Minutes of the Quarterly Board of Regents Committee Meetings
Murray State University
Friday, December 9, 2011
Jesse Stuart Room – Pogue Library

Tour of Ordway Hall

Dr. Constantine Curris reported the Murray State University (MSU) Board of Regents (BOR) Committee of the Whole convened at 8 a.m. on the main campus of Murray State University and all members were present with the exception of Dr. Thornton and Mr. Waterfield. The first order of business was a tour of Ordway Hall and the Committee of the Whole reconvened in the Jesse Stuart Room in Pogue Library at 8:45 a.m.

Diligent Electronic Board Books Demonstration, received

Joshua Jacobs, Chief of Staff, reported the Board would receive an electronic board book demonstration from Rich Harrison with Diligent Board Books Services. Highlights of the presentation included:

- The electronic board book service is easy to use and includes an electronic Board portal and training from Diligent specialists. The electronic portal provides more secure access to meeting materials and can be used with any PC, laptop or iPad.
- Once the Diligent app has been downloaded an icon will appear on the screen and Board members will be asked to log in with their credentials whether working on or off-line.
- Once the electronic Board book has been created and published to the Board portal it can be downloaded or synced to the iPad app and this can be accomplished off-line with no internet service required.
- If changes are made Board members simply need to sync to update their individual books. The entire book will not download again, simply those pages on which changes have been made. Once materials have been downloaded internet access is no longer required except to sync additional updates.
- Electronic board books look very similar to current paper copies and PowerPoint presentations can be utilized on the iPad with maneuvering through such presentations being relatively simple.
- A unique feature of Diligent Board Books is the Board meeting can be run off-line and Diligent represents the only board portal that can function in this manner. Access to information will be instantaneous and the need for paper copies of materials will be nearly eliminated due to the reliability of the service.
- Handwritten notes can be made on individual Board book pages and those comments can remain private or can be shared.
- Training is provided and 24 hours a day/7 days a week through a phone call. A team of account managers would be assigned to MSU to provide on-one training to each Board member. Training can be accomplished remotely or by a Diligent training specialist physically coming to campus. Training takes place on an as-needed basis and is unlimited to take into account varying levels of experience with technology and the iPad.
- If an iPad is lost the individual can call the support help line, Ms. Hunt and the account management team so that individual’s login credentials can immediately be disabled. No one can actually access data on the iPad because each Diligent client has their own unique encryption key which is not stored on individual iPads but on the Diligent server behind locked cages. If an individual attempts to login unsuccessfully five times within five minutes they will be locked out of the device as an additional security measure.
- A time period will be set where Board books are cleared from the Board member’s iPad so it can be reformatted requiring members to login online in order to access the information instead of accessing it through the app.
- Diligent recently signed a large defense contract and was the only company to score a perfect 100 on the need for paper copies of materials will be nearly eliminated due to the reliability of the service.
- Handwritten notes can be made on individual Board book pages and those comments can remain private or can be shared.
- Training is provided and 24 hours a day/7 days a week through a phone call. A team of account managers would be assigned to MSU to provide on-one training to each Board member. Training can be accomplished remotely or by a Diligent training specialist physically coming to campus. Training takes place on an as-needed basis and is unlimited to take into account varying levels of experience with technology and the iPad.
- If an iPad is lost the individual can call the support help line, Ms. Hunt and the account management team so that individual’s login credentials can immediately be disabled. No one can actually access data on the iPad because each Diligent client has their own unique encryption key which is not stored on individual iPads but on the Diligent server behind locked cages. If an individual attempts to login unsuccessfully five times within five minutes they will be locked out of the device as an additional security measure.
- A time period will be set where Board books are cleared from the Board member’s iPad so it can be reformatted requiring members to login online in order to access the information instead of accessing it through the app.
- Diligent recently signed a large defense contract and was the only company to score a perfect 100 on their security evaluation. This represents the only board portal that is 100 percent built on proprietary software – meaning software is built entirely by Diligent, making it exponentially harder to “hack” compared to other board portals built on other software such as Adobe.
- Current books can be removed from the iPad and there is also the ability to archive old books which is accomplished by pressing one button. Board members would have access to archived information by logging in through a desktop, iPad or laptop. Approved minutes could also be downloaded to the iPad app so they are instantly available and accessible and can be searched by key word or phrase.
- Diligent currently works with 30 other colleges and universities with multiple boards – including the University of Louisville – and the Association of Governing Boards of Universities and Colleges recently signed with Diligent as well.

Dr. Dunn reported the decision to move to electronic board books is being made one step at a time with general discussion occurring first, followed by printed information and a webinar being presented to a representative group of Regents and then to the full Board today. There is
no time pressure for the Board to determine whether it desires to move forward but if this
determination is made a Request for Proposals would need to be issued for the project.
Consensus was reached by the Board that at the Quarterly Meeting in March 2012 the issue
would be discussed to determine whether there is a desire to move forward.

