years ago another university in the state had an issue with fraud involving credit card use and at that point he immediately asked the Internal Auditor to undertake a review of credit card use at Murray State to be able to assure the Board this would not happen at MSU. At that time a report was prepared outlining the University’s procedures covering this subject. Michelle Saxon, Internal Auditor, has suggested that consideration be given to developing a new Internal Audit Charter.

Ms. Saxon presented the following:

- The Institute of Internal Auditors is the governing body for Internal Auditors and sets all standards that must be followed. They have a model Audit Charter which she compared to the current one at Murray State and there are many things that do not currently appear in the University’s Audit Charter that do appear in the model Charter. The goal in mentioning this today is to inform the Board that the University’s Audit Charter needs to be revised.
- A copy of the current Audit Charter which was instituted in 1993 and modified in 2012 has been provided to the Board. A color-coded version of the proposed revised Audit Charter will also be provided at a later date. Conversations will occur with RubinBrown to solicit any suggestions from the auditors. This agenda item will be presented for consideration at the next Quarterly Meeting.

This agenda item was presented for informational purposes only and required no action.
Mrs. Saxon reported the following with regard to the Office of the Internal Auditor Status Report:

- When the Audit Charter revision was undertaken in 2012 the communications aspect was added and what is being presented today represents an effort to meet that requirement.
- The Office of Internal Audit has completed the following projects during the period September 1, 2013, through May 31, 2014:
  - **Departmental Reviews**
    - Institute for International Studies (IIS) travel review, resulting in four recommendations which management agreed to implement.
    - Public Safety Parking revenue, resulting in five recommendations which management agreed to implement.
    - Follow-up review of Adventures in Math and Science, determining the five recommendations from the previous review had been implemented. The follow-up review yielded only administrative issues and training in the proper use of a travel tracking form was provided by Internal Audit.
    - CFSB Center Director’s Incentive Payment Review – review of supporting documentation for incentive that is based on 15 percent of net revenue from special events and rentals at the CFSB Center and Lovett Auditorium. The review resulted in two procedural changes for stronger internal controls and tracking.
  - **Compliance**
    - Ten cash counts were performed. At one of the locations an additional change fund was discovered which had been in existence for many years but had not been recorded. Funds were deposited and the proper paperwork was submitted to formally establish the fund. At another location, poor controls and the failure to request reimbursements led to the fund being $20 short. The custodian replaced the money and the fund was deemed no longer necessary and was closed.
    - Research performed on IRS compensation limit regulations (tax shelters) led to an audit of contributions of two highly compensated employees. Internal Audit worked with General Counsel, Human Resources, the Vice President for Finance and Administrative Services and VALIC to determine how to correct excess contributions. After Presidential approval, the excess contributions were refunded to the two individuals involved.
    - 51 employee requests for changes in tax shelter contributions were evaluated to ensure the change would not cause them to be out of compliance with IRS regulations.
  - **Quarterly Reviews and Reports**
    - A review was performed for the Board of Regents account, the President’s Office account (including Pcards and travel) and the Expo Center for the first three quarters. No issues were found.
    - A review was performed on Athletics balances for the first three quarters. No issues were found.
    - Three Accounting quarterly reports were reviewed for cross-referencing and mathematical errors.
  - **Miscellaneous**
    - Five whistleblower claims were received but did not represent whistleblower-type complaints. Four of the claims were delegated to the Provost’s Office because they were academic in nature. The fifth claim was delegated to Human Resources because it questioned an employee’s credentials. In response to a question regarding whether there needs to be further communication with faculty and staff regarding the purpose of the Whistleblower Policy, Mrs. Saxon agreed to guide the Board in terms of when such communication might be necessary.
    - Inventory counts were observed in the Department of Art and Design to ensure accuracy and efficiency of the count process and accuracy of the final inventory totals. Inventory counts and observances will be performed at the University Store, Facilities Management, Dining Services and CFSB concessions in June.
    - A review of the MSU Alumni Association financial report for cross-referencing and mathematical errors.
  - **Investigations**
    - A whistleblower claim was investigated in collaboration with a discrimination claim filed with the Office for Institutional Diversity, Equity and Access (IDEA).
- **Unplanned Activity**
  - There were ten requests from other departments for assistance which included analysis of procedures, research on regulations and compliance with new policies.
  - A review was conducted on the Tennessee Valley Authority contract and shutdown to determine what the contract called for, what happened with the generators during the shutdown and net savings by the contract being in place.

- **Work in Progress**
  - A follow-up review on fees is in progress for IIS. The original review was completed in February 2013 with the purpose of following up on the status of recommendations and new procedures implemented during the initial review.

- **Professional Development**
  - Internal Audit is committed to professional development and value-added service to the University. In December 2013 the Internal Auditor earned the Certified Internal Auditor designation, after successfully completing three rigorous exams (on the first attempt).

This agenda item was presented for informational purposes only and required no action.

Dr. Thornton indicated it would be helpful for the Board to review during the Retreat risk factors that colleges and universities in Kentucky are reviewing, including changes in rules and regulations, which put educational institutions at risk. Dr. Curris believes this is a good recommendation because there is a growing area in higher education governance dealing with risk management. Dr. Miller stated the University is in very good hands with its external auditors – a well-respected firm that does an outstanding job. The University also has in place an excellent internal accounting program which saves the external auditors work because they are able to rely on the information being presented by the internal team.

**Adjournment**

The Audit and Compliance Committee adjourned at 9:03 a.m.

**Enrollment Management and Student Success Committee**

Sharon Green, Chair  
Marilyn Buchanon  
Jeremiah Johnson  
Phil Schooley

Ms. Green called the Enrollment Management and Student Success Committee to order at 9:04 a.m. and reported all Committee members were present.

**Spring 2014 Enrollment Report, received**

Fred Dietz, Executive Director for Enrollment Management reported the following with regard to Spring 2014 enrollment:

- As a follow-up to a question regarding Mid-Continent students, the University received slightly over 200 applications from undergraduate and graduate students and this represents a combination of Summer and Fall. Currently 30 students are actually enrolled and registered for Summer or Fall. The biggest challenges these students face are financial aid issues. Last year for Fall the University attracted only five Mid-Continent students.
- Overall enrollment for Spring 2014 declined by 162 students (1.7 percent) for a total of 9,781 students.
- There are encouraging metrics despite the enrollment decrease. For the third consecutive year Winter enrollment increased and full-time equivalent for undergraduate students is also ahead of last year.
- A breakdown of first-time enrollment for freshmen, transfer, international and graduate students was provided. First-time freshmen enrollment increased by approximately 20 students, transfer student numbers decreased, international student enrollment was down slightly and graduate enrollment decreased.
- A comparison of full-time equivalent (FTE) between Spring 2014 and Spring 2013 was provided and undergraduate numbers are ahead of last year but total FTE are down slightly. FTE for first-time freshmen increased but was down slightly for first-time transfers. Undergraduate FTE numbers increased and graduate numbers decreased with an overall slight decrease in FTE.
In response to a question with regard to what may be occurring with part-time numbers, Mr. Dietz indicated with regard to graduate students the decrease is in large part due to students seeking to pursue an education degree from other providers. The undergraduate part-time component represents a decrease in the number of Racer Academy students.

This agenda item was presented for informational purposes only and required no action.

Preliminary Fall 2014 Enrollment Report, received

Mr. Dietz reported the following with regard to Fall 2014 preliminary enrollment:
- New first-time freshmen enrollment is up 6.8 percent (29 students).
- New first-time transfer enrollment is up 3 percent (7 students).
- New first-time graduate enrollment is up 41 percent (19 students).
- Returning undergraduate enrollment is up 1.9 percent (94 students).
- Returning graduate enrollment is down 8.9 percent (70 students).
- Overall numbers are encouraging for Fall 2014 but all were cautioned it is early and these numbers will fluctuate over the next couple of months. Confirmation was provided that these numbers represent students who actually enrolled.

In response to a question whether there is a plan in place to attract the best and brightest students – taking into consideration what other universities are offering these individuals and how Murray State can be competitive – Mr. Dietz indicated other institutions pursue these students quite aggressively financially and students are choosing other institutions not because of quality but because of cost. Emails are being received from students indicating they know Murray State is better this year attracting valedictorians, salutatorians and honors graduates than it was last year but key competitors are four-year state institutions and some universities in Tennessee.

