

December 2014

**2014-12-04**

Board of Regents, Murray State University

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**Minutes of the Special Board of Regents Meeting and Committee Meetings  
Murray State University  
December 4, 2014**

**Call to Order/Roll Call**

The Board of Regents (BOR) of Murray State University (MSU) met on Thursday, December 4, 2014, in Special Session in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Chair Harry Lee Waterfield II called the meeting to order at 8 a.m. and reported this represents the first meeting utilizing a new format. The Special Meeting has been called to order and the Committee Meetings will be imbedded within the full meeting. Any Committee action will immediately be followed by full Board action.

The roll was called and the following members were present: Constantine Curris, Michael Dobbs, Sharon Green, Martin Jacobs, Daniel Kemp, Phil Schooley, Jenny Sewell, Jerry Sue Thornton and Harry Lee Waterfield II. Absent: Susan Guess and Stephen Williams.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Jay Morgan, 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; Jim Carter, Vice President for Institutional Advancement; Bob Pervine, Associate Provost for Graduate Education and Research; Renae Duncan, Associate Provost for Undergraduate Education; Bob Jackson, President, MSU Foundation; Fred Dietz, Associate Vice President for Enrollment Management; Renee Fister, Senior Presidential Advisor for Strategic Initiatives; John Rall, General Counsel; David Burdette, Interim Chief Facilities Officer; Michelle Saxon, Internal Auditor; and members of the faculty, staff, students, news media and visitors.

**AGENDA  
Special Board of Regents Meeting and Committee Meetings  
December 4, 2014**

**Roll Call**

Secretary Hunt

**Swearing-In Ceremony – Dr. Martin Jacobs**

Judge Dennis Foust

**Minutes of the Special Meeting – Annual Planning Retreat and Work Session August 27, 2014, and Quarterly Meeting and Committee Meetings August 28, 2014\***

**Public Participation**

**Report of the Chair**

Chair Waterfield

**Report of the President**

President Davies

**Strategic Initiatives Update**

Dr. Fister/Dr. Jackson/  
Dr. Todd

**Organizational Structure Changes\***

President Davies

**Personnel Changes\***

President Davies

- A. Senior Presidential Advisor for Strategic Initiatives
- B. Executive Director – Institute for International Studies
- C. Director for Governmental Relations
- D. Staff Leaves of Absence Without Pay
- E. Executive Director for Institutional Diversity, Equity and Access (IDEA) and Title IX Coordinator

## Committee Reports/Recommendations

- A. Institutional Advancement** **Regent Guess**
- 1) **Naming Proposal\***
    - a. *Burton Family Hall of Champions*
  - 2) **Marketing and Tuition Elasticity Study**
- B. Enrollment Management and Student Success** **Regent Green**
- 1) **Fall 2014 Enrollment Report**
  - 2) **Fall 2014 Student Retention Report**
  - 3) **Residential College Review Task Force**
- C. Audit and Compliance** **Regent Kemp**
- 1) **Risk Management Update**
  - 2) **2014 Audit Engagement Revision\***
  - 3) **Audited Financial Reports – General\***
    - a. **Presentation of Results of the Annual Audit Report**
    - b. **Independence/Peer Review Letter**
    - d. **House Bill 622 Compliance Report for the Year Ended June 30, 2014**
    - e. **Kentucky Lease Law Compliance Report for the Year Ended June 30, 2014**
    - f. **General Financial Statement for the Year Ended June 30, 2014**
  - 4) **Audited Financial Report – Federal Funds\***
    - a. **U.S. Office of Management and Budget Circular A-133 for the Year Ended June 30, 2014**
  - 5) **Annual Audit Reports – Athletic\***
    - a. **National Collegiate Athletic Association Independent Accountant’s Report on Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2014**
    - b. **Murray State University Athletic Foundation Compilation for the Year Ended June 30, 2014**
  - 6) **Audited Financial Reports – WKMS-FM\***
    - a. **Auditor Communications**
    - b. **Audited Financial Statement for the Year Ended June 30, 2014**
- D. Academic Affairs** **Regent Thornton**
- 1) **New Master’s Degree Program – Master of Science in Nonprofit Leadership Studies\***
  - 2) **Establishment of Procedures for a New Faculty Transitional Retirement Program\***
  - 3) **Academic Appeals Board Membership\***
  - 4) **ITV Upgrade Project\***
- E. Buildings and Grounds** **Regent Curris**
- 1) **Capital Projects Update**
    - a. **Waterfield/Pogue Libraries**
    - b. **Engineering Physics**
    - c. **Franklin Residence Hall**
    - d. **Breathitt Veterinary Center**
    - e. **Hopkinsville Campus (Second Story)**
  - 2) **Priority Projects for *Six-Year Capital Plan*\***
  - 3) **Replace Stewart Stadium Playing Surface Project – Football Field Scope of Work and Program Approval\***
  - 4) **5MR Contract Renewal Update**
  - 5) **Approval of Land Transfer Reimbursement – Breathitt Veterinary Center\***
  - 6) **Sorority Housing Update\***
  - 7) **Request to Raze\***
    - a. **201 North 16<sup>th</sup> Street**
    - b. **1624 Hamilton Avenue**
    - c. **1626 Hamilton Avenue**
    - d. **1607 Olive Street**
- F. Finance** **Regent Williams**

- 1) **Funding for Replacement – Stewart Stadium Playing Surface Project – Football Field\***
- 2) **Property Acquisitions\***
  - a. **201 North 16<sup>th</sup> Street**
  - b. **1624 Hamilton Avenue**
  - c. **1626 Hamilton Avenue**
  - d. **1607 Olive Street**
- 3) **Lease Agreements\***
  - a. **MSU Federal Credit Union**
- 4) **Contracts Over \$25,000\***
- 5) **2014-15 Budgeted Salary Increase\***

**G. Regional Services**

**Regent Sewell**

- 1) **Madisonville Community College Memorandum of Understanding\***

**\* Full Board action will follow Committee action.**

**Report of the Constituency Regents**

**Regent Jacobs/  
Regent Schooley/  
Regent Dobbs**

**Report of the Treasurer\***

**(Quarterly Financial and Investment Reports)**

**Vice President Dudley**

**Report of the Registrar\***

**(August and December 2014 Conferral of Degrees)**

**Registrar Roberts**

**University Appeals Board Appointments\***

**President Davies**

**Policy Changes\***

- A. ***Personnel Policies and Procedures Manual – Policy V B – Kentucky Teachers’ Retirement System (KTRS)/Optional Retirement Program (ORP)***
- B. **Honorary Doctorate Degree Policy**
- C. **Delegation of Authority**
- D. **Campus Tobacco Policy**

**President Davies/  
Provost Morgan/  
Dr. Fister**

**2014-15 NCAA/OVC Governing Board Certification\***

**Regent Schooley**

**MSU Spotlight: *Hutson School of Agriculture***

**Dean Brannon**

**Other Business**

**Adjournment**

**(\*Requires Board of Regents Action)**

**Swearing-in Ceremony – Dr. Martin Jacobs**

In keeping with Section 164.321 of *Kentucky Revised Statutes (KRS)*, in October 2014 in a Special Election the faculty of Murray State University elected Dr. Martin Jacobs, Murray, Kentucky, to serve as the Faculty Regent on the Murray State University Board of Regents. Dr. Jacobs will fulfill the unexpired term of Dr. Renee Fister who resigned from the Board to accept a position within the President’s Office. Dr. Jacobs’ term will expire June 30, 2016. Dennis Foust, Circuit Court Judge for Marshall and Calloway Counties in Kentucky, administered the Oath of Office to Dr. Jacobs as per the requirements of *KRS Section 164.321*.

## **Minutes of the Special Meeting – Annual Planning Retreat and Work Session August 27, 2014, and Minutes of the Quarterly and Committee Meetings August 28, 2014, approved**

Dr. Thornton moved that the minutes of the Special Board of Regents Meeting – Annual Planning Retreat and Work Session on August 27, 2014, and the minutes of the Quarterly and Committee Meetings on August 28, 2014, be approved as submitted. Mr. Schooley seconded and the motion carried.

### **Public Participation**

Chair Waterfield reported there were no signees for the Public Participation portion of the meeting.

### **Report of the Chair**

Chair Waterfield indicated he would not present a Report of the Chair but is very pleased with how the University has been operating since Dr. Davies' arrival on campus. The President has already dealt with several issues which he briefed Mr. Waterfield about as Chair of the Board. The University is in good hands based on his observations of how Dr. Davies has handled issues which needed to be addressed.

### **Report of the President, received**

Dr. Davies reported the following:

- Appreciation was expressed to faculty, staff, students and the leadership of the institution – Vice Presidents and Deans – for assisting in his transition over the last six months. Many issues are being handled, agendas are being formed and goals are being set. This has represented an in-depth educational process for him, personally, to learn about Murray State, the region and the Commonwealth. It has also been interesting to learn where Murray State has been as an institution and discussions have begun in terms of where the University needs to go. During this transition the campus community and the greater community of the region have been extremely forthcoming in their ideas and aspirations and have been provided with an opportunity to think about where this institution can go. All have put silos and past experiences and paradigms aside and that has been refreshing and has represented an important part of the overall process.
- Key areas to be considered were identified at the Board Retreat and almost every single one of those issues will be addressed at this meeting and the administration will be able to demonstrate key progress in those specific areas. The Delegation of Authority document has been revised and will be presented to the Board for approval. Enterprise Risk Management represented a key topic at the Retreat and Ms. Dudley will report on progress toward developing an Enterprise Risk Management Council and the University's intended philosophy moving forward. Robust discussions have occurred with the Deans and others to expand the idea of what risk management is and determine what happens "if" certain situations occur, including a decline in enrollment, delayed project schedules, decline in state revenue or in the event of a catastrophe. Discussion has occurred not only on how the administration will handle the immediacy of a situation but also the associated communication aspect of this work.
- A great deal of discussion has occurred with regard to faculty and staff compensation. Later today the Board will be asked to act on a proposal which was presented last year in regard to employee salaries. As the institution moves forward review of faculty and staff compensation must continue.
- Title IX, sexual assault, sexual harassment and campus safety are also key issues universities are facing. A robust educational program has been developed at Murray State which is delivered online, face-to-face and through various outreach efforts through the residential colleges, graduate assistants, every academic college, student affairs directors and first-year experience leaders, Greek life, student athletes, the Racer Band and departmental meetings. Nearly 70 percent of faculty and staff completed the online training program and while this is encouraging it is also disheartening that 30 percent did not complete the training. The administration will be coming back to the Board with either a policy of the Board or an internal working policy for this training to be mandatory. Through work which has taken place with Title IX efforts, it has been discovered that those individuals who have participated in the training program are more likely to respond and report instances than those who have not participated. It was also discovered that those who have not participated in the training programs are more likely to be involved in instances which the University will be required to address. Great movement has taken place but there is still a long way to go.
- A great deal of discussion has occurred with regard to admissions policies and criteria and how the institution is looking at the incoming freshmen class and transfer students in terms of how to accept these students and move forward to recruit top students throughout the area. These represent admission, retention and graduation issues but program offerings which will attract these students must also be considered.
- An update on the Strategic Planning process will be presented later and represents one of the shining stars over the past six months. This work has engaged the campus community in a dialogue that has spurred a great deal of thought and consideration. Four key areas have been identified and four Task Forces have been established to undertake this work. Five Town Hall meetings have been held and faculty, staff, students and community members have been engaged not only from within the Murray community but throughout the entire 18-county service region. The feedback, ideas, goals and aspirations which have been put forth through this process are

invigorating and it is believed they will enable the institution to think about how it becomes and lives up to the creed of becoming the “University of Choice.”

- Discussion will occur regarding programs the University should offer to determine what is needed and necessary to ensure Murray State is moving forward. This process has enabled him, the Vice Presidents and the President’s Cabinet to begin thinking about priorities.
- One element purposely left out of the strategic planning process was financial and budgetary issues to enable those undertaking this work to think about where the institution should go from a “clean slate” perspective. Their hard work has resulted in the establishment of a draft set of priorities for the University’s budget. All tend to think of the budgeting process in terms of annual increments. An effort is being made to move from this annual exercise to one that spans over five to eight years to determine what is best for the institution over the long term. Four broad areas have been established where efforts should be focused in terms of the budget and include people, places, programs and revenues. Within these four broad areas seven different objectives have been established that will be advanced as priorities when the budgeting process (resource allocation) is considered. This will help to guide the University in those efforts.
- A key component of this work places focus on high-quality programs – high-quality academic programs and programs for high-achieving students, both curricular and co-curricular. All must be thinking about excellence for all programs. The University already has some excellent programs in place but consideration must be given to how to advance those programs even further. The agricultural program is nationally known but a determination needs to be made about how to assure the programs has the resources necessary – both financial and human – to continue to advance the quality of the program. There are many other programs in existence for which this work must also occur to determine what will differentiate Murray State from its peers and competitors and ensure the institution is truly becoming the University of Choice.
- Consideration must also be given to the people who make these programs successful and how the University is able to attract and retain the highest quality faculty and staff. This represents another element of the budgeting priority process to ensure these individuals have the abilities, skills, talents and resources necessary to effectively do their job. It must be assured that high quality and high achievement are placed at the forefront of all efforts.
- This has represented a tremendous six months and has enabled all to have a broad conversation about laying the foundation of where this University will go – not only over the next year but over the next score and more – and this represents the mantra of being the University of Choice. It is a great day in the Commonwealth and an even better day to be a Racer.

### **Strategic Initiative Update, received**

Dean Tim Todd, *Arthur J. Bauernfeind College of Business (AJBCOB)*, Dr. Jackson and Dr. Fister presented the following:

- Dr. Davies set forth a plan for Achievement, Endeavor and Hope which is based on the three stars in the Murray State shield and the three ideals on which this University is based. The strategic vision for Murray State is to be the University of Choice not just for one group but for multiple entities, including students, faculty, staff, employers, alumni and friends, research groups and foundations and civic and community organizations. The organizational structure of the plan starts with everyone – the Board of Regents with the President through the Strategic Plan Executive Committee – and all have different stakeholders to which they report through these memberships.
- Within the Executive Committee there are four different points of pride – academic excellence, student success, scholarship and research and community engagement. A quote from Oprah Winfrey, “The greatest discovery of all time is that a person can change his future by merely changing his attitude” is particularly meaningful in that some of what is currently done at Murray State could require a change in attitude.
- The Co-Chairs of the Executive Committee are Drs. Todd and Jackson and the Chairs of the four separate committees who have taken on a tremendous role over the next year include Dr. Dina Byers, Associate Professor, School of Nursing and Health Professions; Mr. Dietz; Dr. Murphy Smith, *Dill Distinguished Professor, AJBCOB* and Dr. Brian Van Horn, Dean, Center for Continuing Education and Academic Outreach. Other members include the Vice Presidents, three constituency Regents, Faculty Senate President, Staff Congress President and staff liaisons to help the committees work through the marketing and assessment pieces of this work. Board members also have opportunities to participate in this process and can access information which has been undertaken to date on the Strategic Planning website.
- One Town Hall meeting per committee has been held and appreciation was expressed to Drs. Jackson and Todd for their work in this endeavor. Active participation by the campus community is crucial and involves 45 different individuals serving on the four committees. A Student Forum will be held on January 28, 2015, at 5:30 p.m. and Mr. Dobbs and the Student Government Association, as well as other student leaders, will be involved. Another Town Hall meeting will be held on February 2, 2015, for anyone who would like to attend and all four committees will be present to collect as much information as possible. The Board was asked to also provide feedback and members may be called upon to provide additional expertise throughout this process.
- The activities of the four strategic initiatives committees are encompassed within developing goals and objectives for each of the themes, formulating measures associated with those goals, developing potential strategies and connecting with the Kentucky Council on Postsecondary Education (CPE), educational benchmarks and IPEDS and NSSE data.

- The President's strategic initiatives include advancing a culture of academic excellence, promoting a dynamic and diverse university community committed to student success, advancing knowledge to benefit society by fostering research and creative and scholarly activities by faculty and students and improving the quality of life of the University's communities through engagement.
- The Academic Excellence Committee – under the leadership of Dr. Byers – has as one of its goals creating and enhancing academic programs to propel Murray State to be recognized as the Commonwealth's premier public university. The first objective is developing and enhancing academically-intensive experiences that prepare students for a career and leadership and educational goals through accessible and quality programs. Further measures will be added to this particular goal.
- The Student Success Committee – under the leadership of Mr. Dietz – has as one of its goals attracting, retaining and graduating students who will serve as business, civic, educational and thought-provoking leaders throughout the world. One objective is Murray State will improve retention and graduation rates while providing necessary tools to promote academic success. Specific benchmarks and measures will be further developed during the Spring Semester.
- The Scholarship, Research and Creative Thought Committee – under the leadership of Dr. Smith – has as one of its goals fostering a culture of intellectual inquiry among and between faculty, students and staff that will provide ongoing and lasting benefits. Those benefits can be economic and cultural, among others, not only for the region but also the state and the economy. A potential objective could be expanding and developing faculty-mentored undergraduate and graduate student research experiences across colleges and departments. The University does a great job in this area already but a determination must be made whether it can do even more.
- The Community Engagement Committee – under the leadership of Dr. Van Horn – has as one of its goals engaging with the many communities and communities within communities to assist in the betterment of society to create economic ventures promoting a sense of place and assist in the furtherance of the values of public higher education. One objective involves engaging in more partnerships with businesses, non-profit organizations and governmental agencies to promote economic development in the region.
- During Regent Thornton's presentation yesterday she used a model from the Bolman and Deal book on organizational structure about delivering messages and decision-making through four frames: political, structural, human relations and symbolic. These four frames are very important to the success of any message especially within a large organization. President Davies and the four strategic initiatives committees and the respective Chairs have undertaken this work through a process focused on shared governance.
- A number of common themes are emerging from work associated with the four strategic initiatives and include promoting the enhancement of the quality and value of a Murray State education and how to advance that even further; providing pathways for success for students; improving retention and graduation rates and even though MSU is among the highest in terms of graduation rates there is room for improvement and discussing the option of establishing an Honors College building off of an already vibrant Honors Program, renewing the University's recruitment focus to top students within the region, state and beyond to promote Murray State as the University of Choice and increasing student enrollment from within the 18-county service region. These represent common themes which have emerged across the boundaries of the four committees.
- Consideration is also being given to developing a comprehensive marketing plan to promote and advance the University with a common theme and brand; undertaking a renewed focus on diversity among students, faculty and staff; increasing scholarship, research and creative activity production which is an even greater challenge with the current budget situation in Frankfort and Washington and designing a thoughtful fiscal stewardship process to address capital preservation or deferred maintenance in Kentucky. There are approximately \$200 million in deferred maintenance needs at Murray State and ways to address this must be developed. Also being considered is how to increase external funding including state appropriations, grant funding and private funds in order to begin the process of looking at a future comprehensive capital campaign.
- Dr. Jacobs complimented the process, the President and the leadership and expressed appreciation for the faculty having a real voice throughout the process because this work certainly presents many opportunities. Mr. Kemp reminded all that they can participate in these meetings electronically.

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

### **Organizational Structure Changes, approved**

Dr. Davies reported the following:

- He utilizes the four frames developed by Bolman and Deal frequently in the decision-making process. The work currently being undertaken is representative of those four themes: political, symbolic, structural and human resources. Over the past six months he has studied the administrative functions at the University to determine where it might be possible to place emphasis to create synergies, remove barriers when they exist and also send symbolic messages throughout the campus of the importance of certain key areas. Through this work an organizational shift within several offices is being presented for approval.
- Changes being recommended in the admissions area pertain to undergraduate, domestic admissions. Currently there are four admissions areas: undergraduate first-time freshmen admission (assigned to Mr. Dietz); the Transfer Center which mainly handles transfer students from the community colleges in Kentucky and surrounding states; the graduate admissions process that is held within the Provost's Office but represents a separate office and international undergraduate enrollment and admissions. The administration looks to Mr.

Dietz frequently for undergraduate enrollments and if he is going to be held responsible for this area it is important for some efforts to be combined. A request is being made for first-time freshmen admissions and the Transfer Center to become one unit under the administration of Mr. Dietz. This will enable a streamlined approach to attracting students from those different markets. These represent two distinctive markets and an effort will not be made to treat first-time students as transfers or transfer students as first-time freshmen. While different offices under Mr. Dietz will undertake this work they will be working together which will enable them to create synergies among the two entities on the back end and within the recruiting process. Both have a very similar application process and the same questions are asked although in a different order. In conjunction with this change and to signify and symbolize the importance of enrollment, Mr. Dietz will now report directly to the President's Office but will maintain the title of Associate Vice President for Enrollment Management. It is also important to note that other than having the Transfer Center come under his domain Mr. Dietz's job description is not changing. He is being assigned additional responsibilities but because his job description is not changing he will not receive any additional increase in salary.