Adjournment

The Committee of the Whole adjourned at 9:17 a.m.

Audit and Compliance Committee

Harry Lee Waterfield II, Chair
Constantine Curris
Jenny Sewell

Dr. Curris reported Mr. Waterfield was unable to attend the meeting and called the Audit and
Compliance Committee meeting to order at 9:17 a.m. and reported Mrs. Sewell was present.

The Board received a presentation from the RubinBrown management team of Jeff Winter,
Partner, and Doug Lasco, Supervisor. The following highlights from the Business
Performance Analysis were presented:

- A large volume of work is associated with conducting the University’s audit and appreciation was
  expressed for assistance provided by Jackie Dudley, Senior Director for Accounting; Beth Caldwell,
  Assistant Director for General Accounting and Student Financial Aid staff. No limitations were
  placed on RubinBrown’s ability to conduct audit procedures which is an extremely important part
  of this process. If limitations had been placed on the auditors it would be necessary to include that
  information in the report letters issued for the University.
- The auditors are required to discuss any internal control items with the Board and there are different
  levels of severity with regard to internal control recommendations and some must be reported to the
  Department of Education because they are more material and others represent recommendations for
  improvement and best practices which are provided for management and Board information only.
- The auditors take pride when management implements their comments and recommendations from
  prior years and information on the status of such items was provided.
- The Auditor Communications outlines the auditor’s responsibilities under generally accepted auditing
  standards and governmental auditing standards. The financial statements of the University are
  prepared by management – with assistance from RubinBrown – and the auditors will opine on
  whether those statements are fairly presented in all material respects in conformity with all U.S.
  generally accepted accounting principles.
- With regard to federal grant money provided to the University, RubinBrown must provide an opinion
  on whether the University complied in all material respects with the compliance requirements
  applicable to these federal programs which are required to be audited.
- The auditors are responsible for gaining an understanding of the systems and procedures and internal
  controls used by the University in financial reporting as well as compliance with federal grant
  requirements. An opinion on the effectiveness of the internal controls and systems and procedures is
  not rendered but that understanding is used as a basis for determining the extent of audit work which
  needs to be done for the auditors to be comfortable expressing an opinion on the financial statements
  as well as compliance. Knowledge of internal controls is used to determine the nature, timing and
  extent of further audit procedures.
- RubinBrown issued a clean, unqualified opinion on the financial statements of the University for the
  year ended June 30, 2011.
- In connection with federal grants, the auditors are required to report on the University’s compliance
  and internal controls over the financial reporting process. No opinions are rendered but a report is
  provided highlighting any deficiencies in internal controls or noncompliance issues. One
  Management Letter recommendation involves capital assets and reconciling procedures but is the
  only one provided to the University this year.
- A clean, unqualified opinion on compliance with regard to major federal programs was issued. There
  were two single audit findings that were not of the severity to change the auditor’s clean opinion.
  The University remains in compliance with federal program requirements but two items needed to be
  communicated to the Department of Education.
- Other reports which are issued – primarily at the request of the Commonwealth – include the
  Lease Law Report dealing with statutory requirements universities are required to follow for leases
  entered into and the House Bill 622 Report which is a compliance report dealing with financially-
  related items that statutorily the University must comply with. Both reports had no findings or issues
  of noncompliance.
- The auditors issue a Quality Control Report which provides the state with assurance RubinBrown is a
  Certified Public Accountant firm that can be relied upon with regard to inclusion of the University’s
  financial statements in their financial statements. The state includes the financial statements of all
state colleges and universities in their own report and relies on the work of each university’s audit firm to be comfortable including that information in their overall report.

- As required by the National Collegiate Athletic Association (NCAA), the auditors issue an Agreed-Upon Procedures Report on an annual basis regarding Athletic Department revenues and expenditures and procedures the President utilizes to issue a report on that statement of revenues and expenditures. Racer Foundation statements are not audited but RubinBrown prepares a compiled financial statement which was included in the Board notebook.

- Subsequent event procedures remain open and represent a state requirement that the auditors perform as close to the issuance of their financial statements as possible to reveal whether anything has changed since the University’s report was provided in early October. RubinBrown issued a report indicating it is not aware of any such changes.

- Financial statements and related audit procedures are still being finalized with regard to WKMS-FM.

- RubinBrown representatives met with the BOR Audit and Compliance Committee in May 2011 and nothing has changed with the firm’s planned approach to the audit or the scope of work and associated timing previously communicated to the Board.