In response to a question with regard to what may be occurring with part-time numbers, Mr. Dietz reported this is generally the case but others have re-entered the job market and deferred taking courses toward their graduate studies. Dr. Morgan confirmed the majority of the decrease comes from graduate students in the College of Education. Confirmation was also provided that when the economy is bad these numbers are usually higher.

Dr. Miller is pleased with the work of Mr. Dietz and the associated areas – international, transfer and graduate. Over the past year enrollment growth has been stressed and enrollment has been at an all-time high over the past two years. He is optimistic about enrollment and with all initiatives being undertaken he foresees great growth in the off-campus locations. New courses and programs have been added in Paducah but those will also be taught in Madisonville, Hopkinsville and Henderson which allows room for additional growth.

In response to a question regarding whether there is a plan in place to attract the best and brightest students – taking into consideration what other universities are offering these individuals and how Murray State can be competitive – Mr. Dietz indicated other institutions pursue these students quite aggressively financially and students are choosing other institutions not because of quality but because of cost. Emails are being received from students indicating they know Murray State is better academically but from an affordability standpoint it makes more sense for them to go to another college. Moving forward, all are encouraged by new initiatives such as the Racer Promise program which was implemented by Drs. Miller and Jackson in order to be more competitive. The Excellence Award is also being offered to valedictorians and salutatorians in the region and this has met with a positive response. This definitely represents a conversation to be held with the new President moving forward in terms of strengthening the institutional scholarship program. Funding for the program does not necessarily have to increase but will need to be adjusted so the University is attracting the strongest students academically.

Although students appear to be choosing other universities due to cost a Regent reminded all that Murray State has the lowest tuition in the state when one compares apples to apples. This issue relates to scholarship options students are receiving. Confirmation was provided that MSU is doing much better this year attracting valedictorians, salutatorians and honors graduates than it was last year but key competitors are four-year state institutions and some universities in Tennessee.

This agenda item was presented for informational purposes only and required no action.

Residential College Review Task Force Report, received

Dr. Miller reported that a Task Force was appointed to review the residential colleges and that body has presented its report. A determination was made that the Residential College Program remains successful and through conversations with students and parents it was discovered this system remains distinctive for Murray State. There is a need to “tweak” some things and information and suggestions are contained within the report. This system has been in place for some time and College Heads (faculty members) are appointed and compensated for what they do but this represents one area where adjustments are needed. The program is distinctive and strong and can help make a difference in a student’s decision to attend Murray State. The recommendations include that the Committee should remain in place and continually make recommendations to improve the program. This system not only benefits enrollment but also retention and the academic success of students in those colleges. The program provides an opportunity to engage students and encourage them to participate in various activities, including intramural sports and student government within the colleges. Confirmation was provided that Murray State was one of the first public universities in the country to adopt the residential
college system. Dr. Fister requested that a timeframe be established for the Task Force to provide an update on recommendations. Dr. Miller agreed progress needs to be made but during tight budget times the institution has not been able to do a great deal. Don Robertson, Vice President for Student Affairs, confirmed subcommittees will focus on the major recommendations, including how to re-energize the system and rebrand the concept of residential colleges. The term “residential” for many commuter students means they are not part of the system. The relationship of the Residential College Head and faculty and staff must also be re-examined to provide more focus areas within the different residential colleges to enhance work already underway. In response to a question regarding how the University involves commuter students in the residential college experience, Dr. Robertson reported they are assigned a residential college and this information is conveyed to freshmen early during “Great Beginnings.” There is a lot of commuter involvement with campus recreation, intramural programs and involvement with honor societies within each college. There are also positions within the governing structure of each college for commuter representatives but this continues to be the biggest challenge, particularly for a student who has never lived in a residential college. A commuter student who lived in a residential college but moves off-campus tends to remain involved but commuter students who have never lived in a residential college represent the biggest challenge – although marketing programs continue to be developed to attract these individuals.

Dr. Curris asked how students view the residential college system and Mr. Johnson agrees there needs to be a great deal of improvement on the commuter side of the house. Some residential colleges do a phenomenal job involving commuter students while others do not and this varies by individual college. If a student is part of Elizabeth Residential College they know it whether they are a commuter student or whether they are on campus. The students in that college take extreme pride in being a member and, while other colleges are starting to catch up, it is taking a while for them to get on the same playing field as Elizabeth College. Some commuter students are unsure why they should be a member of a particular residential college and efforts are underway to educate those students but this has taken some time. The relationship between the residential college and student organizations must be reviewed and how that works with the Student Government Association (SGA) and other organizations to better represent students. It is believed with the selection of the new Residential College Heads all the colleges will be at this level in the near future. Dr. Robertson provided confirmation that the committees in place to address this issue have heavy student representation, including residential and commuter students. Confirmation was provided that part of the issue is commuter students likely have a job back home and cannot remain on campus to participate in various activities. Mr. Johnson indicated that each satellite campus student is also assigned to a residential college and some of those students never step foot on campus. SGA is trying to address this issue with the satellite campuses through SGA to help get programming to those campuses. Confirmation was provided that social media could play a major role in attracting commuter students to the residential college system. Students must be made aware of events and programs taking place each semester. Efforts are underway to determine how to reach out to those students who want to be involved. Dr. Robertson confirmed the involvement of social media is definitely one component of the marketing plan. A public relations person from each residential college has been appointed to work with Catherine Sivills, Assistant Vice President for University Communications, and her staff as part of the overall marketing effort. It was reported that a campus-wide survey has been distributed to students (including commuter students), faculty and staff to determine how to get commuter students back to campus based on their interests. The MapWorks System (retention software) will also enable the University to develop a profile of students (by college) so the needs of students can be determined and a particular college can develop programming to specifically meet those needs. Many initiatives are in place to re-energize the residential college system.

A Regent inquired whether there would be any value in treating a regional campus like a residential college and focusing the body of activity and engagement in that context. Mr. Johnson indicated there is one institution in Kentucky which has a satellite campus and they are testing out a satellite SGA with programming budgets being provided for activities specific to that campus. SGA began reviewing the feasibility of satellite SGAs but backed off when the MSU residential college system was being reviewed because it was hoped a similar recommendation would be made for the satellite campuses. Dr. Robertson indicated one option which has been considered is assigning all students from a satellite campus to one residential college instead of spreading them out among the eight residential colleges and that option is still
being considered. Mr. Johnson has friends attending college at other institutions and an entire dorm has been dedicated to one major but the goal at Murray State is for the residential colleges to remain diverse and still create a family atmosphere. Dr. Curris indicated the committee appointed by President Miller developed excellent suggestions and the residential colleges – by what other name they may be known – certainly fit the Strategic Directions of this University the Board enunciated a couple of years ago to provide distinctive academic programming and outstanding co-curricular activities. It is clear that presidential leadership will be necessary to sustain and develop the residential colleges. The concept can “fall by the wayside” in the absence of a perception that the leadership of the institution – and even the Board – is not interested in this endeavor. The Board does not want to have any slippage between Dr. Miller’s presidency and that of Dr. Davies and while he may be somewhat familiar with the concept he may not have had any direct experiences with the residential college concept. A special responsibility exists to acquaint Dr. Davies with where the University currently is and what it envisions in terms of the residential colleges. Dr. Robertson confirmed that a copy of his book on the subject has been given to Dr. Davies and they have talked in depth regarding the residential college concept. He is very much in support of the system and will provide the leadership necessary to further promote the initiative. Confirmation was provided that the committees continue to meet and further review will continue. Whether a new name for the system is needed is also being considered to provide definition and this represents the focus of one of the subcommittees.

Adjournment

The Enrollment Management and Student Success Committee adjourned at 9:33 a.m. The Board adjourned for a break beginning at 9:33 a.m. and ending at 9:51 a.m.

Buildings and Grounds Committee

Marilyn Buchanon, Chair
Susan Guess
Jeremiah Johnson
Phil Schooley
Harry Lee Waterfield II

Mrs. Buchanon called the Buildings and Grounds Committee to order at 9:51 a.m. and reported all Committee members were present. She indicated that this Legislative Session has been the kindest Murray State University has experienced in 12-15 years.

