Minutes of the Quarterly Board of Regents Meeting and Committee Meetings
Murray State University
December 8, 2017

Call to Order/Roll Call

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, December 8, 2017, in Quarterly and Committee Session in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Chair Stephen Williams called the meeting to order at 8:30 a.m. and welcomed those present. The roll was called and the following Board members were present: Katherine Farmer, Sharon Green, Susan Guess, Daniel Kemp, Jerry Rhoads, Lisa Rudolph, Phil Schooley, Don Tharpe, Stephen Williams and Tori Wood. Absent: Walter Bumphus.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Mark Arant, Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for University Advancement; Bob Jackson, President, Murray State Foundation and Director of Planned Giving; Allen Ward, Athletic Director; Fred Dietz, Associate Vice President for Enrollment Management; Renee Fister, Chief of Staff; John Rall, General Counsel; Joyce Gordon, Director of Human Resources; Michelle Saxon, Internal Auditor; David Burdette, Interim Chief Facilities Officer; Cami Duffy, Executive Director for Institutional Diversity, Equity and Access (IDEA)/Title IX Coordinator; the Collegiate Deans and members of the faculty, staff, students, news media and visitors.

AGENDA

Roll Call — **Secretary Hunt**

Consent Agenda — **Chair Williams/ President Davies**

- **A. Minutes of the Quarterly Meeting and Committee Meetings of the Board of Regents on August 25, 2017, and Minutes of the Board of Regents Annual Advance on August 24, 2017***
- **B. Report of the Registrar (August and December 2017 Conferral of Degrees)***
- **C. Utility Easement – Hopkinsville Campus* – Buildings and Grounds Committee**
- **D. National Survey of Student Engagement (For Information Only) – Enrollment Management and Student Success Committee**
- **E. Student Engagement and Success Report (For Information Only) – Enrollment Management and Student Success Committee**
- **F. State Endowment Match Program Annual Report* – Finance Committee**
- **G. Personal Services Contracts – Schedule of Expenditures (For Information Only) – Finance Committee**
- **H. Staff Leaves of Absence without Pay***
- **I. University Appeals Board Appointments***

Public Participation — **Chair Williams**

Board Development – Title IX Update (For Information Only) — **General Counsel Rall/IDEA Director Duffy**

Report of the Chair — **Chair Williams**

- **A. Summary Report Regarding the Evaluation of the President and Chair Authorization to Execute an Amended Contract of Employment – Robert O. Davies***

Report of the President* — **President Davies**

Report of the Constituency Regents — **Regent Farmer, Regent Schooley, Regent Wood**

Report of the Treasurer* — **Vice President Dudley**
(Quarterly Financial and Investment Reports)

Strategic Planning Update (For Information Only) — **Chief of Staff Fister**

Committee Reports/Recommendations

A. Academic Excellence and Scholarly Activities — **Regent Bumphus**
- **1) Provost and Vice President for Academic Affairs – Academic Overview (For Information Only)**
- **2) Experiential Education Update (For Information Only)**

B. Audit and Compliance — **Regent Tharpe**
- **1) Audited Financial Statements – General***
  - **a. Presentation on the Results of the Annual Audit Report**
  - **b. Required Auditor Communications (includes Representation Letter)**
  - **c. Independence/Peer Review Letter**
  - **d. House Bill 622 Compliance Report for the Year Ended June 30, 2017**
  - **e. Kentucky Lease Law Compliance Report for the Year Ended June 30, 2017**
  - **f. General Financial Statements for the Year Ended June 30, 2017**
- **2) Audited Financial Statement – Federal Funds***
  - **a. Single Audit Report for the Year Ended June 30, 2017**
- **3) Annual Audit Report – Athletics***
  - **a. National Collegiate Athletic Association Independent Accountant's Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2017**
- **4) Audited Financial Statements – WKMS-FM***
  - **a. Required Auditor Communications**
  - **b. Audited Financial Statement for the Year Ended June 30, 2017**
- **5) Annual Audit Contract Renewal – Dean Dorton***

C. Buildings and Grounds — **Regent Green**
- **1) *Jones College of Science, Engineering and Technology* – Biology Building Program Statement***
- **2) Housing Master Plan (For Information Only)**

D. Enrollment Management and Student Success — **Regent Rudolph**
- **1) Final Fall 2017 Enrollment Report (For Information Only)**

E. Finance — **Regent Kemp**
- **1) Designation of Reserves for Blackburn Science Building Remediation/ Renovation/Relocation***
- **2) Projects Approved by Board of Regents Chair***
- **3) Personal Services Contracts***
- **4) Authorization for Issuance of General Receipts Refunding Bonds, 2017 Series A (refunding of 2009 Series A)***
- **5) Moody's Bond Rating Review (For Information Only)**
- **6) Update Report on Special Meeting of the Board of Regents Finance Committee on November 21, 2017 and Approval of Minutes***

F. Legislative and Economic Development — **Regent Rhoads**
- **1) Legislative Update (For Information Only)**

G. Marketing and Community Engagement — **Regent Guess**
- **1) Gift-in-Kind**
  - **a. Tektronix Mixed Domain Oscilloscope, SA6 Benchtop Oscilloscope, Arbitrary Function Generator, Logic Analyzer and Ten Bundles of Software for the Murray State Institute of Engineering***
- **2) Naming Proposal**
  - **a. Tektronix Circuits Lab***

3) University Advancement Update (For Information Only)

NOTE: Full Board action will follow Committee action.

Policy Changes — **President Davies**

- **A. Development Authority for Title IX Interim Policy***
- **B. *Faculty Handbook – Section 2.1 – The Ranked Faculty****

Personnel Changes — **President Davies**

- **A. Contract of Employment Extension – Head Women's Soccer Coach Jeremy Groves***
- **B. Contract of Employment – Director of Track and Field/Cross Country Adam Kiesler***

Supplemental Materials — **President Davies**

- **A. Quarterly Risk Management Report (For Information Only)**
- **B. Status Report – Campus Major Projects Update (For Information Only)**
- **C. "Good News" Report – September 2017**
- **D. Quarterly Branding, Marketing and Communication Report (For Information Only)**
- **E. Sponsored Programs – Grants and Contracts Report (For Information Only)**
- **F. Finance Committee – Minutes of the Special Meeting of the Board of Regents Finance Committee on November 21, 2017***

Other Business

Adjournment

(*Requires Board of Regents Action)

Consent Agenda Items, accepted/approved

During the August 2017 Annual Board of Regents Advance, the decision was made for the Board to begin utilizing a consent agenda for those items which are routine in nature and do not require a great deal of discussion. In response to whether any items on the Consent Agenda needed to be removed for further discussion, Mr. Kemp indicated he would abstain from voting due to his involvement with work associated with the utility easement on the Hopkinsville campus. He serves as the attorney for the Hopkinsville Water and Environment Authority which is obtaining the easement. The following action and "For Information Only" items were placed on the Consent Agenda for approval/acceptance (action items are denoted with an asterisk):

- Minutes of the Quarterly Meeting and Committee Meetings of the Board of Regents on August 25, 2017, and Minutes of the Board of Regents Annual Advance on August 24, 2017*
- Report of the Registrar – August and December 2017 Conferral of Degrees* (See Attachment #1)
- Buildings and Grounds Committee – Utility Easement – Hopkinsville Campus* (See Attachment #2)
- Enrollment Management and Student Success Committee – National Survey of Student Engagement
- Enrollment Management and Student Success Committee – Student Engagement and Success Report
- Finance Committee – State Endowment Match Program Annual Report* (See Attachment #3)
- Finance Committee – Personal Services Contracts – Schedule of Expenditures (See Attachment #4)
- Staff Leaves of Absence without Pay*

The following Staff Leaves of Absence without Pay processed as of November 3, 2017, were approved for the time period indicated:

Name	Department	Effective Date
Donovan Alexander	University Parking	11/03/2017-03/27/2018
Teresa Champion	Campus Recreation and Wellness	08/15/2017-08/21/2017
Hannah Durbin	Office of IDEA	08/21/2017-09/25/2017*
Jacob Harms	Dining Services and Racer Hospitality	08/09/2017-08/10/2017
Matthew Hendrith	Facilities Management	08/07/2017
		08/21/2017
Amanda Lawson	Human Resources	08/28/2017-09/01/2017
		10/10/2017-10/11/2017
Cynthia Lee	University Libraries	04/06/2017-10/06/2017*
Rebecca Lilly	University Libraries	07/11/2017
		07/17/2017-07/19/2017
		08/23/2017-08/24/2017
		09/12/2017-09/13/2017
Aubrey Reese	Athletics	10/03/2017
Oscar Thomason	Dining Services and Racer Hospitality	08/24/2017-08/25/2017
		09/01/2017-10/15/2017*
Daniel Walker	CFSB Center	07/31/2017-08/04/2017
Trisha Wood	International Admissions	09/05/2017-10/16/2017
		10/17/2017-12/15/2017*

*Intermittent Leave

- University Appeals Board Appointments*

As established by the Board of Regents in 1978, the nine-member University Appeals Board consists of six faculty members and three students. The Board of Regents previously approved the following faculty for the term indicated:

Three-year term (2016-19)

- ***College of Humanities and Fine Arts***: Ali Hendley – Assistant Professor, Department of Political Science
- ***Jesse D. Jones College of Science, Engineering and Technology***: Craig Collins – Assistant Professor, Department of Mathematics and Statistics
- ***Hutson School of Agriculture (HSOA)***: Steven Still – Assistant Professor, Department of Agricultural Sciences

The following faculty and students were submitted to the Board of Regents for appointment to the University Appeals Board for the terms indicated.

Faculty: Three-year term (2017-20)

- ***Arthur J. Bauernfeind College of Business***: David Gesler – Associate Professor, Department of Organizational Communication
- ***College of Education and Human Services***: Justin Brogan – Assistant Professor, Department of Educational Studies, Leadership and Counseling
- ***School of Nursing and Health Professions***: Jeremy Erdmann – Lecturer, Department of Applied Health Sciences

Students: One-year term (2017-18)

George Bittel, Paxton Crider and Brett Sorrels

Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept/approve the items on the Consent Agenda as submitted. Dr. Tharpe seconded and the motion carried.

Public Participation

Chair Williams announced that there were no individuals signed up for the Public Participation portion of the agenda.

Board Development – Title IX Update (For Information Only), received

Dr. Davies reported that at the Annual Advance in August and the Quarterly Meeting the following day, Title IX topics were discussed by the Board of Regents. Title IX processes had been reviewed two years prior but the Board requested another thorough follow-up review of the University's policies and procedures in this regard. Since the last review, United States Secretary of Education Betsy DeVos announced President Barack Obama's Title IX "Dear Colleague" letter of 2011 and portions of the Question and Answers (Q&A) Statement of 2014 were being rescinded in an effort to replace the current approach to addressing sexual misconduct on college campuses with a "workable, effective and fair system" that more explicitly takes into account the rights of the accused. It was also indicated that further definitive guidance would be issued at a later date. Mr. Rall, Ms. Dudley, Dr. Fister and Ms. Duffy are monitoring this legislation to ensure the implications for the University are fully understood. The Board will be asked to approve a policy directive later in the meeting to provide the President with the authority to implement applicable policy as soon as Secretary DeVos provides further guidance because any associated changes will need to be implemented relatively quickly.

Ms. Duffy reported that the intent of Title IX law is to promote gender equity in all areas such as higher education, career education, employment, learning environments, math and science, sexual harassment prevention, standardized testing, technology and athletics. Title IX is not an entitlement program as it offers no special benefits for girls and women. It simply provides guidelines, procedures and tools for addressing inequities and discrimination which can impact a female student's ability to have a positive and successful experience in the educational system.

Title IX is an all-encompassing federal law that prohibits discrimination based on the gender of students and employees of educational institutions which receive federal financial assistance. These individuals, on the basis of sex, cannot be excluded from participation in, be denied the benefits of or be subjected to discrimination under any educational program or activity receiving federal financial assistance. Under Title IX, discrimination on the basis of sex can include sexual harassment, rape and sexual assault. A college or university that receives federal funds will be held legally responsible when it is aware or ignores sexual harassment or assault in its programs or activities. The University can be held responsible if the harassment is committed by a faculty or staff member or student. Murray State is committed to providing an environment free from discrimination on the basis of sex and provides a number of resources to faculty, staff and students to address any concern related to illegal discrimination, including discrimination on the basis of sex which includes sexual misconduct.

If an incident occurs at Murray State, during the initial meeting an investigator will meet with the complaining party and the respondent separately. The investigator will review the Title IX process and answer any questions the individuals might have about the particular process. During this meeting each party will also be provided with the Grievance Procedures to address allegations of discrimination; the Student Disciplinary Procedures and the Policy Against Sexual Violence and Misconduct, Relationship Violence and Stalking. The investigator will give each party the opportunity to provide a list of witnesses he or she believes can be helpful to the matter at hand. The party may also provide any pertinent information, such as text messages and video surveillance, they believe is important relating to the alleged incident.