- One element within the Transfer Center which represents a slight wrinkle is the Transcript Evaluator. It is important to have segregation of duties and it would not be desirable to have this individual – who represents a key component of the admission process – reporting to someone who will be evaluated by how many students they are able to attract to the institution. This represents a requirement of most accrediting bodies – including the Southern Association of Colleges and Schools (SACS) – and proceeding in any other fashion would be frowned upon by federal government standards. The Transcript Evaluator will report to the Registrar but will continue to be housed within the Transfer Center and for day-to-day activities will report to the Transfer Center Director. These changes will become effective July 1, 2015, and the reason that date has been chosen is that two offices are being merged and the organizational structure is being changed. A lot of work has yet to occur and must be undertaken seamlessly. These offices are also in the middle of application processing and the desire is for these two offices to be able to concentrate on the duties at hand.
- Another important effort – which has been highlighted in the strategic planning process – is how the story of Murray State is communicated. A lot of great marketing and advertising is currently underway but there is not a comprehensive, integrated approach to this work. Due to the critical nature of this work, marketing will no longer report to the Vice President for Institutional Advancement and will now report directly to the President's Office. The name of the current office is also being changed to Branding, Marketing and Communication. These three words are very distinct and it is important for the University to have an integrated branding approach. The Executive Director for Branding, Marketing and Communication will represent a new position and a search will be undertaken to fill the position. The successful individual will play a university-wide leadership role in working with the Deans and the colleges and units to develop an integrated approach to this work. The goal is not to take money from the individual colleges but instead to present an overall strategic marketing plan that will clearly articulate how efforts from each of the colleges fit into the overall University marketing plan. This will allow the colleges and units to make good decisions and provide a resource for them to follow. It is important to have a University-wide approach to this work which is best accomplished by this unit reporting to the President's Office. Given his background in this area, he can offer advice and resources as this work is undertaken. The desire is to make this move sooner rather than later which is why an effective date of January 1, 2015, is being proposed. The search for the Executive Director will be initiated closer to the end of the fiscal year. In the meantime, Catherine Sivills, Assistant Vice President for University Communications, will report to the President's Office and will work very closely with Dr. Fister throughout the search process. Various positions and funds will be repurposed to accomplish this effort and, in the short term, no additional monies are needed but this work will be encompassed into the budgeting process as the initiative moves forward.
- Through these suggested organizational changes the enrollment and admissions and marketing efforts will be under the same auspices, further illustrating the direct correlation between the two entities.
- The last item on the organizational shifts involves Mark Welch who has served admirably and capably as the Interim Executive Director of Development. He will retain his former title of Director of Community Relations but with the addition of Alumni Relations. Mr. Welch's efforts and skills are amazing in developing relationships, organizational skills and getting individuals to rally around this wonderful institution. There is a desire to utilize these skills to bolster efforts in the Alumni Relations and Community Relations areas. Mr. Welch has done an amazing job in terms of Town & Gown which will continue to be under his domain. Tina Bernot, former Director of Development-Humanities and Fine Arts/Education, will assume the position of Interim Director for Development and a national search to permanently fill the position will be undertaken soon.
- Under the current Delegation of Authority, this recommendation requires an endorsement from the Board because the number of individuals reporting to the President's Office will change. Dr. Davies is seeking a motion of endorsement to implement these changes.

Dr. Curris indicated he has wrestled with the issue of endorsing such actions. He believes the Board should approve the appointments of Vice Presidents and academic Deans but other individual appointments should be determined by the President who informs the Board of such appointments. The Board should not be undertaking this work. He has no negative thoughts about the proposed changes but can envision a scenario of the President in the future recommending an individual and a Board member having knowledge of that individual being involved in a situation some number of years ago which would prohibit them from being comfortable with endorsing the recommendation. This now presents a situation

where an individual has been damaged for reasons which may or may not be valid and it is his belief the President should inform the Board of key personnel changes but the Board should only take action on Vice Presidents and academic Dean appointments based on the President's recommendation.

Dr. Davies wholly respects and understands the comments made by Dr. Curris. It is his belief that the role of the President is to conduct the business and affairs of the institution and in doing so create the organizational structure he or she sees best. When the Vice Presidents have brought forward various changes to organizational structure he weighs in with thoughts and ideas but ultimately it is the Dean's decision on changes which should be made. As President, he gets a chance during the annual evaluation process to weigh in on how effective those decisions were. At the same time, the Board has an opportunity to provide him – as President – with its thoughts and wisdom on these issues and that is important. In response to a question whether the Delegation of Authority document addresses this issue, Dr. Davies indicated one item currently indicates the Boards' endorsement is required for such changes. Changes to the Delegation of Authority document which will be proposed later today contain language that the Board will be apprised of such changes and will endorse appointments between the Vice President and Dean levels as well as discuss any upper-level changes. All were in agreement that the Delegation of Authority document should not include the provision for the Board to endorse appointments between the Vice President and academic Dean levels but the Board should certainly be apprised of any such changes.

Dr. Davies inquired whether the Board has any further comments regarding what has just been detailed. Chair Waterfield indicated there are 13 individuals reporting to the President in terms of the organizational chart but Enrollment Management and Branding, Marketing and Communication are so important to attracting students to this institution this action places an emphasis on the significance of these units. All were in agreement that they are willing to acknowledge the report of the President in this regard. Regent Thornton indicated this represents an aggressive plan – which it should be – and clearly the proposed reporting order delineates the President's priorities. This provides the Board with a blueprint of Dr. Davies' plan which will ultimately be considered in his evaluation by the Board in terms of the success or continuation of the goals which have been outlined. The Board appreciates that the President has provided a good avenue upon which it can evaluate his leadership. Dr. Davies agreed this represents an aggressive plan but it is his belief that an organizational chart is never written in stone and will fluctuate given the time, the environment and the politics of the day. Additional changes will likely be forthcoming over the years. Dr. Thornton indicated the President is absolutely correct on placing his focus on enrollment, along with academic success and research, and even though funds are not what they should be, she is glad to see the President is focusing on fostering research and scholarly activities.

Dr. Curris moved that the Board of Regents acknowledge receipt of the recommendation of the President of the University for these appointments to occur and congratulates those individuals who have been appointed. Mr. Schooley seconded and the motion carried.

**(See Attachment #1)**

Dr. Davies indicated that given the sentiment just expressed by the Board Dr. Renee Fister has been appointed as Senior Presidential Advisor for Strategic Initiatives, Dr. Guangming Zou has been appointed as Executive Director for International Studies, Jordan Smith has been appointed as Director for Governmental Relations and Cami Duffy, Executive Director for Institutional Diversity, Equity and Access, has also been appointed as the permanent Title IX Coordinator.

### **Personnel Changes**

#### **Staff Leaves of Absence without Pay, approved**

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Staff Leaves of Absences Without Pay that have been processed as of November 11, 2014, as listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Leandra Barrow	University Store	10/1/2014-10/6/2014
Lisa Bucy	Athletics	10/10/2014-10/13/2014
Sharon Crouch	Industrial and Engineering Technology	7/21/2014-7/25/2014 7/28/2014-8/12/2014*
Rebecca Easley	Facilities Management	9/10/2014-9/19/2014 7/17/2014-7/25/2014

Rita Finley	Emergency Management	8/14/2014-11/10/2014
Dianna Frost	Dining Services	10/15/2014-10/20/2014
Kimberly Grasty	Human Resources	9/2/2014-9/2/2014
Sarah Halcomb	Human Resources	10/8/2014-10/10/2014
John Hopkins	Facilities Management	7/30/2014-8/6/2014
Michael Jetton	Facilities Management	9/19/2014-9/26/2014
Cynthia Lee	University Libraries	9/22/2014-11/12/2014*
Matthew LeFrancois	Facilities Management	9/18/2014-9/19/2014
Sandra Mathis	Facilities Management	9/10/2014-9/10/2014
Jennifer Morris	English as a Second Language	11/6/2014-12/11/2014
Ginny Pratt	Registrar	9/18/2014-12/18/2014*
Ladonna Roberts	Facilities Management	8/8/2014-8/14/2014
Larry Thurman	Curris Center	8/11/2014-8/15/2014
Gail Woolridge	Student Affairs	9/8/2014-9/12/2014

\*Intermittent Leave

Dr. Jacobs seconded and the motion carried.

### **Committee Reports/Recommendations**

Chair Waterfield indicated this meeting was originally scheduled for Friday, December 5, 2014, and when it became necessary to change the meeting date Secretary Hunt contacted all Board member who agreed to the change. Unfortunately, Regent Guess had an unexpected death in the family which prohibited her attendance. There was a miscommunication which prohibited Regent Steve Williams from attending today's meeting and the change in meeting date would likely not have occurred had that been known earlier.

### **Institutional Advancement Committee**

**Susan Guess, Chair**  
**Sharon Green**  
**Marty Jacobs**  
**Jenny Sewell**  
**Jerry Sue Thornton**  
**Stephen Williams**

In the absence of Committee Chair Susan Guess, Dr. Jacobs called the Institutional Advancement Committee to order at 8:50 a.m. and indicated all other members were present with the exception of Mr. Williams.

### **Naming Proposal – *Burton Family Hall of Champions*, approved**

Dr. Jackson reported that many know Dr. Burton personally as he has received many honors from this University, including being named as a Distinguished Alumnus. Dr. Burton is currently Chair and Chief Executive Officer of a very large public company and recently made a gift of \$250,000 to the University. A recommendation is being advanced to name the Hall of Champions the *Burton Family Hall of Champions* which is located next to the CFSB Center. The *Burton Family Hall of Champions* is currently under development and Athletic Director Ward has done an excellent job advancing and facilitating this work with the Facilities Management.

On behalf of the Institutional Advancement Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the University Naming of Campus Facilities, Programs and Activities Committee and the President of the University, approve the naming of the future Hall of Champions the *Burton Family Hall of Champions* in honor of Dr. Bob Burton's significant gift to Murray State University and his vision for this important campus facility to come to fruition. Mrs. Sewell seconded and the motion carried.

### **Marketing and Tuition Elasticity Study, received**

Mr. Carter indicated that one year ago the Board was presented with a status report of the internal audit which had been undertaken in the communications area. This work included determining the appropriate channels to use in pursuing prospective students and a competitive analysis of peer institutions. Working with Stamates, an effort has been made to collect data which will lead to the ability of the associated units

to make data-driven decisions on how to move the institution forward and build a solid recruitment plan. As this work was undertaken all were also cognizant that a new President was coming on board but there were foundational initiatives which could be put in place to help build the new Strategic Plan in terms of how the institution would pursue first-time freshmen, transfer students, graduate students, etc. The study revealed that the University should review its website and this work has been undertaken. As a result, a new content management software system will be implemented by January 2015 and will assist students and prospective students in navigating the University's website. The website represents the primary way students and prospective students research Murray State. The study undertaken by Stamates revealed the institution should delve even deeper into research efforts. As a result, a bid process was initiated and Maguire Associates were the successful winners of that bid and has been working toward this initiative since June 2014.

Mr. Dietz reported that Dr. Jackson lead a Rankings and Reputation Committee last year and pricing became a significant issue that was identified through that process. It was discovered that the University currently has 20 different tuition pricing structures with tuition being dependent upon where a student lives. This structure was deemed to be confusing and a determination was made that this represented a good time to combine the branding study with a pricing and elasticity study. No recommendations have been made to the President, although potential pricing models have been studied, and this work will continue. There is a strong desire to consolidate tuition structures and this goal was included as part of the overall study.

Present today are Kim Reid, Vice President for Research Operations, Enrique Colon-Baco, Senior Analyst and David Wuinee, Senior Vice President (via telephone) and they presented the following:

- Appreciation was expressed to Mr. Carter, Mr. Dietz, Mrs. Sivills, Dr. Pervine and the entire administrative team because all have been integrally involved throughout the entire process and have demonstrated their commitment to exploring this area.
- The examination of sticker price tuition, brand and value is important work for the University to undertake to understand how these areas are related.
- The key questions in regard to a simplified tuition model which were asked include the following:
  - How would a simplified regional tuition model influence enrollment and revenue?
  - What is the value identity of Murray State within its competitive set?
  - What is the competitive position of Murray State?
  - What is Murray State's brand differentiation?
  - Does Murray State's messaging resonate with its markets?
  - What tuition strategy supports the University's value identity now and in the future?
- The methodology utilized included a full competitive scan of marketing materials and tuition prices. The market was then reviewed from two perspectives, including forward-looking (what do students think) and an intensive review of actual financial aid data and data from admissions decisions to reveal how students behave related to the prices Murray State currently has in the market and this work provided an extremely comprehensive picture.
- Key points on the current environment in which Murray State is operating include:
  - Murray State has the most complex tuition among peers.
  - Murray State has the lowest in-state tuition in Kentucky.
  - Murray State has favorable costs when tuition is compared to in-state tuition in other regions.
  - Increasing tuition does not necessarily equal decreases in demand.
  - The 18-county service region and the Paducah metro area are declining in population which means the number of students who would be available to attend Murray State is also declining.
  - There are growing markets elsewhere, particularly in Tennessee.
- Tuition and fees at key competitor institutions were studied and included Western Kentucky University (WKU), Austin Peay State University, Northern Kentucky University, University of Tennessee-Martin, Southern Illinois University (SIU)-Carbondale, Southeast Missouri State University, University of Kentucky (UK), University of Louisville (UofL), Eastern Kentucky University and Southern Illinois University-Edwardsville. The regional institutions among this group are drawing from the same basin of students as Murray State.
- Murray State is offering differential discounted tuition in the regional states and, as a result, in five states there are five different tuition levels. Internally this creates difficulty in terms of the management of financial aid and the budgeting process which must be undertaken in the Financial Aid Office. Charging different tuition rates is confusing to the external market as well.
- WKU has discounted tuition in the regional states but it represents a flat rate and SIU (Carbondale and Edwardsville campuses) offer a flat in-state tuition rate to regional states. Students from the surrounding states are able to attend college at either SIU campus for the same tuition as an Illinois student but it is important to note that overall SIU tuition is higher.
- In terms of how Murray State's tuition rate compares against the in-state institution in a particular state, things are favorable to MSU. Among Kentucky institutions Murray State has the lowest cost, is very favorable in

terms of costs when compared to Tennessee and has reasonable costs when compared to other states such as Illinois and Missouri. This represents some opportunity in terms of tuition pricing.

- Often there is trepidation when any move in terms of tuition is being considered as well as concern about the effect it could have on demand. Peer institution trend data has been studied and included the percentage increase in average tuition and fees those institutions made between 2007 to 2013 and also the percentage increase in applications. The University of Kentucky has had the largest increases in tuition but it has also had the largest increase in applications. Southeast Missouri State held the line in terms of tuition and has remained affordable and low cost but has hardly experienced any increase in applications. This illustrates there is much more involved in supporting a tuition strategy than pure cost and this work includes articulating a value proposition, having great marketing and branding communications and recruiting to support the institution and its identity.
- A grading of the various direct markets surrounding Murray State was undertaken to show where growth exists. The markets were graded by the percent they are changing – the growth rate – and actual total population. Nashville and Memphis in Tennessee represent strong areas of growth, St. Louis in Missouri represents an area not of growth but of size which makes that market relevant and Paducah, Kentucky is in the middle of the pack with some declines expected to occur. These market demographics illustrate that if a focus is placed solely on the 18-county service region Murray State will remain a smaller institution and this could represent a decision which this Board will need to make. All must be thinking about the strategy for the institution in terms of the service area – which is important – but consideration must also be given to strategies for populations outside of the service region. It is important to note that these strategies should be very different.
- Survey data was collected online and prospective students were asked to name the top three institutions they were considering. It was discovered that students from within the University’s service region behave very differently than those from other parts of the Commonwealth or from out of state. Within the University’s service region the main competitors are schools within the community college system. The vast majority of students from the service region intend to transfer to a four-year institution which is good news for Murray State. The question becomes how the University positions itself to take advantage of that market dynamic. Within the service region 43 percent of students are considering attending a community college but this is very different from the remaining markets where only 25 percent of students are considering a community college. The decision market in this case is much more fragmented and Murray State is among many more competitors. There is a distinctively different choice to be made within the service region and reorganizing transfer students under the auspices of Mr. Dietz represents a good decision because part of what needs to happen is that the relationships Mr. Dietz’s team makes when it is trying to recruit freshmen needs to carry over to when those students come back to the institution as potential transfers from area community colleges.
- A brand-price tradeoff exercise was conducted involving Murray State and its various competitors to ask students if the institutions charged ‘x’ price how likely they would be to attend Murray State and this allowed Maguire Associates to develop price elasticity for the University. Different types of students were presented with different ranges of price points. A service region student would see a price point starting with what in-state tuition is now, up to a potential of \$12,000, and those students would respond to that inquiry. Out-of-state students were provided with a much different set of price ranges (\$20,000 to \$25,000) and a different set of institutions. Prospective students were also asked about their likelihood of attending Murray State and it is evident most of these individuals must be convinced of value. There is not a marked population that intends to attend Murray State “no matter what” and the institution must always articulate its value position. It remains true that an institution’s brand name trumps the cost of attendance in the decision-making process. Clear break points were also identified from the data where the market might begin to react with psychological sticker shock. These break points will inform tuition planning scenarios for Murray State. This type of information was fed into the regression analysis to determine if the institution does make some changes in tuition pricing how far it could go.
- Confirmation was provided that over 20,000 prospective students were emailed and 1,300 responses were received which were then segmented by region as presented. A parent study was fielded as well but was conducted via mail and the response rate and sample size was not sufficient to include that information in the equation. Typically when this type of research is conducted it is evident students and parents are in a 50/50 partnership on this decision and parents tend to care more about outcomes, value and safety and when they think about value they are more on the top side of the value equation. They are more willing to pay for the outcome but want to have assurance the outcome will be there.
- The various service regions were polled regarding an interest in attending Murray State and very few would attend regardless of cost – although 15 percent of students within the Kentucky service region would attend Murray State no matter what. By and large most students were on the fence and indicated they would attend Murray State if they received a scholarship or were unsure because they did not know enough about the institution to make that decision. When students who were unsure or might attend if offered a scholarship were asked whether they believe Murray State would offer a quality education for the price of tuition, the percentage who indicated they are not sure is highest outside of Kentucky and highest in the regional discounted region. Any move that is made on changing tuition and the regional tuition plan must be supported by a very strong marketing, communications and branding effort focused on the value of the institution.
- A regression analysis was conducted utilizing input from the choices students made about various price points and attending Murray State and the curve was then smoothed out to look at elasticity and break points of where price starts to become a concern in terms of the market. This analysis indicated that within Kentucky there is some potential for tuition increases. Current tuition is \$7,392 and within the Kentucky service region, as well as outside the service region, there is room to make some change in tuition. Given what has been learned about

the University's service region audience it is important to maintain affordability for that audience as the overall tuition structure is considered.

- In terms of the regional states there is a possibility of making some move in terms of tuition. In Indiana and Tennessee where the prices are relatively low there could be some movement around the \$10,500 mark before individuals start to become worried about price. The same is true for Missouri although to a lesser extent. The picture is not quite as rosy for Alabama likely because it is further away. Illinois represents the best story of all because tuition would actually decrease for those students and demand would likely increase. What the institution might lose in terms of Alabama it might gain back from Illinois.
- Along with collecting information on price there was a desire to gain information on perceptions and values and students were asked to compare and rate Murray State among peer institutions based on quality of the academic program, quality of career outcomes or career preparation, affordability and active social and physical environments. This enabled the development of a sense of the value identity of Murray State. It was discovered that prospects outside of the University's service region do not have strong impressions about the particular strengths and weaknesses of Murray State which is both a problem and an opportunity because a vacuum exists which is not desirable. Whatever decisions the University makes in terms of defining its value and bringing recruiting, marketing, communications and branding together, this represents the opportunity to fill the vacuum which currently exists.
- Among those who have an awareness of Murray State, it is seen as a high value institution even in comparison to a regional students' own in-state institution (competitors). Murray State has a value identity that is built on affordability but not quality and that is the top side of the equation – academic strength and outcomes.
- When asked what three words first come to mind for Murray State, prospects within the service region responded that they know about the Racers and the institution is close to home, affordable, friendly and small. Elsewhere in Kentucky students know about the Racers and the institution is small and friendly but feel it is far away and has many agricultural fields. When regional and out-of-state students responded they indicated the institution is unknown and it is concerning there are no strong perceptions of the quality of academic programs. This is troubling because it is the fundamental product of any college or university in the country. All were encouraged to go down that path of building program quality but also messaging the program quality which already exists because it is not yet known throughout the market.
- Top strengths for Murray State identified by prospects represent a divergence between the service region and other populations. The service region sees a friendly community, beautiful campus setting and excellent academics. For the rest of Kentucky the top response in terms of the University's strengths was I'm not sure with friendly community, beautiful campus setting and academic excellence lagging behind. The University must increase awareness of its academic quality beyond the service region to those remaining markets.
- When asked about the University's challenges, most people simply were not sure there are any challenges associated with Murray State. For others in Kentucky distance and the fact that the institution is not well known were cited as challenges.
- A value index was created based on this data which is essentially an aggregation of academics, career and affordability. These contribute to the value of an education and are utilized based on previous work undertaken by Maguire Associates. An institution is then scored between zero and 100 for value with zero meaning an institution has no value and 100 being perfect. In Kentucky Murray State is seen as being in the first tier in terms of value, along with the University of Kentucky and the University of Louisville. Western Kentucky University is viewed as being in the second tier in terms of value but is close behind. In the remaining regions, Murray State drops down into the second tier area, always with UK and UofL, and always with WKU being close behind. Even among in-state competitors Murray State is seen as a value and as the Board thinks about the strategic direction of the University it should determine where the institution wants to be on the value continuum. Right now Murray State is defined by affordability and is #4 in terms of academics and career. UK is defining its value by quality and outcomes and while it is very expensive it is seen as being just as valuable. Murray State likely does not want to become UK but there is some room to move in that direction and all were encouraged to do so. The institution cannot continue to play the affordability game without emphasizing academic quality because that will eventually get the University in trouble especially as it has to start recruiting outside of the service area in order to continue to maintain institutional enrollments.
- Another area of exploration that was undertaken which provided significant details to Mrs. Sivills and her team was a true market segmentation of prospective students to get a sense of the kind of stories the University should be telling that would resonate with different types of prospective students. The market can be segmented in other ways that drive marketing, communications and recruiting but three basic personas exist within prospective students. Murray State currently has a poor persona but other personas have been identified outside that core and if the institution wants to grow it needs to tell stories that compel that audience to make a decision to apply to or attend Murray State.
- Personas are built on three key components. The first is expectations for the students' college outcome – what it is they want from a college education whether it is a job, personal growth or to benefit the world – all those factors which go from being career-oriented to liberal arts-oriented to anything else. This includes identifying those experiences during college where students expect to learn the most whether that involves academics, extracurricular activities, study abroad, etc. A sense of personality – how students would describe themselves – must also be identified. These components form the basis used to undertake an in-depth cluster analysis to identify personas. Basically there is a group which represents the core persona of Murray State – which resonates with what Maguire Associates learned when they first talked to people on campus – and this is the group of “eager beavers.” This group comprises almost one-half of prospective students and what distinguishes them is that they are seeking immediate return on investment. This is the group of students who want to step

out the door and have a job and then have a good career for the future. They want to be involved in all kinds of community connections while they are on campus including friends and social activities, with academics being fourth or fifth down the line in terms of things they think are important parts of a college experience. These students are friendly and social and 57 percent are within the University's service region, with 64 percent being in the lower half in terms of ACT scores.