- Readers of the financial statements must understand certain significant accounting policies and those are described in Note 1 of the financial statements. No new accounting policies were adopted for this current fiscal year. The auditors noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. No significant transactions have been recognized in a different period than when the transactions actually occurred.

- Management uses judgment and estimates in the preparation of financial statements and not every transaction is based on a cash receipt, disbursement (or invoice). The most notable estimates affecting the financial statements are depreciation and useful life of capital assets, allowance for uncollectible loans and student accounts receivable and self-insurance reserves. The auditors evaluated these key factors and assumptions utilized by management to develop estimates and determined they were reasonable in relation to the consolidated financial statements as a whole.

- The financial statements include a significant amount of disclosures dealing with accounting policies, compliance with laws and regulations, credit risks on investments, long-term debt activity, endowments, etc. Financial statement disclosures considered to be the most important were provided.

- No difficulties were encountered in dealing with management related to performance of the audit and the auditors received excellent cooperation and assistance. No audit adjustments related to RubinBrown’s work were required and no misstatements or corrections of a significant nature were discovered which would require posting to the records and financial statements of the University.

- Differences noted in the audit process that are not material enough to post are sometimes discovered. The auditors are required to report these immaterial differences to the Board and they were included in the Business Performance Analysis.

- A Representation Letter addressed to RubinBrown was included so the Board knows the type of representations being made to the auditors with regard to their assertions embodied within the financial statements in terms of accuracy, completeness and cooperation with the auditors to provide all required information and no disagreements with management occurred.

- One internal control deficiency was noted and the auditors are required to report this deficiency to the Board. The deficiency was not considered a material weakness but is to the nature of severity the auditors felt it was important to communicate to members of the Audit and Compliance Committee and the full Board. The deficiency relates to the reconciliation process utilized for certain fixed assets, primarily in terms of assets that are related but in which a series of disbursements are being used to capitalize those assets – such as components of a technology server or numerous laptops where in the aggregate those accumulate to something material but individually represent a series of transactions. This deficiency involves communication between departments responsible for reconciling and accumulating such information. In reviewing capital asset work in preparation for the audit, it was noted some items in 2010 were not discovered and not properly capitalized but were expensed instead. Procedures to correct this reporting are being implemented by management and much of this work involves the new migration to Banner and working through potential issues and the learning curve involved in that process. Along with this work better communication and reconciling processes are being implemented. The auditors feel this represents a one-time occurrence and was discovered by management during the reconciliation process in preparation for the audit. All necessary corrections have been made as of June 30, 3011.

- Best practice recommendations include:
  - To enhance controls surrounding the cash disbursements process, primarily to avoid duplicate payments, the University should consider implementing a control within the invoice processing system that requires a unique invoice number to be assigned prior to further processing. Management indicated the University’s Banner system provides a warning message when a duplicate invoice number is used but does not require the completion of an invoice number before payment is made because this feature is not available on the basic Banner application. The University reviewed this process in depth during Banner implementation and other procedures were developed to reduce the possibility of duplicate payments.
  - Consider implementing a formal institution-wide whistleblower policy or fraud hotline. Management indicated in the prior year the advantages and disadvantages of this recommendation were reviewed but such a policy has not yet been established. Dr. Dunn reported MSU is also under the purview of the state whistleblower statute.
One Information Technology Recommendation included:
- Banner security violation reports are reviewed by the Banner Security Administrators but are not distributed to Banner Module Owners for review and awareness. It was determined management should distribute Banner security violation reports to Banner Module Owners on a periodic basis. Management indicated Banner security violation reports facilitate monitoring of user security by reporting unsuccessful attempts to access electronic forms and processes and those reports are distributed on a quarterly basis. Banner Module Owners have met with the Banner security team for training on report interpretation and to improve usability and clarity of such reports. Module Owners are required to affirm their review and acceptance of the quarterly reports within two weeks of receipt.