During the initial meeting IDEA also discusses interim measures that can be taken, such as safety plans, if an individual believes they are needed. Either or both parties are also connected with local police, counseling, etc. based upon the request of the individuals. Before the meeting with the complainant ends, IDEA provides an acknowledgement of the decision to act which declares what the individual's immediate thoughts are on whether they want to pursue a formal complaint. If the individual does not want to pursue a formal complaint at first, this process does not prohibit them from deciding later they want to proceed with a formal complaint.

The University's Title IX process is administrative in nature but differs because it employs a hearing model. When an individual makes a formal complaint under the Student Disciplinary Procedure, they provide a written account detailing their experience, the policy violated and the relief they are seeking and options for interim measures are again explained. The Office for Student Affairs is then notified that a student complaint is forthcoming and begins the process of assembling a hearing panel. IDEA provides a copy of the complaint, along with the timeframe for responding in writing. Student Affairs communicates with the involved parties and the

hearing panel to establish a hearing date. The involved parties are apprised of their rights to have an advisor present and are provided with an overview of the hearing process. As the hearing occurs, the involved parties will have the assistance of an advisor or support person (friend, family member, attorney or faculty or staff member) of their choosing throughout the process, including accompaniment to any meetings. The panel hears the information presented and makes a determination of whether it is more likely than not that the preponderance of evidence illustrates the policy has been violated. If there is a violation the hearing panel issues appropriate sanctions against the responding party. Both parties receive notification of the hearing panel's decision and have the option to appeal. In some instances the University may decide to pursue a formal investigation even if a complainant does not, especially in cases indicating pattern, predation or threats with weapons or violence. The University's top priority is the safety of all faculty, staff and students.

The University's process is not the same as the criminal process. The criminal process is involved when a crime is committed that violates state or federal law and the University process concerns whether there has been a violation of Title IX policy. The preponderance of evidence standard utilized in the University's policy weighs whether it is more likely than not that a policy violation occurred. This is a much lower standard than the criminal burden of proof beyond a reasonable doubt. A complainant can make a report to the police – either internal or external – or to the IDEA Office. A complainant is not, however, required to file a complaint with any of these entities if they do not wish to do so.

Many Title IX practices are in place at Murray State and training for the University community is a critical component of the process. A mandatory online Canvas training module – which is comprised of video modules provided by United Educators and requires a score of 100 percent in order to be successfully completed – is required for all employees. Board members were encouraged to take advantage of the opportunity provided to view the training. In addition to online training, the IDEA office offers a host of educational sessions for faculty, staff and students which reach more than 3,000 individuals through a face-to-face format. As examples, these sessions are provided during Greek Orientation, New Faculty Orientation, Summer Orientation, parent sessions and college-wide meetings as well as to first-year students and athletes.

The University's Nondiscrimination Statement is also printed in the local newspaper and the *MSU News* and is posted across campus. The Violence Against Women Act (VAWA) brochure is a helpful tool distributed in initial meetings to discuss complaints. It is also distributed during every educational session the IDEA Office offers for faculty, staff and students and provides some of the key definitions needed for individuals to describe in technical terms the details of an incident. A listing of campus resources and a host of questions which are commonly asked are also addressed in the VAWA brochure.

Title IX law requires that an individual be designated as the Title IX Coordinator and that information must be published and made available to the University Community in multiple venues. For Murray State the Title IX Coordinator is Mrs. Duffy and the required information is distributed at the beginning of each Fall Semester and it is published on the IDEA website as well as on other University websites. There is also Racer Vision digital signage on the main campus and the regional campuses publicizing the requirement for all individuals to participate in Title IX training. The signage identifies the Title IX Coordinator to ensure all know where to report an incident if they find themselves in the position of being the victim or on the receiving end of an allegation related to Title IX.

As mentioned previously, Secretary DeVos rescinded portions of the 2011 "Dear Colleague" letter and the Q&A Statement issued in 2014. Additionally, Secretary DeVos issued interim guidance and a copy of that was provided in the eBoard book. The changes are mainly focused on providing more due process for the accused. The finalized revisions are expected to be released within the next six to 18 months. Proposed changes represent initiatives which are already underway at Murray State such as the standard of evidence being utilized and whether that matches other student code of conduct standards of evidence. Murray State has always used the preponderance of evidence standard. Another federal change involves whether both parties are notified of the final results but this is already the practice utilized at Murray State. The final revised guidelines remain unknown but the situation will continue to be monitored closely so the University is prepared to adjust quickly to any forthcoming changes.

Mr. Rall confirmed that on September 22, 2017, the Department of Education rescinded the "Dear Colleague" letter and the 2014 Q&A Statement which provided additional information. In the letter rescinding those two documents, the Department of Education noted that schools face a confusing and counterproductive set of mandates simply due to the sheer number being released. New regulations are forthcoming but in the interim the Department of Education has provided its own new set of questions and answers and some subsequent statements have been made which provide additional insight. First, it has been noted that the Office for Civil Rights (OCR) is now approaching its own investigations with a different attitude – to not keep looking until a problem is discovered. Secondly, an interest in allowing institutional flexibility has been emphasized. The 2011 "Dear Colleague" letter was very specific and detailed but there now appears to be interest in allowing more institutional flexibility and reasonableness for this process. A document distributed by the American Council on Education (ACE) has also been referenced which provides good insight into what the Department of Education has done so far. The ACE document indicates it is highly unlikely that the OCR expects colleges and universities to alter current Title IX policies and procedures they have spent six years writing. The interim measures which are in place are very important in the event an incident occurs. The new guidance makes clear that these incidents are not to be approached with some type of fixed rules, such as automatically removing the accused from a classroom instead of the accuser. The "Dear Colleague" letter imposed a 60-day time limit for decision making purposes and for the time being at least this stipulation has been removed – although it does still appear in the University's policy. A key factor in the OCR reviewing matters against an institution will be its good faith – whether or not the institution is exercising good faith in resolving these cases. The "Dear Colleague" letter contained language with respect to informal resolution and that was also incorporated into Murray State's policy. One of the provisions was that there would be no informal resolution between an accuser and the accused in the event of sexual assault. Informal attempts at resolution are permitted in cases of harassment or similar matters but informal resolutions are not permitted for matters of sexual assault. This may also change when the new standards are released if acceptable policies and procedures are in place. The recent guidance emphasizes the need for trained, unbiased investigators. There is no requirement for any particular type of fact finding model. The "Dear Colleague" letter did mandate that the preponderance of evidence standard be utilized. An alternative to this would be the clear and convincing evidence standard. Murray State was already using the preponderance of evidence standard prior to the "Dear Colleague" letter. In student matters, the Title IX process is the same as the disciplinary process for any rules violation and this is positive for the University. Another issue is whether both parties can appeal a decision and that is allowed under current University policy. The guidance provided also indicates that resolution agreements for other schools do not set the standards applicable to Murray State.

Discussion occurred pertaining to a student attending summer camp and what happens in the event of an incident. Confirmation was provided that under current privacy laws the University is not allowed to contact the parents of a Murray State student, unless that student has given the University permission to contact his or her parents related to any information which is protected under Federal Education Rights Privacy Act (FERPA). If the individual is not a student enrolled at Murray State and is under the age of 18, then the parents can be contacted in the event of a sexual assault incident but the parents of a 19-year-old Murray State student with a complaint of sexual assault cannot be contacted by the University unless the student has given permission in this regard related to their FERPA information. If a health or safety emergency incident occurs it may be the case the parents can be contacted but that will depend on the specific situation and proximity. If an enrolled student does not want their parents to be notified of a situation it is not up to the University to make that decision for them.

It was reported that in the United States this is an important topic with far-reaching consequences. Each case is extremely different and sensitive and there is no one model that would work in all circumstances. Each case must be handled as its own individual circumstance based on the actual situation. To have an overarching general approach that would be utilized for every single case is not appropriate because of all the significant differences which can be present in such circumstances. The University is currently approaching any such case individually and specifically and works with the individuals involved to provide them with all the support humanly and institutionally possible.

Confirmation of the parent notification concern stated earlier was provided but the Board was cautioned that in some cases notifying the parents may actually not be in the best interest of the

student due to circumstances unknown to the University. Adopting a blanket statement that parents will be notified in the event of a sexual assault allegation could even exacerbate the situation. For this reason, the University is taking the student's perspective but is also making sure to provide the support necessary for that student as an individual going through a very traumatic time of their lives. This is why work undertaken by the IDEA Office, the Police Department and Counseling Services is so critical to providing support to students in these situations to ensure they do not feel like they are alone. Additional confirmation was provided that the University does ask students who can be contacted in the event of an emergency. If students indicate their parents should be contacted then the University contacts them without question. If a student indicates their parents are not to be contacted the University must respect that request. Final confirmation was provided that when an incident occurs a conversation takes place with the involved parties to determine who they would want the University to contact, whether that be parents, friends or other family members. If students feel they have a high level of confidentiality with the IDEA Office they may also be more likely to report any such incident. By inspiring confidence in the system and ensuring that confidence will be maintained, these individuals are more inspired to come forward and report misconduct. For many years the University has strived to create a culture where individuals feel safe and secure about coming forward and, in doing so, reporting numbers have increased. This does not mean there are more incidents occurring but that students feel more comfortable reporting them because they know they will be protected and supported.

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

Report of the Chair, approved

Summary Report regarding Evaluation of the President

Chair Williams reported that at the Quarterly Meeting in August, in Open Session the Board approved the Chair's findings and recommendations regarding compensation and benefits and the annual performance review for the President. These actions were taken following a Closed Session pursuant to Kentucky Revised Statute 61.810(1)(f) to discuss personnel matters unrelated to the President. Although during Closed Session a brief discussion occurred where questions were raised with regard to the Chair's recommendations related to the President, no action was taken in this regard. The Board returned to Open Session and the Chair's summary report regarding the President's evaluation was publicly presented which the Board subsequently approved. The Chair then made recommendations regarding compensation and benefits which the Board also approved in Open Session. No actions were taken in Closed Session and all actions which were taken were done in Open Session.

Chair Williams stated that in order to avoid any concerns and to ensure the Board is "towing the line" from a procedural standpoint, he communicated he would feel more confident having the Board reconsider the report and recommendations at this meeting and vote on them again in Open Session, along with the enabling contract amendments which have now been prepared. The Chair's Report in terms of findings and recommendations pertaining to the annual performance evaluation for 2016-17 and the amended contract were provided in the eBoard book.

The policy and procedure approved by the Board of Regents in 2008 calls for an annual performance evaluation of the President, except for every four years there will be a four-year evaluation which is forthcoming next summer. The evaluation presented is based on feedback from the Board of Regents from the survey instrument provided, as well as the Chair's own assessment, and in consideration of the President's self-assessment. The evaluation included a review of the following documents: President's Position Description, Roles and Responsibilities, Principle Duties, Opportunities and Expectations of Leadership and Qualifications and Qualities. More specifically, the areas of evaluation included, but were not limited to, the following areas of performance:

- Academic and Administrative Leadership Teams
- Strategic Planning and Execution
- Financial Management
- Preparing for Performance Funding
- Enrollment

- Experiential Learning Initiative
- Marketing
- Legislative and Political Relations
- External Relations
- Internal and Constituency Relations
- Communications and Transparency
- Title IX program policies and procedures
- Fundraising
- Facilities and Infrastructure
- Management of Extraordinary events

Chair Williams indicated that, while it has been a challenging year for Murray State University as it has for most higher education institutions in Kentucky and beyond, under the leadership of Dr. Davies and his team, the institution has weathered those challenges responsibly. Further, the University has made significant progress on several key strategic and programmatic fronts and has continued to make responsible decisions for the long-term success of Murray State. The institution is better positioned for its challenges for the next several years than it was just one year ago in a number of areas. It is believed that Dr. Davies and his administrative team, in accordance with Board direction and oversight, are developing and executing strategic operating plans to address challenges. The Board and Dr. Davies are acutely aware of the various concerns voiced by faculty, staff and/or students in these challenging times and are committed to addressing those issues to the best of their abilities. Chair Williams further reported that there are always opportunities for improvement in personal leadership effectiveness and Dr. Davies has been very receptive to the feedback provided from the evaluation process and has already started to address that feedback.

In summary, the Board of Regents of Murray State University commends Dr. Davies for his excellent overall performance for 2016-17 under increasingly challenging circumstances. This University continues to be fortunate to have Dr. Davies as President and the Board will continue to work with him on addressing the opportunities and challenges of this great University.