Major Capital Projects Update (Engineering and Physics Building, Breathitt Veterinary Center (BVC) and Franklin Hall, received

Mr. Oatman reported that it has been a great Legislative Session and appreciation was expressed to Dr. Miller, Dr. Jackson and many members of the Board who have helped advance the University. Currently $30 million in projects are underway including Hester College and other work in housing and dining, several departmental projects and the over $100 million dollars that the University will receive for new projects is tremendous. Mr. Oatman further reported:

Breathitt Veterinary Center

- In 2012 the University received $4 million for the Breathitt Veterinary Center project in Hopkinsville. Work has been undertaken for land acquisition and design and a site was eventually selected on the University’s own property. The total project budget for the BVC is slightly over $36.5 million. The Board approved the Hopkinsville Regional Campus as the desirable site in September 2013.
- The total program area includes $61,000 for a main building and a garage and Sherman, Carter Barnhart is the architectural firm selected in 2013. Construction is scheduled to begin in September 2014 with building occupancy in May 2016.
- An overview of the site for the new BVC facility was provided showing the relation between the proposed location and the location of the current building. The main entrance will face the Pennyrile Parkway and will include nice signage.
- Due to programming which will be carried out in this facility, there are many different space needs for this building which makes it difficult to design a uniform space that would still meet all functionality needs.
- In terms of architectural features, there will be colonnades, the brick will be the same as the existing MSU building and there will be a metal roof. A floor plan was presented showing the different
Engineering and Physics Building

Planning for this project began in 1998-99 and the University has been working to complete the facility since that time. All are excited about being able to construct this last phase.

The University received authorization for $28,953,000 in Agency Bond funding in the 2014-16 biennium (includes bond issuance costs). In May 2013 the Board adopted the MGT Plan for replacing and renewing housing on campus which began in 2012-13 and will end in 2022-23. This project represents the next step in that housing strategic plan.

The initial program and estimate were developed as part of the 2013 Student Housing Strategic Plan and consisted of 114,000 square feet with 380 beds.

The process of selecting an architect is currently underway. It is hoped that the programming and design process can begin next month with the goal of beginning construction in April 2015, ending
construction in July 2016 and occupying the building in August 2016. This represents a residential facility and is the least costly and timely to build.

- Confirmation was provided that this residential college is larger than the other new facilities, including James Richmond (270 beds) and Clark College (300 beds). This building is based on the recommendation of MGT, represents the standard model being used and meets the University’s desire to keep the facility under four floors.

Mr. Oatman reported the Board has been provided with a comprehensive schedule for completion of these major projects. The Engineering and Physics Building will be on a 16-month construction schedule and Breathitt Veterinary Center will be on an 18-month schedule because the facility is so mechanically intensive. Franklin Residential College will be on a 14-month schedule. Dr. Curris indicated the University went through a difficult period when one facility was taken out of the system and suddenly faced the prospect of not being able to house students and the institution had to make major adjustments. There is no question that this impacted the decision of some students in terms of whether to come to Murray State or attend college elsewhere simply because the question existed about whether they would be required to “triple up” or not have housing at all. He would like to discuss what impact this construction will have on the University’s ability to house students throughout the period of construction. Dr. Miller reported the University is not taking any of the other residential colleges off-line and the current stock will remain in place even though a new facility is being constructed. When he was hired by the Board this represented his first big issue and he was personally embarrassed the University was in this situation. Although some acceptable arrangements for alternate housing were eventually made the University did lose some students due to the housing shortage. He pledged that this situation would never occur again and a plan needed to be developed to address this in the future. He does not want the new President to be forced to deal with this issue. Dr. Robertson and his staff have developed a plan that will allow for contingency housing for overflow students so he does not believe there will be any issues. It is essential for the new residential college to be completed within the timeframe outlined. Confirmation was provided that the end result will be an addition to the University’s housing capacity. Dr. Robertson added that the first floor of Old Richmond College has been converted to house additional students and this will provide more capacity this Fall than what was available last Fall. The plan is to keep all buildings online until the 10-year plan has been completed and at that point the older facilities will be raised but no building will come down within the next five years. Hart College represents the largest housing facility on campus and will be the last to be renovated. When this occurs the University will need all available housing stock to accommodate those students. Confirmation was provided that additional thought needs to be given to determine the appropriate name for the new and old facilities.

This report was presented for informational purposes only and required no action.

Program Statement and Site Approval – Franklin Hall and 10-Year Housing Plan, approved

Mr. Oatman reported the following:

- It is important for the University to identify a site for Franklin College that will allow the institution to keep the current low rises functional and in place. A firm has been hired to study potential sites and the Board was provided with a copy of the study that was conducted.

- The program provides for 114,000 square feet with 380 beds and the design will be similar to the other new residential colleges. Restrooms will be integrated, as opposed to being separate, and there will be a lobby with meeting rooms for different multi-use functions, including offices and kitchens. The program for the building was included in the Capital Plan and was publicly provided to the architects during the RFP process.

- The program for the new facility is being presented to the Board for approval as well as the site location for the building. Although other potential sites were considered, the Old Clark Site has risen to the top in terms of recommendations for the location of this new residential college. It represents the only good green space that is available without changing out some other use. The Intramural fields are located on Waldrop but the University would have to buy additional property to replace the intramural fields if that space was selected. The current site is located within the circle around Hart College and eliminating some parking would be required to construct the facility. The Master Plan actually calls for the removal of all parking from around Hart College. The site being considered does fit within that plan. The Old Richmond and Franklin buildings, as well as Springer, will eventually be razed (after 10 years). Currently parking within the circle can be hazardous to pedestrian traffic. Confirmation was provided that another building like the one being proposed is envisioned once these other buildings are razed but that will be dependent on enrollment at that point.
Mr. Oatman reported the following:

- An “H” designation was presented which represents the potential footprint of the building because this allows for the square footage required to be constructed within four levels and allows for a nice “face” of the building to be presented toward Hart College and a patio facing Chestnut Street.
- The goal today is to ensure the Board is in agreement with the general site placement being proposed for New Franklin Hall.
- Dr. Fister indicated that during preliminary analysis the matrix provided shows the Old Clark site was assigned a raw score of 53 and Stewart Stadium was assigned a raw score of 51 and asked how these weighted scores are chosen. Mr. Oatman reported what has been provided represents a standard matrix but the University assigns the weights because it wants to determine whether the proposed locations are in agreement with the Master Plan. The weights are multiplied by the score to arrive at the weighted total and this is where the Old Clark College site really begins to shine – when all the weighted factors are figured in based on the University’s needs.
- Confirmation was provided that provisions will be made for the University to undertake an ESPC project and will have an opportunity to provide input.
- A study was undertaken in 2013 to identify options for 16th Street and a rendering of identified options was provided to remind the Board what is being proposed. The Highway Plan contains the overpass/depressed section. The depressed section will be lower than sidewalk level and moving north there is a natural decline in grade by Alexander Hall and that will continue on to allow traffic to be above the crossing. This represents a good safety option because it separates traffic from pedestrians and will allow emergency vehicles to move through the area more easily. This option also represents the City’s preference.
- The five-points area represents the intersection of Chestnut Street, 16th Street, College Farm and Coldwater Road. This project has already been funded and is contained in the Highway Plan and includes right-of-way acquisition, utility relocations and construction. The project is currently under design and right-of-way acquisition should begin soon.

North 16th Street Study and Five-Points Intersection Improvements Update, received

Mr. Oatman reported the following:

- The University was very fortunate to be able to get a project in the amount of $800,000 into the Highway Plan for North 16th Street. This represents a city-administered project through design and construction. The City will select an engineering consulting firm and has confirmed that the RFP will begin soon after July 1, 2014. The City has confirmed that the University will be involved in the project and will have an opportunity to provide input.
- A study was undertaken in 2013 to identify options for 16th Street and a rendering of identified options was provided to remind the Board what is being proposed. The Highway Plan contains the overpass/depressed section. The depressed section will be lower than sidewalk level and moving north there is a natural decline in grade by Alexander Hall and that will continue on to allow traffic to be above the crossing. This represents a good safety option because it separates traffic from pedestrians and will allow emergency vehicles to move through the area more easily. This option also represents the City’s preference.

Confirmation was provided that architects need to be hired and their recommendations will be taken into consideration because the University does not want to put them in a box in terms of configuration for the new facility. An effort will be made to maintain as much green space as possible and move parking to the exterior. Work is also underway to develop a plan to replace any parking spaces which are lost due to this new construction.

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Program Statement and the Old Clark site for the replacement of Franklin Hall as presented. Mr. Waterfield seconded and there being no further discussion the motion carried.