For prior year recommendations/significant deficiencies, management has acted on the auditor’s recommendations, including consideration be given to implementing procedures to improve the timeliness of reconciliations and year-end closing and reporting processes. The auditor’s findings indicate significant improvements were made in 2011 and no instances of untimely reconciliations or year-end closing and reporting processes were discovered – except for the capital asset reconciliation procedure previously mentioned. Other recommendations included:
- Consider implementing a formal code of ethics. This recommendation was implemented during the 2011 fiscal period.
- Once a semester ensure outstanding receivables of students no longer enrolled are transferred from the University’s accounting system to the third-party administrator designated for collections. This recommendation was implemented during the 2011 fiscal period.
- There is no comprehensive information technology (IT) risk assessment for the University and it was recommended the Information and Technology Advisory Council sponsor and review an IT Risk Assessment. Appropriate action steps and communication should be performed as a result of the risk assessment with benefits to be obtained from a documented IT risk assessment being a strengthening of internal and operational controls and reducing the risk of fraud and/or deceptive business practices. Based on discussions with management, the IT Risk Assessment was completed.
- A formal user access review is not performed at the Banner level. The absence of a review can result in potentially excessive or inappropriate access for an individual. A periodic user access review should be performed to help ensure only authorized individuals have access to specific Banner employee classifications and that such access is appropriate based upon their job responsibilities. This review process has now been implemented.
- The single audit is a major component of any government audit, especially for a state college, and student financial aid is the major component audited each year. Programs beyond student financial aid are also required to be audited but on a more rotating basis based on the dollar volume of expenditures as well as the risk involved in those programs, if they have been audited in the past, and whether there were issues or findings. If there were not, those programs can be skipped and another program audited in its place. Five to six major programs were audited with the Federal Stimulus Program affecting the number of audits being so high and once this funding is no longer available the University will likely revert to three to four major program single audits.

One finding this year related to the student financial aid cluster in terms of updating certain downloaded budgeted tuition and fee information. When awards were made during the summer of 2010 tuition and fees were uploaded and these previously-budgeted fees were changed downward making the cost of attendance decrease but the information in the system for one group of students was not changed and some over awards were made relative to cost of attendance in the system being higher than it actually should have been. The dollar value associated with this finding was small and student financial aid and management are working with the Department of Education to repay any over awards ($1,000 or less). The main point of the comment is that this was required to be communicated regardless of the dollar amount associated and also to determine what caused the situation to occur and the systems, procedures and controls necessary to ensure this information is changed on a timely basis when fee schedule and budgetary information changes.

One item not reported in the single item report but which RubinBrown wanted to bring to the attention of management and the Board is to consider implementing a process to ensure all student files relative to the Upward Bound Program require the use of an eligibility checklist. This represents current policy but the process was not being followed in all cases and a reminder was issued regarding the importance of that checklist as an internal control to ensure eligibility requirements are adhered to. This represents an isolated incident and not a pattern.

All single audit findings were implemented, addressed and similar instances did not occur in fiscal year 2011 which is important because an entity does not want repeat findings in regard to federal programs.

Graphical information was provided regarding major University revenues over a three-year period. It was determined the University’s financial position remains strong and there is $54 million in unrestricted net assets although the majority is earmarked internally for certain purposes such as contingency and prior-year carryovers. This represents a significant amount of expendable resources which is a healthy situation for the University especially in light of the current economy.

Net assets continue to increase, whether on investments and the market value of those investments or increases in capital assets and revenue surpluses over expenses. The Board and management can be comfortable with the financial position of the University.
In terms of major revenue sources over a three-year period, the University experienced a steady increase while appropriations remained fairly static. The largest item is student tuition and fees which shows an increase related to an increase in enrollment.

The auditor’s analysis of major operating expenses indicated those expenses increased slightly from 2010 but overall – considering increases in enrollment and compensation benefits – shows solid and controlled expenses and falls within the budgetary parameters set forth for the University.

The composition of unrestricted net assets represents the University’s excess of assets over liabilities and $54.6 million in unrestricted net assets illustrates the healthy financial state of the University.

In response to a question regarding the Kentucky Lease Law Compliance Report and a cabin on Highway 109 in Hopkins County, it was indicated a faculty member was unaware of the need to notify the administration about utilizing research grant dollars to lease a facility. The lease in question has now been terminated.

**Whistleblower Policy Review, recommended**

Regents Curris and Sewell agreed a recommendation should be made to the Audit and Compliance Committee that a review take place to determine whether a whistleblower policy should be adopted at the University.

**Sports Camp Agreements, discussed**

In response to whether the University has signed contracts with individuals holding sports camps on campus and potential liability associated with a participant being hurt, it was indicated there are not signed agreements with the individuals holding these camps which represents a change from last year and is why the issue was reported by RubinBrown. It was further indicated an injury on campus would fall under the University’s general liability insurance coverage. Dr. Curris indicated this is an issue management should review closely and determine how peer institutions are addressing the same situation.

**Interim Internal Auditor, reintroduced**

Dr. Dunn introduced former Internal Auditor Al Choate who has agreed to return to the University to assist with essential internal audit work. Appreciation was expressed to Mr. Choate for his willingness to assist the University as it undertakes the search process to hire a permanent Internal Auditor.

**Audited Financial Statements – General; Audit Report – Federal and Audit Reports – Athletics, accepted**

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, accept the following General Audit Reports for 2010-11:

**Audited Financial Statements – General**

a. Business Performance Analysis (includes management and representation letters)
b. Independence/Peer Review Letter
e. General Financial Statement for the Year Ended June 30, 2011

**Audit Report - Federal**


**Audit Reports - Athletic**

h. Murray State University Athletic Foundation Compilation for the Year Ended June 30, 2011

Dr. Curris seconded and the motion carried.