Amendments to Presidential Contract

Chair Williams reported that it is a delicate balance for a Board, especially in challenging fiscal times, to meet the responsibility of being externally competitive in terms of compensation and benefits for the Chief Executive Officer while being sensitive to a real or perceived internal parity in regard to faculty and staff. While these sensitivities are appropriate, the fact remains that there is only one President of the University and while some internal comparisons are appropriate, others may not be. It is the collective responsibility of the Board to make a judgment that no individual item contained within the President's contract is out of bounds and that the totality of the compensation and benefits package is justifiable and appropriate for the current circumstances of the individual given the performance evaluation as well as the current circumstance of the University. He believes that the recommendations made in August – and those same recommendations that are being made today – strike an appropriate balance, realizing that currently-available information indicates that even after these actions the President's compensation and benefits will remain substantially below that for Presidents at peer universities in Kentucky. As of August, the University was next to last in this area. It is hoped that the Compensation Study which is called for in the recommendations being advanced will provide more detailed information which can be utilized by this Board in future discussions and decisions regarding the President's contract and compensation and benefits package. Dr. Davies continues to be extremely committed to Murray State and its mission, goals and upcoming challenges. He is very forward-looking in terms of comprehending the various issues the University will need to address.

The Chair's recommendation is that the Board approve the following items related to the President's Contract of Employment:

1. Term: Amend Dr. Davies contract to extend his contract through June 30, 2021.
2. Base Compensation: The Board acknowledged that the base salary of the President is next to the bottom of the salaries of the state public universities, that the Board is concerned about this and avows its desire, as soon as feasible, to reposition that salary to be more in line with Murray State's peer group universities. However, at this time, the Board concurs with Dr. Davies' request that his

base salary increase should be limited to the compensation adjustments of the overall faculty/staff of 1 percent, effective July 1, 2017.

3. Deferred compensation: Amend contract to increase deferred compensation from the current rate of 10 percent of salary to 15 percent for the year 2017-18 and to 20 percent beginning in 2018-19.
4. Concept of a performance-based incentive compensation: Amend contract to provide for a performance-based incentive compensation opportunity, whereby the Board would annually determine certain strategic and/or financial performance goals, and if those goals are achieved, as determined and approved by the Board, there would be the opportunity for payout of up to 15 percent of base salary. The Chair and Vice Chair will make recommendations to the full Board regarding appropriate goals and criteria, in consultation with the President, for any such potential incentive compensation. The determination of any payout for the prior performance year would be determined annually by the Board in consideration of the recommendation by the Chair and Vice Chair. Dr. Davies has requested, and the Chair concurs, that implementation of this provision be deferred at this time but at some point in the future be re-evaluated for implementation. The Chair made this recommendation because it represents a contemporary practice to put some part of compensation in a category attainable only by meeting certain goals.
5. Compensation/Benefits review: Over the next few months, the Chair and Vice Chair, in coordination with the President's Office, will have completed a comparative study of total compensation and benefits of the Presidents of Kentucky's public universities and shall report that information to the full Board.
6. Tuition/fee waiver: Amend contract to include that full tuition and mandatory fees will be waived for Miss Katie Davies as long as she is an undergraduate or graduate student at Murray State in good standing and making progress toward a degree. (Footnote for clarification: This waiver shall be "off the top" of total tuition/mandatory fees making her still eligible to apply potential external funds, e.g. "KEES" toward the balance of her costs.) This benefit should not be compared to the tuition waiver policies for other faculty and staff members because Miss Davies is not eligible for University scholarships, grants or employment in order to avoid a potential conflict of interest.
7. Spouse travel: Amend contract to increase reimbursement of spouse travel (when for benefit of Murray State University) from $5,000 to $10,000. The implementation of this provision will be deferred and would be effective for 2018-19.
8. Housing: It is recognized that Oakhurst serves as the home of the President as well as a facility for many University events. It was built in 1918 and is recognized as an important Murray State historical facility. However, it is quite aged and in need of modernization. It may be appropriate to authorize and direct that a complete facility assessment of Oakhurst be made and reported to the Board. Also, a study of what other Kentucky and regional public universities are doing regarding housing for their Presidents could be helpful. It should be clarified that any discussion regarding housing assessment is being initiated by the Board and has not been requested by Dr. Davies. It should also be noted that Dr. Davies has indicated a desire to continue to honor his contractual commitment to live on campus at Oakhurst, if feasible for the University.
9. Contract review: Over the next few months, the Chair and Vice Chair will undertake a review of President Davies' contract to determine if there are any provisions which need clarification or refinement and, if so, present any such recommendations to the Board.

Mrs. Rudolph moved that the Board of Regents approve the Report of the Chair of the Board as it pertains to the President's annual evaluation and amendments to the President's Contract of Employment as presented. Mrs. Guess seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

Report of the President, received

Dr. Davies indicated that a listing of significant accomplishments for the University since the last Board meeting was provided in the eBoard book with the following highlights:

- The Presidential Performance Review resulted in a recommendation that the President regularly update the Board on significant issues for the institution. A Monthly Update Report is now being prepared and distributed to the Board. The Board reached consensus that the reports are very informative but could be briefer in nature. The listing of upcoming programs provided in the update and the event reminder emails received from Ms. Hunt are also beneficial. All agreed that the format of the Monthly Update in terms of addressing aspects of the Strategic Plan allows the Board to make that connection. Emails and texts from the President are also helpful in keeping the Board informed.
- One goal with regard to the Strategic Plan is for the University's auxiliary enterprise to be more effective and efficient. The Executive Director of Auxiliary Services position has been created and as of October 30, 2017, David Looney has been fulfilling that role. Mr. Looney was introduced and has over 20 years of experience, most recently at the University of Florida as Associate Director of Business Services.

- One key aspect related to enrollment is graduate students and Matt Jones was introduced as the new Coordinator for Domestic Graduate Recruitment and Retention as of October 9.
- Each year Murray State presents its accomplishments and challenges to the Council on Postsecondary Education (CPE) Board. This presentation was given on November 3 and Chair Williams joined Dr. Davies, along with Provost Arant. Attendance of the Board Chair was duly noted by the CPE Board and it is important to note that Mr. Williams was the only Board Chair in attendance. The report presented by Murray State was received extremely well in terms of initiatives which are being undertaken with regard to underrepresented faculty and staff and student recruitment. The University's goals in terms of retention and graduation numbers and serving the Commonwealth and the service region were also presented. During this session the CPE also made a significant change in terms of the Diversity Plans submitted by each of the institutions. CPE President Bob King decided to stop the Diversity Plan approval process and requested that the universities recalibrate how they are considering diversity goals for graduation and retention. There was an initial miscommunication on how the graduation rate was originally being documented which led to the need for a change in projections. That process is currently underway and Murray State will need to increase its projections by two to three percentage points. The CPE Board is also looking forward to learning more about each of the individual institutional Boards and recently passed an advisory motion that a member of the CPE Board will attend a Board meeting at each of the universities. Shawn Reynolds, a Murray State graduate and former President of the Alumni Association, was recently appointed to the CPE Board and this is positive for the University.
- Sibson Consulting continues undertaking a comprehensive compensation study for the University and that work is progressing nicely. The process is currently in the faculty phase and Sibson has completed data gathering and are utilizing Murray State position information to analyze how the positions compare to market-based salary ranges. The resulting plan will not be accomplished in one year but will represent a phase-in approach to ensure salaries are competitive at all levels.
- Enrollment – recruiting, retaining and graduating students – is crucial to the University. Over the past three weeks President Davies, Provost Arant and Mr. Dietz have visited nearly 30 different schools in all but two school districts within the 18-county service region, as well as some immediately outside the service area. These meetings have been very enlightening in terms of learning how Murray State can help the school districts in more beneficial ways. Due to the work of the Admissions team and faculty and staff reaching out, admitted student numbers are up 17 percent when compared to this time last year. Dr. Davies, Dr. Robertson and Dr. Zou, Assistant Vice President for International Studies, recently completed a three-country tour and solidified a partnership with an institution in Paris, France, which is centered solely on computer science, and that institution will be sending five to ten graduate students to Murray State next Fall – with the potential for even greater growth in the future. The group also met with the University of Cordova in Cordova, Spain, and that institution is interested in establishing a program similar to the one Murray State already has in Regensburg, Germany. During a visit in Regensburg, Germany, the group met with current students and celebrated that university's 50th anniversary. During this time, discussion occurred about partnership opportunities with the University of Poland, Hungary and Czechoslovakia and also solidifying a partnership in Hong Kong with three additional universities – almost all at the graduate level.
- Appreciation was expressed to participants in the Shared Governance Budget Summit, including representatives from Student Government Association, Staff Congress and Faculty Senate. Several Board members also participated in the Summit where Ms. Dudley presented information on the University's fundamental financial operations. Later that afternoon the Board of Regents Finance Committee met in Special Session to share additional information.
- A company from South Korea – DAE Corporation – has selected Murray as the home of operations for its first plant in North America. DAE is a manufacturer of power train parts and will be building a facility that is nearly 300,000 square feet, providing approximately 120 jobs for the area.
- Congratulations was expressed to Dr. Robertson who will be inducted into the College Personnel Association of Kentucky 2018 Hall of Fame on January 26, 2018, in recognition of his proven leadership and service to the Commonwealth, Murray State University and the region. He is also known as one of the most student-centered Vice Presidents of Student Affairs in the country.

***President's Work Plan for Strategic Priorities for 2017-18*, approved**

The *President's Work Plan for Strategic Priorities for 2017-18* was included in the eBoard book. It is divided into five different sections with four of those being derived directly from the Strategic Plan.

Promoting a Dynamic and Diverse University Community Committed to Student Success – focuses on enrollment and the recruitment, retention and graduation of both undergraduate and graduate students. This involves aggressively targeting enrollment and recruitment efforts to increase the entering freshmen class to 1,600 students (700 transfers). Initiatives to support this effort were outlined and included implementing strategies for enhanced communication with potential students, increasing graduation rates for all students with personalized communication and planning (advising), increasing retention and persistence rates, decreasing gaps in retention

across underrepresented groups and increasing recruitment efforts within the 18-county service region, across the four-state area and the Commonwealth with a focus of each employee being a recruiter for Murray State. This priority also includes continuing to develop the plan for a one-stop shop for student operations such as registration, financial aid, Bursar, scholarship and other appropriate offices; further organizing effective tactics to enhance diversity for faculty, staff and students through the goals of the *Murray State University Diversity Plan* and developing a plan to initiate recommendations, if possible, for the Sibson Consulting comprehensive study to ensure fair, appropriate and competitive compensation for faculty and staff.

Advancing a Culture of Academic Excellence – will be accomplished by fostering high expectations for students, with faculty and staff support, to ensure the priority goal of an excellent undergraduate education and investigating and implementing strategies to refocus and strengthen the use of campus sites and online course delivery with the development of new and easily-marketable academic and continuing education programs. In terms of creating a structure to ensure every undergraduate student is afforded an experiential learning opportunity, the plan is to also increase opportunities for students to work on mentored scholarly projects with faculty, service learning, internships, etc.; enhance career service strategies for job placement, graduate/professional school enrollment and student internships and further develop high impact practices to enhance efforts in experiential learning opportunities. Efforts will include implementation of a formal system of program review to identify strengths, weaknesses, opportunities and threats; ensure standards for rigor, relevance and excellence and determine appropriate resource allocation based on priorities established by the Deans, under the direction of the Provost. Finally, investigating and providing recommendations regarding graduate programs will include identifying which graduate programs should be offered; identifying and implementing strategies to overcome challenges for current programs; ensuring proper strategies for recruitment exist or are being implemented and approving the overall goal for graduate efforts.

Advancing Knowledge to Benefit Society by Fostering Research, Scholarship and Creative Activities – includes discussions with the Provost and Deans to identify specific measures to encourage faculty and students to continue and/or enhance their work in research, scholarship and creative activities so that reporting aligns with Southern Association of Colleges and Schools requirements without producing additional reporting needs.

Improving the Quality of Life for our Communities through Engagement – involves working with appropriate agencies, organizations, constituents and leaders to further Murray State's ability to assist in the region's development strategies; implementing a cohesive plan for dual credit and investigating and implementing strategies to refocus the use of the University's regional campus sites.

The fifth area outlined in the *President's Work Plan for Strategic Priorities for 2017-18* – Legislative Work, Budget, Communication and Overall – focuses on continued solid communication with the Board of Regents via appropriate means; managing and overseeing the current budget and preparing the recommended budget for 2018; strategically planning and implementing steps to position Murray State for performance funding model implementation and evaluating current Title IX processes and implementing changes per federal regulations. In terms of continuing to engage shared governing bodies in issues regarding the governance of the University, an effort will be made to continue to enhance communication between and among bodies and ensure the Shared Governance Review Committee concludes its work. Also within this initiative are ensuring the strategic planning process moves forward; continuing efforts to enhance the integrated marketing plan which will include the identification and promotion of flagship programs; continuing to provide leadership and engaging in fundraising for the University; focusing efforts to address significant infrastructure needs with particular emphasis on the electrical grid; determining which services and operations can be outsourced based on performance measures, fiscal demands and other appropriate considerations and defending the importance of higher education to promote economic development opportunities for the region. Finally, the President will set the stage and prepare for the 2018 Legislative Session in terms of the University's budget request and its capital priority of infrastructure.

The Board provided affirmation that these represent appropriate issues for the President to address for the University for the remainder of the year. The President was also encouraged to

let Regents know if there are ways they can assist with recruitment in the various communities in which they live.