Energy Savings Performance Contract, approved

Mr. Oatman reported the following:

- Energy savings have been discussed since the last Energy Savings Performance Contract (ESPC) project was undertaken in 2006. The University has received authorization to undertake an ESPC project through the state. This represents an open-ended authorization because it is unknown what the scope of the project will be until an energy company undertakes an analysis.
- Conversations escalated with regard to energy savings when the University recently experienced issues with its power supply and the potential of undertaking a comprehensive campus energy study.
Mr. Oatman reported the following:

- Memorial of Understanding

This report was presented for informational purposes only and required no action.

Deferred Maintenance 5-Year Plan (includes Waterfield and Pogue Libraries and Electrical Needs), received

Mr. Oatman reported the following:

- In 2007 the Council on Postsecondary Education (CPE) completed the Facilities Condition Assessment for all state universities. The report, known as the VFA Study, included an assessment of 66 percent of Murray State’s total portfolio of assets and deemed deferred maintenance needs to be $206,692,000.

- MSU staff recently completed an in-house assessment of E&G facilities to determine the critical deferred maintenance needs for each of the next five years and a summary of the results indicated the following: FY15 ($32,207,000); FY16 ($5,147,000); FY17 ($5,344,000); FY18 ($3,545,000) and FY19 ($5,402,000) for a total of $51,645,000.

- Facilities Management maintains a database of all campus buildings which includes equipment in those facilities but what is being presented to the Board are those projects which need to be undertaken within the next five years. The Deferred Maintenance Plan does include in the first year projects for Waterfield and Pogue libraries in the amount of $590,000 each.

- It is possible to accomplish needed deferred maintenance work if projects are broken out into a five-year plan and a mix of different funding sources are utilized. Dr. Miller has been a champion on deferred maintenance and has helped bring this issue to the forefront by providing some funding to be utilized for this purpose. This work needs to continue and this fund must be allowed to grow annually so the University can be proactive rather than reactive in terms of deferred maintenance. There has been some thought that the next Capital Plan request should be more focused on deferred maintenance. The energy project will also help the University replace some equipment which will be funded through energy savings.

- A mix of the different projects to be considered was provided to the Board as well as the five-year plan. If an annual deferred maintenance budget of $2 million plus can be maintained the University will be in good shape for the future.

Mr. Waterfield indicated the Deferred Maintenance Plan will be the landmark of the Miller administration. It represents an important issue and appreciation was expressed to Dr. Miller for helping to develop such a plan. Mrs. Buchanon echoed this sentiment and stated this plan could perhaps keep the University from having to face another Ordway Hall situation.

This report was presented for informational purposes only and required no action.

Memorandum of Understanding and Disposition of Canton Property, approved

Mr. Oatman reported the following:

- This represents a property the University obtained through a bequest from the James Lassiter Estate. MSU holds two-thirds ownership of two tracts of land located in the Canton area of Trigg County. The University of Kentucky (UK) received the other one-third of the property.

- As a result of highway improvements along Highway 80, the Transportation Cabinet has proposed the purchase of one of the tracts. Only a portion of the tract is needed by the Transportation Cabinet for the highway project (.47 acres) but they have offered to purchase the remainder of the tract (1 acre). UK is also in agreement to transfer their one-third share.
While some title work remains to be completed, representatives of the Transportation Cabinet have outlined the details of the transfer of property in the contract and Memorandum of Understanding that is being presented to the Board for approval.

On behalf of the Buildings and Grounds Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, approve the transfer of property (a 1.47 acre tract of land which has been designated by the Transportation Cabinet as tract 406) to the Kentucky Transportation Cabinet. Mr. Johnson seconded and there being no further discussion the motion carried.

**Engineering and Physics Building Program Statement, approved with amendment**

Mr. Oatman reported the following:

- Planning for this project dates back to 1998-99 when Hastings+Chivetta was hired to prepare a formal program for all three programs – Biology, Chemistry and Engineering and Physics – and this represents the third of the three buildings.
- The building will contain 81,602 square feet and a breakdown of the different departments which will occupy this space was provided. The first floor represents Engineering and Physics and the second floor represents a mix of programs.
- Due to funding and site constraints, the University was not able to build everything needed for Biology in the first building. Due to these issues, it has been the plan upfront to include some space in the third building for Biology and Chemistry. The departments of Biology and Chemistry currently have to go back to Blackburn for certain things, including utilization of a large classroom slated for use by Biology.

Dr. Curris indicated that semantics wise the University has asked for an Engineering and Physics building. The program space needs that are outlined do not use the word engineering. There is Physics space, Biology space and Chemistry space. He suggested some rephrasing be undertaken in the programming statement to correct this issue. Substantively, the amount of net assignable space going to Biology and Chemistry (predominately Biology) is equivalent to 26 percent of the total net assignable space in the building. He is not questioning the best use of space for the college. This is a decision which must be made within the college. He is raising this issue because of the question of the institution’s integrity and the perception that could very well come if the University is asking for an Engineering and Physics building and 26 percent of the net assignable space is used for the other sciences. Normally that would not be an issue he would raise or that anyone else would raise – and he does not mean to step on any toes – but the reason the University has had to wait nearly two decades on this building was a perception in Frankfort that in the first two phases of this Science Complex Murray State had not been straightforward with what it was doing and had used funds out of the second phase to fund additional costs with the first phase. He was not in the state at the time and is certainly not questioning the decision or whether there was accuracy and validity in the perceptions. Murray State has had a great reputation in Frankfort of being straightforward and this was a stain on the University that it had used state money differently than what it was designed to be used for. Sometimes one has to bend over backwards to make sure no one can question how the University is using these funds. He has reviewed exactly what the University included in its Capital Construction and Legislative Priorities document that was circulated in Frankfort earlier this year and the question he has is whether this much net assignable square footage for the biological and chemical sciences puts the University at any risk that it has not been straight up – not with ourselves because this was part of the original program for the Science Complex two decades ago designed to cover all of the sciences – but whether folks in Frankfort might raise questions that the University has not been straight up on this issue and that is of concern. Mrs. Buchanon agreed this is a genuine concern and she was on the Board at that time and thinks part of the attention that was paid to this issue was due to political reasons which can occur at any time and the University really does not want to take that chance.

Mr. Oatman stated programming for this facility began in 1998 with the initial thought to replace Blackburn Science Building and that is what was presented to the Legislature (140,000 square feet). Architects were hired in 2000-01 and presented with the program which then grew to a 190,000 square feet project. From that point on, the University has spelled this out and included it in the Capital Plan and all projects requests. The total needs and the different programming needs have been included and he believes the University has been very transparent about what it plans to do. Part of the problem which arose in the 2001 program and estimate was that the total cost for the entire Science Complex was approximately $45 million and the entire complex could
have been constructed for that amount at that time. The University requested $45 million but began to realize it would not receive that amount of funding in its entirety. The University then began breaking the request down into segments and the first request was approximately $26 million to construct the first two phases. The University was authorized $13 million and because that came at the eleventh hour a determination had to be made in terms of how best to utilize those funds to begin constructing whatever facility could be built for that amount of money. The University has tried to adhere to that program although it has grown somewhat (10 percent) because over 15 years program needs continue to grow. He believes the University was as transparent as it could be about its needs but when the funding started coming in small amounts it put the institution in a bad spot. Included in the Capital Plan Request for the Engineering and Physics Building was that some of the space would be assigned to Chemistry and Biology.

Dr. Jackson confirmed that the original plan was to construct one building to replace Blackburn Science. When the University received the original funding (first appropriation – $13 million), it was necessary to begin a phased process for a new science campus. The first tier of funding started the building project and completed the first floor of the Biology Building. The second tier of funding ($15 million) and the third tier of funding ($15 million) was used to complete the second floor of the Biology Building and construct the Chemistry Building (now Jones Hall). This phasing process of the project caused concern in Frankfort and resulted in a delay of one year to 18 months. The official document for this building – which has been filed in Frankfort with the appropriate committees – does outline Chemistry and Biology space in the Engineering and Physics Building although the summary document did not. The original building proposed was smaller than the one currently being proposed but once the first two buildings and connector were completed program needs had changed. These necessary program changes to complete the Science Complex have been communicated in Frankfort. He is sensitive to this issue and believes the University is okay from the standpoint of what has been reported to be included in the new building. Mr. Oatman reported that the 2001 program recommended about 80,000 square feet and that is what was programmed for this building. It was known that some space in the third building would need to be occupied by Biology and Chemistry. Some excerpts which were extracted from the entire document do not contain the level of program detail. The full document does describe the Chemistry and Biology component. Dr. Jackson confirmed that the Six-Year Capital Plan this Board has approved includes these detailed items. The final tier of funding, tier 4 ($31.6 million plus $5 million of University funds) would complete the Engineering and Physics Building and, therefore, complete the science campus. Agreement was reached that the full document outlining exactly what has been given to the administration and the Legislature would be shared with the Board.