- The next persona group is known as "wise owls" because these students are distinguished by their desire for long-term return on investment. These students would put preparing themselves for a lifetime career first and their interest in developing scientific and research skills and attending graduate school means that the most important things in terms of their college experience are academics and internships. This group describes themselves very differently in terms of being self-motivated, intellectual and driven, representing a different type of student.
- The third group is known as the "benevolent butterflies" who represent approximately one-fourth of the University's current audience. These students are seeking something that does not get talked about a great deal in the media – they are seeking something bigger than themselves. They do not want to simply get a college education or have a career but they want to benefit the world. This group names as their first college outcome utilizing their talents to benefit the world. Their second college outcome is to have a good career. They want to achieve this outcome through global experiences – through travel and study abroad – to be social and this group describes themselves as being passionate and creative.
- Wise owls and benevolent butterflies exist in those regions beyond Murray State's service region and they also tend to be the top scorers in terms of ACT. If consideration is being given to increasing or improving the quality of the student body these are the types of student the University wants to attract.
- In terms of pricing scenarios which were developed, statistical equations were built which capture behaviors which have been observed in the past with students who decided to enroll at Murray State in an effort to understand what drove their decision to create realistic scenarios that would reflect what would happen if certain strategies were changed. During the analysis of the survey data a review was undertaken of what the break points would be in pricing to develop a strategy which would make sense – the optimal possible ways to develop tuition strategies. This helps to provide a sense of how far the University could go in terms of pricing and what would be an optimal price point. Study revealed that pricing is not the only factor associated with making a college choice and scenarios were presented of what would happen if the University does not change anything. Any scenarios presented would involve a great deal more work in terms of branding, marketing and communications.
- The first scenario presented is the simplified solution scenario where instead of having 20 different tuition rates the structure is simplified to three rates. The first is one regional state rate of \$8,000. The second is for states that are outside of the University's region those students would be charged the full out-of-state rate. No change is being recommended to the current financial aid strategy outside of proportional increases or decreases based on the changes in pricing. No change will be made in the service region in terms of what students will be expected to pay although scholarships may need to be increased somewhat.
- The second scenario presented involves instead of having current regional rates – and based on survey research – having the optimal rates before pricing because these rates can be increased or decreased to address changes in demand which can be expected from making such changes.
- There are two possible ways to deal with financial aid which include net revenue optimization strategy where what is currently being done with financial aid is changed completely – finding those optimal points where revenue is maximized. The second option is to keep the current financial aid strategy but make proportional changes to ensure that financial aid matches what is being proposed relative to pricing. The service region will be held harmless and students will not pay more once the appropriate strategy to pursue has been determined.
- The University has good potential for increasing revenue and improving quality through any of the three scenarios presented. Changes in pricing will likely result in some students choosing not to enroll but for those who do the University would receive additional revenue and these students would be of higher quality. Generally there will be more money although there will be a smaller headcount. Any offset in enrollment could be addressed through recruiting and marketing efforts. It has been Maguire Associates' experience that when tuition is simplified communication becomes easier, the structure is easier to understand and is more transparent which helps in recruiting more students.
- Each scenario was tested under assumed changes of 0 percent, 5 percent and 10 percent in the number of admits no matter what the price would be. A 5 percent change, assuming an increase in tuition, would result in a 5 percent decrease in demand. A decrease in tuition would result in a 5 percent increase in demand. Agreement was reached that increasing brand and quality must occur simultaneously with any proposed tuition increases and the timing on these two levers must coincide. It was further suggested that work on increasing brand and quality perception should precede any increase in tuition so students are aware of the market for Murray State and the value and quality of the education they are receiving. This represents a conversation which must take place internally among the administration and all involved offices to determine what the timeline will look like and when such an initiative should be introduced.
- In response to a question regarding how the scenario presented for Murray State for out-of-state tuition compares to tuition at the home institutions, it was indicated that such factors were taken into consideration. There are some very favorable pricing comparisons in terms of Illinois being fairly expensive on in-state tuition and MSU looking very good in comparison. For other states such as Missouri, Murray State would look less favorable and there could be a shift in terms of where students are coming from with more students coming from Illinois or Indiana. It is also worthwhile to think about the Tennessee strategy because it is known that demographically this is where potential students are located. There is a balancing question in terms of how far

to push on tuition to manage the geographic distribution of those students. It was also suggested that the border could be pushed beyond the University's neighboring states to those where there is no capacity for higher education – such as California. Confirmation was provided that no competitive analysis has been undertaken in terms of looking at specific institutions but that information could certainly be collected. In the survey there is a set of true out-of-state students who are from beyond the region but Maguire Associates has not yet looked into exactly where they are coming from. The hunch is those students will still be regional but from places a little further away such as Georgia. At one point a study was conducted on how institutions grow geographically and the most interesting finding from that study is that most public institutions grow regionally. If this is the thinking of the Board then perhaps efforts should be focused more in states like Georgia, Florida and Texas. True out-of-state-students – including those within the University's region – are at approximately 30 to 32 percent. Agreement was reached that proceeding in this fashion likely would not cause issues with the CPE because Murray State would still be trying to attract students from the region but due to declining numbers simply does not have as many students to attract from the region. Confirmation was provided that the strategy at UK is to expand enrollment out-of-state to collect out-of-state revenue and their current freshman class is well over 30 percent out-of-state students. Agreement was reached that consideration must also be given to recruiting within Kentucky but outside of the 18-county service region because six other regional universities are already undertaking this work in Murray State's service region. This work is necessary to ensure a growing base of Kentucky students for the institution to remain relevant in Frankfort.

- Confirmation was provided that discussions have occurred at the CPE level on placing different “weights” on students and providing funding based on where those students come from. Universities would receive 100 percent state appropriation funding for in-state students and 50 to 85 percent funding for out-of-state students. Another aspect of this work is economic in nature in terms of convincing those out-of-state students to remain in Kentucky. Currently approximately 35 percent of out-of-state students stay within the Commonwealth. If the University is able to develop economic development opportunities and have that number increase from 35 to 50 percent then the institution could continue to make this push even more aggressively.
- Ms. Reid indicated part of Murray State's problem is its success. Over the past 30 years Murray State has been educating people who are leaving for Louisville, Nashville and St. Louis and not coming home. This leads to the question of what the economic development opportunity is at Murray State and how the University should work with alumni in those regions to make connections with students in those cities and encourage them to potentially think about attending Murray State.
- Confirmation was provided that a study has been undertaken on the graduate population and final work is being completed to analyze the results.
- Maguire Associates can already see a story emerging that Murray State has already achieved the strategy of being a low cost university. Being affordable within the University's service region has been a goal which has been reached but the cost of continuing to proceed in this fashion must be determined. The University will suffer if it does not have a distinct message about quality and outcomes. Murray State is currently in a good position but consideration must be given to how to push that position toward the future vision of the University by increasing its value. Confirmation was provided that the University is missing some opportunities in terms of transfer students but this work is starting to be brought into the fold. If the institution does not address students from outside the region – whether from the Commonwealth or the regional states – the University will need to begin thinking about being a smaller entity. Outside of the region Murray State is competing against very different schools for students with a very different mindset in their college choice and the University's marketing and communications work must reflect those differences. This will enable Mr. Dietz and his team when they are in local high schools in the service region to have a certain idea of the top track to think about and when they are doing other activities that are part of their field they have different stories and different things to talk about with those students.
- When people look at Murray State they do see quality but the goal is to get those individuals to take an even stronger and closer look at the University and this involves taking into consideration the needs of the different audiences. Part of this work involves taking into account the different personas mentioned earlier because there are certain types of stories and institutional narratives that are going to appeal beyond the University's core market persona and the core geographic market and transfer efforts are a very important aspect of this work.
- The University also has some room to grow in terms of revenue and while no one wants to be at the bottom in terms of price no one wants to be at the top either. Everyone is trying to figure out that appropriate fit for an institution but competitors are making moves at the same time. Murray State has an opportunity to move and is not viewed as a commodity yet. If the University can support a tuition move with an increase in quality, messaging and outcomes this will present a great deal of opportunity. All were encouraged to think about the financial models presented earlier as something which would happen if the University changed nothing else other than the numbers. It is known that if efforts are being made in the marketing, branding and communications area and the recruiting area the institution can accelerate this work beyond what the models have shown, further illustrating the opportunities before the University. Deeper tailored messaging must be added to the work of the University and while there is a great architecture for telling the Murray State story – such as Take Your Place – messaging needs to be more compelling to the market. A determination must be made of how to fill out this frame with stories about outcomes and expectations that students have that will draw them to Murray State.
- Confirmation was provided that Murray State's biggest competitors are the community colleges and a question was asked whether this presents an opportunity to grow at least within the 18-county service region by partnering with those community colleges and offering students an opportunity to earn a four-year degree in their hometown through those community colleges. Confirmation was provided that work to further develop

formal agreements to achieve this purpose is necessary but the more robust those agreements are the more successful the University will be in developing 2+2 programs by guaranteeing admission to Murray State. The smoother the transition through this pipeline the better and the current pipeline is somewhat disconnected. There are potential freshmen in high schools throughout the 18-county service region who have decided to go to a community college but there is a lack of connection and communication between those students and the University in those intervening two years. Developing partnerships and identifying those students at that point in time who might want to come to Murray and helping build programs for those individuals and working out all the articulation agreements are all important elements involved in smoothing the pipeline. Agreement was reached that as this work occurs Murray State must also differentiate itself from the community colleges because current pricing is too close to that at the community colleges. It was suggested that one way to differentiate is through the baccalaureate degree and how to increase the value prospect of the baccalaureate degree must be determined. If this option is offered to students early they may decide to forego the community college and come directly to Murray State. This represents one way to articulate the outcome side of the story by making sure students are aware of all of the opportunities they will have for experiential learning while at MSU – including internships, service learning and research – and representing things at the community college which students might not have as robust access to as they would at the University. Confirmation was provided that it is essential to differentiate the experiences students will have at Murray State as opposed to the community college setting and alumni could play a significant role in this effort.

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

### **Adjournment**

The Institutional Advancement Committee adjourned at 9:48 a.m.

### **Naming Proposal – *Burton Family Hall of Champions*, approved**

On behalf of the Institutional Advancement Committee, Dr. Jacobs moved that the Board of Regents, upon the recommendation of the University Naming of Campus Facilities, Programs and Activities Committee and the President of the University, approve the naming of the future Hall of Champions the *Burton Family Hall of Champions* in honor of Dr. Bob Burton's significant gift to Murray State University and his vision for this important campus facility to come to fruition. Ms. Green seconded and the motion carried.

On behalf of the Board of Regents, Chair Waterfield expressed appreciation to Dr. Burton and his family for their generous gift to Murray State University.

### **Marketing and Tuition Elasticity Study, discussed**

Dr. Curris believes the Marketing and Tuition Elasticity Study just presented represents one of the most valuable studies that not only the Board has received but he can recall receiving in his career because it was very well done. The top point is if the University wants to expand its geographic markets it will have to consider its value identity. The University will have to lead with academic quality and outcomes within the context of affordability. He apologized in advance if he says things that disturb some individuals but he must share what he believes to be true in following this institution over the last 40 years.

The issue of what tuition should be at Murray State is important but there is very little control over tuition at the state level in terms of in-state students. The Board does have considerable control over tuition in the regional areas outside of Kentucky as well as out-of-state beyond the immediate state region. Good points have been made in terms of how the University must strengthen its messaging but the major problem is the issue of academic quality which is where his comments may hurt some feelings. He is a big believer in the marketplace. The marketplace is telling the University they do not think it has high quality academics – at least to the level of two other institutions in the state and maybe a third. Murray State must face that reality because it cannot be ignored and the position be adopted that a better job of messaging is all that is necessary. The market is telling the University something. If all will recall, when the survey of senior students was undertaken and discussed one year ago the seniors were telling the institution that in comparison to other institutions in the state MSU was the least rigorous and less demanding. The University can choose to either ignore this fact or deal with it. His own assessment is that Murray State is a quality institution but he thinks other institutions have improved their quality over the years so that the gap has lessened. In the eyes of many students there is no difference – or Murray State is not as good as – a few years ago when it was seen as the premiere institution, perhaps outside of the University of Kentucky. The market is telling the University something different now. In the five years he has been on this Board he does not recall a single proposal brought by the administration to this

Board to improve academic quality. He asked all to think of whether there have been any proposals to expand internships, requests for dollars or a proposal to expand technology or anything to really strengthen the teaching of various disciplines – such as mathematics. The closest thing presented to this Board has been the Doctor of Nursing – which was required in order to continue to offer degrees in that area – and at that time information on the cost for the program was presented because additional funds were needed. When the Board signed the agreement to expand programming in Paducah the Provost was asked to present a plan on how the University would accomplish what it had agreed to in the proposal and a very good plan was presented at that time. Other than these two things he cannot recall the Board dealing with a proposal from the administration to strengthen academic quality, particularly the undergraduate education. There have been many proposals on how to spend money at the institution but not to address the issue of academic quality. The report just received from Maguire Associates should serve as a wake-up call that the University cannot be complacent because other institutions are strengthening their academic quality. Discussion can occur about differentiating Murray State but until the fundamental point that an institution must lead with academic quality is addressed no significant progress can be made.

Earlier today the Board received a very good report on the strategic planning process and he felt good about the report presented by the President. He has reviewed some of the budget priorities which identified 23 to 26 initiatives which are important to this process and should be emphasized. These included recruiting faculty, promoting diversity and increasing the number of college graduates in the region to name just a few priorities presented to the Board. He agrees all are important but they do not represent priorities. If an institution has 20 priorities – or even 10 – it may as well have none. There is a need for the President and his team to put together two or three priorities in terms of what the University must focus on and the expectation is that the entire University community will work to advance those priorities. It is his hope that addressing the academic quality of this institution – and particularly strengthening at the undergraduate level – would be one of those initiatives based on work the consultants have confirmed needs to occur. There must then be alignment within the institution so that everyone is pursuing or helping the institution pursue the achievement of that goal. The report presented is powerful and if Murray State is to be viable in the future – and size is immaterial – it must truly be a quality institution that leads to a career and this must be effectively communicated. If the core is neglected and what the market is telling the institution is not addressed the University will be faced with the worst of all worlds – lower size, lower perceptions and less value.

Chair Waterfield indicated over the years all have preached the quality is there and while it exists in the minds of all on campus it does not exist in the minds of those students within the market the University is attempting to attract. Mrs. Sewell added the diameter of Murray State's service area will encroach on other states and currently the University is not pursuing those populations in an effective manner. She, too, has believed all along that the quality is there but has heard since she has been on the Board there have been no pay increases for faculty because funding was not available. Academic excellence correlates to income and a plan must be made to have a quality academic program but how to pay for that must be part of this work.

### **Enrollment Management and Student Success Committee**

**Sharon Green, Chair**  
**Michael Dobbs**  
**Phil Schooley**  
**Harry Lee Waterfield II**

Committee Chair Sharon Green called the Enrollment Management and Student Success Committee to order at 9:55 a.m. and reported all members were present.

#### **Fall 2014 Enrollment Report, received**

Mr. Dietz reported the following:

- Overall Fall 2014 enrollment increased by 2.4 percent over Fall 2013 with increases in undergraduate enrollment and full-time equivalent (FTE). Graduate enrollment remained stable.
- Current enrollment stands at 11,207 students which is the largest enrollment in Murray State history. Total undergraduate enrollment is 9,444 and total graduate enrollment is 1,763. Enrollment gains came from several areas as listed below:
  - High school students taking dual credit courses increased 7.5 percent.
  - First-time transfer student enrollment increased by 10.1 percent.
  - First-time graduate student enrollment increased by 14.3 percent.

- International student enrollment increased by 9.7 percent.
- Appreciation was expressed to President Davies for being such a student-centered President and for playing an active role in the recruitment process. His work has already had a strong impact on enrollment.
- In terms of full-time equivalent and credit hours generated, the institution is ahead in a lot of areas. Although graduate numbers are down slightly the University is up in credit hours earned and full-time equivalent.
- Freshmen enrollment decreased by 73 students and several factors attributed to this decrease. As the study undertaken by Maguire Associates illustrated in terms of why students choose to attend MSU, they indicated it is close, affordable and offers the academic program they are seeking. When asked why they chose not to attend Murray State students indicated it is close to home, financial aid is an issue and the academic program they are seeking is offered elsewhere.
- The goal is to have 1,600 freshmen but work will also be undertaken to ensure these are quality students. By Fall 2016 changes could be made in terms of the type of students being admitted to the University. Another option could be to leave things as they are but provide students with a pathway to success and an ad hoc committee has been formed to undertake this work to determine the right mix of students for Murray State.
- There are currently 1,508 full and part-time freshmen with an FTE of 1,494 and there are 1,490 full-time true freshmen. Freshmen numbers are reported many different ways depending on the entity which requires the information. Numbers are reported differently to the CPE, IPEDS and for financial aid reporting purposes due to differing definitions of full-time freshmen.
- Dr. Curris indicated that first-time freshmen full-time enrollment represents the core of the Murray State University local campus. When this report is combined with what the Board just heard from Maguire Associates it is evident there is a pathway to increase this number. Some have expressed the sentiment that what is being done off-campus, particularly in Paducah, would hurt Murray State locally. Some individuals genuinely believe that. If the number of first-time freshmen full-time increases from 1,490 to 1,600 or higher people will not care what the institution is doing in Paducah or elsewhere and will support those efforts. The major concern is what is happening on the main campus and appreciation was expressed for a benchmark number being provided so the Board can evaluate progress in this area.
- First-time freshmen enrollment is also evaluated by state and the data correlates with the report provided by Maguire Associates in terms of market and demographics. This year there was an increase in application creep where students were applying to as many as ten different institutions. Enrollment gains came from Indiana and Alabama although there was an overall 4.6 percent decrease from 2013. Efforts will continue to determine where recruitment efforts should be directed in terms of the region, state and out-of-state locations.
- First-time freshmen enrollment within the 18-county service region increased slightly and time, money and effort was dedicated toward this region. An investment was made in the *Racer Promise* program and increased valedictorian and salutatorian scholarships were offered. There was a slight increase within the freshmen class of valedictorians choosing to attend Murray State. There was also a slight increase in the ACT freshmen profile. Approximately four years ago the average ACT was 22 and is now 22.6.
- Dual credit programs – *Racer Academy* and *Thoroughbred Academy* – continue to provide a great deal of support for the local area but also across the state. Numbers likely will not continue to increase and the CPE may make some changes in terms of dual credit programs and what the institutions are allowed to offer. This coming Fall a new *Thoroughbred Academy* will be launched on the main campus.
- MSU was one of only two colleges across the state that saw an increase in transfer enrollment (approximately 70 students) and confirmation was provided this includes community college students transferring to the main campus. The gain had a great deal to do with Mid-Continent University and approximately 75 students enrolled at Murray State for the Fall Semester. Provost Morgan, Dr. Duncan and Maria Rosa, Transfer Center Director, were complimented for helping these students make the transition to Murray State as well as to the community colleges. Several on-site programs were offered at Mid-Continent to assist these students and the University provided good counsel which will allow these students to further their education. The largest increase in first-time transfer enrollment came from Kentucky.
- Numbers for first-time transfers from the 18-county service region are strong and provide a very good representation of the region.
- In terms of how the University is performing with transfers from the community colleges, confirmation was provided that the transfer numbers reflect increases from the University's four community colleges. West Kentucky Community and Technical College, Henderson Community College, Hopkinsville Community College and Madisonville Community College are all leading institutions providing transfer students to Murray State. It was indicated that the key is the percentage of potential transfer students Murray State is attracting and Dr. Davies confirmed the University is the leading market share of gainers in each of those four areas although competition for these students continues to increase. Confirmation was provided that agreements have been signed with three of the four community colleges but the fourth represents a political challenge.
- Enrollment successes represent a collective effort across-the-board. Roslyn White, Associate Director-Coordinator for Multicultural Recruitment, S.G. Carthell, Director of Multicultural Affairs and others across campus do a great job with African American enrollment and recruitment and numbers increased by 36 students from Fall 2013 to Fall 2014. This included a couple new freshmen and 12 new transfer students. This represents a tough recruitment area because other institutions offer a lot of dollars to attract minority students.
- Fall 2014 international enrollment increased 9.7 percent over Fall 2013 and the top sending countries in order include Saudi Arabia, India, China, South Korea and Brazil. Dr. Robertson, Guangming Zou, Director for the Institute for International Studies and all those who recruit internationally do a tremendous job. This does represent a population that is increasingly more difficult to pursue and recruitment of international students is becoming much more competitive.

- First-time graduate enrollment increased from 391 students in Fall 2013 to 447 students in Fall 2014. This number includes 55 students pursuing doctoral degrees.

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

### **Fall 2014 Student Retention Report, received**

Jamie Mantooh, Director of Retention, presented the following:

- Information on retention trends since 2006-07 was provided. The University's retention rate for 2013-14 is down slightly from 2012-13 but even with this decline the University's retention rate is as high as it has been since 2008-09.
- Information was provided on six-year graduation rate trends since 2002. The University's six-year graduation rate is down slightly from 53.1 percent to 52 percent. In response to how this graduation rate compares to other institutions in Kentucky, it was indicated that the only other Kentucky school with a higher graduation rate than Murray State is UK. The Residential College System plays a large role in the graduation rate success at Murray State and represents a value-added component at the University and could play a major role in increasing quality.
- The MAP-Works program represents an online retention platform that connects faculty and staff to all students but especially focuses on at-risk students. The early-alert component – Referrals – has been the strength of this program for Murray State and the number of referrals from faculty and contacts with students increased significantly this year.
- The Parent and Family Connection program provides a connection to the parents and families of Murray State students. During Family Weekend 893 families were hosted and 3,096 free football tickets were distributed.
- A new initiative which combines the Parent and Family Connection program and MAP-Works is the Parent Referral which provides parents and families with the opportunity to ask for help for their student. As of today there have been 41 parent/family referrals expressing concern about their student. Concerns included financial issues, home sickness, depression, study skills and the feeling they do not fit in. Of those 41 referrals only three or four were also referred from another outlet which represents a large number of students of which the Retention Office was previously unaware. This group is largely comprised of freshmen students but there is also a surprising number of upperclassmen.