Dr. Davies reported on feedback received from the high school visits with students, Superintendents, Principals and Guidance Counselors. Murray State University representatives were extremely well received and all were forthright in their discussions, especially those involving the Community College Scholarship Program. Very few high schools indicated that the University needed to conduct more visits, although the Principals did express interest in University representatives having a larger presence in the classroom. Several of the high schools invited the University to offer a College Fair and work to accomplish this is currently underway. The implementation of the Dean's Scholarship for students with an ACT score between 21 and 23 with a 3.0 grade point average or above, has been amazingly well received and is likely one element that has helped increase admitted student numbers. Information was provided on the surprising impact rivers and bridges have on a student's choice of college and progress is being made in this area, especially in Christian County.

A news clip was shown highlighting the Murray State Parking Office and the recent initiative of allowing students to pay for a parking ticket by donating to the campus Food Bank. In past years the University had to elicit the help of Needline to fill its Food Bank but this year – for the first time – the University actually provided food to Needline. The news clip provided invaluable media exposure for the University.

Mrs. Guess moved that the Board of Regents approve the *President's Work Plan for Strategic Priorities for 2017-18* as presented. Mr. Kemp seconded and the motion carried.

(See Attachment #5)

Adjournment

The Board of Regents adjourned for a break beginning at 10:08 a.m.

Reconvene

Chair Williams reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 10:26 a.m.

Audit and Compliance Committee

Don Tharpe – Chair
Susan Guess
Stephen Williams

Dr. Tharpe called the Audit and Compliance Committee meeting to order at 10:26 a.m. and reported all members were present.

Lance Mann with the auditing firm, Dean Dorton Allen Ford, PLLC was in attendance and presented highlights from the Report to Governance on Results of the Annual Independent Audit which was provided in the eBoard book. Auditing standards require the auditors to perform an audit to ensure financial statements are free of material mistakes. There were no audit adjustments or uncorrected mistakes. The audit opinion for the Single Audit (A-133) relating to government grants was slightly modified but all other audit opinions were unmodified. Management had the ability to make judgment calls on certain parts of the financial statements and there were four key estimates on which management was required to take action – depreciation and useful life of fixed capital assets, allowance for uncollectible loans and student accounting receivables, self-insurance reserves and pension-related estimates.

There were four significant notes related to the financial statements and the Board was encouraged to review Notes 5, 6, 11 and 14. There were no difficulties in performing the audit and no disagreements with management. Management was also required to sign a letter indicating the auditors were provided with all available information and that the information provided was truthful. This information was also included in the eBoard book. Management Discussion and Analysis documentation was provided but was not audited. It was reviewed by

the auditors to confirm its consistency with the financial statements. This document was written by management and provides key highlights regarding the financial status of the University.

The Uniform Guidance Single Audit Summary pertains to major programs audited for the Student Financial Aid and TRIO clusters. A qualified opinion was issued for the TRIO cluster and an unmodified opinion was issued for the Student Financial Aid cluster and both current-year reportable findings are required to be communicated within the Single Audit report. The one related to the TRIO cluster involved the discovery of potential fraud within the Upward Bound Program – the Adventures in Math and Science (AIMS) – in terms of the misappropriation of funds in the amount of approximately $15,000. The University's own internal controls identified this potential fraud and the auditors commended the institution in this regard. The Internal Auditor worked with Dean Dorton and a resulting recommendation, with which management concurred, is that there needs to be improved control over student files and additional controls over spending in the TRIO cluster. All money spent in an inappropriate manner has now been refunded back to the federal government and other adjustments are being made in terms of supervision within this grant. During testing of the Direct Loan Program, the auditors noted that the University did not notify the guarantor agency of student status changes (students graduating and withdrawing) and/or did not report the proper status in a timely manner for one of the ten graduating students and one of the 40 official withdrawals selected for testing. As recommended, internal controls will be established to verify that students who received a loan but did not re-enroll or ceased to be enrolled on at least a half-time basis are reported to the guaranty agency within a timely manner and with proper status.

The prior-year finding identified that at times during the year, controls related to reviewing the return and the underlying calculations for Title IV funds were not functioning correctly. A Corrective Action Plan was implemented by management at the time of audit fieldwork. The Plan has been reviewed by the auditors and serves to address the recommendations suggested in order to mitigate instances of noncompliance in the future.

Audit Reports, accepted

Audited Financial Statements – General

On behalf of the Audit and Compliance Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2016-17:

- Presentation on the Results of the Annual Audit Report
- Required Auditor Communications (includes Representation Letter)
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2017
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2017
- General Financial Statements for the Year Ended June 30, 2017

Audited Financial Statement – Federal Funds

- Single Audit Report for the Year Ended June 30, 2017

Annual Audit Report – Athletics

- National Collegiate Athletic Association Independent Accountant's Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2017

Audited Financial Statements – WKMS-FM

- Required Auditor Communications
- Audited Financial Statement for the Year Ended June 30, 2017

Mr. Williams seconded and the motion carried.

Annual Audit Contract Renewal – Dean Dorton, authorized

On behalf of the Audit and Compliance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to extend the contract

with Dean Dorton for the performance of the University's financial and compliance audits for the fiscal year ending June 30, 2018, at a cost of $120,725. Mrs. Guess seconded and the motion carried.

Adjournment

The Audit and Compliance Committee adjourned at 10:41 a.m.

Full Board Action – Audit and Compliance Committee

Audited Financial Statements, accepted

On behalf of the Audit and Compliance Committee, Dr. Tharpe moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2016-17:

Audited Financial Statements – General

- Presentation on the Results of the Annual Audit Report
- Required Auditor Communications (includes Representation Letter)
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2017
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2017
- General Financial Statements for the Year Ended June 30, 2017

Audited Financial Statement – Federal Funds

- Single Audit Report for the Year Ended June 30, 2017

Annual Audit Report – Athletics

- National Collegiate Athletic Association Independent Accountant's Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2017

Audited Financial Statements – WKMS-FM

- Required Auditor Communications
- Audited Financial Statement for the Year Ended June 30, 2017

Mr. Kemp seconded and the motion carried.

(See Attachments #6 – #15)

Contract Renewal – Dean Dorton, authorized

On behalf of the Audit and Compliance Committee, Dr. Tharpe moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to extend the contract with Dean Dorton for the performance of the University's financial and compliance audits for the fiscal year ending June 30, 2018, at a cost of $120,725. Mr. Kemp seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

Reports of the Constituency Regents, received

Faculty Regent

Ms. Farmer reported that the *Hutson School of Agriculture Ag Appreciation Week* was held October 30 – November 2, 2017. The week's activities were developed in conjunction with *HSOA* faculty and the Agriculture Leadership Council composed of Presidents and members of the 19 clubs and organizations within the school and was chaired by senior Rebecca Mackey. Activities included the *Excellence in Agriculture Luncheon* showcasing *HSOA* student leaders and their associated scholarship. The *Myth Busters on the Mall* event offered booths specifically related to agriculture and genetically modified food myths as well as others. All aspects of agriculture were represented at the *Agriculture Career Fair* which featured an internship poster contest. The posters were developed by students participating in and receiving class credit for

internship opportunities and provided an outline of their experience. A *Leadership Seminar* was held with Murray State business alumni who spoke to the group regarding the 12 key aspects of being a young leader and professional. The week concluded with the *Murray Kids Care for Hunger* meal packaging event where 150 *HSOA* students, along with faculty and staff and Miss Kentucky, packaged 40,000 meals for food pantries and banks in the Murray-Calloway County area.

A unique collaboration between a television/film production student, the Ed.D. Program in P-20 Community Leadership and Study Abroad resulted in a documentary of the study abroad experience of Murray State doctoral students in South Korea this past summer. This documentary not only promoted the doctoral program and study abroad but also provided the student with a platform to showcase his talent to potential employers. The documentary debuted as part of Fall *Scholars Week* and represented the first all-graduate study abroad experience at Murray State.

Additional accomplishments include the first graduating cohort for the Ed.D. Program – with 16 students. The Association of Engineering Graphics and Design participated in a toy production project. This student organization creates a different wooden toy each year to sell during the Christmas season. The project has existed at Murray State for over 20 years and has adapted throughout the years to include new technology and methods for developing a product which provides the participants with real world experience in creating a product as part of an organization. Proceeds from the sale of the toys are used for the following year's production and other organizational activities.

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

Staff Regent

Mr. Schooley reported that Staff Congress hosted the annual Children's Christmas Party on December 2, 2017, and over 100 families participated. Staff Congress also hosted the Holiday Gathering on December 7 with approximately 250 in attendance. The Dining and Racer Hospitality Services unit was congratulated for hosting three successful events during the past month. The *Almost Midnight Breakfast* attracted approximately 1,200 students; the *Holiday Dinner* had 1,500 students in attendance and the *Thanksgiving Dinner* was provided to nearly 1,700 students.

The Human Resources Health Fair was held on October 19 and there were approximately 360 employees who attended (18 percent higher than 2016 attendance). Health providers were present to help employees make more informed decisions regarding health insurance during the Open Enrollment period from October 13-27. The University added the Wellness Pledge as a health insurance option this year and continued the wellness premium savings for those participating. Overall, there were 1,179 plans selected this year. In November, Human Resources also offered the *Share Your Workplace* Program.

The Staff Perspective Survey is expected to be completed one week from today and results will be presented at the March 2018 Board of Regents Meeting. Out of 879 staff eligible to complete the survey, 465 have taken advantage of the opportunity to date (52.9 percent response rate).

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

Student Regent

Ms. Wood reported that to date the Student Government Association (SGA) has held 12 Student Senate meetings and a Retreat on September 9. Throughout the semester SGA considered three proposed Resolutions and two of those were passed. One Resolution which did not pass involved keeping a facility on campus open longer and the Student Senate decided to table the issue to look at why the decision was made to close the facility on the weekends and the associated budget restrictions. One of the Senate Chairs met with the Department Chair and determined this did not represent the best fit for the University and that the benefits of keeping the facility open did not outweigh the negatives. This illustrated the responsibility students actually have and how conscious they are of the student experience and also what is best for the University.

One Resolution which was passed included having the Pledge of Allegiance at the beginning of all Student Senate meetings. The Campus Outreach Program (CORP) was also initiated this semester where SGA Senators receive instant feedback from students. This is a great way to gain insight into student needs because the information goes directly from the student to Senator to SGA President and is then forwarded to administration. One major issue tackled as a result of this process included the Free Application for Federal Student Aid verification process. Corrections were made to that process to improve the student experience because it affects one-fourth of the student population. It has been very positive to have a President willing to help address issues faced by the student body and this further illustrates student-centeredness at Murray State.

One of the goals Ms. Wood accomplished as President was to meet with all 44 Senators in SGA and as part of this process every Senator also set a goal for themselves. Some goals were small while others were relatively hefty and Senators will continue to achieve those goals throughout the remainder of their term.

The SGA started a Laptop Bank program this semester to provide laptops for students who do not have their own. Work was undertaken with the University to accomplish this and older laptops which were not being used were released to SGA and distributed based on an application process outlining a student's need. In the pilot program three students were served this semester and media attention given to the program through the *MSU News* has further highlighted its availability.

Livestreaming on YouTube was also started this semester for Student Senate meetings which are held every week at 4:30 p.m. on Wednesday. The first live watch was September 27 and since then seven meetings have been streamed with a total of 948 views and 11 individuals subscribing to the channel. This helps to ensure SGA can reach out to every single student, especially those who cannot attend a meeting in person.

SGA sponsored a showing of Guardians of the Galaxy 2 with a great turnout and four different sessions of pet therapy have been offered for students. Emotion Matrix was an event offering caricatures and the Rocky Horror Picture Show was also shown with almost 500 individuals in attendance on Halloween. The Campus Activities Board and SGA also sponsored Street Signs, Miss Murray State interviews and the Racer Distinguished Lecture Series featuring Kevin Olusola with Pentatonix and there was a great turnout for all these events. SGA was responsible for organizing the Homecoming Parade within the Center for Student Involvement. Ten students were on the Homecoming Court and Caleb Coomes and Emily Cook were congratulated for being named Homecoming King and Queen.

Student accomplishments throughout the semester include three students serving as cultural ambassadors at Murray State through the prestigious International Research and Exchange Board, Daren Tindle being selected for a Legislative Research Commission internship, students sharing research and creative work during *Scholars Week* (157 participants) and the musical production of "Crazy for You" performances on November 18-19. Congratulations was expressed to the December 2017 Outstanding Seniors – Agribusiness student Caleb Brannon (SGA Governmental Relations Director) and Studio Art student Elaina Barnett.

In response to whether Ms. Wood learned anything over the semester from students to help retention, she indicated the University must create an environment of inclusiveness and make sure that each student is having the "Murray State experience." It has been shown that students who are involved are the ones staying in school.

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

Report of the Treasurer – Quarterly Financial and Investment Reports, accepted

Ms. Dudley presented the unaudited Financial and Investment Reports for the period July 1, 2017, through September 30, 2017, and highlighted the following:

- The quarterly reports being presented represent only the first quarter – or the first three months of the year – and any estimates provided are preliminary in nature.