Dean Steve Cobb, Jones College of Science, Engineering and Technology, reported that the labeling is a bit of a relic from 15 years ago and the name of the department has changed several times. The University utilizes prefixes for the departments, including BIO for Biology, CHE for Chemistry and PHY for Physics and Engineering which was a shorthand notation to designate the laboratories, classrooms and offices that would be part of this construction phase. It represented a shorthand notation and was not meant to leave out or imply that Engineering was not part of this plan. Since that time the name of the department has changed to Engineering and Physics and a nomenclature has been adopted to help identify space in the building and most recently it has been decided that the Institute of Engineering will represent a program within that entity. Dr. Curris inquired whether once the Board has had a chance to review what was submitted officially and changes in nomenclature are necessary whether that would create any issues. If he was a legislator who signed off on an Engineering and Physics building, which is what has been presented, and received a program plan that does not contain the word engineering that would raise questions for him. Agreement was reached that the wording in the documents which have subsequently been prepared can be changed to include the word engineering. The integrity of the institution is the issue before the Board and all Regents need to see the exact language which has been presented in Frankfort.

On behalf of the Buildings and Grounds Committee, Mr. Johnson moved that the Board of Regents, upon the recommendation of the President of the University, approve the Engineering and Physics Building Program Statement as submitted. It was further agreed that some rephrasing would be undertaken in the programming statement to specifically refer to engineering. Mrs. Guess seconded and there being no further discussion the motion carried.
Mr. Oatman reported the following:

- The plan for the Breathitt Veterinary Center has been shared with the Board and the line items contained in this recommendation include general spaces and laboratories.
- The program for the BVC dates back to 2009 when the University was competing for a grant from the National Institute of Health. A firm was hired to undertake preliminary planning and 51,891 gross square feet was determined to be necessary in the new facility. That figure has been used in the University’s Capital Plan Request and in April 2013 the University submitted the 2014-20 Capital Plan which included the BVC facility (52,000 square feet). During Summer 2013 after the University had submitted the Capital Plan, the first $4 million which was allocated for the project was used to hire architects and meetings were held with BVC Director Wade Northington and Dean Tony Brannon, Hutson School of Agriculture, to review each laboratory space and each program in great detail to determine exactly what was needed in this new facility. As a result of this review, needs grew from 52,000 square feet to 55,000 square feet (plus a mechanical building). The University has gone through the programming and the design phase and one additional meeting will be held to finalize the construction documents and have those ready to bid out based on a 61,568 square foot facility.
- Throughout the process an effort has been made to ensure the University is not over budget. The engineers and architects have provided assurance that a more efficient design than that proposed in 2009 is expected which will allow for construction of the 61,568 square foot facility within the budget approved in the Capital Plan.

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the program statement as described for the Breathitt Veterinary Center in Hopkinsville, Kentucky. Mr. Johnson seconded and there being no further discussion the motion carried.

Dr. Miller expressed appreciation to Mr. Oatman for collecting – at his request – all pertinent information related to capital projects and deferred maintenance and presenting that information within a short timeframe.

Adjournment

The Buildings and Grounds Committee adjourned at 11:17 a.m.

Finance Committee

Stephen Williams – Chair
Marilyn Buchanon
Constantine Curris
Renee Fister
Jerry Sue Thornton

Mr. Williams called the Finance Committee to order at 11:18 a.m. and reported all Committee members were present.

University Reserves Report (Unrestricted Net Assets), received

Dr. Miller wanted to ensure all Board members were aware of where the University stood in terms of reserves because they will be asked to approve using some of those reserves for different projects. Currently overall unrestricted net assets (reserves) are $68 million and some of this balance has been allocated through carryforwards. The remaining balance is $37 million and while the University is in good shape care is being taken to ensure these funds are not expended for recurring items.

This report was presented for informational purposes only and required no action.

Authorization for Use of Reserves for Electrical Transformer(s)/Request for Emergency Project, approved with amendment

Mr. Oatman reported the following:
- The University has two primary transformers. Power is purchased from TVA and Murray Electric that comes in and gets stepped down across two transformers which is then distributed to the campus.
Those responsible for designing the Central Plant electrical system did very well because there is
good redundancy. On April 28, 2013, one of the main 40-year-old transformers failed. The generator
is currently being analyzed and the University is now operating with only one transformer. If issues
arise with the one functioning transformer, the University will be without power.

- Companies have been contacted to determine the feasibility of securing a temporary transformer if
that becomes necessary but having to do so would be costly. This situation needs to be remedied as
soon as possible so the University is able to rely on two functioning transformers.
- The damaged transformer has been analyzed and it was determined there has been catastrophic failure
    to the unit. An attempt is being made to secure an affidavit to declare that the transformer was struck
    by lightning for insurance purposes but at this point there is uncertainty whether this is even a
    possibility. If the transformer cannot be replaced through insurance the University must take the
   necessary steps to either replace or rebuild. The process of rebuilding can begin immediately but it
   will take approximately 12 weeks to complete and would cost approximately $500,000.
- A second possibility which has been considered is purchasing a new transformer but this would
   involve a much longer lead time (26 weeks minimum) to configure the transformer properly to meet
   the University’s needs. Confirmation was provided that the same warranty is offered for a new or
   rebuilt transformer and it makes sense to plan on rebuilding the transformer. Once the transformer
   has been installed on campus thought should then be given to either rebuilding or replacing the
   second transformer. Confirmation was provided that if a brand new transformer was purchased there
   would not be sufficient funding to address the second transformer.
- The question has been asked whether the University can rebuild one transformer and purchase new
  for the second. Mr. Oatman indicated that is possible but a great deal of work would need to be done
  to ensure when one goes down a switch can be flipped to change over to the second and this would
  cost a great deal in order to meet all engineering needs. It would be more desirable for both units be
  the same.
- Confirmation was provided that the University will pursue an insurance claim and if the company
    examining the equipment is willing to provide an affidavit indicating the damage was caused by a
    lightning strike this would greatly enhance the chances of a successful claim but all must bear in mind
    this still represents a 40-year-old piece of equipment.
- Dr. Fister indicated the recommendation includes wording that approximately $955,000 from excess
  FY14 net tuition and mandatory fees be used to cover the cost of rebuilding the transformer. This
  project needs to be undertaken but she would be remiss with her represented group if this statement
  was not made. Last year at this time the Board passed a motion that if the budget scenario is
  improved this year – and it can be argued that $955,000 is an improvement – that a high priority item
  would be for salaries next year for faculty and staff. She agrees the transformers also represent high
  priority items but the individuals employed at Murray State are also high priorities. Mrs. Sewell
  added that this situation did not exist last year when the Board passed that motion. Ms. Dudley added
  that this represents one-time money and cannot be used for recurring expenses.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the
recommendation of the President of the University, approve the funding of approximately
$955,000 from excess FY14 net tuition and mandatory fees to be used to cover the cost of rebuilding the transformer. This
project needs to be undertaken but she would be remiss with her represented group if this statement
was not made. Last year at this time the Board passed a motion that if the budget scenario is
improved this year – and it can be argued that $955,000 is an improvement – that a high priority item
would be for salaries next year for faculty and staff. She agrees the transformers also represent high
priority items but the individuals employed at Murray State are also high priorities. Mrs. Sewell
added that this situation did not exist last year when the Board passed that motion. Ms. Dudley added
that this represents one-time money and cannot be used for recurring expenses.

Authorization for Use of Reserves for Engineering and Physics Building Project, approved

Ms. Dudley reported that the Board earlier received a report on the Engineering and Physics
Building project and part of the authorization included $5 million in private funds to support the
construction project in order to not further delay the project. The Board is being asked to
approve that today and funding would come from unrestricted reserves with the expectation that
this would be reimbursed through donor dollars. This represents the long-term plan and it was
noted that the entire $5 million may not be necessary.

On behalf of the Finance Committee, Dr. Fister moved that the Board of Regents, upon the
recommendation of the President of the University, approve the funding of up to $5 million from
unrestricted Education and General University Reserves for the Engineering and Physics
Building project to be reimbursed through private donor funds. Dr. Thornton seconded and there
being no further discussion the motion carried.
Authorization for Use of Reserves for Waterfield and Pogue Libraries – Critical Deferred Maintenance, approved

Ms. Dudley reported that approval for $590,000 for each of the two library facilities is being requested to come from unrestricted reserves and that would proceed likely before the current year has ended.