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

### **Residential College Review Task Force Report, received**

Dr. Robertson and Paul Lucko, Professor of Criminal Justice, former Springer-Franklin Residential College Head, Chair of the Council of College Heads and Co-chair of the Residential College Review Task Force, presented the following:

- The Residential College Review Task Force has continued to meet during the summer and Fall semesters to develop strategies and plans to enhance and re-energize the Residential College System. As a result of this work the Task Force developed some fairly specific recommendations while others are more general in nature. Some recommendations have already been implemented while others are still in the developmental stage.
- An effort is being made to make early contact with all new faculty and staff to get them involved in the residential college system from the beginning. A breakfast was held at the beginning of the semester to welcome new faculty and staff and inform them of their residential college assignment. This work also took place during a new faculty dinner and this represents a new recommendation which was implemented this Fall.
- Another recommendation was to develop more academic connections to the residential colleges. There was also a desire to expand tutoring services offered within each residential college and this work has been undertaken. The number of academic seminars has also been increased and these represent one-hour seminars for credit with 16 to 20 students who participate in each of the various seminars throughout all eight residential colleges with the goal of increasing these numbers as this work moves forward.
- A faculty coach has been connected to each of the debate teams within the residential colleges.
- Meetings will be held with each of the academic Deans to develop additional partnerships and determine the feasibility of having selected University classes actually taught within the residential colleges. This work has been done in the past with some English, Speech and World Civilization courses.
- A specific recommendation is for the Residential College Heads to become more involved with the MAP-Works program and be one of those contacts the referrals are sent to, particularly for freshmen and high-risk students. Follow-up is conducted on each student referral either directly by the Residential College Head, a faculty member or an upperclassman within a particular residential college and this represents an ongoing strategy implemented this Fall.
- Work is underway to redefine Residential College Head duties and responsibilities so these individuals can spend more time serving as student mentors to develop relationships not only with students but with more faculty and staff. It is known that more faculty and staff involvement in the residential colleges has a great impact on retention efforts. A new Residential College Head job description has been developed which includes new core expectations and duties and will be implemented in Spring 2015 to reduce the amount of administrative work required from each of the Residential College Heads. The Office of Student Affairs will

now take on some of the administrative duties to allow the College Heads to spend more time in a mentoring capacity and recruiting additional faculty to participate in various residential college activities.

- It is critical for the Residential College Heads to recruit additional faculty and professional staff and for those individuals to become more involved. It has been discovered that it is much easier to get faculty and staff involved if they are asked to participate in a specific activity or given a specific purpose. Specific roles for faculty and staff have been identified and the Residential College Heads are beginning to approach other faculty and staff to seek assistance in a particular endeavor. This initiative should be fully implemented for the next academic year.
- One goal for the residential college system is to help commuter students feel they are more a part of campus to create greater connection to the University. Commuter students represent a much more difficult group to develop community with and there is a desire to concentrate even more on this population. Strategies include putting in place commuter information systems, expanding marketing and publicity initiatives to show these students how they can be involved and developing more partnerships between the academic units with the residential colleges as a way of creating more of a connection with commuter students. This work is in progress and a strategy has been developed with an implementation goal for the 2015-16 academic year. Commuter students currently serve on the Residential College Councils and some activities are being sponsored by the residential colleges and are being held away from the residence halls in other venues that may be more convenient for commuter students. Information is also being sent to these students through various list serves to inform them of activities taking place in their residential college.
- Another focus is more international student involvement in residential college life through various programs and leadership roles. At least one program is offered each semester with a specific focus on international programming and international students serve on the Residential College Council. Visiting international scholars are also being assigned to each of the residential colleges as a resource person to work within that college to develop international programs. This has been beneficial in allowing students to learn from this individual but also in helping the visiting scholars feel like they are more a part of campus.
- Another recommendation is to develop a comprehensive marketing and public relations campaign to show both the value of the residential college system as well as the value of the individual colleges to help students identify more with their college. As this work is undertaken an effort is being made to tie into the University's overall marketing plan to illustrate the importance and uniqueness of the residential college system which distinguished Murray State from other institutions. Some of this work is already in place while other initiatives are still being developed.
- An effort is being made to investigate the feasibility of implementing special interest or theme floors or wings into the current residential college model. How this work is undertaken at other universities is being researched and interest meetings are being held with students. Consideration is also being given to creating honor student floors or wings. The current overall model shows the diversity of students within each residential college but it may be possible to group students together within each college according to their area of interest. This recommendation will continue to be reviewed and the feasibility of implementation for Fall 2015 will be considered.
- A recommendation was made to increase leadership opportunities and in response a Leadership Development Program is being considered for each residential college to help develop leaders and also identify more leadership roles.
- A recommendation was made for there to be a campus-wide trademark residential college event each academic year that will single out the residential college system and this is being developed for Spring 2015. The entire residential college programming model has also been revised and will be implemented in Spring 2015.
- Faculty and staff involvement in the residential colleges is critical and a recommendation has been made for faculty and staff in all administrative and academic units to be recognized for their residential college service. Specific recommendations are currently being developed which will be sent to the President to be included as part of the budget development process. This will include not only financial recognition but also service and other formal recognitions.

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

### **Adjournment**

The Enrollment Management and Student Success Committee adjourned at 10:30 a.m.

The Board adjourned for a break beginning at 10:30 a.m. and ending at 10:50 a.m.

### **Audit and Compliance Committee**

**Daniel Kemp, Chair**  
**Constantine Curris**  
**Jenny Sewell**  
**Harry Lee Waterfield II**

Committee Chair Daniel Kemp called the Audit and Compliance Committee to order at 10:50 a.m. and reported all members were present.

### **Risk Management Update, received**

Ms. Dudley presented the following:

- In August the Board began discussing risk management and expressed a desire for a risk assessment plan to be developed. Over the last two months Dr. Davies has charged her and Mr. Rall to serve as Co-chairs of a Risk Council. Work is currently underway to identify the Council membership with the goal of presenting those names to Dr. Davies shortly after the first of the year. Once formed this group will solicit information from across campus in an attempt to make risk management a part of the University's daily thought process. A suggestion was made for the Risk Council to remain in place and meet quarterly to review whether new operational risk issues have arisen over time. Agreement was reached that the Board would be provided with an annual update of risk management work which has been undertaken.
- The Risk Council will then begin meeting to identify various high level operational risks for Murray State. This work will identify those risk factors that are critical for this institution.
- Conversations have already been held with the Association of Governing Boards to gain a sense of what the organization can offer to the University as it undertakes this process. Work is also underway to learn from experiences at other schools and consideration is being given to utilizing a consultant to assist in this work.
- United Educators is the primary liability insurance company for the University and offers phenomenal risk management tools which are being utilized to devise a plan of how to approach this work.
- Provost Morgan has already asked the Deans to begin identifying key risk factors for their respective colleges and schools. Work will also be undertaken within the administrative units to identify operational risk factors within those individual areas.
- The goal is to develop a plan which will be presented to the Board for approval in June 2015.
- The University has a multitude of insurance coverages for various operations and an effort is being made to identify each of those areas. Later today the Board will be asked to approve bidding out a contract for brokerage services because the University has not had brokerage services before but would help in consolidating insurance policies, identifying where there could be weaknesses and additional risk and become competitive in terms of pricing. The University spends a great deal of money for insurance and must go through the state to obtain some of that insurance while other types of insurance, such as property, liability and malpractice coverage are carried privately. This work is already being undertaken by a subcommittee of the Risk Council.
- A risk factor which has been discussed is the potential change in minimum wage. This issue arose at the last Board meeting and while it is believed the University will not have to address it this year it may be required to in the future. A review of lower-paid employees has been undertaken and consideration is being given to developing a plan to help increase those wages. This represents a costly venture and care must be taken to monitor compression. This work will continue to be undertaken for this budget cycle to determine what the University might be able to do to develop a plan. This work will not be accomplished in one year.

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

### **2014 Audit Engagement Revision, approved**

Ms. Dudley reported that the Board approved the audit contract last year with RubinBrown to conduct all audit work. Subsequent to that approval the Racer Foundation went through their dissolution and there was additional tax work that was required to be done for that process. The Board is being asked to approve an additional fee of \$2,500 for RubinBrown to complete the 990 for the Racer Foundation.

On behalf of the Audit and Compliance Committee, Dr. Curriss moved that the Board of Regents, upon the recommendation of the President of the University, approve the increased cost for the Murray State University Racer Foundation for the June 30, 2014, work by RubinBrown as outlined in the amendment to the Audit Engagement. Mrs. Sewell seconded and the motion carried.

### **Audited Financial Reports, discussed**

Ms. Dudley indicated that Matt Finke and Jeff Winter are partners with RubinBrown and are here today to provide a summary of the Viewpoints document which included management comments. RubinBrown presented the following results of the University's 2014 audit:

- The Viewpoints document provided to the Board represents a summary of the ten different deliverable reports prepared by RubinBrown. Appreciation was expressed to management for their cooperation throughout this process, including Ms. Dudley; Jason Royalty, Assistant Director – Reporting; Wendy Cain, Bursar and Assistant Director of Student Services Accounts; Lori Mitchum, Director, Student Financial Aid and Mrs. Saxon who all played a key role in RubinBrown's ability to conduct its procedures. There were no limitations

placed on the auditor's ability to undertake this work and excellent cooperation and assistance was provided throughout the audit process.

- The audit process is substantial and approximately 1,500 auditor hours were expended throughout its duration. Audit work began in May and will conclude today for the audited time period.
- This year represents the first of a three-year audit contract extension between RubinBrown and the University and appreciation was expressed to the Board for their approval of the extension. This also represents the first year RubinBrown has worked with the MSU Department of Accounting to involve an accounting student/intern in the audit process (approximately 130 hours) and paid by RubinBrown. This provided an excellent opportunity for the student to learn about public accounting and it is anticipated such internship efforts will continue.
- Auditor communications represent standard required communications and include the responsibilities of the auditors in relationship to the work being undertaken as well as the responsibility of management – both of which play a key role in this process. The auditor's responsibility is to issue a clean opinion on the audit of the financial statements and sufficient work is undertaken to enable this to occur. RubinBrown is expressing an opinion with regard to whether the financial statements prepared – which are the responsibility of management – are fairly presented in all material respects. The auditors provide reasonable, but not absolute, assurance to that effect because there are limitations on the work and scope of the services undertaken. Management is responsible for the accuracy and completeness of the financial statements. A significant number of reports are issued by the auditors and for 2014 an unmodified opinion is being rendered on the University's financial statements. A report on internal control over financial reporting has also been issued, as well as compliance with laws and regulations as they relate to the financial reporting process. There is one management comment which will be addressed shortly.
- A single audit is performed and represents an audit of the University's federal programs. The University receives between \$60 million to \$70 million in federal money with the majority of this funding being within the financial aid cluster. That program, as well as the special education and TRIO clusters, were audited and it is important to note that RubinBrown does not audit every program but instead undertook a risk assessment based on size and risk to identify those major programs to be audited. The auditors issued a clean, unmodified opinion on the University's compliance with requirements related to those major programs audited.
- RubinBrown also audited the MSU Foundation and results of that audit were presented to that Board in early October.
- The Athletic Foundation was dissolved but it was subsequent to June 30 and RubinBrown did perform procedures in this area. The auditors did not audit those financial statements but does perform compilation services which includes putting the financial statements together in proper order and preparing tax returns.
- The state requires certain compliance reports on lease law and various other compliance items related to the accounting and finance function of the University. RubinBrown reported no findings in these services. Prescribed procedures were also performed related to athletic activities as outlined by the National Collegiate Athletic Association (NCAA). This report was issued and does not represent an opinion but provides results for over 60 steps which must be undertaken in this process. There were no significant issues related to the procedures performed for the NCAA report.
- There was one auditing correction related to an accounts payable item which was missed and the auditors discovered and felt significant enough to report and management concurred. This adjustment was made and posted to the financial statements. Items are also discovered throughout the audit process which are less significant and determined not to be material to the overall financial statements but the auditors are obligated to report those to management and they are listed in the Viewpoints document. These represent items which were discovered but were not posted to the financial statements and management was in concurrence with this determination.
- Management's discussion and analysis on the results of the audit represent unaudited information and, while based on the standards which RubinBrown must adhere to, the procedures performed do not provide sufficient evidence for the auditors to render an opinion although it is part of the report and the auditors provide limited assurance.
- The Management Letter provided indicates some minor recommendations for the University based on those adjustments just mentioned. These do not represent material issues but the auditors thought they needed to be brought to the attention of management.
- In terms of the University's process for recognizing construction-phased capital assets, every University, including Murray State, has an intricate process that has multiple departments involved in recognizing capital assets. The controls related to communicating with those departments were in place but the auditors believe they could have been functioning in a more timely fashion to ensure the finished records were updated with proper permission by the time they were ready to be included in the reports presented.
- Another post-adjustment was related to certain expenses that were expensed in 2015 but actually related to 2014 expenses (out-of-period items). Based on management's response, the accounting process must be structured in such a way so those transactions are accounted for at the right time. The issue is not material but moving forward the accounting process may need to be reviewed.
- In terms of compliance with the OMB A-133 report, three major programs (clusters) were audited – student financial aid, TRIO and special education. These programs constitute approximately \$66 million out of \$69 million in expenditures for federal purposes. The auditors issued an unmodified opinion (clean opinion) on the schedule of federal expenditures. There were no reportable findings associated with two of the programs – TRIO and special education – but one reportable finding was detailed related to the student financial aid program. This represents a relatively isolated incident and is not cause for alarm. If a credit balance occurs on

a student's account and that balance is related to receipt of any type of funds from loans or programs the Department of Education requires that those funds must be remitted back to the student in the form of a check within a 14-day time period. In this particular instance the credit balance was remitted outside of that time window by only a few days.

- Information was provided on the status of prior year recommendations. One recommendation, in order to mitigate the possibility of recording assets and the related depreciation expenses in an improper period, is for the University to consider implementing procedures to ensure that records associated with construction-in-progress for capital assets are reconciled on a timely basis. Another recommendation made last year was to consider implementing controls within Banner to require students to first accept all subsidized federal direct loans and similar need-based funds prior to accepting any unsubsidized loans and similar non-need based funds. This year's audit revealed that the University has implemented this recommendation and it is functioning properly. Confirmation was provided that management has responded to all findings and recommendations.
- Ratio analysis and financial highlights – In reference to a National Association of Colleges and University Business Officers' study, individual accountants and consultants compiled information about strategic financial analysis for higher education which go beyond ratios and deal with other items related to the University's mission. Many ratios have been developed but there are four where focus should be placed and a system of scoring the institution has been developed and these scores are computed based on a mathematical formula. There is a three-year historical trend for Murray State but if there is a component foundation it is required for those amounts to be combined, representing combined financial information for both the University and the MSU Foundation. The recommended threshold represents minimum standards (average) and if the University reaches 4 percent that is not a maximum achievement and it would be even better to go beyond. The primary reserve ratio measures the financial strength of the institution and its ability to withstand shortfalls in revenues. Murray State received a .73 which equates to the University having in reserves 8.7 months of operating expenditures. The University has a good cushion of expendable resources if needed and it is above the recommendation of .4 which equates to three or four months of reserves.
- The viability ratio measures the University's debt service coverage – the availability of expendable net resources to cover debt payments. A ratio of 1.96 is very positive and the preferred threshold is between 1.25 and 2.05 so the University is at the high end of that spectrum.
- The return on net position ratio measures total economic return (change in position) or bottom line as a percentage of the beginning of the year total position. A 5.25 percent return is very positive.
- The net operating revenue ratio measures the University's operating performance and whether the institution is living within its means and revenues are enough to cover expenses. Anything over 1.0 is positive and the University is currently at 3.75 percent which means it is running at a surplus and is within the recommended threshold.
- All these ratios are very positive but as the University is benchmarked and rated between 1 and 10 it is at a 5 so there is room for growth and improvement in regard to the financial ratios and this represents work which is underway given earlier discussions.
- Overall results of operation provides a trend with regard to revenues and expenses for just the University and illustrates a nice trend with revenues increasing from \$174 million in 2012 to approximately \$184 million in 2014. Operating expenses in 2013 were at \$171 million and increased to \$178 million in 2014. The gap or surplus decreased somewhat between 2013 and 2014 and this is further explained in the future graphs provided. A three-year trend of major revenue sources was provided and shows an increase in gross tuition (not net of scholarships or discounts which remained relatively flat between 2013 and 2014). State appropriations are flat as expected, government grants increased slightly and gross (before any allowances) housing and auxiliary revenues are up slightly.
- An analysis of operating expenses was provided and illustrates there was a \$7 million increase primarily in the compensation and benefits area as well as overall operations. A major portion of this involved a significant increase in maintenance and plant (non-capital repairs and necessary maintenance).
- A breakdown of the University's unrestricted net position was provided (\$73.9 million). Certain monies are dedicated for contingency, working capital and prior year carryovers but it is important to note that there are no external restraints on those monies. True unrestricted funds total \$74 million but it is broken down into various components based on Board action.

Dr. Curris indicated in regard to the \$74 million in unrestricted net assets the information provided in the Viewpoints document included economic factors affecting future periods. A further note was added as follows: "The Commonwealth of Kentucky's general funds receipts rose for the fourth consecutive year. However, in spite of the revenue increase, the overall budget of the state experienced a \$91 million (1 percent) shortfall. In order to cover this deficit the Governor took \$50 million from various accounts across state government and withdrew \$21 million from the already deteriorating rainy day fund." Those in higher education were fortunate that Governor Steve Beshear did not tap any reserves of the universities to cover the state shortfall. This is not the case in other states where Governors will sweep available fund balances to cover the state deficit. This means it is possible the next Kentucky Governor will sweep those balances and it is still possible, if the state has a major shortfall in this coming year, that Governor Beshear might be tempted to sweep those monies because the state must cover the deficit. It is fortunate that higher education was left intact this time. He believes \$74 million represents a tempting target and when taking into consideration other universities, the total amount which may be there in unrestricted assets can be cumulatively quite high. The University runs a risk with unrestricted net assets.

The last thing the University wants to do is spend everything it has but he has worked in states where this has occurred. Although there are legitimate reasons for maintaining these reserves review should be given to determining what amount may be considered excessive. This represents one-time money and not recurring obligations. The University needs to determine if this can be packaged better, assess whether there are one-time expenditures that need to be planned for or if some of these funds should be designated in a way that makes the University less vulnerable.

Dr. Davies indicated the point is well taken and discussions around this topic have occurred. The key is for the discussions around these funds to be very clear in that they are one-time and not recurring funds. Various needs on campus do exist that are part of his 2017 priorities and include deferred maintenance – major ticket items related to infrastructure and HVAC – but an in-depth review of the classroom space on campus must also be undertaken to ensure they are up-to-date and have the necessary technologies. As he considers budgeting priorities, part of that work involves these investments. Consideration must also be given to how to reallocate (repackage) so that this fund becomes a less positive target. This represents a balancing act because the University needs to ensure if there are decreases in certain areas it is able to cover those shortfalls.

Mr. Kemp reported that Ms. Dudley provided him with a copy of the most recent credit report from Moody's from May 2013. The University has a very good AA3 credit rating but the outlook is negative based on the Commonwealth of Kentucky's current negative outlook. Kentucky's credit outlook is negative and while revenue growth has improved the Commonwealth's sizable budget deficits over the past few years have led to a depletion of reserve balances and borrowing from budget relief. Dr. Curriss makes a good point and if it is possible to encumber some of these funds for a particular purpose it could be in the University's best interest to do so.

Mr. Winter clarified that although \$74 million is a large number it represents approximately 40 percent of operating expenses of \$180 million and must be considered relative to the needs of the University. Although this represents a cushion it is not exorbitant and some reserves are required to survive in the event of a shortfall. Dr. Davies confirmed that in some states fund balances are swept but for Murray State this reserve is made up of various funding sources – mainly tuition – which makes it more of a political unraveling although it would not be impossible. Agreement was reached that an appropriate balance between the safety net for risk management, as well as for investing those funds within the University with seed money for various programs and projects that will enhance the quality of this fine institution, needs to be determined.

#### **Audited Financial Reports – General, accepted**

On behalf of the Audit and Compliance Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2013-14:

- Presentation of Results of the Annual Audit Report (includes Management and Representation letters)
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2014
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2014
- General Financial Statement for the Year ended June 30, 2014

Dr. Curriss seconded and the motion carried.

#### **Audited Financial Report – Federal Funds (A-133), accepted**

On behalf of the Audit and Compliance Committee, Dr. Curriss moved that the Board of Regents, upon the recommendation of the President of the University, accept the following report for 2013-14:

- U.S. Office of Management and Budget Circular A-133 (federal expenditures) for the Year Ended June 30, 2014

Mrs. Sewell seconded and the motion carried.

#### **Audited Financial Reports – Athletics, accepted**

On behalf of the Audit and Compliance Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2013-14:

- NCAA Independent Accountants Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2014
- Murray State University Athletic Foundation Compilation for the Year Ended June 30, 2014

Dr. Curris seconded and the motion carried.

### **Audited Financial Reports – WKMS-FM, accepted**

On behalf of the Audit and Compliance Committee, Chair Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, accept the following:

- Auditor Communications
- Audited Financial Statement for WKMS-FM for the Year Ended June 30, 2014

Dr. Curris seconded and the motion carried.

### **Adjournment**

Appreciation was expressed to RubinBrown for the reports presented. The Audit and Compliance Committee adjourned at 11:31 a.m.

### **Audit and Compliance Committee – Full Board Action**

#### **2014 Audit Engagement Revision, approved**

On behalf of the Audit and Compliance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the increased cost for the Murray State University Racer Foundation for the June 30, 2014, work by RubinBrown as outlined in the amendment to the Audit Engagement. Mrs. Sewell seconded and the roll was called with the following voting: Dr. Curris, yes; Mr. Dobbs, yes; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; and Mr. Waterfield, yes. The motion carried.