- The Tuition and Discount Analysis Schedule illustrates the impact of decreased enrollment on tuition revenue, with net tuition and fees also being impacted.
- When the budget for the current year was prepared the University did not project any enrollment decrease because the budget was actually adjusted for the enrollment decline last year. There was an increase in the tuition revenue projection due to the tuition rate increase. The current budget is based on the enrollment decline experienced last year but that was increased to account for revenue from the tuition rate increase. When reference is made to the budget being short, that is not compared to the revenue the University had last year but to what was budgeted to generate for the current year. Work continues to determine how best for the University to respond to this issue for the current fiscal year.
- This represents the second year for the new scholarship program and the average discount rate – as expected – increased approximately 2 percent because the scholarship model is providing a higher level of scholarship. This may continue to increase slightly during the remaining two years as the institution moves toward having four years of students being in this model. The discount rate will continue to increase as older students begin to graduate and phase out of the model.
- The Statement of Net Position by Fund provides a breakdown of the University's net position and shows all allocations for unrestricted net assets. The University's net position of $89.1 million is positive but is $2 million less than prior year although that is not alarming at this point. There have been questions regarding the loss reported in the NCAA report where the University reported more expenditures in current year than were made because revenues were generated in a prior year. The University reported expenditures in this quarter that were from revenues generated in a prior period. The Chemistry repairs which are being made were cited as an example. The Board allocated funds from reserves for this purpose last year ($2 million for repairs) but expenditures for those repairs are now being incurred in the first quarter and because the revenues were in a prior quarter that generates a shortfall. The University often receives revenues in one period but does not expend them during that same period and they are transferred to a project to be utilized in a future period.
- The Education and General Statement of Revenues, Expenses and Transfers illustrates that total revenues are down from the prior year by $2.8 million. The University is down by approximately $5 million in tuition revenue from budget to actual. This schedule shows $58.4 million of total revenues versus $61.2 million last year. The total report shows a decrease in net position of $4.6 million from prior year but the University's overall net position increased by $23.2 million.
- The auxiliary report provided shows the change in fund balance for dining, housing and the bookstore. There was a gain in overall housing auxiliaries of $683,000 this year but that is down by over $433,000 from the prior year, although the University will still break even in this category. The impact of lower occupancy rates in the residential halls is evidenced in these figures although housing has a positive net change.
- There are some significant changes with regard to the Investment Report. The state investment pool is doing much better this quarter than in the previous quarter. Approximately $400,000 more has been generated in interest earnings and the same is true for endowment funds in the amount of $200,000, both over the prior quarter last year.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, accept the quarterly unaudited Financial and Investment Reports for the period of July 1, 2017, through September 30, 2017, as presented. Mr. Rhoads seconded and the motion carried unanimously.

(See Attachment #16)

Strategic Planning Update (For Information Only), received

Dr. Fister reported that an assessment of the University Strategic Plan goals – Achievement, Endeavor and Hope – and goals for 2017-18 were provided in the eBoard book. This year a reassessment of the Strategic Plan is being analyzed and focus will be placed on restructuring the Plan to allow for efficiency and effectiveness while aligning with the University's Mission and Vision Statements. The Initiative Chairs will also meet this year to address needs for the Strategic Plan with foundational elements targeting recruitment, retention and graduation while supporting faculty and staff in their important work of educating Murray State students. Confirmation was provided that the goals will be shared with the various constituency bodies so all are aware. If the University does not have a Strategic Plan it cannot have progress.

In response to a question regarding the timeframe for the Board to make decisions related to the budget, Dr. Davies reported that the Legislative Session will begin on January 2, 2018, and because it is a budget year it will be a 60-day session in total. The Governor's veto days will begin March 29, with the last day of the Legislative Session scheduled for April 13. The biennial budget process for the next fiscal year will be part of the discussion the Legislature will address beginning on January 16, 2018 – the date by which the Governor, by statute, must deliver his budget to the General Assembly. This will set the process in motion for the Legislature to vote on the Governor's budget recommendations.

Ongoing work continues on this fiscal year's budget and decisions are made throughout the year with the goal of not having a mid-year reduction but that potential is never out of the realm of possibilities. This year the University has already enacted several measures to reduce spending and discussions will continue with regard to implementation of various recommendations being considered. The Board will also need to make revenue decisions in terms of tuition and it is believed there will be some limits in this regard. Enrollment is the main element related to revenue and at this point revenues have been purposely underestimated. It is likely the University will need to develop multiple scenarios to address situations which could arise during this particularly fluid Legislative Session.

Academic Excellence and Scholarly Activities Committee

Walter Bumphus – Chair
Katherine Farmer
Susan Guess
Lisa Rudolph
Tori Wood

In the absence of Dr. Bumphus, Mrs. Guess called the Academic Excellence and Scholarly Activities Committee to order at 11:38 a.m. and reported all other members were present.

Provost and Vice President for Academic Affairs – Academic Overview (For Information Only), received

Dr. Arant provided an academic overview synopsis which focused on the environment in which all are working and gave insight into the future direction of academic affairs at Murray State as well as upcoming principles of accreditation. University representatives attended the annual Southern Association of Colleges and Schools (SACS) Commission on Colleges (COC) meeting December 2-5, 2017. Delegates voted on a philosophy of accreditation which explains SACS actions. There were also some other issues addressed related to the principles that were published in September, after being approved by the SACS governing board in June. One is the idea of institutional integrity being a pervasive characteristic – meaning it supersedes and governs everything the institution does. Murray State will now be required to address institutional integrity in every aspect of its report to SACSCOC. In addition, the institutional mission and Quality Enhancement Plan (QEP) will be more closely tied together moving forward. Rather than these being viewed as separate activities, the QEP will have its origins within the institutional mission. Also included within some of the new accreditation standards will be the requirement for governing boards to undertake a self-evaluation. This represents a new standard and guidelines will be provided in the new Resource Manual which is under development and expected to be released within the next few months. SACSCOC has eased expectations with regard to faculty credentialing which provides more autonomy to the institutions. The format this will take is unknown but SACS has assured the institutions that with budget constraints and the ever-declining pool of faculty resources greater latitude in hiring new faculty is needed. There is also a SACSCOC expectation that universities will provide awareness and training instruction to students related to student debt. The institutions will be required to prove they offer the training, in addition to assessing the education provided.

Confirmation was provided that every faculty member and program on campus is working on initiatives to enhance the educational experience for students. With regard to adult education, Academic Affairs has visited all regional campuses and community college partners, except one. A meeting is being scheduled with Jackson State Community College to further expand the relationship with a potential community college partner. Such efforts are geared toward enhanced adult education and completion of the bachelor's degree. New strategies are also being considered to incorporate adult education activities at the regional campuses and the current approaches in those areas are being overhauled to be more inclusive for adult learners.

Enrollment in the Master of Science in Agriculture with an emphasis in Agriculture Education in the *Hutson School of Agriculture* is progressively increasing in this needed degree field. Consideration is also being given to expanding veterinary opportunities on the Hopkinsville campus. The *HSOA* is accomplishing this while most faculty are already teaching overloads. This illustrates that as resources are declining human resources are being strained. The initiatives the *HSOA* has utilized to advance their commitment to students and the area while dealing with limited available resources is commendable.

A new recruitment effort will be launched in January in the *Arthur J. Bauernfeind College of Business* which will represent a partnership with Future Business Leaders of America (FBLA) programs across the state to provide a much more targeted and enhanced recruiting effort for these students. This is being accomplished utilizing the University's already well-developed program and FBLA partner relationships.

A new emphasis is being placed on game design which will represent a joint effort between the colleges of Business and Humanities and Fine Arts related to graphic design. One of the largest game designers in the country is the federal government, particularly the military, because they design virtual battlefield scenarios coupled with artificial intelligence to provide as realistic an experience as possible. Efforts are also underway to more highly internationalize master's degrees. There has been some success in the past with the international Master of Business Administration (MBA) but there are also opportunities with a number of international partners, as well as with master's degrees offered by the departments of Accounting and Economics and Finance and other areas of study that developing economies desire.

The College of Education and Human Services received full reaccreditation by the National Council for the Advancement of Teacher Education. The Criminal Justice Program has reviewed entrance requirements and is making adjustments to further open the pipeline. Consideration is being given to expanding to an online environment as well as possibly developing a graduate program. Social Work is analyzing enrollment trends and is beginning to implement correction plans. The University is also working much more strongly with other area schools in terms of expanding partnerships.

University Libraries is making an effort to incorporate innovation spaces and a Virtual Reality Lab because it has been shown that virtual reality can increase learning by as much as 1,600 percent. Consideration is being given to building an Academic Commons as well as supporting that through a much more progressive subscription strategy.

The College of Humanities and Fine Arts is graduating its first full cohort of Doctor of Arts (DA) students in the Spring. Murray State is the only University in Kentucky that offers the DA. This further illustrates the amount of trust the state places in Murray State. The University now has a partner in Qingdao, China, that has expressed interest in sending a cohort of students to Murray State to enroll in the Doctor of Arts Program. At a recent curriculum presentation made by Music Education majors, students presented their work on a year-long project related to curriculum development for a Music Therapy Program. Murray State student Natalie Wilkins, along with her faculty mentor, did a phenomenal job researching and laying the background and foundation for why the University should offer a bachelor's degree in Music Therapy and it has been determined there is a substantial market for this program. Murray State is ideally and geographically suited to fill this market need and this illustrates service learning at its best. An opportunity has also been presented to collaborate with the Art Program at West Kentucky Community and Technical College to offer what is already a great program on the *Paducah Regional Campus*.

The School of Nursing and Health Professions was recently notified it has been accepted into candidacy for the Occupational Therapy Program which means students can now be recruited. A Director has also been hired. The Accreditation Council for Occupational Therapy, the accrediting body for this discipline, has indicated that by 2027 the fundamental degree for Occupational Therapy will be the doctorate. The Master in Exercise Physiology Program in Paducah made it through CPE first readings and all are looking forward to the full proposal moving forward. That department is undergoing extensive curriculum reviews in every program and the work they are trying to accomplish is amazing.

The *Jones College of Science, Engineering and Technology* is celebrating the recent opening of the Engineering and Physics Building. Work is currently underway with regard to Civil Engineering because it is time for Murray State to step fully into the engineering spotlight. Murray State has the talent, opportunity and the demand to be a leader in the region, if not the country, in terms of regional universities and the field of engineering. Assistant Dean and Professor Kevin Revell, discovered alarming numbers regarding the student body composition in this field. While studying enrollment in Biology and Chemistry, he discovered that in 2009 there were 62 students in either the underrepresented minority or low income categories. By 2015, only two of those students had graduated from either of these programs. Dr. Revell plans to lead

the Chemistry Department in trying to change that trend because it is programmatically unacceptable to graduate such a low number of underrepresented minority or low income students.

In terms of graduate activities, as mentioned earlier Matt Jones has been hired and already has an extensive travel itinerary visiting a number of institutions throughout the area and promoting Murray State's current graduate programs as well as those which are being developed. The idea of creating a Graduate College is being studied and would provide much greater opportunity for processing students in a more efficient manner and this would assist with both international and regional cohorts. The University of Central Missouri is interested in creating a pathway between their institution and the Murray State Ed.D. Program – which could result in up to 25 new graduate students. Many similar initiatives are also underway.

A comprehensive General Education review is underway and an effort is being made to remove all barriers for transfer students. Developmental education strategies are also being reviewed in an effort to ensure these students are able to enter the system in a more expedient fashion. The high school visits mentioned earlier resulted in the request for even more dual credit course offerings and work is underway to determine what may be possible in this area. As a result of the work of five different programs, a Graduate Certification in Postsecondary Education certificate will be proposed. This certificate will provide 18 hours of content area which will allow high school faculty to become credentialed to teach Murray State courses in the schools. If this program can be developed and offered online it will represent a significant market for the University.

In terms of the Honors Program and Honors College, in 2009 there were 146 students on campus with a 28 or higher ACT. In 2016 the number of students increased to 306, representing phenomenal growth.

In terms of the goal related to the expansion of 2+2 programs at the allied campuses, Dr. Arant indicated expanding into Hopkinsville – particularly in terms of agriculture – is being considered. There are also opportunities in this area related to education, particularly secondary education. In Madisonville there is greater interest in health sciences and efforts are being directed accordingly but part of this work will also include secondary education programs. Henderson has indicated an openness to 2+2 program expansion and this region will be explored even further because there appears to be some opportunities related to hospitality and tourism. In Paducah efforts are underway with regard to the Exercise Physiology and Occupational Therapy programs as well as education programs. Consideration is also being given to expanding beyond 2+2 programs through accelerated master's degrees and that foundation has already been laid with an agreement being signed with a law school.

According to SACS, the top three reasons for graduate success in the country – a trend lasting 30 years beyond graduation – all involve faculty and student interaction. The Board has Dr. Arant's commitment to protect and advance this interaction as much as possible.

This report was presented for information only and required no Board action.