On behalf of the Finance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve the use of $590,000 for each project from unrestricted Education and General University Reserves for the completion of critical deferred maintenance at Waterfield and Pogue Libraries. Mrs. Buchanon seconded and there being no further discussion the motion carried.

Authorization for Renovations for Presidential Residence – Oakhurst, approved

Ms. Dudley reported the Board has been presented with a recommendation from Facilities Management in terms of renovations which need to be made at the presidential residence – Oakhurst – prior to the arrival of the new President. Mrs. Buchanon added that Dr. Curris asked her several months ago when it became apparent the University would be faced with undertaking a presidential search to meet with Tim and Patsy Miller to tour Oakhurst and determine those repairs which needed to be undertaken. She provided assurance that all renovations being proposed needed to be done at that time but Dr. Miller was very reluctant under his watch to expend these monies. Dr. Curris indicated that normally under the Delegation of Authority any Board-approved expenditures under $600,000 would not come before the Board but because of the sensitivity on this issue he asked that it be presented to the Board. The last thing this body wants is for the new President to come in and be criticized for renovations at Oakhurst being one of the first things he did after assuming the presidency. The Board is spending the money which needs to be utilized for necessary renovations at Oakhurst. Appreciation was expressed to Mrs. Buchanon for participating in this process.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the funding of approximately $42,000 to cover the renovations, maintenance and improvements for the presidential residence – Oakhurst. Mrs. Buchanon seconded and there being no further discussion the motion carried.


Ms. Dudley reported that Franklin Hall has an associated bond issue with the state for documents which must be in place in order to pursue the bond issuance. Mark Rawlings, Vice President for Hilliard Lyons, served as the financial advisor for this project. The University contracted with Hilliard Lyons and Peck Shaffer is under contract to serve as bond counsel for this issuance. Both of these firms have been tremendously helpful in assisting the University to navigate through this process. The bond issue is $28.9 million but due to the cost of the issuance and a slightly lower interest rate the total issuance will be $28.53 million. The estimated interest rate is 3.5 percent. Mr. Rawlings indicated if the University issues these bonds early next year the interest rate could go up or down but it is hoped they will at least remain at current levels or be lower. Ms. Dudley reported that a 20-year bond issue is being recommended. The MGT Study plan discussed earlier, starting with Franklin Hall, was to do 25-year maturities. Through counsel and working with the Office of Financial Management (OFM) at the state level, what is now being recommended is to go back to a 20-year maturity which is historically what has been issued and also represents the state’s recommendation. This represents a slight deviation from the MGT plan and may require the University to charge a higher rate increase for housing for one year as this facility comes online. The Board is familiar with approving a 4 percent housing increase each year to cover debt but that may need to be increased for next year to have some one-time lifts to cover the shorter maturity. It is to the University’s advantage to get the bonds paid off sooner and it represents less disruption on the bond issue. Dr. Curris asked if these bonds were to go out to the market today what kind of interest rates the University would get and Mr. Rawlings indicated that would be approximately 3.65 percent. The administration has added a Reimbursement Resolution that the Board has not typically approved but on the advice of OFM this document requests approval to use up to $2 million for design costs and land preparation. The issuance of the bonds can be delayed until the University gets closer to construction and then reimburse itself for the issuance of the $2 million. Confirmation was provided that this process
will depend on a judgment of when to issue the bonds but also provides management and bond counsel with flexibility as the situation is monitored.

On behalf of the Finance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, adopt the Reimbursement Resolution; Bond Resolution providing for the authorization, issuance and sale of approximately $28,530,000 General Receipts Bonds, 2015 Series A, pursuant to the Trust Agreement dated as of May 2, 2007; and a Fifth Supplemental Trust Agreement to be dated as the first day of the month in which the bonds are issued as presented. Dr. Thornton seconded and there being no further discussion the motion carried.

**Contract Approval, approved**

Ms. Dudley indicated that according to the Delegation of Authority document approved by the Board the administration has identified the larger service contracts that the University has which are being brought to the Board for approval. These represent contracts the University intends to act on – or has acted on in emergency situations. Mr. Williams indicated all acknowledge when the Board passed the Delegation of Authority document relative to Board authority and what is delegated – especially the first year – it would need to be a living document and until the Board went through one year it would not know what the pertinent questions were from a policy standpoint. As the next year progresses questions will continue to arise and those will need to be addressed either through the Chair or the full Board when they arise. He is confident the document will provide clarity to the Board and to management but the Board must be diligent to review these issues and ensure it is getting the right information and is dealing with those issues it should be dealing with and not those issues with which management is authorized to handle. Dr. Fister requested that the Delegation of Authority document be added to the BOR Retreat agenda in August to provide an update and allow for further discussion. Dr. Curris expressed appreciation to Mr. Williams for his leadership in this area and agrees the Delegation of Authority represents a living document. The intent of the document was not for this Board to review routine contracts but the unusual things that give the University commitments. Many contracts, once established, do not need to be reviewed by the Board but if a new contract with TVA is signed this does require Board approval. Getting the right language and precedence in place is something the Board will work on and the Retreat represents an appropriate venue for that work to occur.

On behalf of the Finance Committee, Mrs. Buchanon moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts listed as presented. Dr. Curris seconded and there being no further discussion the motion carried.

**Parking Fee Increase, approved**

Ms. Dudley reported that as part of a Budget Task Force review this past year parking fee increases were recommended. These increases will be diverted to the General Fund and will not be used for parking and will be part of the budget and a general pool the Board will be approving shortly. The $136,900 will be considered General Fund resources. Mr. Johnson stated that students already pay the basic parking fee of $55 and this past year the City of Murray voted to make students pay for City Stickers which is also that same price. Students are technically paying over $100 to park on campus already and this will represent an increase to that amount which will, quite frankly, tick students off. Many people are saying this is a $20 increase while it is really a $75 increase because of the City’s earlier action. Confirmation was provided that this represents an annual fee and students taking only one course during the summer would not be required to pay the full amount. A study of what other schools charge for parking has been undertaken and they range from $100 to $300 so MSU remains reasonable in this comparison. Many of those schools do have parking garages which are expensive to maintain and Murray State has chosen to not pursue that route. Dr. Thornton indicated this cost seems low and Dr. Miller confirmed that he has attended meetings of the various student groups and he has told students the University must raise revenue through tuition and other means and they are fully aware this will occur. No students have come to see him to talk or complain about this increase. He hates to recommend the increase but the $137,000 in additional revenue will help in not having to cut additional personnel. Mr. Schooley understands where Mr. Johnson is coming from but anyone working on campus has to pay the $55 city tax no matter where they live and it hurts those employees making $15,000 or less as well. Dr. Fister confirmed this issue has been
addressed numerous times with Staff Congress especially considering nominal raises which have been given over the past few years. To provide a different perspective, the $20 increase represents 5 cents per week.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve an increase in parking permit fees as outlined below, effective July 1, 2014:

<table>
<thead>
<tr>
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<th>Current</th>
<th>Proposed</th>
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</thead>
<tbody>
<tr>
<td>Faculty and Staff</td>
<td>$55.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>Students</td>
<td>$55.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>Freshmen (Stadium Parking)</td>
<td>$35.00</td>
<td>$45.00</td>
</tr>
<tr>
<td>Replacement</td>
<td>$27.50</td>
<td>$37.50</td>
</tr>
<tr>
<td>Summer only</td>
<td>$13.75</td>
<td>$18.75</td>
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Dr. Fister seconded and there being no further discussion the motion carried.

**Equine Stall Fee Increase, approved**

Dr. Morgan indicated that the last time this fee was increased was in 2009. There are 81 units with 99 to 100 percent occupancy during the year. The University charges rent to house horses on campus that is between $100 and $200 per month less expensive than off-campus options. The University currently is not covering its costs to provide these services. This represents a $60 increase per semester which keeps the University below rates being charged off campus. It is also being recommended that this be considered an annualized increase to the same percentage housing is raised. This will bring the University into congruency with what off-campus providers charge. This is not a mandatory, across-the-board fee and applies only to those students who elect to bring their equine to campus.

On behalf of the Finance Committee, Dr. Fister moved that the Board of Regents, upon the recommendation of the President of the University, approve the Equine Staff Fee increase from $500 per semester to $560 per semester for 2014-15 and 2015-Beyond, effective August 1, 2014. Mrs. Buchanon seconded and there being no further discussion the motion carried.