(See Attachment #2)

### **Audited Financial Reports, accepted**

On behalf of the Audit and Compliance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, accept the following audited financial reports:

- Audited Financial Reports – General
  - Presentation of Results of the Annual Audit Report (includes Management and Representation letters)
  - Independence/Peer Review Letter
  - House Bill 622 Compliance Report for the Year Ended June 30, 2014
  - Kentucky Lease Law Compliance Report for the Year Ended June 30, 2014
  - General Financial Statement for the Year ended June 30, 2014
- Audited Financial Report – Federal Funds (A-133)
  - U.S. Office of Management and Budget Circular A-133 (federal expenditures) for the Year Ended June 30, 2014
- Audited Financial Reports – Athletics
  - NCAA Independent Accountants Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2014
  - Murray State University Athletic Foundation Compilation for the Year Ended June 30, 2014
- Audited Financial Reports – WKMS-FM
  - Auditor Communications
  - Audited Financial Statement for WKMS-FM for the Year Ended June 30, 2014

Ms. Green seconded and the motion carried.

(See Attachments #3 - #12)

## **Academic Affairs Committee**

**Jerry Sue Thornton, Chair**

**Michael Dobbs**

**Marty Jacobs**

**Phil Schooley**

**Stephen Williams**

Committee Chair Jerry Sue Thornton called the Academic Affairs Committee to order at 11:35 a.m. and reported all members were present with the exception of Stephen Williams.

### **New Master's Degree Program – Master of Science in Nonprofit Leadership Studies, approved**

Dr. Morgan reported a conscious effort is being made to expand the University's curriculum at all levels, particularly those curricula which will not only allow the institution to reach a super-regional group of students but can be delivered through easy access (distance education and online). Credit should be given to Dr. Pervine; Dean Dave Whaley and Assistant Dean Robert Lyons in the College of Education and Human Services; Chair Kelly Rogers, Department of Community Leadership and Human Services and Dr. Bob Long, Distinguished Visiting Professor-Kellogg Foundation, who were the architects of the master's degree program being proposed today. The Master of Science Degree in Nonprofit Leadership Studies will prepare students for work in nonprofit and non-governmental sectors across the globe. This represents a distance education program which can be delivered effectively not only throughout the University's service region but within a super region to reach targeted areas. The degree is applicable to a wide range of students providing wide entry and access.

Dr. Curris indicated this represents a great step forward which builds on the strengths of the University and in response to whether it is known how many students may be interested in pursuing this master's degree program, Dr. Long reported the University is joining with the national council which leads this work – the Nonprofit Academic Centers Council. There are currently 250 member institutions and the demand has far outstayed the ability to provide education. In preparing the proposal submitted to the CPE a demand-driven case for this degree program has to be made. There are no programs of study which will compete with the Master of Science in Nonprofit Leadership Studies in the broader mid-south. The closest institution is the Indiana University-Purdue University, Indianapolis campus. Through individual contact surveys with program directors that are members of the Council he was strongly encouraged to join and bring this program on board at Murray State. He was also advised to make the program available both online and on campus so students could choose one delivery method or a combination of both. Initially very conservative numbers are being projected but it is anticipated there will be a starting class of 25 full-time students but all are prepared for an even greater number of students because from experience shows 40 students would be a reasonable expectation. The data also shows that because of rescission and reduction in the government's role in the service sectors many people are coming to this sector in response to the growth the area is experiencing. As of last year, the nonprofit sector in the United States comprised 14 percent of the gross domestic product and is the only one of the three sectors (government, nonprofit and for-profit) which has grown steadily over the past ten years. It is expected this demand will continue to grow and a very conservative estimate would be within the next four to five years for the nonprofit sector to be 25 percent of the gross domestic product. Regardless of the programs and services delivered, the organizational structure will be part of the nonprofit sector. On behalf of the Board, appreciation was expressed to all involved in bringing this program to fruition.

On behalf of the Academic Affairs Committee, Mr. Dobbs moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposal for a new master's degree program – the Master of Science in Nonprofit Leadership Studies, effective January 2015. Mr. Schooley seconded and the motion carried.

### **Establishment of Procedures for a New Faculty Transitional Retirement Program approved**

Dr. Morgan reported the administration is presenting to the Board the establishment of procedures for a new Faculty Transitional Retirement Program and this initiative was included in the Academic Strategic Plan. In developing the project an academic team worked very closely with Ms. Dudley and Joyce Gordon, Director for Human Resources Administration and their assistance was invaluable in working through the mechanics of the program. Presently Murray State has a policy which allows for early retirement contracts. The policy is contained within *Faculty Handbook Section 2.8.2.1* and was also included on the recommendation submitted to the Board. Until 2013 the University offered early

retirement contracts to qualified faculty and many times doing so was in the best interest of both the institution and the faculty member. Over time drift began to occur with this program and the Board is being asked to approve procedures to accomplish the policy that is already in existence and within the current policy framework. In August and September 2013, through conversations with Dr. Miller, the University discontinued consideration of half-time contracts for that year. There are still a few faculty who are nearing the middle or end of their current half-time contracts which were approved some years ago but no new Faculty Early Retirement Contracts were approved over the past year. The past eight to 12 months were spent strategizing how the University could set up a procedural program to accomplish the work which needs to occur and also bring additional definition to the process to create a win-win situation for the University and the faculty.

Previous Faculty Retirement Contracts were half-time contracts and some were called Early Retirement Contracts. They were basically 50 percent of the faculty member's final year base salary and the faculty member was asked to present roughly one-half of their teaching load (12 hours per year) in order to fulfill the aspects of the contract. The contracts were awarded for between one and four years (maximum) and Board approval was required for each contract. During the period in which these contracts were not issued an attempt was made to look at current market comparisons and brief attributes of two other sister institutions also utilizing these contracts were provided for Board review. This practice is common among institutions in the Commonwealth and attributes other universities are using involve less of a percentage of salary with payment being geared more toward payment per credit hour and the proposal being presented to the Board is modeled on that concept. The *Faculty Handbook* policy does provide a framework for undertaking this work and stipulates that these contract requests be reviewed by the Department Chair, academic Dean, Provost and President and ultimately approved by the Board of Regents. In setting forth recommended procedures for a new Faculty Transitional Retirement Program the desire is to begin implementation for July 1, 2015, and onward permitting full-time faculty to return to half-time service and provide reduced teaching service and research excellence to the faculty body. The program would facilitate the retirement of a faculty member who is beginning to ramp down their tenure and would allow them to culminate their life's work and begin to transition to retirement. This also allows the University to reduce expenses and reposition faculty ranks. A number of new initiatives and programs have been discussed and the proposed procedures would allow the University to free up funds to pursue these endeavors.

Under the general framework for these contracts, the faculty member would be on a nine-month contract – just like regular faculty – and they would be limited to one and two-year frameworks instead of one to four years as were offered in the past. All contracts would be justified based on need for the faculty member, the program and the institution as a whole and the contracts will not be automatic. They will also be subject to negotiation between the faculty member, Chair, Dean, Provost and the President. Only full-time faculty will be allowed to apply for a Faculty Transitional Retirement Contract. Deans and others who hold faculty and administrative rank will first have to drop back to a faculty position before they can transition into one of the said contracts. Compensation for faculty pursuing this option has also been re-strategized. A number of faculty may desire to teach half-time while others prefer to teach one-quarter time. The *Faculty Handbook* policy allows for between three and six credit hours to be taught per semester at 3.5 percent per credit (utilizing a multiplier). The maximum an individual under this presentation could accrue on a half-time or quarter-time basis would be 42 percent of their final year base salary (reduced from the 50 percent calculation previously used). Individuals would be allowed to receive a cost-of-living adjustment if they were on a two-year contract but they would not be allowed merit-based compensation in their second year.

Two examples of what contracts could look like were presented and if a faculty member had a retiring base salary of \$68,000 and taught half-time they would be paid 42 percent of that salary or a total of \$28,560 in annual compensation. The residual salary would be freed up to either hire another faculty member to teach in the program and/or those funds could be transitioned to other need-based areas within the University. If a faculty member at the professorial level had a retiring base salary of \$80,000 (average Professor salary at retirement) and taught nine hours they would accrue \$25,000 which would free up the remainder to initiate a new hire in that area or elsewhere. The program benefits were worked out with the advice and judgment of Ms. Gordon and mimic what any other part-time employee at the University would receive. The contract request timeline – in an attempt to bring definition to the process – has been strategically presented to allow for engaging conversations not only with the faculty member but in terms of the needs of a particular program and the overall budgeting needs for Academic Affairs and the University. The timeline could be construed a little differently in the first year of implementation than it would in future years but an attempt was made to provide the Board with a good estimation of what the timeline would look like.

Dr. Jacobs asked for a report on the understandings contained within this policy in terms of sick leave, accrual of sick leave and payment toward service credit. Dr. Morgan indicated that later today the Board will be asked to approve a policy change to alter the University's current policy which relates to the payment of sick leave for faculty. Presently, if a faculty member retires they can accrue – if they qualify – and receive sick leave payout or sick leave retirement within the KTRS Retirement System for up to 6 months. The administration is proposing that this policy remain in place if an individual faculty member provides notice of their intent to retire between January 2015 and December 2015 they will be allowed to maintain this benefit in addition to the 42 percent maximum (salary) that could be accrued under the Faculty Transitional Retirement Program. This is being offered as an incentive for faculty who may want to retire within the next one to one and a half years.

In response to Dr. Jacobs' question about whether a faculty member has already declared their intent to retire – not understanding the possibility being presented – that conversation is still a possibility this year. Dr. Morgan indicated the conversation would be on the table if program needs warrant it. There will be some situations where the program is transitioning and the position for the retiring faculty member would no longer be needed or the economics may not work. Before any contract is approved it will be ensured the economics behind the contract also work. Individual conversations will need to be held with faculty who have already formally announced retirement (by way of formal letter this year) to determine if there is a programmatic need to retain that faculty member. It is possible a faculty member has already announced his or her intent to retire and the department or college has initiated a full search to backfill the position, with monies having been encumbered for this purpose.

Dr. Jacobs indicated when he came to Murray State 20 years ago there were faculty on half-time contracts within his college and they had a tremendous impact within the college. When he was Chair he supervised a half-time faculty member. He wants to ensure that when different scenarios are being considered this can represent a win-win proposition because there are currently individuals who are near retirement or may be considering retirement but would be able to continue to perform in the fashion being proposed. These individuals know the history of this program and are aware that other faculty members have received a retirement contract which provides 50 percent of their base salary for up to four years. He understands the budget and would like to keep as options the sick leave and service credit components but those will cost the institution money. He is concerned there may be faculty who want to retire and the Dean and the unit desires to maintain that faculty member on a half-time contract for 42 percent of their salary but the individual already knows others have received 50 percent of their base salary. Many are concerned about the service credit aspect of this because they are not interested in service credit but instead want to know what their paycheck will look like the first year. Service credit will also cost the University money. He is aware the percentage of the base salary cannot be maintained at 50 percent but it may be possible for the 3.5 percent per credit hour to be increased for those individuals who choose not to take service credit. He suggested increasing the per credit hour percentage to 3.75 percent and believes this could be increased even further after reviewing how much the University must pay out for service credit. This would allow a retiring faculty member to receive 45 percent of their base year salary at retirement. He asked the administration to consider utilizing a different formula which would allow a person who is retiring half-time, who chooses not to have service credit added, to at least have the salary increased to 45 percent of their final year salary. The faculty member would then decide under which formula he or she would prefer to retire.

Dr. Morgan indicated that from an Academic Affairs standpoint he would certainly be open to discussing this option but would need to defer to the President in terms of how he would like to position 42 percent versus the 45 percent. If 45 percent of the faculty member's base salary, without service credit, is listed as the maximum that could represent another possible option. Dr. Davies indicated he does not have any great consternation regarding 42 percent versus 45 percent but is concerned the implementation of two separate percentages could present issues. Ms. Dudley stated that providing an option to an individual to take the service credit or not would be administratively difficult to manage. This is currently paid to KTRS by the University and does not represent a direct payout if an individual is already in KTRS. If the faculty member is on the Optional Retirement Plan then their sick leave credit is a direct payout. Current policy states that if a pre-existing contractual arrangement is already in place an employee would not have the ability to receive sick leave credit. This policy was approved by this Board several years ago when it was adopted and if faculty are given a choice this would present an administrative concern in terms of administering benefits. Dr. Davies indicated one challenge is that there is a desire to offer a pathway for faculty to have a retirement plan to ease into their transition as well as provide a service back to the institution and this is in the University's best interest. At the same time, it must be ensured the University is able to financially support the initiative and not create an initiative that comes at a greater expense.

This represents a balancing act because the administration does not want to create something faculty will not utilize. The policy being proposed represents a negotiated opportunity between the University and the faculty member and is not an automatic entitlement and is not guaranteed to every individual faculty member. Dr. Jacobs agrees with the disposition in the way Dr. Morgan has presented the issue because there is a desire to maintain quality faculty and provide supportive arrangements to make this effort successful. He wants the Board to have the perspective that what is being proposed may not be the most supported arrangement in terms of the faculty. Appreciation was expressed to the administration for transparency as this issue has been discussed. There is a concern that if a faculty member is considering receiving 42 percent of his or her salary and for various reasons does not have an option of utilizing sick leave then it becomes a de-motivator for that particular faculty member to retire.

Dr. Thornton clarified that the Board is being asked to approve a procedural change to a policy which already exists. The proposal is not only to provide for a transitional plan for faculty desiring to retire but also presents an opportunity for the University to be able to attract new faculty with the salary savings based on overall need. Dr. Davies suggested the motion from the Board could be that it has received the report from the Provost and understands it is important to have a program which allows for this transition and is beneficial and attractive to the faculty member, as well as fiscally responsible on behalf of the institution. The Board could grant the Provost and President with the authority to devise a revised program (quickly) so this program can be implemented on the projected timeline. The limitations would be that the salary would be less than 50 percent of the final base year salary and a point of consideration would be whether or not sick leave can be used because this represents an interesting benefit for the faculty member and, as proposed, is an approximate \$8,000 payout.

The recommendation of the President is to provide a procedural change – that the Academic Affairs Committee could bring forward – based on the newly-agreed upon wording. Dr. Morgan asked if the Committee is giving the President the authority to implement the policy, along with broad powers in procedure, or whether the Committee is requesting a new procedure be submitted for approval. Dr. Thornton confirmed the Committee is giving the President the ability to adjust the wording of the procedure in need-based areas. The President is being given the authority to devise and implement a Faculty Transitional Retirement procedure which will be beneficial to the faculty member as well as fiscally responsible for the University and in the spirit of what has been presented today.

Ms. Dudley indicated the Board will also be asked to approve a policy change later in the meeting to waive the sick leave credit policy for a period of time. The policy currently exists and this must be considered because sick leave credit would not be available to faculty accepting such a contract. Dr. Davies clarified that the sick leave credit policy waiver must be approved later today in order for the administration to be able to implement the Faculty Transitional Retirement procedures. The concern expressed by Dr. Jacobs is whether 42 percent of a faculty member's salary is encouragement enough for faculty to participate.

Dr. Curris received confirmation that what the Board will be voting on will provide discretion to the administration to adjust aspects of this procedure but what will be included in the motion is this will replace the former procedure and will not be automatic (not an entitlement) but will be based on need. The maximum contract would be for two years with the belief that the majority of these contracts will be for one year. The administration will also be given the discretion to adjust the narrow focus (42 or 45 percent) of this procedure within the fiscal constraints of the University and the spirit of the conversation today. In response to a question regarding whether the effective date needs to be changed, Dr. Davies indicated it does not because if this procedure is to be implemented during the next fiscal year those faculty members need to be able to indicate their desire to retire in January 2015 so the proper recruiting can occur to backfill for the next fiscal year. The only elements of the discussion which will be altered is the percentage per credit hour and the mechanism with regard to sick leave. Ms. Dudley reported for a faculty member who makes \$70,000, based on their age, salary and buying six months of service credit from the retirement system, the payout will range between \$8,000 to \$9,000. The payout for an individual in the ORP System choosing this option would be somewhat less because the University is paying KTRS for an actuarial value but it is possible to purchase six months of service credit. Dr. Jacobs respects the budget issues but if individual faculty members could be given this option it could represent more of a win-win proposition. Dr. Morgan indicated he believes the administration can handle a 42 to 45 percent slide depending on the economics of each individual faculty member's scenario but this must be negotiated on a case-by-case basis and each contract could be conceivably different. Confirmation was again provided that these contracts will not be automatic, will only be offered to full-time faculty and there must be a demonstrated need which is documented by the Chair, Dean, Provost and President.

On behalf of the Academic Affairs Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the establishment of the procedures for a new Faculty Transitional Retirement Program. *Faculty Handbook Section 2.8.2.1* represents current policy to which these procedures relate. Approval by the Board of Regents would allow the procedures to become effective December 5, 2014. The President will be given the authority to devise and implement a Faculty Transitional Retirement procedure which will be beneficial to the faculty member as well as fiscally responsible for the University and in the spirit of what was presented today.

Dr. Jacobs seconded and the motion carried.

### **Academic Appeals Board Membership, approved**

Dr. Morgan reported the administration is requesting permission to amend the *BOR Policy Manual Section 6.6 – University Standing Committee System* related to Academic Appeals Board membership. This group adjudicates appeals by students and a request is being made to include the Director for Retention Services in the membership.

On behalf of the Academic Affairs Committee, Dr. Jacobs moved that the Board of Regents, upon the recommendation of the President of the University, approve the addition of the Director for Retention Services to the membership of the Academic Appeals Board. Membership will include one faculty member elected for each academic college/school; two student members; Director of Retention and the Registrar (ex-officio) who shall serve as secretary and be non-voting in adjudications. Mr. Schooley seconded and the motion carried.

### **Interactive Television (ITV) Upgrade Project, authorized**

Brian Van Horn, Dean of the Center for Continuing Education and Academic Outreach, reported that ITV is used daily to deliver academic coursework to the regional campuses and also from the regional campuses back to the Murray campus. The upgrade project began in 2010 and ITV coursework and the system are upgraded as funds become available. Currently 3,150 students are served each year through ITV and during the past academic year 134 courses were delivered through ITV coursework which generated approximately \$2.5 million in tuition revenue for Murray State. The administration is recommending the ITV upgrade project be allowed to continue – not to exceed the authorization of \$1,223,000. Dr. Davies indicated this represents a moment of transparency and full disclosure as the ITV project was an agreement which falls between the Delegation of Authority and in order to move this project forward Board approval is required.

On behalf of the Academic Affairs Committee, Mr. Dobbs moved that the Board of Regents, upon the recommendation of the President of the University, authorize the continuation of the ITV Upgrade Project at Murray State University through FY14-15, not to exceed the original authorization of \$1,223,000. Ms. Green seconded and the motion carried.

### **Adjournment**

The Academic Affairs Committee adjourned at 12:15 p.m.

### **Academic Affairs Committee – Full Board Action**

#### **New Master's Degree Program – Master of Science in Nonprofit Leadership Studies, Establishment of Procedures for a New Faculty Transitional Retirement Program, approved and ITV Upgrade Project, authorized**

On behalf of the Academic Affairs Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the new Master's Degree Program – Master of Science in Nonprofit Leadership Studies and the Establishment of Procedures for a new Faculty Transitional Retirement Program. It was further moved that the Board of Regents authorize the continuation of the Interactive Television (ITV) Upgrade Project as submitted. Dr. Curris seconded and the roll was called with the following voting: Dr. Curris, yes; Mr. Dobbs, yes; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; and Mr. Waterfield, yes. The motion carried.

## **Academic Appeals Board Membership, approved**

On behalf of the Academic Affairs Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the addition of the Director for Retention Services to the membership of the Academic Appeals Board. Academic Appeals Board Membership will include the following:

- One faculty member elected from each academic college/school; and
- Two student members; and
- Director for Retention Services; and
- Registrar (ex-officio) who shall serve as secretary and be non-voting in adjudications.

Mr. Kemp seconded and the motion carried.

## **Adjournment**

The Board of Regents adjourned for lunch at 12:20 p.m.

## **Call to Order**

Chair Harry Lee Waterfield II reconvened the Board of Regents Meeting at 1:05 p.m.

### **Buildings and Grounds Committee**

**Constantine Curris, Chair**  
**Michael Dobbs**  
**Susan Guess**  
**Phil Schooley**  
**Harry Lee Waterfield II**

Committee Chair Constantine Curris called the Buildings and Grounds Committee to order at 1:05 p.m. and reported all members were present with the exception of Susan Guess.

## **Capital Projects Update, received**

Jason Youngblood, Assistant Director-Facilities Design and Construction, reported the following regarding Waterfield/Pogue Libraries, the Engineering and Physics Building, Franklin Residence Hall, Breathitt Veterinary Center (BVC) and the Hopkinsville Campus (second story) capital projects.

- In June 2014 \$590,000 was authorized for projects for Waterfield Library and \$590,000 was authorized for projects in Pogue Library.
- The Waterfield Library project included restroom upgrades, Americans with Disabilities Act (ADA) compliance and minor electrical upgrades. The University is currently working with a design consultant and in late spring bidding is anticipated, with most of the work being undertaken during the summer.
- The Pogue Library project was for heating, ventilation and air conditioning (HVAC) upgrades (mainly for the Special Collections areas) and some ADA restroom upgrades. Work is currently underway to secure a consultant to undertake this work for Murray State.
- Engineering and Physics represents a \$36,890,000 project with \$31,890,000 in state funds appropriated earlier this year. The project is currently on schedule for bid in mid-February, with construction to begin in March and scheduled completion by August 2016. The project is also currently under budget.
- With the impending purchase of 1607 Olive Street, a cul-de-sac for bus turnaround for the Day Care Center will no longer be required to complete this project. Once the purchase of this property is approved the plan is to proceed with a request to the City to close the additional 140' of Olive Street which will complete the section of Olive from 16<sup>th</sup> Street to Broach. The City has already approved the closure of Olive Street where the building currently sits but the additional 140' will allow for further completion of the project.
- The new Franklin Residential College was also approved earlier this year with a budget of \$28,953,000. This will represent a replacement of the current Franklin Residence Hall and will be a four-story building similar to the others that have been constructed (Clark and Richmond). The project is on schedule for bid in early March 2015, with construction beginning in late March 2015 and scheduled completion by the time school begins in August 2016. The project is on budget.
- The Breathitt Veterinary Center represents a \$36,468,000 project and a contract with A&K Construction was issued in November. Their official start date was December 1, 2014, but they have been moving dirt since November 18 and at this time the final completion date is scheduled for June 13, 2016. There are currently no issues associated with this project.
- In terms of the Hopkinsville second floor shell space, work is currently underway with a consultant on the proposal for a design. There is approximately 4,800 square feet of area to be finished out and the construction

estimate is \$90 to \$100 per square foot for a total construction estimate of \$570,000 (which includes other soft costs).