Experiential Education Update (For Information Only), received

Dr. Arant presented an update on experiential learning which included the following highlights:

- The CPE has indicated that Murray State's Study Abroad Program is exceptional and unparalleled in Kentucky. Semester program offerings in Regensburg are being expanded to include non-lab based STEM courses and Occupational Safety and Health will be offered next semester.
- The Student Disability Services Education Abroad Program provides a unique opportunity for students with physical challenges to have access to Study Abroad programs.
- The University has an opportunity to expand its partnerships for the Telecommunications Systems Management Program in the Netherlands and Sweden through the United States Study Abroad Capacity Building Grant.
- Melanie McCallon Seib, Director, Education Abroad, recently received a Fulbright Nehru Award which will allow planning for faculty-led study abroad programs, internships, scholars-in-residence and opportunities for Murray State faculty and students in India.
- Posters-at-the-Capitol represents another experiential learning opportunity. During the event students presented their intellectual property and last year Murray State was represented by 19 posters highlighting faculty-led student projects at the Capitol.

- *Steeplechase* is an online student journal that chronicles the scholarly activity of students. This online journal has achieved a significant download count as individuals begin taking notice of what Murray State students are doing.
- A Coordinator of Service Learning Activities has been hired and will advance the opportunity for students to take what they are learning in the classroom and apply it to meeting social needs. In the 2016-17 academic year there were 830 students enrolled in service learning courses.
- Murray State's Peace Corps Prep Program began in Fall 2016 and requires students to be involved in a variety of experiential education activities. In the first year the University has enrolled triple the number of students proposed in the initial agreement.

This report was presented for information only and required no Board action.

Adjournment

The Academic Excellence and Scholarly Activities Committee adjourned at 12:07 p.m.

The Board of Regents also adjourned for lunch at 12:07 p.m.

Reconvene

Chair Williams reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 1 p.m.

Buildings and Grounds Committee

Sharon Green – Chair
Daniel Kemp
Jerry Rhoads
Phil Schooley
Tori Wood

Ms. Green called the Buildings and Grounds Committee meeting to order at 1:03 p.m. and reported all members were present.

***Jones College of Science, Engineering and Technology* – Biology Building Program Statement, approved**

Mr. Burdette reported that repairs have now been made to the Chemistry Building and attention is shifting to necessary repairs in the Biology Building which are more complicated because there was one design team and two different contractors – one for Phase I and one for Phase II. A mechanical engineering firm has been hired to study the air pressurization and HVAC symptoms in the Biology Building. A commissioning group provided recommendations regarding recommissioning the internal working of the building after meeting with the design team and each of the contractors. The University is currently reviewing the information provided to make an informed decision on how to proceed. The next phase will be design and based on that work a contractor will be selected to make the necessary repairs. It was indicated that the selection of the contractor will not necessarily be based on the lowest bid.

Ms. Dudley reported that per the Delegation of Authority Item #13 the Board of Regents must approve any "program statement" that may be prepared for a capital construction project requiring approval by the Kentucky General Assembly prior to implementation of the program statement. The Biology Building project was included in the University's 2016-18 *Six-Year Capital Plan* as described below:

> The Biology Building has experienced degradation and failures of its air handling and fume hood systems causing an explosive growth of mold in the Summer of 2015. This project will cover the repairs to the air handling system, hood controls system and repairs to the damaged classrooms, laboratories and offices.

The 2016-18 Budget of the Commonwealth does authorize this project for an amount up to $2 million. Authorization for this project is requested for $2 million in the 2018-20 *Six-Year Capital Plan*. At its meeting on June 10, 2016, the Board of Regents authorized the use of reserves in the amount of $2 million to fund necessary repairs to the Biology Building.

On behalf of the Buildings and Grounds Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the Program Statement as submitted for necessary Biology Building repairs. Mr. Kemp seconded and the motion carried.

Full Board Action – *Jones College of Science, Engineering and Technology* – Biology Building Program Statement, approved

On behalf of the Buildings and Grounds Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached Program Statement for necessary Biology Building repairs. Mr. Kemp seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

(See Attachment #17)

Housing Master Plan (For Information Only), received

Ms. Dudley reported that at the direction of the Board of Regents at the August 2017 meeting, a Request for Proposals (RFP) is being prepared to contract with a firm to assist with the development of a comprehensive multi-year campus Housing Plan. The purpose of the solicitation is for the University to review proposals and qualifications, with the goal of selecting one nationally-recognized firm or developer to partner with the University over the next several years to develop and implement a Housing Master Plan. Ultimately, the University seeks a firm that will conduct demand and market analysis; provide facilities assessments and needed revitalization, replacement or deletion of current stock; develop a financial plan and analysis of current and future housing rates and occupancy needs based on enrollment; provide projected cost and optimal financing options for recommended facilities projects and offer facilities design services for each project. The RFP will also request how the recommendations will position the University to have a competitive advantage in addition to complementing the University's Strategic Plan. Information was provided on each of the residence halls including the year constructed and the number of beds and floors and a determination must be made whether this represents the appropriate mix to meet student housing needs at Murray State. The Finance Committee and the full Board will be asked later to approve issuance of the RFP for this purpose which will go out the first part of January 2018.

Confirmation was provided that a similar exercise was undertaken in 2010 when an RFP was issued and awarded to MGT of America. The University has been following their recommendations in terms of its housing stock for renovation and replacement. An approximate 4 percent increase in housing rates has been presented to the Board for approval on a routine basis each year based on the MGT recommendations. The MGT recommendations essentially represented a building model or one plan. It is time to update the University's plan with regard to housing into the future. Confirmation was provided that the RFP would be broadened to include the potential for P-3 or public-private partnerships. Developers involved with P-3 partnerships have access to markets in the private sector, including financial models which are not available to Murray State. Confirmation was provided that other universities in Kentucky utilize P-3 partnerships to help meet their housing needs. The current RFP being issued is to partner with a firm over the long term that can help move Murray State housing stock into the future by helping to implement the proposed plan. Outsourcing could be one recommendation that is offered but it could also only apply to one housing facility and not the entire housing stock. Confirmation was provided that the Sorority Suites could be included in this work.

This report was presented for information only and required no Board action.

Adjournment

The Buildings and Grounds Committee adjourned at 1:16 p.m.

Enrollment Management and Student Success Committee

Lisa Rudolph – Chair
Walter Bumphus
Katherine Farmer
Sharon Green
Don Tharpe

Mrs. Rudolph called the Enrollment Management and Student Success Committee to order at 1:16 p.m. and reported all members were present with the exception of Dr. Bumphus.

Final Fall 2017 Enrollment Report (For Information Only), received

Mr. Dietz reported that for the Fall 2017 Semester, Murray State had an overall enrollment decrease of 4.6 percent and current enrollment stands at 10,017. He also highlighted the following:

- For Fall 2017 there were 1,443 first-time freshmen enrolled compared to 1,502 in Fall 2016. For Fall 2018 it is believed the University will be in a good position given the number of first-time freshmen applications – which is a good indicator of yield.
- Freshmen numbers defined include:
  - First-time Freshmen All represents all newly-enrolled freshmen regardless of their full-time or part-time status and in Fall 2017 numbered 1,443 compared to 1,502 in Fall 2016.
  - First-time Freshmen Full-time Equivalent (FTE) includes all new full- and part-time freshmen and for Fall 2017 was 1,450 compared to 1,510 in Fall 2016. This is computed by adding credit hours taken by new freshmen and dividing by 15 as per CPE guidelines.
  - First-time Freshmen Full-time includes all new freshmen taking a minimum of 12 credit hours (federal financial aid definition) and for Fall 2017 numbered 1,439 students compared to 1,497 in Fall 2016.
- Information provided on FTE and credit hours generated included:
  - Undergraduates – 7,156 FTE and 107,350 credit hours in 2017 compared to 7,541 and 113,112, respectively, in 2016
  - Graduates – 770 FTE and 9,242 credit hours in 2017 compared to 935 and 11,226, respectively, in 2016
  - First-time Freshmen – 1,450 FTE and 21,753 credit hours in 2017 compared to 1,510 and 22,661, respectively, in 2016
  - First-time Transfers – 471 FTE and 7,060 credit hours in 2017 compared to 520 and 7,807, respectively, in 2016
- Enrollment decreases were experienced in the following areas:
  - First-time freshmen enrollment decreased by 3.9 percent (59 students).
  - First-time transfer enrollment decreased by 3.1 percent (19 students).
  - International student enrollment decreased by 29 percent (192 students).
  - Graduate student enrollment decreased by 14 percent (228 students).
- While overall enrollment decreased, there are some encouraging signs regarding the academic profile for the freshman class. First-time freshmen ranked within the top 25 percent of their class increased from 48.1 percent to 51.9 percent and the ACT average went from 23.9 to 24.2 – the highest in recent history. Freshmen Valedictorians comprise 6.2 percent of the Fall 2017 freshman class, compared to 4.9 percent for the Fall 2016 class. Freshmen participating in the Honors College increased by 13 percent and first-time freshmen enrolling with dual credit represent 67 percent or 964 students. High school students are charged $54 per credit hour for dual credit courses. High school seniors are eligible to apply for state scholarship funds which are then provided to their school to cover the cost of up to two dual credit classes so they are essentially offered at no cost to these students. Confirmation was provided that the University waives the Application Fee (as per the state requirement of no additional fees) but the students must purchase the college textbook. When transferring to the University many of the dual credits earned by high school students are satisfying General Education course requirements and in many instances students are immediately able to start taking classes within their major. There does not seem to be any transition issues for the students who have taken dual credit courses. A current discussion point between high schools and colleges is that there is no guarantee students will receive college credit for an Advanced Placement class and dual credit classes are more likely to result in college credit. It was indicated that if students desire to be Valedictorian or Salutatorian of their class in some high schools they must complete a certain number of Advanced Placement courses.
- A breakdown of freshman class enrollment by state was provided and numbers are similar to last year. Information was also presented on first-time enrollment by 18-county service region. Numbers were down by approximately 30 students from Calloway County but Calloway County High School and Murray High School also had smaller graduating classes which likely contributed to the decline.

The community college scholarship being offered in Christian County has also affected Murray State enrollment. The number of students recruited from Henderson County increased significantly and this represents an area for potential opportunities. Confirmation was provided that high school graduation rates are carefully monitored. More students are being encouraged to attend local community colleges and some are able to do so at no cost. In addition, the population in the area is declining and these represent challenges the University is facing. Confirmation was provided that Dr. Davies has encouraged the enrollment team to "think outside the box" in terms of being more creative and aggressive from a recruiting standpoint.

- This year there was a tremendous increase in the number of high school students enrolled in Murray State dual credit courses (162 students) and many high schools have as a goal their students graduating with at least 12 hours of dual credit. The national average for students taking a dual credit course to actually attend college at the providing university is 30 percent and currently 33 percent of students taking a dual credit course from Murray State actually end up attending college here. Confirmation was provided that there is a specific recruitment campaign for dual credit students.
- First-time transfer enrollment for Fall 2017 was 586 compared to 605 in Fall 2016. Work has been focused over the past year with the community colleges and regional campuses so transfers represent more of a collaborative partnership. An early Spring transfer enrollment report illustrates that numbers are increasing for this population likely as a result of these efforts. The majority of first-time transfer students coming to Murray State are from Kentucky and Illinois. First-time transfer enrollment by 18-county service region was fairly consistent with last year.
- The total African-American population is 587 students and information was provided for new freshmen and new transfer students from Kentucky. Regents may be asked to participate in new programming initiatives being instituted for this population, including additional outreach efforts.
- The largest decreases in overall enrollment came from international and graduate populations and can be attributed to the following:
  - International students are enrolling at colleges and universities at a much slower rate. This is mostly due to the political climate within the United States and is not unique to Murray State. International numbers at the University also decreased due to some graduate programs capping enrollment. International government sponsorships of foreign students attending universities in the United States is in decline which has resulted in fewer students enrolling at Murray State. The competition for international students has significantly increased globally. Australia and New Zealand have entered the market. The largest exporter of college students is Asia and geographically it makes sense for those students to attend college in Australia and New Zealand. China is also looking to become less of an exporter and more of an importer of higher education and resources are being dedicated toward that purpose. On a recent recruitment trip Dr. Davies met with Presidents in European countries and nationalism is at an all-time high throughout the world. The essence of immigration is at the forefront of topics being discussed and individuals are now more likely to stay within their geographic or political boundaries. A program in the European Union gained tremendous momentum in terms of encouraging students to undertake higher education pursuits within the European Union as opposed to the United States. The recent Supreme Court ruling on the travel ban also has a significant impact on international enrollment. Dr. Robertson confirmed the issues just outlined but added this also applies to Brazil where government-sponsored scholarships are no longer being offered for students to study in the United States. Some partner schools are no longer sending students but efforts are underway to re-establish those relationships. When traveling overseas there is a great deal of uneasiness about coming to the United States, especially with recent safety concerns that are being reported on the news. There is also a declining number of high school students in these countries. The University has revised its recruitment strategy and is working more closely with its agents and is strengthening the English as a Second Language Program. Work is also underway with international students in the community colleges to encourage them to transition to Murray State. Cost is cited by students and their families as a factor and scholarship incentives are also being considered in this regard.
  - Overall, graduate enrollment has declined steadily over the past few years. This decline can partially be attributed to a stronger economy and individuals returning to the workforce. Additionally, competition from low-cost providers has impacted graduate enrollment. As an example, students pursuing graduate programs in education are opting for schools that offer lower tuition rates. Dr. Davies reported there is not currently differential tuition for the various graduate programs and this is being studied by a recently-formed Task Force. Dr. Arant indicated some information has been advanced with regard to differential tuition for graduate programs. When an analysis was undertaken it was discovered that tuition rates at the University for out-of-state and international graduate programs are the second highest in the area. Work is currently underway to bring graduate and international tuition back into alignment with the area market. Some universities charge a flat rate which has resulted in some success. Another factor is a student's ability to repay loans depending on their discipline and factors such as this are being taken into account.
- Admitted student numbers are currently up by 17 percent for Fall 2018. Applications have been processed differently and admissions information is being conveyed to students sooner. Student communications are more personalized and the Dean's Scholarship has been instituted and has been

successful when promoted in the high schools. This Fall every admission letter included a card with #MurrayStatesaidyes and this has had a positive impact on social media. A video component related to acceptance to the University is also being considered.