**Adjournment**

The Audit and Compliance Committee adjourned at 10:05 a.m.
Dr. Rose, Chair of the Buildings and Grounds Committee, called the meeting to order at 10:05 a.m. and reported all members were present with the exception of Harry Lee Waterfield.

Razing/Demolition of Ordway Hall, discussed

Kim Oatman, Chief Facilities Officer, presented the following with regard to Ordway Hall:

- The processes required to renovate the entire building with structural upgrades necessary to bring the facility up to current American with Disabilities Act requirements. The building is not up to code in terms of current American with Disabilities Act requirements.
- The roof needs to be replaced because it was last replaced in 1989 and waterproofing would be required to provide protection from further deterioration. Razing and renovation of Ordway Hall have both been included in the University’s Capital Plan but if the facility is retained it will need to be added back to the list of critical needs. The University has a list of capital renewal, asset preservation and critical needs projects and currently a new roof for Ordway Hall is not included on the list and several other critical roof projects which would take precedence.
- The recommendation from the Council on Postsecondary Education (CPE) consultant in 2007 was to raze Ordway Hall.

In response to a Regent question about the cost associated with utilizing construction methods which were used at the time Ordway Hall was originally constructed to maintain plaster and stonework on the outside of the building, Mr. Oatman reported using the actual cut stone and other elements contained within the building would cost significantly more than conventional construction – likely well over $10 million.

Mrs. Buchanon reported the building was named for Mr. G. P. Ordway who originated from Kuttawa, Kentucky, was the fifth appointed Regent at Murray State University and the first Regent a building was ever named for. She would like for the Board as a whole to think about a new building, Mr. Oatman reported using the actual cut stone and other elements contained within the building would cost significantly more than conventional construction – likely well over $10 million.
connectors to that building could add roughly 27,000 square feet to the current University Library. This Board should fully investigate that possibility with open and creative minds and imagine the front of Ordway Hall becoming the front of Waterfield Library. This is simply one idea and she is sure there are other minds on campus that can find many ideas equally as good which would not involve destroying the history of this beautiful campus. From a practical point of view, often the state provides money for renovation projects rather than for new construction. Alumni who are often intriguied by the preservation of part of this campus hold that dear as well. An academic tradition has been built and that academic tradition should continue. The physical campus buildings define the historical traditions that underlie Murray State’s reputation and the Board should spend plenty of time thinking about this issue before deciding to raze the building.

Mrs. Guess was surprised by the poor conditions in Ordway Hall and how large the needs would be in order to turn the facility into one that would be useful to the campus. It is for the most part vacant now and when the Board talks about the CPE in terms of square footage which currently exists at the University – which works against MSU – Ordway Hall does not represent usable space for the institution at this time.

Mrs. Sewell knows a great deal about historic preservation and if owners do not keep up the building – and they do not because there is no economic reason to do so – it no longer has purpose and available money must be used to keep up other facilities which are viable. Unfortunately, boards down through time have not maintained Ordway Hall and it is easy to see it will take millions of dollars to turn it back into a usable facility and then it would need to be determined what the facility would even be used for. The Board must decide to undertake necessary renovations or raze the facility to make way for another more viable building.

Dr. Rose has lived in Murray most of his life, has been associated with this institution in one way or another a good part of that time and hates to see old buildings torn down. Some buildings are exceptional prizes to the institution, including Wraher, Pogue, Wells and Lovett which represent cornerstones of the institution. If there was a fifth cornerstone it would be Ordway Hall and Mrs. Buchanan’s point about how the building was constructed and the effort which went into that process was well taken but would be very difficult to replace. He agrees with Mrs. Sewell that it is time for this Board to do something significant to bring the building up to standards or raze it. The cost to bring the facility up to standards and not knowing for sure how it would be used causes him some difficulties in terms of making a commitment to that course of action. He asked if the Board voted today to raze Ordway Hall what timeframe would be involved and Mr. Oatman reported Student Affairs offices would need to be relocated and a source of funds to undertake the work would need to be identified. Dr. Rose suggested the recommendation of the President to raze the facility be followed with the caveat that over the next few months an effort will be made to identify potential grant funds which could be used for total renovation and if this materializes the Board could review the issue at the March or June meeting. Mrs. Guess indicated the building has been deteriorating over a number of years so, in terms of a group that would preserve the facility or alumni who felt particularly passionate about the project, no one has come forward. Dr. Dunn indicated that to be the case but this assistance has also not been solicited. The issue appears on the public agenda today and no one has come forward to offer support which would allow for the preservation of Ordway Hall. The availability of grant monies to be used for preservation has not been pursued but this work can certainly be undertaken.