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

### **Priority Projects for Six-Year Capital Plan (General Fund and Agency Bonds), approved**

Ms. Dudley reported that a *Six-Year Capital Plan* is remitted to the state every two years on a biennial budget cycle. These represent projects of over \$600,000 for which the University must secure state approval. This work is currently underway and will be presented to the Board in February 2015 for approval of the entire *Six-Year Capital Plan*. Preliminary work is being presented today for the Board to review in terms of the University's top six projects and one bond project. Board approval is being requested for these projects and their conceptual framework in priority order. The Board is not being asked to approve a financial plan or project statement – simply the projects and associated priority ranking. The University will request state funding for these projects. Confirmation was provided that the Six-Year Capital Plan includes all potential University projects.

Interim Chief Facilities Officer David Burdette reported the following:

- There are many deferred maintenance needs across campus and today alone three calls have been made for this facility (Pogue Library).
- The first project – capital renewal accrual – involves three major infrastructure projects. The first is the campus electrical upgrade (\$13.5 million). This campus has invested significantly in its electrical power and needs to continue to make that investment. The second is the campus steam distribution project and as part of this work a determination will need to be made whether to continue with a campus Central Plant sending out steam in one way around campus or whether digital boilers need to be installed in individual buildings (which has already occurred in some buildings). The third – capital renewal projects (\$500,000) represents a catch-all for paying attention to deferred maintenance – such as roofs and windows – and is not program improvement but true deferred maintenance. This is considered to be the University's #1 priority.
- The second priority is Pogue Library and Lovett Auditorium. These represent beautiful buildings on campus which are desperately in need of deferred maintenance and infrastructure work.
- The third priority is to renovate and upgrade Waterfield Library because this facility experiences a heavy volume of traffic and has many needs. Work has taken place over the last three weeks to develop a plan for the Board to consider both in terms of priority and, to the extent possible, within programming.
- Dr. Morgan reported that Waterfield Library has been on the *Six-Year Capital Plan* since 2004 in a variety of different venues from a new Library down to some form of renovation. The Committee and Board are being asked to maintain this project in its current position and allow the administration to continue to refine its plan with a goal of presenting a comprehensive plan to the Board at the February 2015 meeting. Certain buildings are cornerstones of campus and Waterfield Library represents a center stone of campus because all use the Library and it is critical to academic success and quality at Murray State. A renovation of the actual existing footprint of the Library is being studied and would include electrical and facility upgrades. Discussions have also begun about re-strategizing what has been presented before to determine how a small addition of space could potentially be added to the rear of Waterfield Library. It is believed an addition can be constructed in this area which would not require a great deal of architectural structures. Consideration is being given to the type of spaces which are needed and not necessarily beautification of the building externally. Dean Adam Murray has done a good job determining what the institution will need for the next five to ten years but where the University will need to be in the next 15, 20, 25 and 30 years with some type of addition being constructed will still need to be determined.
- Dr. Davies indicated he was asked to identify two to three priorities and how those would enhance the academic quality of Murray State. He sees the Library playing a key role in this process which challenges the administration to provide an answer in terms of what the Library will be and how it will specifically enhance the academic quality of this University. Many activities currently take place in the Library which are unique to Murray State and are not seen at other institutions – including the Writing Center and Oral Communication Center – and the Library is running out of space and is in desperate need of technology, space and other enhancements which will further enhance that program. What is being presented attempts to answer the challenge presented to him regarding initiatives which can enhance the academic quality of this University. A more detailed plan will be presented at the February meeting.
- The fourth and fifth priorities involve completing life/safety projects and meeting ADA requirements. It will take some time to accomplish this work but if true emergencies arise those issues will be addressed utilizing current funds.
- Blackburn Science represents a building with great bones but is in desperate need of attention. The classrooms look the same as they did when the building was constructed in 1965. A plan will be developed for Blackburn Science Building and, given the success of the Engineering and Physics Building, an investment needs to be made in Blackburn.
- White Hall is slated for the next residence hall renovation and work is underway to determine whether this is, in fact, the next residence life facility which should be renovated.

Dr. Curris reminded all that Agency Bond projects are financed by the University but if they are over \$600,000 they require approval by the General Assembly. The administration has suggested a priority project listing which will be submitted to the state and if the Committee feels comfortable with the order in which these projects are listed he would entertain a motion to submit this recommendation to the full Board.

On behalf of the Buildings and Grounds Committee, Mr. Dobbs moved that the Board of Regents, upon the recommendation of the President of the University, approve the conceptual framework of each project and the priority order of the listing provided for the University's top General Fund priorities and Agency Bond priorities for the 2016-22 *Six-Year Capital Plan*. Mr. Schooley seconded and the motion carried.

### **Replacement of Stewart Stadium Playing Surface Project – Football Field – Scope of Work and Program Approval, approved**

Dr. Curris is Chair of the Buildings and Grounds Committee and is filling in as Chair of the Finance Committee. This agenda item appears on both Committee agendas and he would like for the two committees to consider the recommendation together.

Mr. Burdette reported this project represents a safety issue because the lifespan of artificial turf is eight to ten years and the current turf has been in use for eight years. The Board is being asked to approve this project so the bid process can begin with the goal of installing the turf in the summer. Within the recommendation an attempt has been made to answer questions the Board might have with regard to this project. Mr. Ward feels passionate about this project needing to occur and also has the necessary funding to complete the project (athletic dollars generated by athletics, not necessarily donor dollars). Ms. Dudley added that this project is part of the *Six-Year Capital Plan* and the University has already received authorization from the state but is only undertaking one-half of the approved project because replacement of the track is not being proposed at this time. Assurance was provided that consideration has been given to the advantages and disadvantages of maintaining an artificial turf as opposed to moving to a natural turf. Mr. Burdette indicated there are two challenges in this regard. It is very expensive to rip up artificial turf and replace with natural turf and there is no other place for the football team and the band to practice other than the Stewart Stadium football field. The field is used for practice and games for both football and band and local schools also use the stadium. Resurfacing the field with natural turf would cost significantly more than \$800,000.

On behalf of the Buildings and Grounds Committee and the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Replace Stewart Stadium Playing Surface Project – Football Field – Scope of Work and Program approval. Mr. Waterfield seconded and the motion carried.

### **5MR Contract Renewal Update, received**

Ms. Dudley reported it was the administration's intention to bring the 5MR Contract Renewal before the Board for approval so that work to negotiate a new contract could begin but Dr. Curris indicated it might be best to begin conditioning the Board for that process which will take place next summer. Also, the Tennessee Valley Authority (TVA) has not yet confirmed they will actually offer the program. The University's current contract with TVA expires in August 2015 and it will be unknown until possibly the summer whether the University will even have an option to sign another contract.

Mr. Burdette reported the following:

- There was a total electrical outage on campus the Wednesday before Thanksgiving to allow for re-installation of the repaired 13,000-volt transformer. The process was scheduled to take approximately eight hours but in actuality took five and one-half hours due to almost 50 individuals working on the project. Other repairs were completed during the outage, including providing torque to the electric motors in the Chemistry Department (which require 208 amps to help prevent any type of damage in that facility during an outage).
- This week Facilities Management is in the process of working further on the transformer including adding oil, heating the unit and preparing to switch over to full power.
- There are many types of situations in which a university could lose power, including a natural disaster, through a demand contract such as the 5MR, brownouts through a natural disaster combined with a fixed demand contract (where the University faced some challenges last year), through terrorist activity or as the result of mechanical issues.
- Information on lessons learned from the situation which occurred on campus one year ago were provided as was assurance that electricians and others in Facilities Management and the campus administrators learned many valuable lessons about having a 5MR contract. More importantly, much has been learned with regard to

the damage which can occur at the University as a result of an electrical outage. Campus personnel are a great deal more educated now about what happens in an emergency situation than one year ago.

- The residence halls, Winslow Dining Hall and Facilities Management now have generators in the event of a power outage and these units can be self-sufficient for a limited amount of time. Work continues to determine what may be feasible for the remainder of campus because the size of generators required to power the remainder of campus would be significant. Assurance was provided generators currently in place will allow the University to continue to offer basic coverage for student life on campus in the event of a power outage.
- In response to whether the generators automatically start up in a power outage, Mr. Burdette indicated this represents a lesson learned. When the generators are expected to turn on but break instead this is a cause for great concern. Monthly testing of all generators is now being conducted and Facilities Management will pick the rainiest, darkest, coldest night in January to pretend there is an electrical outage and go through the drill of what it would take to power up those generators.
- A note has been drafted to send to the entire campus next week reminding all of what occurred one year ago to review the issues and the lessons learned. In January another note will be sent to campus in the interest of addressing the critical importance of communication. A good standard operating procedure is in place but communication is integral to any plan for a campus electrical outage.
- University representatives will visit TVA because the institution is a large customer located a great distance from Knoxville, Tennessee, which is the point at which a power outage decision is made in order to remind those individuals of where the University is located and how important it is to be able to maintain power to the campus. This work will be undertaken in conjunction with Murray Electric. Seventy-six other entities were also affected by the power outage one year ago but face-to-face communication is essential to stressing the importance of maintaining power at Murray State.
- Confirmation was provided that the University goes through Murray Electric to receive power from TVA and a suggestion was made to contact WKU to determine how their contract with TVA works. Mr. Burdette confirmed he already contacted Western and Murray State's contract calls for 50,000 kilowatts and the University receives approximately \$400,000 annually while WKU receives \$135,000 for a threshold of 7,500 kilowatts.
- Dr. Davies indicated the 5MR contract represents both risk and reward with approximately \$400,000 annually in budget savings for the institution. There is no question the contract also comes with risk and as risk management areas are considered a determination must be made in terms of how much the institution is willing to risk for the reward. This contract represents substantial savings to the University and it is also believed all were lulled into a sense of security that a situation such as this would never happen – and it may never happen again – but a proper plan was not in place at the time it did occur. A plan for the start-up of generators, as well as a communication plan, are now in place should this situation occur again. It must also be noted that the “perfect storm” played a factor in last year's situation and there were things which occurred outside the University's control. These lessons learned have led to the ability to anticipate and plan for various elements should they occur in the event of another power outage and while it is impossible to plan for every potential situation contingency plans continue to be developed and refined.
- The importance of this discussion is the administration is seeking guidance from the Board because it will be entering the budget planning process soon and will need to have direction on whether – if TVA offers to negotiate a contract – they would be willing to take on this risk given the planning which has taken place and the contingency plans which have been and continue to be implemented. The Board is not being asked at this meeting to approve anything but simply to start thinking about whether it would be willing to renew a 5MR Contract if offered by TVA.
- Ms. Dudley added that the University is still paying for the two-megawatt generator which is used to keep the residence halls and dining services online in the event of a power outage and accrued credits (savings) are being used to pay for that generator. Confirmation was provided that the University is still on contract with TVA. Part of the issue last year was the generators started up but belts broke and coils overheated which caused the generator to shut down. Those issues have been identified and regular maintenance is being conducted on these units to prevent this from occurring in the future if at all possible.
- Dr. Curris indicated when the shutdown occurred last year the University was given five minutes' notice to shut down power and one of the generators scheduled to keep the residence halls comfortable failed. The good news is that this cut-off by TVA occurred prior to the beginning of the second semester. The contingency planning which would be helpful for the Board to be aware of is that in the worst case scenario if this happens again when students are in session that for the academic operation of the institution it is obvious classes will not be able to be held – and assuming there are issues for one week – what is Plan B in reference to the academic programs. The considerations must also be identified if there is a lack of heat in faculty offices and laboratories in terms of damage to research activities and equipment. The Board would benefit from knowing whether it is worth \$400,000 on a recurring basis to have this contract in place and what Plan B would be in the event of a worst case scenario. Dr. Davies indicated that, unfortunately, the University will never receive the five-minute call when it is 75 degrees and sunny outside – it will come at the peak of cold. It is his understanding the University actually received a warning call on the Friday before power was turned off on Monday. Assuming the University again received that call with this amount of time, one action which would be taken would be to close the institution. The weather would likely dictate the cancelling of classes but the next step would be closure of the University. This would assist in the effort to have students who can go home to actually go home. As the repaired generator was installed on the Wednesday prior to Thanksgiving generators were functioning all across campus to protect research efforts. Advance communication should be given that the University has received and should heed a warning and efforts are being made to move forward in this

direction. Staff in Facilities Management continue their work and he has asked that various scenarios be presented to the Board at the February meeting. If the University receives a warning and the five-minute call the first thing the institution will do is communicate that information to constituencies and will be shutting down. Ms. Dudley confirmed that work is being undertaken to prepare facilities for this possibility as well, not just getting folks off campus.

- Confirmation was provided that the repaired transformer is not yet functional but is being prepared to be brought back online and the switchover will occur between December 8 and December 12. Confirmation was provided that work is underway to determine the feasibility of repairing or replacing the second transformer as well.
- Assurance was provided that insurance claims have been submitted for some of the damage which occurred due to the shutdown and conversations are being held in Frankfort and with the various contractors to seek reimbursement to the University but this represents an ongoing process because all invoices have not been received to date.
- In response to a question regarding how long it would take to pay for the generator which is being funded through 5MR savings, Ms. Dudley indicated it would be a couple of years before that unit has been paid for. At that time there may be an option to purchase another generator for the main campus if that situation has not been resolved by the time the debt has been paid off.

Dr. Davies indicated that at the February meeting the Board will be asked to make a determination whether to include the 5MR contract savings in the budgeting process and asked whether the Board requires additional information in order to be able to make that determination. No requests for additional information were made.

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

#### **Land Transfer Reimbursement – Breathitt Veterinary Center, approved**

Ms. Dudley reported that the state appropriated \$4 million in the 2012 Session for the purchase of land and site preparation for the Breathitt Veterinary Center. The University has been shopping for land for this purpose for a few years and some appraisals have been undertaken. The University discovered that in order to secure land it would have to pay more than \$1.2 million and, because this was not feasible, the administration began considering other possible options. It was determined that the best suited and most useful property was already owned by the University and this is the location where the BVC is being constructed. The transaction the Board is being asked to approve represents an effort to be transparent in using the particular land chosen. The state has now agreed to allow the University to use the \$4 million provided by the state for that new location. The property has recently been appraised but was originally donated to the University by the MSU Athletic Foundation in 1999. The appraisals ranged from \$6,000 per acre to \$20,000 per acre. It is being proposed for the middle ground of these appraisals be reimbursed to the University as the market value for that land – \$10,000 appraised value. The reimbursement will come from the proceeds of the \$4 million provided by the state. The Board is being asked to approve the transaction to charge the Breathitt project for the land the University owns so that due diligence is being undertaken in tracking funding for the BVC project. The total return will be \$346,000 for 34.6 acres.

Dr. Davies reported that the proceeds from this transaction will be used for the *Hopkinsville Regional Campus* but it is important to note this should not be part of the consideration of this motion because it represents a stand-alone action. The proceeds from this transaction – using Presidential authority – will be delegated to the MSU facility in Hopkinsville and confirmation was provided that the University received state approval to proceed in this fashion. This represents a line item entity for which Murray State is financially responsible. Dr. Curris also provided assurance that this project was discussed with the Secretary of Finance, others in the administration and legislative leaders. The University was unable to purchase satisfactory land for the BVC at a price within the appraised amounts. There were a couple of sites identified which would work well for this project and because the asking price exceeded all the appraisals the University reverted to proceeding in this fashion with the goal of being above board and transparent. In terms of the appraisal price, the amount could have been even higher based on recent sales of land in that immediate area but there was a desire for the University to act in good faith with the agricultural community, the City of Hopkinsville and with the state.

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the land transaction to reimburse the University, from the appropriation for land acquisition for the new Breathitt Veterinary Center for the 34.6767 acres being allocated for the construction of the new BVC at \$10,000 per acre. Mr. Dobbs seconded and the motion carried.

## **Sorority Housing Agreement Negotiation, authorized**

Dr. Robertson reported that this topic was introduced at the Board Retreat in August and represents an important project for campus life which will have a significant impact on recruitment and retention. The Greek population is growing, particularly sorority membership, with an average sorority size of 143 members. The current sorority suites are too small to be considered functional and cannot be utilized for any “real” purposes. Sororities are even experiencing difficulty finding meeting spaces anywhere on campus for such large groups. The proposal being presented today is to build a new Sorority Complex which have separate houses for each sorority to provide sufficient meeting space and storage that is badly needed.

The University contracted with Lockett & Farley and Monument to undertake a feasibility study and make recommendations. Those entities have recommended three alternatives and two of those would also include a housing component of 20 beds per sorority in each facility. The Sorority Complex would provide areas for meeting space and storage and associated pricing was included in the information presented to the Board. Also considered was the possibility to include within this complex space for smaller African American groups that also need a place to identify in terms of meetings and office space. This need is being incorporated into the study being undertaken. The most economical way to proceed would be to pursue a Sorority Complex which would have residential facilities for each sorority (20 beds per sorority chapter) and the entire complex would become part of the University’s residence life and housing operation. The housing component would also provide an alternative for juniors and seniors who are ready to move off of the main campus. Currently the institution is in expansion mode for sororities and two groups are scheduled to visit campus in the near future. This further confirms the tremendous interest and growth in the Greek system.

Ms. Dudley indicated in addition to the programming component what is being considered is a public-private partnership. The University is not prepared to fund a Sorority Complex which is why each sorority would have to commit to filling 20 beds to pay for the debt on the facility. The MSU Foundation is considering the possibility of financing a portion of the Sorority Complex if the University chooses to proceed in that direction. The Board is not being asked to approve an agreement or a financing plan but is being asked to provide authorization to the administration to pursue these options with the Foundation, the sororities and the state. Each sorority would be committed to fill 20 beds and with an average membership of 143 students per sorority this should not be an issue, especially given the fact that most sororities require their officers and leadership to live on campus.

In response to a question regarding how the current sorority facilities will be utilized, Dr. Jackson indicated the building is owned by the Foundation but leased to the University on a long-term basis and the Foundation works closely with the University to determine the best use of that space. Conversations have been held with Dr. Robertson and some of the smaller historically black fraternities and sororities may want to use that facility for meeting space. Dr. Robertson confirmed that one fraternity has already approached the administration to indicate an interest in purchasing the facility should it become vacant.

Ms. Dudley reported that the sororities pay \$700 to lease space in the current facility and in some of the models presented the amount would change but each sorority would also be committed to fill 20 beds. The financial plan would be structured in such a way that these two fee sources would cover the payment on the facility. Without the residential component of the Sorority Complex the fee for leasing the space would be significantly higher. Payment for these rooms would be structured in the same manner as those for students living in the residential colleges and confirmation was provided that the University would provide administrative oversight of these facilities.

On behalf of the Buildings and Grounds Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University administration to negotiate an agreement and necessary state approvals for the construction/ operation of new sorority housing on the Murray State University campus. Mr. Schooley seconded.

Dr. Curris clarified that the Board is endorsing, in principle, this movement with the idea that further negotiations would occur and if an agreement is reached in a public-private partnership with the sororities and the Foundation it would come back to this Board for final approval. The motion carried.

**Request to Purchase Properties and Raze Structure(s) located on the following properties: 201 North 16<sup>th</sup> Street, 1624 Hamilton Avenue, 1626 Hamilton Avenue and 1607 Olive Street, authorized**

Dr. Curris is Chair of the Buildings and Grounds Committee and is filling in as Chair of the Finance Committee. This agenda item appears on both Committee agendas and he would like for the two committees to consider the recommendation together.

Dr. Curris indicated the Buildings and Grounds Committee is being asked to raze the structures located on the identified properties but the Finance Committee will be asked to approve the purchase of these properties. Therefore, both committees will address these agenda items together.

Ms. Dudley reported 201 North 16<sup>th</sup> Street is located across the street from the Pike House. The other properties are 1624 Hamilton Avenue and 1626 Hamilton Avenue which represent properties behind the Science Complex. These two properties are between another set of properties the University already owns and represent very desirable properties for the University to acquire. The property at 1607 Olive Street is on the back side of Olive Street which will be closed (current site for a daycare facility). By securing this property the entire block of Olive Street can be closed. Confirmation was provided that these represent high priority properties and all are included within the University Master Plan. The properties also have structures which need to be razed and Board approval is also being requested for this to occur. The Board is also being asked to approve the purchase of these four properties and confirmation was provided that the properties are being purchased at the appraised value and not in excess.

In response to whether these properties will be used for parking, Mr. Burdette indicated that the Engineering and Physics Building will take out some parking (approximately 190 spaces). The plan is to work with the architects and contractors on appropriate closure time for the parking lots and this information will be communicated to campus. Once these facilities have been razed temporary lots may be built to maintain some number of spaces as a short-term solution until the final parking plan can be developed.

On behalf of the Buildings and Grounds and Finance committees, Mr. Dobbs moved that the Board of Regents, upon the recommendation of the President of the University, authorize the purchase of the following properties: 201 North 16<sup>th</sup> Street, 1624 Hamilton Avenue, 1626 Hamilton Avenue and 1607 Olive Street. It was further moved that the Board authorize the Resolutions, as presented, for the disposition of the structure(s) located on those properties. Mr. Schooley seconded and the motion carried.

**Adjournment**

The Buildings and Grounds Committee adjourned at 2 p.m.

**Buildings and Grounds/Finance Committee – Full Board Action**

**Replacement of Stewart Stadium Playing Surface Project – Football Field – Scope of Work and Program Approval and Land Transfer Reimbursement – Breathitt Veterinary Center, approved and Request to Purchase Properties and Raze Structure(s) located on the following properties: 201 North 16<sup>th</sup> Street, 1624 Hamilton Avenue, 1626 Hamilton Avenue and 1607 Olive Street, authorized**

On behalf of the Buildings and Grounds Committee and the Finance Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve/authorize the following:

1. Approve the Replace Stewart Stadium Playing Surface Project – Football Field – Scope of Work and Program Approval.
2. Approve the land transaction to reimburse the University, from the appropriation for land acquisition for the new Breathitt Veterinary Center for the 34.6767 acres being allocated for the construction of the new BVC at \$10,000 per acre.
3. Authorize the purchase of the following properties: 201 North 16<sup>th</sup> Street, 1624 Hamilton Avenue, 1626 Hamilton Avenue and 1607 Olive Street. Further, authorize the Resolutions, as presented, for the disposition of the structure(s) located on those properties.