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

Adjournment

The Enrollment Management and Student Success Committee adjourned at 1:55 p.m.

Finance Committee

Daniel Kemp – Chair
Walter Bumphus
Katherine Farmer
Jerry Rhoads
Phil Schooley

Mr. Kemp called the Finance Committee to order at 1:55 p.m. and reported all members were present with the exception of Dr. Bumphus.

Designation of Reserves for Blackburn Science Building Remediation/Renovation/ Relocation, authorized

Dr. Davies indicated the renovation of Blackburn Science Building and demolition of Woods Hall represent priority projects for the University which must be addressed. Woods Hall is currently home to the international student services area, Study Abroad and Art Department studios but the facility has far outlived its usefulness. Demolition of a facility is never inexpensive and the decision that this is how the University needs to proceed has been difficult. Blackburn Science Building is in the center of campus and is in relatively good shape structurally but the facility is badly in need of renovation in terms of restrooms, Americans with Disabilities Act compliance and remedial work. This facility has the potential to be a significant hub for academic activities that will span across all disciplines. Plans are to establish a Center for Veterans Affairs in Blackburn because services for these students are currently housed in less than prime locations on campus. Experiential learning is an important component of Murray State and impacts every single unit through internships, research, Study Abroad, etc. and those elements are being brought together and housed in one location. The Institute for International Studies and associated units will also be housed in Blackburn in an effort to highlight an important cultural component of campus that touches every academic area of the University. The reserves being utilized for these projects are state appropriated carryovers and not revenue-generated reserves from the various units on campus. The Blackburn project is not a full renovation but represents accomplishing work which must be undertaken to move the previously-named units to that facility. Some of this work is being done internally while other projects will be accomplished utilizing outside contractors. Infrastructure needs for electrical, plumbing and HVAC in Blackburn will not be able to be addressed with this funding. The Board was cautioned that the objective for this request is to relocate the units housed in Woods Hall to Blackburn so focus can be shifted to preparing Woods to be razed utilizing any remaining funding. The actual razing of Woods Hall is a project which will be brought to the Board at a later date for approval and is not included in this funding designation request. The goal is to move the units out of Woods Hall by Fall 2018 and it will take approximately one year for the facility to be razed, perhaps by Summer 2019.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to utilize $3,116,000 of reserve funds from 2016-17 for the relocation of units, necessary remediation and renovation of space for certain units in Blackburn Science Building, with the balance remaining being authorized for the razing of Woods Hall. Ms. Farmer seconded and the motion carried.

Full Board Action – Designation of Reserves for Blackburn Science Building Remediation/Renovation/ Relocation, authorized

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to utilize $3,116,000 of reserve funds from 2016-17 for the relocation of units, necessary remediation and renovation of space for certain units in Blackburn Science Building, with the balance remaining being authorized for the razing of Woods Hall. Dr. Tharpe seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

Projects Approved by the Board of Regents Chair, funding designated

Ms. Dudley reported the Board of Regents Delegation of Authority Item #20 states that "…prior to moving forward, all projects costing over $200,000 and up to the threshold denoted by Kentucky statute should be reviewed by the Board Chair and President and a determination made in terms of those projects requiring further Board approval." The first schedule included in the eBoard book listed projects with estimated costs of $200,000 or less. The second schedule presented contains projects with estimated costs over $200,000. All projects have been reviewed by the Board Chair and President. The reports provided in the eBoard book now contain information relative to total project scope and current funding approval for a particular project. This information illustrates the magnitude of the project but also assures the Board they have seen the project before as evidenced by the current designated funding approval. In terms of projects costing less than $200,000, the Board is being asked to approve the designation of a total of $878,824 for specific projects separated by funding source. For projects costing more than $200,000, the Board is being asked to approve the designation of a total of $1,271,000 for these specific projects from deferred maintenance and one-time project funding.

One item on the less than $200,000 listing is for floor and wall repairs for water damages in the Police Department. The funding source was listed as "to be determined" but Ms. Dudley provided clarification that the cost of this project will be covered by insurance. In addition, total scope funding represents the estimated overall cost of a project already approved by the Board and current fund approval is how much the Board is being asked to approve above the original cost to complete a given project.
On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the projects on the listings provided. Ms. Farmer seconded and the motion carried.

Full Board Action – Projects Approved by the Board of Regents Chair, funding designated

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the projects on the attached listings. Dr. Tharpe seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

(See Attachments #18 and #19)

Personal Services Contracts, approved

Ms. Dudley reported Item #11 of the Delegation of Authority stipulates that the Board "…approve all Personal Services Contracts totaling more than $50,000." The Health Services Contractor RFP was included on the listing provided but should be withdrawn at this time because work still needs to be undertaken before this item is presented to the Board for approval. The Board was also cautioned that the estimated amount for some of the projects may not represent the total amount which will be needed to bring those projects to fruition.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts as listed in the document presented per requirements of the Delegation of Authority (Item #11). The Personal

Services Contract request for a Health Services Contractor request was withdrawn from the listing at this time. Ms. Farmer seconded and the motion carried.

Full Board Action – Personal Services Contracts, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts as listed in the attached document per requirements of the Delegation of Authority (Item #11). The Personal Services Contract request for a Health Services Contractor request was withdrawn from the listing at this time. Ms. Green seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

(See Attachment #20)

Authorization for Issuance of General Receipts Refunding Bonds, 2017 Series A (refunding of 2009 Series A), resolution adopted, with amendment

Ms. Dudley reported that the University's intent was to refund 2009 Series A bonds before the end of the 2017 calendar year and because work was on track the item appears on the agenda today. However, rates have changed and are currently higher than anticipated so savings will not be great enough to warrant the bond refinancing at this time. The authorization being requested will enable the University to refinance approximately $4.2 million in General Receipts Refunding Bonds, 2017 Series A. Bond Counsel Hilliard Lyons, Bond Attorney Dinsmore & Shohl and the Kentucky Office of Finance Management have recommended the University proceed with seeking the Board's approval today to take the requested action if, after the first of the year, bond rates go back down and it is advantageous for Murray State to refinance. The net savings would be approximately $17,000 to $20,000 per year but there are ten years remaining on the bonds in question which would amount to a savings of up to $200,000 over the remaining life of the bonds. If rates do not go back down the bonds will not be refinanced at this time. The Board's approval today will be contingent on market rates declining so refinancing would be beneficial to the University to ensure savings are sufficient to cover the cost of the reissuance.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, adopt the Resolution presented to the Board for providing for the authorization, issuance and sale of approximately $4,200,000 in General Receipts Refunding Bonds, 2017 Series A, pursuant to the Trust Agreement dated as of May 1, 2007, contingent upon a decline in interest rates to ensure savings are sufficient to justify the cost of the reissuance. Ms. Farmer seconded and the motion carried.

Full Board Action – Authorization for Issuance of General Receipts Refunding Bonds, 2017 Series A (refunding of 2009 Series A), resolution adopted, with amendment

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, adopt the attached Resolution providing for the authorization, issuance and sale of approximately $4,200,000 in General Receipts Refunding Bonds, 2017 Series A, pursuant to the Trust Agreement dated as of May 1, 2007, contingent upon a decline in interest rates to ensure savings are sufficient to justify the cost of the reissuance. Dr. Tharpe seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

(See Attachment #21)

Moody's Bond Rating Review (For Information Only), received

Ms. Dudley presented an update on the University's current bond rating by Moody's with the following highlights:

- In June 2017, Moody's undertook a review of all state schools in Kentucky and issued different ratings for most comprehensive universities in the Commonwealth. There are three rating agencies utilized by the universities – Moody's, Standard and Poor's and Fitch. Currently all Murray State bonds are rated by Moody's and there are $85 million in bonds outstanding in the market. This helps investors understand the credit worthiness of the school which is the purpose of the bond rating.

- Information was provided on 2007, 2013 and 2017 bond ratings for the University. In 2007 the University had an A2, stable rating; in 2013 it had an A1, stable rating and for 2017 that has been changed by Moody's to an A1, negative rating in terms of outlook. It is believed that Murray State has never had a negative rating, at least since it has issued General Receipts bonds (2005). The Commonwealth of Kentucky was also reviewed in July and the rating moved from Aa2 to Aa3, stable. The state rating affects the University's rating due to the Intercept Enhancement Program where if an institution is not able to make its debt payment the state steps in and makes the payment for the bond holders. This reduces the risk of the bond holder and also allows for interest rates to be more favorable to institutions when selling bonds. The Intercept Program has always been of benefit to the University but there is some legislation being discussed which would allow institutions to issue bonds without the Intercept Program, although Murray State's position is yet undecided.
- Bond ratings information was also provided for the other state universities and the only two that did not receive a bond update were Kentucky State and the University of Louisville which is still under review. Western Kentucky and the University of Kentucky bond ratings are stable because they are larger in size, have a larger diversity of programs and are in close proximity to Nashville.
- Moody's rating scale includes the investment grades as follows:
  - Aaa – highest rating, representing minimum credit risk
  - Aa1, Aa2, Aa3 – high-grade
  - A1, A2, A3 – upper-medium grade
  - Baa1, Baa2, Baa3 – medium grade
  - The stable or negative notation relates to outlook – not the credit rating. Moody's also released its outlook for higher education as an industry and the rating went from stable to negative. The report revealed that 24 percent of public universities in the United States they rank went from stable to negative while only 1 percent were rated the same. The full Moody's Report was provided with the supplemental materials in the eBoard book.
- Moody's rating scale also includes speculative grades as follows:
  - Ba1, Ba2, Ba3 – speculative elements
  - B1, B2, B3 – subject to high credit risk
  - Caa1, Caa2, Caa3 – bonds of poor standing
  - Ca – highly speculative or near default
  - C – lowest rating, bonds typically in default, little prospect for recovery of principal or interest
- As per Moody's, credit strengths for Murray State include:
  - Consistently positive operating cash flow margins
  - Rising and sound spendable cash and investments with good liquidity
  - Limited debt with $85 million outstanding
  - Established regional presence in southwestern Kentucky
  - Kentucky Intercept Enhancement Program
- Credit Challenges which were part of the reason for the change in outlook include:
  - Participation in poorly funded pension plans
  - State appropriation cuts pressure operations
  - Declines in enrollment reflects strong competition for shrinking pool of Kentucky high school graduates and concerns related to recent residence hall incident
  - Highly price sensitive student population may limit ability to increase tuition
  - High average age of plant indicates need for future capital investment
- Factors that could alter a change in ratings leading to an upgrade include strengthened student demand and successful investment in facilities while maintaining flexible financial resources. Factors that could lead to a downgrade include sustained weakened operating cash flow, decline in cash and investment liquidity and significant increases in debt. This will be monitored as the University undertakes the process of reviewing housing needs.
- When Moody's undertakes a rating review certain considerations are studied based on a significant amount of information provided by the University. For Murray State those considerations include:
  - New tuition scholarship aid model focused on student quality and affordability
  - Healthy positioning of cash flow tempers uncertain state funding
  - Strong reserves and good liquidity cushion
  - Modest outstanding debt but significant pension liabilities and plant needs
  - Very good strategic positioning reflecting strong fiscal oversight and planning

Mr. Kemp asked Ms. Dudley to present this report today because the information is highly relevant to the Board as part of its consideration of the finances of the University. Moody's evaluates the financial status of businesses and organizations and knows how to point out both the good and the bad. The pension issues at the state level prompted Moody's to undertake the extensive review of all the universities this year. Murray State's rating is a testament to good financial management from the administration and the Board. Cash flows have been managed well and there is not an inordinate amount of debt. Moody's did mention that the University may be reaching the point where it has a highly price sensitive student population which may limit the

ability to increase tuition in the future and this must be taken into consideration as decisions are made.