Mrs. Green asked how long the land would remain vacant if the building were razed and Dr. Dunn reported there is no requirement that as the footprint of one building leaves another must take its place. It could be used as green space and if there was need for land for a new Library that footprint could certainly be considered. A building memorial would be constructed as per Board policy on the razing of campus facilities utilizing salvageable architectural elements of Ordway Hall and this could represent a potential location for such a structure.

Dr. Curris has wrestled with this decision because Ordway Hall is a beautiful building from the outside but is not so beautiful on the inside. The difficulty is the primary needs of the University which have been identified cannot be met by the facility. The necessary structural support is eroding and while it can support human traffic it would not be able to support stacks of library books except on the lower level. The structural support of the steel columns, the way they are positioned and the width of Ordway Hall, do not lend themselves to efficiency. A typical classroom or office building contains a corridor which runs down the center with offices or seminar rooms off to the side. The amount of space which could be converted into classrooms, offices or seminar rooms would be limited – more so than for a new building – and that is
troubling. He agrees with Dr. Rose’s approach to this facility in that the Board should make a decision today with the effective date of the decision being six months from now to determine whether there is opportunity for any external funds to materialize to allow the University to restore and maintain the building although with only limited function. The problem with utilizing public funds for this project is the institution has other needs and $10 million applied toward this facility will not buy what $10 million would for other campus facilities.

Mr. Williams thanked Mrs. Buchanon for her comments because this represents an issue of stewardship and her comments remind the Board one stewardship responsibility is the stewardship of legacy. This is a legacy issue to the campus when dealing with these monuments and that is an important consideration all are sensitive to. The Board must also balance its stewardship responsibility with scarce resources. There is a tough decision to be made regarding whether a great deal of money should be put into an old building that will provide very little relative return in the sense of square footage and usable space to address current needs. It feels as though the Board would be putting good money after bad and not being responsible stewards of very scarce resources in terms of priorities, in spite of the emotion that all would like to preserve the structure due to the legacy issue. He concurs that as distasteful as it is it seems to be the prudent stewardship decision for the Board to move forward with the plan to raze Ordway Hall. If there is a time window after the Board has taken action to move in this direction and full funding for renovation of the structure is identified the issue could be reconsidered at that time. This window must be fairly finite so the process does not drag on. The Board is in the situation where it is being called upon to balance its stewardship responsibilities and he has difficulty defending the emotional attachment of not wanting to do away with a historic building and cannot rationalize that given the financial issues at hand and the realities the Board is facing with other priorities on campus. It is time to move forward.

Mr. Schooley indicated he hates to see a building torn down but he cannot bring himself to utilize money for this facility when these funds are in greater need elsewhere on campus.

Mr. Johnson reported many students simply do not see Ordway Hall as a priority and would prefer for the old building to be torn down and replaced with a newer facility because that would represent a better way to expend funding and would ultimately cost less.

Mrs. Green indicated it is her hope the University will do a better job of maintaining buildings and not wait until they get into the same type of disrepair as Ordway Hall where it will cost millions of dollars to renovate. It was agreed this is a continual challenge which is taken very seriously across campus in terms of the way such projects are prioritized. This represents not only an important part of both Board and administrative stewardship.

Razing/Demolition of Ordway Hall, approved

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 razing of Ordway Hall to include demolition of the building, relocation of required utilities and removal of certain architectural components for use in an appropriate building memorial to be constructed within the project budget and in other campus facilities.

It was further moved by the members of the Board of Regents that no action be taken with regard to this recommendation until after the June 1, 2012, Quarterly Board of Regents Meeting in the event the administration can secure a grant or identify an appropriate foundation that would fully fund the renovation cost for this facility ($10 million) which includes all necessary structural upgrades and results in 27,000 square feet of usable space.

Mr. Johnson seconded and the roll was called with the following voting: Mrs. Buchanon, no; Mrs. Guess, yes; Mr. Johnson, yes; and Dr. Rose, yes. The motion carried by a vote of 3 to 1.

Adjournment

The Buildings and Grounds Committee adjourned at 10:40 a.m.
Mrs. Buchanan, Chair of the Enrollment Management and Student Success Committee, called the meeting to order at 10:40 a.m. and reported all members were present with the exception of Mr. Waterfield. Fred Dietz, Executive Director for Enrollment Management, presented the following:

- Overall Fall 2011 enrollment was 10,623 students – approximately a 2 percent increase over Fall 2010 – and over the last couple of years representing a 5 to 6 percent increase. Full-time equivalent increased by approximately 1 percent. The University experienced the largest overall enrollment and also the largest freshman class.