Mr. Kemp seconded.

In the summer Mrs. Sewell saw an extensive news program about playing turf in relation to soccer players. Some college soccer players – mainly goalies – had contracted some type of cancer (associated with black particles from artificial turf) and it had become quite systematic in California. In response to whether this has been considered in choosing the type of turf to be used in the field replacement at Murray State, Mr. Burdette confirmed this work would be undertaken as part of the bid process and established companies with good reputations for establishing quality playing fields would be identified.

There being no further discussion, the roll was called with the following voting: Dr. Curris, yes; Mr. Dobbs, yes; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; and Mr. Waterfield, yes. The motion carried.

### **Buildings and Grounds Committee – Full Board Action**

#### **Priority Projects for Six-Year Capital Plan (General Fund and Agency Bonds), approved**

On behalf of the Buildings and Grounds Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve the conceptual framework of each project and the priority order of the attached listing for the University's top General Fund priorities and Agency Bond priorities for the 2016-22 *Six-Year Capital Plan*. Dr. Thornton seconded and the motion carried.

(See Attachment #13)

#### **Sorority Housing Agreement Negotiation, authorized**

On behalf of the Buildings and Grounds Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University administration to negotiate an agreement and necessary state approvals for the construction/ operation of new sorority housing on the Murray State University campus. Agreement was reached that further negotiations would occur and if an agreement is reached in a public-private partnership with the sororities and the Foundation it would come back to this Board for final approval. Mr. Schooley seconded and the motion carried.

### **Finance Committee**

**Stephen Williams, Chair**

**Constantine Curris**

**Marty Jacobs**

**Daniel Kemp**

**Jerry Sue Thornton**

In the absence of Chair Stephen Williams, Dr. Curris called the Finance Committee to order at 2:08 p.m. and reported all other members were present.

Dr. Curris reported that the Finance Committee earlier joined with the Buildings and Grounds Committee and addressed the Stewart Stadium Playing Surface Project – Football Field – and the request to purchase properties and raze structures.

#### **Lease Agreement – MSU Federal Credit Union, approved**

Ms. Dudley reported that in August the administration presented a proposal to the Board regarding the establishment of a Lease Agreement for the MSU Federal Credit Union. A great deal of discussion occurred at that point and the Board requested additional information and that was forwarded to the Board several weeks ago. Approximately 80 percent of Credit Union membership is comprised of Murray State employees (includes former employees and families of current and former employees). A plan has been developed which represents a fair lease value for the MSU Credit Union. Taking into consideration that Murray State employees make up the majority of the Credit Union membership, the fair market value of the property was determined to be slightly over \$17,000. The Board is being presented with a proposal which will allow the Credit Union to eventually reach two-thirds of the fair market value of the property it currently occupies. The Credit Union would be given from January 2015 to July 2017 to gradually migrate to that value by adjusting their fee schedule or reviewing their balance sheet to determine how best to cover the cost and the Credit Union is agreeable to the plan being presented.

Dr. Larry Guin, retired Professor of Finance and Chair of the MSU Credit Union Board of Directors, confirmed this represents a proposal the Credit Union can live with but all are familiar with the bank bailouts which occurred a number of years ago. Credit Unions did not accept any bailouts from the federal government and any losses nationwide were taken out of the National Insurance Fund, similar to the FDIC. Even though Murray State had no losses during that period the Credit Union was assessed over \$200,000 to help replace insurance fund money which was taken out. Through no problems of the Credit Union's own creation it was part of the solution. This \$200,000 has put the Credit Union behind the eight ball in trying to catch up. The main concern was being able to work out a graduated schedule to give the Credit Union time to recover from the federal government situation. He has been associated with the Credit Union for 35 years – 25 years on the Board of Directors which consists of Deans and Chairs from Murray State. There is a great deal of dedication to Murray State which goes along with Board membership. The Credit Union feels a very strong affiliation with Murray State and is very appreciative of the Board's support over the years.

Dr. Jacobs indicated some of the increased lease cost will be passed along to Credit Union members and asked what that structure might look like in the future. Dr. Guin confirmed any increase in cost is covered by members because the Credit Union is a non-profit organization. Any profits also go back to Credit Union members. Most services offered by the Credit Union are utilized by lower-paid MSU staff. In many cases due to a past credit issue these employees are unable to do business with local banks because they will not accept direct deposits for these individuals. The Credit Union serves a fairly large constituency which would otherwise be doing business on a cash basis because they would have no other alternative. This is to the advantage of the University – particularly Payroll – due to the desire to facilitate direct deposits. The Credit Union is appreciated for offering services to employees who might not otherwise have a banking affiliation. Ms. Dudley confirmed she had a lengthy conversation with Finance Committee Chair Steve Williams in regard to the Credit Union and he feels the plan is acceptable. Dr. Davies confirmed he talked with Regent Guess about the general terms of the plan but not the specifics. Her earlier concerns focused mainly on liability issues and it is believed those concerns have now been addressed.

Confirmation was provided that by 2017 and 2018 the lease payment will represent two-thirds of fair market value. Chair Waterfield indicated he and Regent Williams suggest that a review be undertaken every five years after that period and if the fair market value has increased or decreased the lease payments should be adjusted accordingly. Confirmation was provided that this review already takes place with all leases in which the University is involved and the intent to conduct this work is contained within the recommendation for the Credit Union although not explicitly stated. Dr. Guin added that any improvements which have been made to the property have largely been made and paid for by the Credit Union. There was one instance where the University shared in the cost of an expense but for the most part over the years any improvements have been paid for by the members of the Credit Union.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the terms and lease amounts for the lease agreement with the MSU Federal Credit Union as presented and authorize the President or his designee to negotiate other lease conditions as deemed necessary. Mr. Kemp seconded and the motion carried.

#### **Contracts over \$25,000, approved**

Ms. Dudley indicated the current Delegation of Authority requires that contracts and planned service contracts be presented to the Board for approval and a schedule of contracts over \$25,000 was provided to the Board. RubinBrown appears on the schedule and although the Board has already acted on an extension for the auditors the contract for the second year has not yet been signed which is why this item is included.

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve contracts over \$25,000 as presented. Dr. Jacobs seconded and the motion carried.

#### **2014-15 Budgeted Salary Increase, approved**

Ms. Dudley reported that when the 2014-15 budget was approved the Board was presented with a budget item which represented a 1 percent salary increase for all employees with a \$250 minimum and a \$1,200 maximum. At the time the Board approved the budget there was a stipulation for those raises not to be processed at that point and the raise proposal be presented to the Board again once Fall revenues were

known. This will be covered in more detail during the Treasurer's Report but the University has met Fall revenue and has stayed within expenditure budgets. The administration is proposing moving ahead with processing the proposed salary increases which were already included in this year's budget.

Dr. Curris indicated part of the concern dealt with the total revenue picture and recurring revenue to the University for this year, including tuition revenue and state appropriations. With reference to state appropriations, he noted a couple of weeks ago that Jane Driskell, State Budget Director, indicated that October revenues were good but for the first four months state revenues had increased by only 1.9 percent and needed to grow 4.4 percent over the next eight months to achieve the budgeted revenue estimate. In an interview with a correspondent from the Lexington Herald Leader the Governor expressed some concern and recommended caution at this point. The Audit Report contained a note that, because of the 2014 shortfall in state revenues, more pressure is placed on higher than budgeted General Fund revenue growth in fiscal year 2015 and the interim forecast suggested meeting the 2015 budgeted revenue might be difficult. Given these conditions there is some concern there could be a mid-year budget rescission. In this context, there is concern about whether the University will be able to continue to meet an \$850,000 commitment in recurring revenue given the fact there is some uncertainty about state revenues.

Dr. Curris also asked where the University currently stands on tuition revenues as opposed to what is projected in the budget. Ms. Dudley indicated for Fall the University is at approximately \$1.2 million net over the Fall revenue budget. If Spring enrollment (which is always less than Fall) remains stable it is anticipated there will be an approximate net of \$900,000 over budget. Enrollment remaining constant is certainly a risk factor but the intent is to set some funding aside in next year's budget as a contingency and to build a savings account on a recurring basis. If the University is faced with a state rescission this year it would have this excess to utilize but there is also a reserve in unrestricted net assets (one-time money) to cover a state appropriation shortfall. The University carries a 5 percent reserve to address such situations and would have the option to use that this year if faced with a rescission. The University would use excess tuition revenue this year and then plan to build a contingency into next year's budget on a permanent recurring basis. Dr. Davies added that the 1 percent salary increase has already been built into the budget and is encumbered as part of the accounting process. There is the risk of a mid-year budget reduction but contingencies and risk management have been built into the budget to absorb any loss. As the Audit Report also illustrates, the University has very good financial ratios which take into consideration short-term and long-term factors. An \$850,000 expense represents a major decision but is also an important investment and that is why he supports the recommendation. The question raised by Dr. Curris is an important one because salary increases are ongoing expenditures and cannot be funded out of carryovers or one-time reserves and must be part of the revenue stream. This work has been accomplished diligently for this fiscal year and solid plans are in place for future years.

Dr. Curris indicated the Board agreed to a deficit budget two years ago and was then surprised to have to deal with another deficit budget last year. For this fiscal year several members of this Board have indicated they have no desire to approve another deficit budget. He has just received assurances that, although this expenditure is encumbered within the budget, the expectation is additional tuition revenues of approximately \$2 million would cover any possible rescission as the scenarios were considered today. Ms. Dudley indicated this is a fair statement as long as enrollment remains at the current level because it is known tuition rates will not decrease. Dramatic changes in pension costs are not anticipated at this time and it is believed the institution will be able to manage healthcare costs through a plan redesign as part of efforts to not increase costs. An attempt is being made to manage risk on the large items and putting a contingency into the budget has been discussed but has continued to be a challenge due to competing factors. Dr. Davies is committed to and understands the need for a contingency fund within the budget.

Dr. Jacobs stated with the current increase in health premiums in January some staff receiving the \$250 increase may not realize a net pay increase and those who are the "stars" on campus are not receiving a true 1 percent pay increase. He understands the reasoning behind why the ranges have been presented and Mr. Schooley indicated this is also one of his concerns, particularly for staff on the lower end of the pay scale. Confirmation was provided that Ms. Dudley reviewed each individual employee during this fiscal year to determine whether the increase of \$250 would cover the increased cost of health insurance as well as the increase in cost for parking permits. It was confirmed that at the \$250 level every employee at the lower end of the pay scale would be held harmless during this fiscal year. A portion of this can be attributed to the fact that health insurance goes into effect January 1, 2015, and the insurance cost is only for six months. As next year's budgeting process is considered, it is important to recruit and retain quality individuals and there needs to be a Compensation Plan/Policy which is predictable but it is also important for employees at the lower end of the pay scale to be held harmless for the entire year (if possible). Regent Jacobs makes a good point in that the motion which was passed in June was 1 percent of salary

with a minimum increase of \$250 and a maximum increase of \$1,200. The floor impacts between 350 to 400 individuals and the ceiling impacts less than 30 employees. This is a concern because the stars are those the University needs to attract and retain but there is an interesting and skewed distribution of salaries. When addressing this issue in the future he would prefer to have a differentiation of percentages based on salary level. In this mechanism there are some interesting salary compression and distribution issues.

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve a 1 percent across-the-board retroactive salary increase (with a minimum of \$250 and a maximum of \$1,200) to all regular employees who are currently employed and hired prior to April 1, 2014. Further clarification added by the Board is that employees with standard employment terms of less than 12 months or those working part-time will receive a prorated portion of the amount they would otherwise receive if they were full-time employees working 12 months and this may not total the \$250 minimum. Dr. Thornton seconded and the motion carried.

The Finance Committee adjourned at 2:34 p.m.

**Finance Committee – Full Board Action**

**Lease Agreement – MSU Federal Credit Union; Contracts Over \$25,000 and 2014-15 Budgeted Salary Increases, 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 following:

1. Terms and lease amounts for the lease agreements with the MSU Federal Credit Union and authorize the President of his designee to negotiate other lease conditions as deemed necessary:

<u>Term</u>	<u>Annual</u>	<u>Monthly</u>
January 2015 – June 2015	\$ 1,500	\$250
July 2015 – June 2016	\$ 6,000	\$500
July 2016 – June 2017	\$ 9,000	\$750
July 2017 – June 2018 and thereafter	\$11,400	\$950

2. Contracts over \$25,000 as listed in the attached document.
3. A 1 percent across-the-board retroactive salary increase (with a minimum of \$250 and a maximum of \$1,200) to all regular employees who are currently employed and hired prior to April 1, 2014. Further clarification added by the Board is that employees with standard employment terms of less than 12 months or those working part-time will receive a prorated portion of the amount they would otherwise receive if they were a full-time employee working 12 months and this may not total the \$250 minimum.

Dr. Curriss seconded and the roll was called with the following voting: Dr. Curriss, yes; Mr. Dobbs, yes; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; and Mr. Waterfield, yes. The motion carried.

(See Attachment #14)

**Regional Services Committee**

**Jenny Sewell, Chair**  
**Michael Dobbs**  
**Sharon Green**  
**Daniel Kemp**  
**Phil Schooley**

Mrs. Sewell called the Regional Services Committee to order at 2:36 p.m. and reported all members were present.

## **Madisonville Community College (MCC) Memorandum of Understanding Signing, approved**

Mrs. Sewell reported that Governor Beshear and the Kentucky General Assembly enacted key and historic legislation in the 2014 Legislative Session by instituting a program called *Build Smart* which allows Kentucky community and technical colleges to issue agency bonds to construct top capital projects for each of the 16 colleges. The *Madisonville Regional Postsecondary Education Center* was submitted by Madisonville Community College as the top capital project and was approved in April 2014, along with other Kentucky Community and Technical College System projects. Each college or technical college would be required to raise 25 percent of the funding necessary to complete the projects. The planned \$20 million project to construct the *Madisonville Regional Postsecondary Education Center* represents \$5 million which would need to be raised locally by January 2016. All will be pleased to learn that Madisonville Community College is very close to raising the entire \$5 million needed. Dr. Jackson and other Murray State officials have been significantly involved in this effort. MSU and Madisonville Community College have worked together to negotiate a *Memorandum of Understanding* for this project which would set forth a framework for a future lease between the two entities.

Dr. Van Horn reported that Murray State has shared a wonderful relationship with Madisonville Community College for many years – as the University does with the other community colleges in its service area. For many years Madisonville represented the fastest growing regional campus and Murray State has offered courses on this campus for 25 to 30 years. In 2000 when the Murray State regional campuses were established a much larger presence at Madisonville Community College was undertaken under the leadership of President Judy Rhoads, a graduate of Murray State. Madisonville Community College is a wonderful partner with the University and promotes students transferring to Murray State through the 2+2 format. One challenge Murray State experiences at Madisonville Community College is the insufficient amount of space for the University to occupy to provide its own classrooms and degree programs. Although MCC has been very generous they are simply unable to provide additional space to Murray State to allow for growth. Each community college received one building project and Madisonville Community College chose their building project to represent a joint effort with Murray State in an effort to further educational opportunities in that area. It is worthy to note that 14.3 percent of Hopkins County residents have a baccalaureate degree or higher compared to the state average of 21 percent and the national average of 28.5 percent. These statistics shows there is an opportunity to offer baccalaureate degree programs in that area to promote economic development and growth.

Dr. Davies added that the \$5 million being raised with the leadership of President Rhoads represents a phenomenal charge. A significant portion of those funds were raised based on a tacit agreement that Murray State would be the sole provider of higher education within the facility. The Mayor of Madisonville convinced the city to devote \$1 million toward this project which convinced the county to also pledge \$1 million. Last evening he learned that through the good efforts of Dr. Jackson, working with President Rhoads, an additional \$150,000 gift from a Murray State alumnus has been secured which is in addition to a \$250,000 gift from another MSU State alumnus as well as another significant gift to this project. Having the facility located on the Madisonville campus is essential to having MCC and Murray State classrooms side-by-side. Another very important aspect of this agreement is that it gives exclusive rights to Murray State University to offer four-year degrees on the Madisonville campus. This agreement will give MSU a 20-year guarantee to be able to provide service and remain competitive in that region. Mr. Kemp reported that the University has agreed to lease 50 percent of the facility for 20 years which will begin in budget year 2016, assuming the groundbreaking and building construction are on schedule, with an anticipated facility opening in summer 2016. Dr. Van Horn added that the I-69 transportation corridor which will be going through this area in the near future also presents significant opportunities for expansion. Dr. Davies confirmed the *MOU* has been fully vetted and has the support of President Rhoads and her staff.

On behalf of the Regional Services Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the signing of the *Memorandum of Understanding* with Madisonville Community College. Mr. Kemp seconded and the motion carried.

### **Adjournment**

The Regional Services Committee adjourned at 2:45 p.m.

## **Regional Services Committee – Full Board Action**

### **Madisonville Community College (MCC) Memorandum of Understanding Signing, approved**

On behalf of the Regional Services Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, approve the signing of the *Memorandum of Understanding* with Madisonville Community College. Ms. Green seconded and the roll was called with the following voting: Dr. Curris, yes; Mr. Dobbs, yes; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; and Mr. Waterfield, yes. The motion carried.

The Board adjourned for a break at 2:46 p.m.

Chair Waterfield reconvened the Special Board of Regents meeting at 3 p.m. Dr. Thornton must leave the meeting early due to travel arrangements so the agenda will be rearranged accordingly to allow her to be present for the vote in regard to the Campus Tobacco Policy.

### **Policy Change – Campus Tobacco Policy, approved**

Dr. Davies reported that in September 2014 Governor Beshear issued an Executive Order stating all state buildings, grounds and fleet vehicles would become free of all tobacco products and e-cigarettes as of November 20, 2014, and state universities were encouraged to adopt a similar policy. This spearheaded a very robust discussion across campus and two views rose to the forefront. First, it is clear faculty, staff and students believe that change does need to occur and this includes revising the current campus policy. Second, when asked what the solution should be, there is no consensus. The current policy is very simple and prohibits smoking cigarettes inside campus buildings. An expansion of that policy needs to occur to include areas around front doors, smoke-free zones and addressing users of chewing tobacco and tobacco-like products such as e-cigarettes and vapor products.

Nuances exist in terms of how far the Board desires to take the policy. The administration is being asked throughout the process to balance the spectrums of health consciousness, personal rights and the health benefits of the totality. Oliver Wendell Holmes is often quoted as saying – although he never actually said it – that “Your liberty to swing your fist ends just where my nose begins.” Secondhand smoke is a key issue. The various aspects of campus must also be balanced. Murray State is a campus surrounded by for-profit enterprises and homes and in going completely smoke-free it must be ensured these entities are part of the discussion. Neighbors also live on campus – with over 4,000 students in the residential colleges – and it must be noted that the first smoke-free zones at Murray State were the residence halls.

One encouraging result from the survey is that 77 percent of faculty, staff and students do not smoke and the Kentucky average is between 75 to 78 percent. When considering the breakdown of percentages, 85.4 percent of faculty and staff do not smoke (87 percent faculty, 83 percent staff). A great deal of the smoking, vaping and chewing on campus is occurring among students. The responses to options on how to address this issue revealed differences among faculty, staff and students. When the Board makes a decision today not everyone will be happy and it must be understood a consensus does not currently exist among the different campus constituencies. Dr. Davies indicated Murray State represents the third university where he has dealt with this issue and he has taken a campus 100 percent tobacco free and he has also implemented a campus enhancement plan. The leadership of this institution is ready to pursue whatever avenue the Board decides. Plans are in place and discussions have been held and there are advantages and disadvantages associated with all three options presented. It is important today to secure a clear definition of where the Board wishes to go in regard to this issue so that at the February Board meeting the administration can present the policies necessary to implement whatever the Board decides, along with a timeline for implementation. There are many nuances associated with this decision and it does not represent a simple task because there are many different opinions which must be considered during the decision-making process.

Cris Ferguson, Director of Technical Services and Assistant Professor, University Libraries, and Chair of the Tobacco-Free Task Force presented the following with regard to the results of the survey:

- The Task Force has been in existence for almost a year and was first formed to review this issue in terms of insurance and benefits to determine potential cost savings for Murray State from an insurance perspective. An Executive Order issued by Governor Beshear accelerated the timeline for this work.
- The Executive Order mandated that all state buildings, grounds and fleet under the executive branch of the Kentucky State Government will be free of all tobacco products and e-cigarettes as of November 20, 2014. There were exceptions with some units of government being provided with additional time to meet the compliance requirements. This represents the auspices under which the Task Force undertook its work.