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

Minutes of the Special Meeting of the Board of Regents Finance Committee on November 21, 2017, approved

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents approve the minutes for the Special Meeting of the Board of Regents Finance Committee on November 21, 2017, as submitted. Ms. Farmer seconded and the motion carried.

Full Board Action – Minutes of the Special Meeting of the Board of Regents Finance Committee on November 21, 2017, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents approve the minutes for the Special Meeting of the Board of Regents Finance Committee on November 21, 2017, as submitted. Mrs. Rudolph seconded and the motion carried.

Update Report on the Special Meeting of the Board of Regents Finance Committee on November 21, 2017, received

Mr. Kemp reported that the Special Meeting of the Board of Regents Finance Committee held on November 21, 2017, was productive. In addition, the Shared Governance Budget Summit held the morning before the Finance Committee Meeting was especially beneficial to all involved. There was good participation from students, Staff Congress and Faculty Senate who received excellent presentations from Dr. Davies and Ms. Dudley. It is important for all to embrace the concept of shared governance and that constituency bodies should be involved in that process. It is important for those with an interest in Murray State to understand the facts and be provided with the information necessary to make informed recommendations and decisions.

The Special Meeting of the Board of Regents Finance Committee was attended by almost all Board members, either in person or via telephone. Ms. Dudley gave an excellent presentation regarding challenges facing the University and outlined pressure points the institution must address. Consideration was also given to how to handle many scenarios which may be presented as a result of legislative action – such as a decrease in the University's state appropriation. The pension issue weighs heavily on the University because currently Murray State contributes 49 percent for staff in the Kentucky Employees Retirement System and there has been discussion that this contribution may increase to 84 percent and this would certainly not be sustainable. The purpose of the meeting was to ask Dr. Davies and administrative staff to continue thinking about all options to handle what could become a financial crisis. The administration and the Board may have to consider doing some things that may be controversial or would not be done in better financial times. No decisions were made and no action was taken during the Special Meeting of the Finance Committee. The meeting was held for informational purposes only to lay the groundwork for decisions which may need to be made moving forward and to inform the University Community as well as the public at large (through news coverage). Murray State is a public university and it is important for all who have an interest in this institution to have accurate facts in terms of the University's current financial situation due to the pension crisis and the potential of a state appropriation reduction. Chair Williams agreed that both meetings were timely and beneficial in terms of the financial information provided. It is likely the University will need to have several financial scenarios in place to address the budget situation when all factors are fully known from the Legislature.

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

Adjournment

The Finance Committee adjourned at 2:55 p.m.

The Board of Regents adjourned for a break at 2:55 p.m.

Reconvene

Chair Williams reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 3:12 p.m.

Legislative and Economic Development Committee

Jerry Rhoads – Chair
Daniel Kemp
Lisa Rudolph
Don Tharpe
Stephen Williams

Mr. Rhoads called the Legislative and Economic Development Committee to order at 3:12 p.m. and reported all members were present.

Legislative Update (For Information Only), received

Jordan Smith, Director for Governmental Relations, presented a legislative update with the following highlights:

- In terms of the Interim Session, all have been busy responding to Legislative Research Commission (LRC) requests for information, attending meetings with the interim joint committees, CPE and LRC budget staff in an effort to provide accurate information related to Murray State's budget and financial situation, particularly with regard to pension obligations and deferred maintenance needs.
- The University's message throughout the Interim Session has been that the state's assets which are already on the campus must be preserved and significant help is needed from the Commonwealth with that preservation in the form of deferred maintenance and upkeep. Maintenance needs are contained within the CPE budget but Murray State is also advocating for those needs to be addressed and this message will continue to be conveyed through the 2018 Legislative Session.
- Also being monitored are the state revenue shortfalls and projections from the Consensus Forecasting Group (CFG). For FY17 the Budget Office announced a $138.5 million (1.3 percent) revenue shortfall. The CFG and the Budget Office also announced a preliminary forecast of $155.6 million shortfall for FY18, although the official revenue number will not be clear until December 15. Any budget shortfall has ramifications for Kentucky agencies and higher education in particular.
- The work of the Program Review and Investigations Committee is also being monitored. This committee decided to study higher education tuition and fees throughout the Interim Session and indicated their findings would be announced that session. However, the study has been delayed due to the pension crisis and universities may not see the results of the work of the Committee until possibly next year.
- The Governor's Office has continued to issue statements that a Special Session will likely be called, possibly the week of December 18. The General Assembly is sending mixed messages about whether they would be able to agree on a pension bill at this time and if a Special Session will be called. Members of the House Majority (46 out of 64) sent a letter to Governor Bevin on Wednesday publicly asking him not to call a Special Session before the year's end to allow them more time to work on a potential pension proposal.
- The University will continue to monitor this situation and if a Special Session is called Murray State will communicate with its legislators regarding any pension reform bills and will be advocating for faculty and staff currently in the system, while still asking for pension relief.
- The 2018 Legislative Session will begin on January 2 and, as stated earlier, is a budget year so it will be a 60-day session in total with the last day of the Session scheduled for April 13. The priority this Session will be to communicate to the General Assembly the damage a large state budget cut would cause to the overall collegiate community, especially when coupled with the increased pension liability. The Legislature will be asked for pension assistance and deferred maintenance funding and the CPE is potentially requesting higher education statutory reform for the various unfunded mandates that have been in statute for many years, among other statutes directly impacting the universities financially. Meetings will take place with 18-county service region legislators, members of leadership and staff members throughout the Budget Session to remind all of these priorities and the important place the universities hold in the Commonwealth, not only for faculty, staff and students, but also for the economic development impact that is felt throughout the state.
- All higher education bills will be watched closely by the legislative team and the Board will continue to be updated on the Legislative Session as bills are filed and passed.

Mr. Rhoads added that tax reform has not even been discussed and the Governor earlier indicated that would be part of this overall process. There will be a push by many members of the minority party to address tax reform to provide additional revenue. While in Frankfort Mr.

Smith is meeting with all legislators and the leaders of the minority and majority parties, as well as with the entire General Assembly, is keeping him informed, as Chair of the Legislative and Economic Development Committee, during the entire legislative process. A letter was read from Representative Kenny Imes which was highly supportive of Murray State and very complimentary of the work of Mr. Smith regarding his credibility among LRC staffers. Mr. Rhoads expressed appreciation to Mr. Smith on behalf of the Board for his excellent work in Frankfort. Mr. Smith indicated that Representative Imes and Senator Stan Humphries have been dedicated supporters of Murray State University.

Confirmation was provided that by statute the state administration must file a budget by January 16, 2018, and the question remains in what sequence the Legislature will address tax reform, pension reform and the state revenue shortfall. Kentucky also has a Constitutional Amendment that it must have a balanced budget.

Mr. Rhoads reported that the Postsecondary Education Center in Madisonville is nearing completion and a Certificate of Occupancy was issued this week. Furniture is being moved into the building and information technology will be on site to install equipment soon. It is anticipated the Center will be operable next semester. This represents a $20 million facility and is a credit to the relationship the Madisonville area has with Murray State. Madisonville was able to raise $5 million – a local effort which was required in order to even have the building approved for construction. There were four lead gifts with Baptist Health ($1 million), the City of Madisonville ($1 million), Hopkins County ($1 million) and close to $1 million provided by the state. This very strong local effort speaks well of the relationship between this area and Murray State. The facility will operate under a 20-year lease that has already been executed and growth in 2+2 programs in this area is anticipated which will further enhance enrollment at the University. The Board is invited to attend any ceremonial event that will be planned for the opening of the facility.

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

Adjournment

The Legislative and Economic Development Committee adjourned at 3:35 p.m.

Marketing and Community Engagement Committee

Susan Guess – Chair
Sharon Green
Phil Schooley
Stephen Williams
Tori Wood

Mrs. Guess called the Marketing and Community Engagement Committee to order at 3:35 p.m. and reported all members were present.

Gift-in-Kind, received, accepted and approved

On behalf of the Marketing and Community Engagement Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, receive, accept and approve the donation of a mixed domain oscilloscope, SA6 benchtop oscilloscope, arbitrary function generator, logic analyzer and ten bundles of software with a total value of $26,860 from Tektronix of Beaverton, Oregon, for the benefit of the Murray State Institute of Engineering. Mr. Williams seconded and the motion carried.

Full Board Action – Gift-in-Kind, received, accepted and approved

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, receive, accept and approve the donations of a mixed domain oscilloscope, SA6 benchtop oscilloscope, arbitrary function generator, logic analyzer and ten bundles of software with a total value of $26,860 from Tektronix of Beaverton, Oregon, for the benefit of the Murray State Institute of Engineering. Mrs. Rudolph seconded and the motion carried.

Naming Proposal, approved

On behalf of the Marketing and Community Engagement Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve the naming of the "Tektronix Circuits Lab," which will be located in Room #1353 on the first level of the new Engineering and Physics Building at Murray State University. Mr. Schooley seconded and the motion carried.

Full Board Action – Naming Proposal, approved

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve the naming of the "Tektronix Circuits Lab," which will be located in Room #1353 on the first level of the new Engineering and Physics Building at Murray State University. Ms. Green seconded and the motion carried.

University Advancement Update (For Information Only), received

Dr. King reported that in order to support enrollment growth, strategic academic program recruitment has been undertaken with the online Master of Business Administration. An aggressive marketing campaign was developed for the program and examples of traditional and online marketing efforts were shown which were targeted in certain geographical areas and some were done in partnership with the Lane Report. The initial objective was to increase inquiries/ applications for the Spring 2018 term with an enrollment goal of 35 students. The marketing budget was set at $20,000 in partnership with the College of Business. The marketing return on investment included 1,350 web visits (August –November) which is a 33 percent increase over FY17. There were 5,180 Facebook views, 227 click-throughs and 94,604 Lane Report impressions. As of yesterday there have been 51 applications and 45 students have been accepted, with 154 additional inquiries. Confirmation was provided that total cost was taken into consideration relative to peer institutions. Work is currently underway with the Institute of Engineering on a similar project.

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

Adjournment

The Marketing and Community Engagement Committee adjourned at 3:45 p.m.

Policy Changes

Development Authority for Title IX Interim Policy, designated

Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, designate authority to the President to develop an interim Title IX policy that would be in the best interests of the University, with approval from the Board Chair, if it is deemed necessary prior to a subsequent Quarterly Board of Regents meeting. Any proposed interim policy will be sunset after the University has made necessary changes to the University Title IX Policy to align with forthcoming guidance from the United States Department of Education. A Title IX Policy would then be presented to the Board for approval at a subsequent meeting. Mr. Kemp seconded and the motion carried.

***Faculty Handbook – Section 2.1 – The Ranked Faculty*, approved**

Ms. Farmer reported that in 2010 Kentucky Revised Statute 164.321 was amended to include Instructors as voting members of the faculty for Faculty Regent at all comprehensive universities in the Commonwealth of Kentucky. Although Murray State has the rank of Instructor in the *Faculty Handbook*, it is seldom used as a classification for faculty members. The preferred classification by Murray State is Lecturer or Senior Lecturer. This title change from Lecturer/Senior Lecturer to Instructor/Senior Instructor/Instructor ABD will allow for the inclusion of Lecturers and Senior Lecturers in the election process. Confirmation was provided

that only tenure-track faculty are eligible for election as Faculty Regent. *Faculty Handbook* sections which are affected include 2.1 and 3.5.

Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, approve the revisions to the *Faculty Handbook* as presented for the academic year 2018-19. Mrs. Rudolph seconded and the motion carried.

Personnel Changes, approved

Contract of Employment Extension – Head Women's Soccer Coach – Jeremy Groves

Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the contract extension for Coach Jeremy Groves' Offer of Employment as Head Women's Soccer Coach, effective January 1, 2018, through December 31, 2020, at an annual salary of $62,480. This places him at the median salary level of the Ohio Valley Conference Soccer Coaches. Mr. Kemp seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

(See Attachment #22)

Contract of Employment – Director of Track and Field/Cross Country – Adam Kiesler

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Contract of Employment for Adam Kiesler as Director of Track and Field/Cross Country, effective September 15, 2017, through January 30, 3020, at an annual salary of $48,550. Ms. Farmer seconded and the roll was called with the following voting: Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes; Ms. Wood, yes and Mr. Williams, yes. The motion carried.

(See Attachment #23)

Mrs. Guess introduced Diana Sims-Harris with Indiana State University and reported she is a Ph.D. and her research focuses on women's experiences on governing boards for public institutions.

Supplemental Materials

Regents were provided with supplemental quarterly reports in the eBoard book, including the Quarterly Risk Management Report; Status Report – Campus Major Projects Update, "Good News" Report – September 2017; Quarterly Branding, Marketing and Communication Report and Sponsored Programs – Grants and Contracts Report. The Litigation Status Report was provided in a separate, confidential eBoard book. These reports were provided for informational purposes only and required no Board action.

Other Business/Adjournment

There being no further business to come before the Board, Chair Williams announced that the Board of Regents Quarterly and Committee Meetings stand in adjournment. Adjournment was at 4 p.m.

Chair

Secretary