- Fall 2011 first-time degree-seeking freshmen totaled 1,520, representing 130 more students over last year for an 8.5 percent increase. This number does not include special high school students and is especially impressive as overall first-time freshman enrollment across the state was flat and Murray State was the only institution showing a sizable increase.

- A map was provided to illustrate where freshmen attending MSU originate from and that remains fairly regional in nature – within the five-state area of Illinois, Tennessee, Missouri, Indiana and Kentucky – with 80 percent of MSU students living within a 200-mile radius.

- Strong gains in first-time freshmen were evidenced in Kentucky, Illinois, Missouri and Tennessee but enrollment of students from Ohio was flat and decreased slightly in Indiana. The University experienced an approximate 7 percent gain in first-time freshmen enrollment within the 18-county service region.

- Housing occupancy rates over the last few years were provided with approximately 1,462 freshmen enrolled, 264 first-time transfers, which led to a 97 percent occupancy rate. Elizabeth Residential College being off-line took some beds out of commission but rooms were added with the top two floors of old Richmond Residential College coming back on line – resulting in the 97 percent occupancy rate.

- With regard to dual credit courses, in addition to courses already being offered in the high schools, the Racer Academy was developed to move high school courses offered through the University under one umbrella. Dual credit enrollment during the first year of the Racer Academy – Fall 2010 – totaled 289 students with the majority participating in the academy. The number of dual credit course enrollees grew to 496 students in Fall 2011, with approximately 420 of those students enrolled in the Racer Academy, and the remaining students being participants in the Commonwealth Honors Academy or others simply taking classes but not being part of either cohort. Mr. Dietz agreed to provide the Board with a list of participating high schools.

- Students taking courses as part of the Racer Academy pay $100 per course for classes taught on site or in the high schools and students taking courses online pay $130 per course. Dr. Dunn reported part of the pricing for this initiative was market driven, considering other institutions which are also undertaking this work, to ensure MSU is competitively priced. Online courses are more expensive due to a pricing determination which has been made and it is not unusual to set a premium for those courses which has been the case since the onset of online course development. John Yates, Transfer Center Director, reported online courses are more expensive to offer than those taught on campus because they are taught on an overload basis by instructors. Most schools Murray State competes against were charging a premium price and initially MSU began by adding a course fee for an online course but eventually changed to charging a percentage of tuition (30 percent over regular undergraduate tuition). This provided the University with the funding necessary to increase the number of online course offerings and substantially increase enrollment in these courses. Dr. Dunn reported there is also excess cost associated with providing the technological infrastructure to support online course offerings. Agreement was reached that information would be provided to the Board regarding how much Murray State charges for online courses compared to the other regional universities. A balance must be determined which will allow for revenue growth and enable the University to continue to grow the institution and that includes improving and increasing online course offerings. Provost Higginson confirmed the demand for online course offerings and indicated that demand is steadily increasing as evidenced through the new winter term being offered, with over 200 students enrolled.

- First-time transfer students for Fall 2011 number 664, representing an increase of approximately 9.5 percent over Fall 2010.

- A map was provided to illustrate where first-time transfers attending MSU originate from and that map mirrors the one provided in terms of where freshmen attending MSU originate from with both being fairly regional in nature.

- First-time transfer enrollment information provided by the state indicated positive increases in Kentucky, Tennessee and Illinois, with the largest gain occurring in Kentucky, and also an increase in international transfer students.
First-time transfer enrollment in the 18-county service region remains consistent with an increase of nearly 30 students, with the largest increases resulting from Christian and Marshall counties.

African-American enrollment for Fall 2011 is 758 students, representing an increase of 8.5 percent over 2010 due to more freshmen, transfers and students from Kentucky. Appreciation was expressed to Roslyn White, Associate Director for Enrollment Management/Coordinator for African-American Recruitment, who works diligently to increase enrollment numbers within this population.

International enrollment experienced an exceptionally good year with an increase of 16 percent over Fall 2010 and this represents a campus-wide effort. The top sending countries include China, Saudi Arabia, South Korea, India and Vietnam. Clarification was provided that part-time international students represent those primarily enrolled in the English as a Second Language (ESL) Program who are taking concurrent classes. These individuals are allowed to take one or two classes with the intention of becoming fully enrolled the following semester. Also contributing to the increase was a change whereby students now enrolled in 15 semester hours actually are now enrolled in only nine hours of undergraduate classes which appears in the part-time figures. Dr. Dunn reported if a student is on campus for ESL program instruction only, those do not represent credit-bearing courses and are not included in headcount numbers.

Fall 2011 first-time graduate enrollment decreased slightly from Fall 2010 but this represents a national trend with many graduate programs and as the economy improves students are going back to work and are not pursuing graduate coursework.