**2014-15 Tuition and Mandatory Fee Rates, approved**

Ms. Dudley indicated the University’s budget is built on a 5 percent across-the-board tuition and fees increase. This equates to a $174 increase for undergraduate students per semester (including mandatory fees). Mr. Williams stated that the Board has had extensive discussion in prior meetings leading up to today and obviously this increase has already been built into the budget.

On behalf of the Finance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve the undergraduate, graduate and doctoral tuition and mandatory fee rates representing a 5 percent increase for the 2014-15 academic year. Dr. Thornton seconded and there being no further discussion the motion carried.

**2014-15 Housing Rates, approved**

Dr. Robertson reported that an increase of 4 percent in housing rates is being requested and this has been recommended in the MGT Study which was referenced earlier. The additional revenue will be applied toward debt service, routine maintenance and various other needs within the housing operation. The increase ranges between $80 to $150 depending on the facility and whether there is single or double occupancy. No increase is being requested for the College Courts apartments and no Dining Services increase will be requested for this next year.

On behalf of the Finance Committee, Dr. Fister moved that the Board of Regents, upon the recommendation of the President of the University, approve the indicated room rate increases for the Residence Halls and College Courts as recommended by the housing consultants (MGT) in their Student Housing Strategic Plan. Dr. Curris seconded and there being no further discussion the motion carried.
Mr. Williams recognized Dr. Miller for his leadership, the staff, Vice Presidents and the Deans and all for the critical and challenging work which has been undertaken with regard to the Budget to deal with financial issues which exist and to get the University to this point. This has involved an incredible amount of behind-the-scenes work, especially considering the difficult Budget process which the institution experienced the previous year. Appreciation was expressed to all for this effort to avoid a crisis and present a manageable Budget.

Dr. Miller presented the following Budget highlights:

- A 5 percent increase for tuition is included and a 1 percent increase in compensation is being recommended across-the-board for faculty and staff, contingent on the University meeting revenue projections. Whether the enrollment projection has been met will be known late during the Fall semester and if that comes to fruition the 1 percent raise would be retroactive to July 1. In response to a question regarding whether there are dollar amounts attached to the enrollment projections, Dr. Miller indicated that information is included in the Budget but the administration now has a much better way to secure this information quickly. In December it will be known what revenue will be during the Fall semester but that figure will still not be known for Spring. The revenue figures developed in December will be compared against the amount included in the Budget and a determination made regarding compensation at that time. Confirmation was provided that the 1 percent increase includes a floor of $250 and a ceiling of $1,200. In response to a question regarding whether the state of Kentucky is providing raises to state employees this year, Dr. Miller indicated the K-12 Budget does include employee raises. He does not know about the other state departments but in terms of the other universities some are providing raises while some are not depending on their financial situation.

- Murray State also has a salary compression issue and this has built up over the years. The University needs to begin to address this issue and what is included in the Budget represents a meager start. Each year there are vacant positions in the Budget and a decision has been made to take a percentage of those vacant positions and utilize those funds for compression adjustments. This is not in any way tied to tuition increases but represents an item that has typically been carried in the Budget. A Dean can fill a vacant position at any time and will have the full 100 percent of that vacant money to hire an individual when necessary. Approximately 87 individuals will benefit from this action but this only represents a start. Confirmation was provided that a revenue source has been identified for this expense of approximately $122,000 (plus fringes). If a position is budgeted at $50,000 and is vacant for two months there is two months’ worth of money that has not been utilized and the administration will take 30 percent of that “extra” funding and the Deans will keep the remainder to use for their needs. Ms. Dudley confirmed that a review of typical vacancies has been undertaken and it is believed the University can maintain this funding each year as a recurring expense.

- No reserves are being utilized in the Budget and no money is being expended that is not included within the Budget. Dollars which had been spent but were not included in the Budget last year have now been included.

- The only revenue projection for tuition is for new programs which have been implemented on the Paducah Campus and in some other new programs based on the expectation of increased enrollment. The programs being offered have been in demand and are expected to have healthy enrollment numbers. This represents the only new growth included in the Budget.

- For the first time funding for deferred maintenance is included in the Budget (over $1 million) and it is hoped the administration can increase this amount of funding in the future.

- The recommendations received from the Budget Task Force have been included and represent $2.1 million in reductions and $336,000 in enhanced revenues for a total of approximately $2.4 million identified by the Budget Task Force committees in savings. The University does have some displaced employees as a result of this process but those individuals have now been placed within other positions at the University except for one person who did not want to be displaced and was ready to pursue employment elsewhere and this individual made that decision on their own.

- This has represented a good Budget year in the sense that everyone on campus is now aware of many facets of the University Budget and those expenses which had not previously been included in the Budget are now included.

- In response to whether the University charges for facility usage by parties outside of the institution, it was confirmed that is practice and Dr. Miller indicated the fees are relatively inexpensive and the policy of charging for facility use is being “broken in” slowly.

- Dr. Fister indicated this process has been difficult for everyone but the hard part for faculty and staff is that the potential for salary increases is again being deferred. The Consumer Price Index increase for this year is 1.5 percent and the previous year was 2 percent so if personnel do not receive any increase in salary – even later in the year – they have lost and it is difficult to continually convince faculty and staff they are supported. Confirmation was provided that a letter to the Legislature to this effect has been delivered. Mr. Schooley requested that employee compensation be included on the agenda for the Retreat to develop a plan over the next four to five years so faculty and staff can see that a plan is in place to address salaries. Dr. Fister confirmed that sometimes faculty and staff feel
that salary increases are the first thing to be cut out of the Budget. If a plan was in place to address salary increases that would at least provide hope to employees of future increases.

- Dr. Curris commended President Miller for taking the steps necessary to put the University’s Budget on solid financial footing because this is critical. Not providing a salary increase can to some degree be demoralizing but going through the process for two consecutive years to look for ways to cut is truly demoralizing. Getting the Budget on solid footing is crucial and what Dr. Miller has done is conservatively estimating the University’s revenue, looking closely at all expenditures, and putting all expenditures that are recurring in the Budget. He has been very cautious about making commitments outside the Budget – although some of those must occur due to emergencies which arise – but he has made a very conscious effort to end the practice of authorizing expenditures outside of the Budget once the Board has completed the Budget. There are always some questions, including whether state revenue will continue so a rescission of state appropriations can be avoided, addressing emergencies that may arise, determining whether certain revenues will materialize as projected and if the projected decreases in expenditures -- a product of the work of the Budget committees -- will materialize to the degree (dollar level) projected. Questions still remain but there are fewer questions about this Budget than any which have been presented to the Board. He is optimistic the University will be on solid financial footing so the next Budget can address the Board’s priorities, including compensation.

- Mr. Waterfield indicated addressing deferred maintenance and compensation will be largely dependent on how the Legislature treats the University during the next budget session and that is currently unknown. Mr. Williams echoed Dr. Curris’ comments and believes this represents an extraordinary Budget which is on much better solid footing and more comprehensive, complete and transparent. He complimented Ms. Dudley who has done a tremendous job with fewer resources in putting this Budget together. As everyone on the Board is aware, the University could be surprised by an emergency or unexpected event that could create a problem but in as much as possible this represents a very responsible budget – especially with an incoming new President. Appreciation was expressed to everyone involved in the Budget preparation process.

- Dr. Miller indicated that a chart has been provided to the Board which has been presented before illustrating revenues, reductions, fixed costs, academic costs and recruitment costs. Also provided was an outline of the benefits the University pays employees, including social security, life insurance and the University pays health insurance for employees totaling $8,928,000. Under the new Health Care Act the University also had to pay additional insurance costs. The document presented included figures for health savings employees can set aside, wellness programs and flexible spending. The University’s retirement costs for employees is $11,775,000 and employee tuition assistance – just for employees – is $720,000 and for spouses and dependents is $685,000. Worker’s compensation, unemployment, accrued vacation and sick leave buyback when an employee retires totals $28,776,000 which is based on salaries paid for a total E&G of $65 million. For an average person at the University making $35,000 under KERS it costs the University another $25,831 for that individual. For KTRS the retirement contribution on the part of the University is less expensive but the University is still paying $17,763 for each person. Fringe benefits represent a high percentage of the actual dollar amount within the Budget. The University offers great benefits and he is pointing this out because employees forget this because they don’t actually have to pay those costs – the University pays those for the employee.