Enrollment Management goals for Fall 2012 in terms of freshmen, transfer, international and graduate students include:
- 11,000 Students for Fall 2012 (3.5 percent increase)
- 1,600 First-Time Freshmen (5 percent increase)
- 700 First-Time Transfers (5 percent increase)
- 800 Minority Students (7 percent increase)
- Maintain International Enrollment at 5.4 Percent of Total
- Increase Graduate Enrollment to 2,000 (2 percent increase)

Over the past year improvements have been made to the financial aid awarding process, including how those awards are packaged and how aide is leveraged, including the Academic Achievement Scholarship. Increased communication methods are being utilized with admitted students and admit/scholarship data is now being disseminated to the Deans. Communication has also improved campus-wide through the Enrollment Management Committee as has application processing in the Freshmen and Transfer Center.

President Dunn has provided tremendous support toward these efforts and resources have been allocated to accomplish much of this work to allow the University to remain competitive. This work would not have been as successful without the support of the academic colleges and departments.

In response to an inquiry regarding Marshall and Graves counties and why overall numbers have decreased, Mr. Dietz indicated overall numbers were down in the 18-county service region and when one considers Kentucky and where the University is located, the area is much more competitive for students. MSU is losing potential students to scholarship opportunities being provided by other institutions and even students who choose to attend Murray State as first-time freshmen are going elsewhere if offered more scholarship assistance. Although in the southern region, MSU is on the border of the Midwest line. Midwest enrollments for high school students are declining and through 2020 a 4 percent decline is projected. Midwest schools are pursuing students who normally would choose MSU and they are much more competitive than the University is able to be which results in a net loss in terms of enrollment from the 18-county service region. Enrollment from the 18-county service region has remained relatively flat. Census numbers over the last ten years show only a 1 percent growth in the 18-county service region for the population as a whole. The University must reach out more aggressively to populations outside of the 18-county service region. Dr. Dunn added as sister institutions begin to price themselves much more aggressively they have been able to utilize those funds to offer additional scholarship assistance in ways that puts MSU at a disadvantage. A great deal of work has occurred to repackage the MSU awards system to be more competitive. In particular, two sister regional universities in Kentucky have pushed on their pricing which has enabled them to be much more competitive in attracting students. This represents a trade-off and the fact MSU remains low in terms of tuition and pricing fits philosophically with what the Board desires to do but it also means the institution is not able to take on some of the programs others are utilizing to attract these same students.

A Regent expressed concern that Marshall and Graves counties are two of the University’s large feeder schools and the institution is charged by the state of Kentucky to service that 18-county service region. The University must do something – perhaps through reallocation – so it does not lose those students. An observation was made that total enrollment was 10,623 and total enrollment last year was 10,416. The number of high school dual enrollment students increased this year by 207 and if it was not for those high school students enrollment would be relatively level. Mr. Dietz reported there were gains in overall freshmen and transfer students (approximately 200) so the argument could be made there were 200 new freshmen and 200 transfer students added to overall enrollment. A Regent further indicated 207 students paying $100 per class amounts to significantly less than 207 students paying over $6,000 per year. Dr. Dunn indicated other schools are undertaking this same work by providing dual enrollment courses free-of-charge with the idea there are benefits associated with doing so. If MSU wants to attract those students from Marshall, Graves and McCracken counties as first-time residential freshmen, one of the best ways to open a recruitment pipeline is to offer dual
enrollment at the current pricing structure. This may provide the best opportunity to attach students to the University in response to the concern which has been raised.

- In response to a question regarding whether, when sliced by program, are there favorable or unfavorable trends – programs which are particular magnets or which are losing ground – Mr. Dietz indicated trends tend to remain the same and center around education, nursing and science programs. Dr. Dunn reported this issue is reviewed annually and consideration is being given to drilling down even further to look at those types of specific metrics. The Board has also mentioned signature program marketing. From the standpoint of fulfilling the University’s obligation around productivity and efficiency, over the next couple of years closer review will be undertaken in terms of course health as indicated by enrollment.

- Agreement was reached that data would be provided to the Board on first-time, full-time freshmen and first-time, full-time transfer students. This information was requested last year and will now be incorporated into the yearly enrollment report.

- A request was also made for a cost analysis on how much is spent recruiting students from Illinois, Indiana and Missouri, as well as international students, and the yield associated in terms of cost per pupil.

Due to time constraints, it was agreed the Regional Services Committee would meet during the afternoon Plenary Session.

**Adjournment**

The Enrollment Management and Student Success Committee adjourned at 11:30 a.m.

The Committee Meetings of the Murray State University Board of Regents adjourned at 11:30 a.m. and the Plenary Session was called to order by Chair Curris.

Chair

Secretary

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