- Dr. Fister asked if the salary increase occurs in December and that money goes into one paycheck whether that means more taxes are taken out and Dr. Miller indicated the normal amount of taxes on that amount of pay would be taken out and employees would be paying whatever tax they would normally pay but at one time. Dr. Thornton indicated the University is relatively high in terms of its contribution to employee benefits. Dr. Miller stated that compensation is important and the University must reward good faculty and staff and support its outstanding programs because it does not want to lose those talented and quality individuals. Employees received a 3.5 percent increase last year based on a Budget that was not that solid. The University must undertake a study and get employee salaries to an appropriate median salary with the other comprehensives Murray State is compared to in order to remain competitive. An across-the-board increase could occur and there could also be merit increases but merit increases have not been given in so long the administration needs to review policies which are in place in terms of how that money would be rewarded. Quite some time ago the Board passed a policy indicating employees would receive merit wages when possible and employees should keep up with that and would eventually be paid. There are faculty members who have file cabinets full of the papers they have presented and written and there is probably millions and millions of dollars on paper the University would owe for back pay for merit. The policy for merit pay needs to be reviewed and it needs to be made clear to employees that the goal is to get that employee’s salary up to a certain base. Across-the-board increases would then be given and if there are any monies left those would be used for merit pay. At the same time the University must maintain facilities and cannot let employees work in an environment with broken windows or other issues. This year the University is increasing tuition by 5 percent but none of that increase will be applied to salaries at this point although it is hoped 1 percent will be applied to salaries at the end of the year. It is his hope that next year when the University has the option to approve a 3 percent tuition increase that it takes that opportunity so it can get to the point where one-
third of that amount can be applied toward deferred maintenance, one-third toward salaries and one-third toward merit pay. There must be a plan in place to address these issues.

- Mr. Williams indicated that in terms of a philosophical approach to financial planning the Board and management must do its fiduciary accountability to bring in a responsible Budget and sometimes that means holding costs in which the Board would prefer not to pursue. This exercise will hopefully ensure survival and it is his belief that success is based on revenue and the University must grow to be able to do the things it needs to do and avoid those things it does not want to do. That places pressure on all in terms of how the University can continue to grow in terms of enrollment. From a strategic standpoint, increasing attention must be given to this issue over the next year or two. Otherwise, the Board will find itself in a continuing exercise of where to cut and this is not the pathway the Board wants to pursue to ensure the success of Murray State.

On behalf of the Finance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve the 2014-15 Executive Summary and Budget (which incorporates budget reduction recommendations of the Budget Task Force). Dr. Thornton seconded and there being no further discussion the motion carried.

**Crisp Family/Pepsi MidAmerica Quasi Endowment, approved**

Ms. Dudley reported that the University has received commitments from the Crisp family for the amount noted and approval to establish this as a Quasi Endowment is being requested to utilize those scholarships primarily for students taking classes at the Paducah Center.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the designation of the Crisp Family/Pepsi MidAmerica Scholarship Endowment as a Quasi-Endowment. Mrs. Buchanon seconded and there being no further discussion the motion carried.

**Health Services Task Force Report, received**

Dr. Robertson indicated the Board had been provided with a copy of the Health Services Task Force Report. The Task Force was comprised of faculty, staff and students and reviewed numerous funding and organizational models and concluded that the University’s in-house Health Services operation should be continued based on cost effectiveness and patient satisfaction.

This report was presented for informational purposes only and required no action.

**Adjournment**

The Finance Committee adjourned at 12:25 p.m.

**Institutional Advancement Committee**

Susan Guess, Chair  
Sharon Green  
Jenny Sewell  
Jerry Sue Thornton  
Harry Lee Waterfield II

Mrs. Guess called the Institutional Advancement Committee to order at 12:25 p.m. and reported all Committee members were present.

Dr. Jackson reported that four naming proposals are being presented for the Board’s consideration. All proposals have been unanimously approved by the University Naming of Campus Facilities, Programs and Activities Committee. ADTRAN is a company located in Huntsville, Alabama, that has been extremely generous to the University over the past 15 years. There are currently 15 MSU graduates working at this company which also hires interns each year. Dean Cobb and Chair Danny Claiborne, MSU Institute of Engineering, work closely with this company and in recognition of their ongoing support in terms of equipment and funding the recommendation is being made to name Laboratory #226 in the Collins Center for Industry and Technology the ADTRAN Laboratory.
Naming Proposal – ADTRAN Laboratory, approved

On behalf of the Institutional Advancement Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities, Programs and Activities Committee, approve the naming of Laboratory #226 in the Collins Center for Industry and Technology the ADTRAN Laboratory in honor and recognition of their generous support to Murray State University. Ms. Green seconded and there being no further discussion the motion carried.

Naming Proposal – Dr. Robert “Bob” W. Jones Electrical Systems/Electronics Laboratory, approved

Dr. Jackson indicated that Bob Jones is deceased but his daughter – Karen Jones Squire – is a resident of Norfolk, Virginia, and has been extremely generous to Murray State in a number of areas. In the last few months she wanted to do something in honor of her father as a legacy and a recommendation is being made to name Laboratory #221 in the Collins Center for Industry and Technology the Dr. Robert “Bob” W. Jones Electrical Systems/Electronics Laboratory. Her gifts total approximately $200,000 with matching funds from Norfolk Southern where her husband is among the top executives at that company.

On behalf of the Institutional Advancement Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities, Programs and Activities Committee, approve the naming of Laboratory #221 in the Collins Center for Industry and Technology the Dr. Robert “Bob” W. Jones Electrical Systems/Electronics Laboratory in honor and recognition of Dr. Jones’ outstanding service and generosity to Murray State University. Dr. Thornton seconded and there being no further discussion the motion carried.

Naming Proposal – Hogancamp General Services Building, approved

Dr. Jackson reported that many in this room remember Dr. Hogancamp who spent nearly 40 years at this University in many different roles. He was a Professor, Chair, the first Dean of the College of Business and Public Affairs, Executive Director of the Foundation and Vice President for Finance and Administrative Services. Under his tenure the General Services Building was constructed and he worked on that initiative with Dr. Curris who was President of MSU at the time. His children are all alumni of this institution and this afternoon members of the family may join the Board. The recommendation is being advanced to name the General Services Building the Hogancamp General Services Building. Dr. Curris endorses this recommendation very strongly.

On behalf of the Institutional Advancement Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities, Programs and Activities Committee, approve the naming of the current General Services Building after Dr. Thomas B. Hogancamp in honor and recognition of his long and distinguished service to Murray State University. It is recommended that this facility be known in the future as the Hogancamp General Services Building. Mr. Waterfield seconded and there being no further discussion the motion carried.

Naming Proposal – Dr. Tim Miller Center for Accounting Education, approved

Dr. Jackson indicated this recommendation comes from the Bauernfeind College of Business and Dean Tim Todd and Chair Don Chamberlain, Department of Accounting, to name the new accounting suite in the Arthur J. Bauernfeind College of Business the Dr. Tim Miller Center for Accounting Education. The College of Business has some new and exciting development occurring in that facility, including a new Accounting Suite on the first floor which will add a great deal to this flagship program. Drs. Miller and Chamberlain and many others over the past 50 years have helped build the reputation of this program. Successful accounting graduates are located all over the world and these individuals give back to the University on a regular basis. This proposal recognizes Dr. Miller for his more than 45 years of service to the University as Professor and Chair and mentor in the Department of Accounting. The new accounting suite would be dedicated during Homecoming this Fall and will be known in the Arthur J. Bauernfeind College of Business as the Dr. Tim Miller Center for Accounting Education. The
Herbert and Virginia Adams Student Learning Center represents a naming opportunity the Board has already approved and this dedication will occur at the same time and the center will be part of the new accounting suite. The new accounting suite will house the entire Department of Accounting, including faculty offices and the new Student Learning Center. Those who have worked with President Miller for a number of years are aware of his passion for students and he is a Professor first and this represents a fitting tribute.

On behalf of the Institutional Advancement Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities, Programs and Activities Committee, approve the naming of the new accounting suite in the Arthur J. Bauernfeind College of Business the Dr. Tim Miller Center for Accounting Education. Mr. Waterfield seconded and there being no further discussion the motion carried.

Adjournment

The Institutional Advancement Committee adjourned at 12:32 p.m.

Dr. Curris reported that the Board will adjourn for lunch and the Quarterly Board of Regents Meeting would be scheduled to begin at 1:15 p.m.

The Quarterly Board of Regents Committee Meetings adjourned at 12:33 p.m.