- The Task Force was comprised of representatives of the faculty, staff and students. A survey of the campus body was conducted via email and respondents were given two weeks to respond. A notification was also posted within myGate in the event an individual did not see the survey delivered via email.
- A total of 2,641 individuals responded to the survey and 338 of the respondents were faculty, 475 were staff and 1,828 were students. Of those respondents, 30 percent were in favor of a tobacco policy, 24.9 were in favor of a smoke-free policy and 45.1 percent were in favor of improving the campus tobacco environment. More individuals were in favor of improving the campus tobacco environment but there was also a significant number in favor of the other two options.
- The Faculty Senate, Staff Congress and Student Government Association were also polled to secure feedback from those groups. In the Faculty Senate 45.8 percent were in favor of tobacco free, 16.7 percent were in favor of smoke free and 37.5 percent were in favor of improving the campus tobacco environment. In Staff Congress, 26.9 percent were in favor of tobacco free, 12.2 percent were in favor of smoke free and 60.9 percent were in favor of improving the campus tobacco environment. In the Student Government Association 27 percent were in favor of tobacco free, 38 percent were in favor of smoke free and 35 percent were in favor of improving the campus tobacco environment.
- The discussion on improving the campus tobacco environment option included strengthening the policy to include all tobacco and tobacco-like products inside buildings, to have a perimeter around every building that is equivalent to LEED certification (25 foot boundary around every doorway and every air intake) and to also have designated smoke-free zones. The most common tobacco-free zones which have been discussed are the foot bridge to the Stubblefield Gate (mall area) and this would include the front of Waterfield Library, the Zen Garden in between the Fine Arts Building and Lovett Auditorium and around Winslow Dining Hall. Under these terms improvement of the campus tobacco environment would allow for the use of tobacco products if a person is walking from Pogue Library to Wells Hall across the Quad because it does not completely ban tobacco products from campus.
- The Task Force discussed in detail the pros and cons of the three options. A determination was made that a tobacco-free campus, while not the preferred option among constituencies on campus, would take the strongest stand in terms of trying to improve campus health and show where Murray State stands in terms of the health of its community – faculty, staff and students. One primary drawback of a tobacco-free policy is an investment of time and resources involved in implementation which would involve a great deal of campus education and branding and marketing to promote the initiative among the campus community. A smoke-free campus policy would prohibit all smoking on campus, including the use of e-cigarettes and other products which simulate smoking because they produce a secondhand vapor. The Task Force strongly felt the prohibition of these items needed to be included in this option. This type of policy could alleviate concerns about possibly alienating local tobacco farmers and companies but by permitting the use of some forms of tobacco and nicotine this could be viewed as not being the most proactive approach to the health of campus. The primary goal of improving the campus tobacco environment would be to designate specific non-smoking areas to reduce the amount of secondhand smoke, particularly in high-traffic areas. The biggest drawback to this kind of policy is that it does very little to improve the overall health of the campus community and may not be viewed as a strong enough stance towards improving the campus.

Regent comments were as follows:

- Mr. Waterfield – Hopes everyone will stop smoking and Murray State University develops a program, regardless of what the Board votes on today, to help educate people and encourage them to stop smoking. From a budget standpoint resources cannot be offered to faculty, staff and students to pay for smoking cessation aids. His company became non-smoking 26 years ago but employees are allowed to smoke in the parking lot because he refused to build a kiosk for this purpose. He has concerns because over the last two weeks he has watched state workers in Frankfort who can no longer smoke on state property and they are going across the street from the Capitol and the Annex to the sidewalks in front of neighbor's houses, are hanging out at bus stops and in some areas are standing on busy streets and intersections to smoke. Many times these locations are simply not safe. He worries about a co-ed student who decides to go outside alone to smoke at 11:30 p.m. and the danger that could present. During the day faculty, staff and students will go across the street to a neighbor's front yard, the sidewalk or stand on the street to smoke. There are many issues which make him uncomfortable, especially if it is not known where these employees will go to smoke if the campus goes totally tobacco free.

Ms. Ferguson reported this issue was discussed in detail by the Task Force. Addressing where these individuals would go to smoke would need to be included in the fine tuning of implementation. An extensive outline of the work which would need to go into the implementation of a tobacco policy was provided in the report presented. Making a change does not represent a light switch that can be flipped on and there is a great deal of work associated with implementing such a policy. Consideration was given to working with local businesses and community members to determine whether there are places that would welcome smokers or tobacco users and whether parking lots should be included as part of the policy was also discussed. Issues will need to be ironed out by an implementation committee but those questions do not need to be fully answered for Murray State to be able to make a decision about the direction it wants to head.

- Dr. Curris – Eight members of this Board are appointed by the Governor to represent the citizens of the state of Kentucky. Three members of this Board are constituent representatives on behalf of the campus community. Kentucky has several “uglies” and one is a bad health situation across the state. The state leads the country in lung cancer and this weighs heavily on his mind. He favors a tobacco ban because it would be healthier for the people who work and study on this campus. He also recognizes there are some difficulties in implementation but the University should sponsor cessation programs, perhaps for the first year, to help staff, faculty or students who want to quit smoking or using tobacco. He does not think anyone wants Murray State to be the last place in Kentucky that allows smoking or tobacco usage. The Governor has taken a courageous viewpoint and, while it may create difficulty, he favors a tobacco ban with cessation programs being offered by the University with a period of implementation. The University must take a stand for what is in the best interests of the citizens of the state, particularly the people who work and study at Murray State.
- Mr. Kemp – I agree with Dr. Curris and I feel pretty strongly about it. Approximately 3½ years ago he attended a national community health conference sponsored by the Center for Disease Control. Throughout that two-day conference they made a believer out of him about the dangers of second-hand smoke and tobacco products in general. The conference also made believers of some other community leaders in the City of Hopkinsville which is located right in the middle of tobacco country. He is very sensitive to this issue and grew up on a farm and has raised tobacco. After study, he has determined the health consequences are so severe that there comes a time when those health consequences to the entire community are such that they trump everything else. This gave him the courage to lead an effort in Hopkinsville to establish a smoke-free ordinance which took about a year to get passed (fall of 2012) with implementation in January 2013. He had been told by other Mayors across the state that once such an ordinance is passed implementation and enforcement present no major problems and that has been the experience in Hopkinsville. Following on this lead, Hopkinsville Community College instituted a tobacco-free policy effective January 1, 2013. He has talked with the President of Hopkinsville Community College who has assured him that implementation and enforcement have not been issues. The Governor has taken a courageous step to ask for the University’s cooperation to support the Executive Order he issued. It is understood that there are difficulties and issues but over time those will be overcome and the right thing to do would be to implement a tobacco-free policy at Murray State University.
- Mr. Schooley – I agree with Harry Lee and want to see a smoke-free campus but we need to provide designated smoking areas. Smoking needs to be moved away from doors, the Library and the mall area. Earlier discussion indicated smokers would have to go across the street to smoke when actually all they have to do is make it to the sidewalk which is state or city property and they can smoke in that location. People will line up along 16<sup>th</sup> Street or Chestnut Street and he would rather see the University have designated smoking areas and the use of tobacco be banned for other areas of campus. Mayor Kemp furnished him with some background information on what was done in Hopkinsville but those materials contained provisions for certain areas where smoking is permitted and identified those areas where smoking is not allowed and this is how MSU should proceed.
- Dr. Jacobs – My opinion about the Campus Tobacco Policy is that the data which resulted from this work would be very important in his determination as to how the University should proceed. He is not a smoker and would do anything to encourage someone else not to smoke and the community should do the same. The data presented is very telling and the fact that there were 2,641 respondents illustrates the passion associated with this issue. There is not consensus across campus on this issue but a significant number from the three distinct populations indicated some need for improvement. He feels very strongly about his personal rights, as well as the collective rights of others, and an effort to find balance would be desirable. The University might want to address the issue of improvement and the President has outlined a number of specific ways this could occur. A determination would then need to be made on how to support that improvement and provide enforcement. Perhaps one year from now a review could be undertaken in terms of whether the objectives of this work are being met. If for some reason those using tobacco products cannot find a space where they are safe but not close to others the issue may need to be reviewed again.
- Mr. Dobbs – When this topic came up I knew it would be an interesting one and being an Ag major I was immediately somewhat concerned. Murray State has a very diverse student body and there are a fair share of non-smokers as well as smokers and users of e-cigarettes and smokeless tobacco products. Student representatives served on the Tobacco-Free Task Force and he kept in close contact with those students throughout the process. He also conducted his own research and polled students in his classes, members of the Student Government Association and various other student organizations. He also attended the CPE meeting in Lexington where the Board of Student Body Presidents met. He had a chance to talk to student body presidents from Northern, Eastern, Morehead, UK, Kentucky State, Western and UofL about their policies on this topic and how things were going. The vast majority of concern centered on the enforcement issue, as well as implementation. His biggest concern about implementing a smoke or tobacco ban would be whether this is being done simply for the sake of trying to do what others are doing. He is not a tobacco user and has never tried dip or smoked anything throughout his life and he does not intend to. He feels like others should do the same. He understands the health consequences but also does not want to force people to do this because he believes in personal choice – which is an important part of college life – but he also wants to encourage healthy behaviors. He would favor an improved policy with a review after one year to determine whether the University is moving forward in regard to this issue. Once this review is undertaken the idea could be revisited to determine how the various communities have responded. He feels like an improved policy would be the best course of action at this point.
- Dr. Thornton – Supports and favors a tobacco-free campus and has worked with Cleveland Clinic to go tobacco free, has served on the University Hospital Board and was a community college President. Smoke free is

acceptable but it is much harder to enforce because the rules are simply too lax. When an entity moves to the level of tobacco free it is much easier because it becomes “all or nothing.”

- Mrs. Sewell – She is the Mayor of a city that is the first trail town in Kentucky. When most people hear trail town they think of someone on a horse out on the trail. In reality trails mean hiking trails, biking trails, mountain biking trails, walking trails and waterways – the type of outdoor activities which promote a healthy lifestyle. At the time the tobacco-free initiative was discussed in her city Kentucky had the biggest percentage of lung cancer in the country and as a citizenry was in the top 10 percent in obesity. She lives in a county where coal burning has been a big economic promoter for the region for years but she is also in a business where she sees what happens to those who use tobacco products. She sees people in her own community who have oxygen apparatuses and these are not old people and it is very sad. It is sad statistically that smokers live seven or eight years less than the average citizenry. The part that is not often told is the effect tobacco use has on people as they try to live their daily lives for years before the final day ever comes. On the basis of that and through her own business experience she has no doubt that tobacco free is the way to go.
- Ms. Green – She was a senior in college sitting in Regents Hall when she received a phone call from her father, who was her age right now, saying he had lung cancer. She stood at the foot of his bed and watched him gasp for his last breath and that is not something anybody should have to do. Someone else had to walk her down the aisle because her father died. Her father had four brothers and three of them died of lung cancer. She has to vote tobacco free.

Dr. Davies confirmed education and enforcement will be essential to any policy adopted. As this process continues there are lessons learned from other universities that Murray State will heed. The University leadership is ready to proceed in whatever direction approved by this Board. In talking with other university presidents about this issue, it is evident enforcement is an interesting area. Sometimes with enforcement there is a paper policy with nothing behind it and others policies have interesting nomenclature. He attended a football game at another university and the announcer came over the loud speaker and proudly announced the university is 100 percent smoke and tobacco free but should patrons wish to use any of those products they could go to the parking lot to do so. He is not sure this is the message Murray State wants to send if there is a desire to move in the direction of being tobacco free. Another university President indicated smoking is allowed on campus but is an ashtray-free university. Dr. Davies is looking for clear direction from the Board on how they wish to proceed. The policies and procedures and implementation schedule will then be developed based on this decision. Depending on the policy chosen, an appropriate timeframe will be developed and will vary from six months to one year or more. This represents an emotional issue which has multiple dimensions.

The original recommendation submitted by the President of the University was for the Board to approve one of the three options presented (Tobacco Free, Smoke Free or Improvement of Campus Tobacco Environment) or choose another alternative to address tobacco or tobacco-like projects on the Murray State University campus. Furthermore, the Board of Regents would direct the President to develop a policy to reflect the Board’s decision and submit that policy to the Board for approval at the February 27, 2015, Quarterly Board of Regents Meeting.

Dr. Curris moved that the Board of Regents direct the President to develop a policy to reflect the Board’s decision for Murray State University to become a tobacco-free campus (includes tobacco and tobacco-like products) and submit that policy to the Board for approval at the February 27, 2015, Quarterly Board of Regents Meeting. Further, the Board moved that the policy developed should include the following provisions:

1. The University will provide cessation programs, for an undefined period of time and based on demand, to be funded by the University.
2. That a transition period for implementation will be up to one year and could include – if the administration deems appropriate – designation of tobacco use areas. Whether to provide tobacco use areas will be at the discretion of the administration and will be based on demand. The administration would also identify the best locations for tobacco use areas if a determination is made that they are to be provided.
3. At the end of one year the Board reserves the option to revisit the policy to determine if it is working in the intended manner.

Dr. Davies asked that the administration be allowed to immediately implement procedures to prohibit smoking around the entrances to campus buildings. Those in academics think in academic years so this could represent a multiple phased approach where a major change is made for the next academic year and then advanced forward. Cessation programs have been part of the overall discussion and this will represent an ongoing educational process. Dr. Curris provided confirmation that, given discussion today, the sentiment of the Board is that this action does not represent an image or marketing issue but a substantive issue that deals with the health of the academic community and student body. In early years

when people talked about going to college they talked about the “total experience” – all the physical education was around building the body as well as the mind – and the University is really going back to that same concept because it has a responsibility for the health and physical well-being of the individuals that are part of campus. This also represents an environmental issue for the University that must continue to be addressed over the long term.

Mr. Kemp seconded and the roll was called with the following voting: Dr. Curris, yes; Mr. Dobbs, no; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, no; Mrs. Sewell, yes; Dr. Thornton, yes; and Mr. Waterfield, no. Mr. Waterfield added that he is perfectly happy with this motion passing but votes no simply because he thinks there are other things which will come from it that the University will have to worry about. He congratulates the Board for its sentiments and hopes the policy developed works. The motion carried by a vote of 6 to 3.

Dr. Thornton left the meeting to travel to the Nashville airport.

## **Reports of the Constituency Regents, received**

### **Faculty Regent**

Dr. Jacobs presented the following highlights from each of the academic colleges, as well as various recognitions and a Faculty Senate Update:

#### ***Arthur J. Bauernfeind College of Business***

- College received recognition as having the largest AACSB-accredited Master of Business Administration (MBA) in Kentucky.
- The 100 percent online MBA is the #1 ranked online MBA in Kentucky by *U.S. News and World Report*, 2014 and #46 in the United States. The program is ranked #29 of the top 50 online MBA programs in the United States by *Online MBA Report* in terms of affordability and prestige.
- In the five years from 2009 to 2013 faculty produced over 300 intellectual contributions – 55 percent of which were publications in peer-reviewed journals at regional, national and international levels.
- College was ranked #104 out of the top 500 business schools on the *Social Science Research Network*.
- The professional accounting society – Beta Alpha Psi – received a “Superior Chapter” rating for the 2013-14 academic year.
- The *Edward Jones Student Boardroom* was dedicated with a ribbon cutting on September 11.
- The 6<sup>th</sup> Annual Project Leadership Workshop was conducted on campus on November 3.

#### **College of Education and Human Services**

- The Teacher Quality Institute hosted the annual Future Educators Association (FEA) Conference on October 23. Ten area high school FEA chapters attended and competed in regional events.
- Counseling and Assessment Clinic ribbon cutting was held on November 18. The counseling clinic provides a state-of-the-art training facility for counseling students, as well as serving the needs of other Murray State students. The Assessment Clinic provides real-world experiences for school psychology students with school-age children and adults.
- Hosted the Student Teaching Leadership Program with 294 student and 93 adult participants representing 36 schools from 11 districts for a one-day technology competition on November 7. Students competed in a variety of project-based and live performance competitions.
- *Nonprofit Connections* event was held on September 7 which represented a volunteer fair with 37 agencies and 300 students participating.
- Services provided by the Speech and Hearing Clinic from the beginning of the term to October 31 were 16 speech and language evaluations, two reading evaluations, 20 hearing evaluations and 136 speech and language therapy sessions. Services provided to Head Start include 48 children on a caseload with another nine being seen each month and 14 hearing screenings.

#### ***Jesse D. Jones College of Science, Engineering and Technology (JCSET)***

- The college secured the donation of a Scanning Electron Microscope valued at \$300,000 from the United States FDA Forensic Chemistry Center in Cincinnati, Ohio. The instrument will be housed at Hancock Biological Station.
- The college developed an interdisciplinary Master of Science Degree Program in Sustainability Science focusing on advanced energy technology and ecological sustainability.

#### **College of Humanities and Fine Arts**

- The Jazz Orchestra has been invited to appear later this month at the Midwest Music Clinic, the most prestigious jazz music education gathering in the United States and perhaps the world.
- The faculty “Sharknado” team from the Department of English and Philosophy won awards for both most funds raised and best costumes at the recent on-campus Polar Plunge to benefit Special Olympics.

### ***Hutson School of Agriculture***

- Recently underwent the site visit for the re-accreditation of the Veterinary Technology Program by the American Veterinary Medical Association. This signature program continues to exhibit growth with over 350 students and also in graduate demand. Positive results from this accreditation will be announced at the upcoming national meeting.
- Hosted the 2<sup>nd</sup> Annual Future Farmers of America All-Region Stars Banquet on December 1. Thirty-seven students from 21 different schools in the 18-county service region, their parents and families and secondary agriculture teachers attended this event.
- In conjunction with the Regional Innovation Center, hosted the statewide BioEnergy Day on October 22. Over 150 leaders from across the state attended and participated in educational sessions, observed the first mechanical harvest of hemp and the first lighting of the Bioburner Biomass heater which will provide heat for the arena in the Equine Instructional Center.

### **School of Nursing and Health Professions**

- The Department of Applied Health Sciences (AHS) established three new laboratories for student experiential learning and to support research endeavors – the Clinical Exercise Physiology and Metabolism Lab, the Therapeutic Interventions Lab and the Musculoskeletal Evaluation Lab. These represent state-of-the-art facilities providing superior hands-on instruction to exercise science and athletic training students.
- AHS faculty serve on editorial boards of journals in India, Poland, Ukraine and the United States in their respective fields.
- Thirty-three new Doctor of Nursing Practice (DNP) students were admitted into the anesthesia, nurse practitioner and post-masters programs in Fall 2014.
- Over 100 alumni and family members attended the 50<sup>th</sup> Anniversary Decade Showcase on Homecoming Weekend. A special presentation was made by President Davies to Dr. Ruth Cole during the parade that passed in front of her home. Dr. Cole – the founder of the Nursing Program at Murray State – passed away in early November.

### **University Libraries**

- Held several special events in celebration of International Open Access Week from October 20-24. The global event, now in its 7<sup>th</sup> year, promotes the benefits of barrier-free and immediate online access to scholarly research. Various presentations were provided and addressed aspects of scholarly communication such as measuring impact and evaluating journals. The event was open to all faculty, staff and graduate students.

### **Center for Continuing Education and Academic Outreach (CEAO)**

- For Fall 2014 (over the previous Fall semester):
  - CEAO course enrollments increased 10 percent (7,842 course enrollments).
  - New transfer student enrollment increased 11.2 percent.
  - Paducah course enrollment increased 19 percent; Hopkinsville increased 17 percent and Henderson increased 3 percent.
  - Online course enrollments increased 7 percent with a total of 3,527.
  - Integrated Studies Program experienced a 26 percent increase.
- Admission Days were held at four regional community colleges and a “Veterans Forum” was held at the *MSU Hopkinsville Regional Campus* on November 6.
- The Bachelor of Science in Business in Logistics and Supply Chain Management began in Fall 2014 at the regional campuses.

### **Recognitions**

- Dr. Glynn Mangold, Professor of Marketing in the *AJBCOB* won Emerald Publishing’s 2014 Citation of Excellence for a 2009 article he and Dr. David Faulds of the University of Louisville published in *Business Horizons*.
- MSU Professors Katherine Taken Smith and Murphy Smith, along with Dr. Larry Crumbley of Louisiana State University, published a paper entitled “Extending the Case Study: Assigning an Educational Novel and Student Role-Playing in the Accounting Information Systems Course” in the *International Journal of Teaching and Case Studies*. They have also authored the seventh edition of “The Bottom Line is Betrayal.”
- The Giving Back Endowment was established as an “endowment” by gifts to the MSU Foundation from Patricia Mendez Long and Dr. Robert F. Long and their family and friends to support the creative application of principles of engagement and service in teaching and learning at Murray State.
- Chemistry faculty members Kevin Miller, Rachel Allenbaugh and Daniel Johnson were awarded a National Science Foundation Major Research Instrumentation Grant for \$150,000. Funding will be used to acquire a Dynamic Mechanical Analyzer for materials analysis.
- Dr. Howard Whiteman, Director of the Watershed Studies Institute and Professor of Biology, was awarded \$460,000 from the National Science Foundation for research on biodiversity and conservation biology.
- *Kentucky: Government, Politics and Public Policy*, co-edited and partially authored by Dr. James Clinger, Department of Political Science, won the Thomas Clark Medallion as the outstanding publication of the year from the University of Kentucky Press.
- Anna Bushong, a family nurse practitioner DNP student, has been asked to serve on the Kentucky Rural Health Publication Advisory Board.

- Candace Vance, Research and Instructional Librarian, has been chosen to attend the Intentional Teaching: Reflective Practice to Improve Student Learning Track of the Immersion Program. The program, sponsored by the Association of College and Research Libraries, will take place this Fall in Nashville, Tennessee.
- The University Libraries recently received a new pledge by Lana Porter for a \$30,000 gift to create an endowment fund that will support the development of an Open Access Repository and aid faculty in publishing in Open Access formats.

### **Faculty Senate Update**

- The Faculty Senate desires communication of primary and secondary objectives.
- The primary objectives include economic justice including, but not limited to, advocacy in University standards for adjunct professor salaries that will represent an improvement for many adjunct professors, further creation of full-time positions where full-time workloads exist, rectifying “compressed” salaries and general compensation. A secondary objective is the enhancement of shared governance and democracy (e.g., creating of a University Budget Committee).

Appreciation was expressed to the Deans and others who assisted in the compilation of the Faculty Regent report.

### **Staff Regent**

Mr. Schooley reported the following:

- Appreciation was expressed to Dana Howard, Social Media Marketing Manager, for helping Staff Congress establish a Facebook page at <https://www.facebook.com/murraystatestaffcongress>.
- Breathitt Veterinary Center Years of Service Award Recipients included Clay King, Medical Transcriber II, Patryce Cornett, Laboratory Technician II and Keely Doctorman, Laboratory Technician I.
- Staff Congress is sponsoring two upcoming events, including the Children’s Christmas Party on December 6 from 1-3 p.m. in the Curris Center, 2<sup>nd</sup> Floor Lounge and the Staff Holiday Reception on December 11 from 2-4 p.m. in the Curris Center Large Ballroom.
- This marks the first year health insurance registration was conducted completely online. Appreciation was expressed to Cassidy Palmer, Associate Director of Technology, who served as project lead as well as other members of the project team: Joyce Gordon, Director for Human Resource Administration; Susan Spier, Benefits Manager; Marcie Clark, Benefits Specialist; Allison Graham, Assistant Benefits Manager and from Information Systems: David Jeffress, Director of Strategic Initiatives; Dawn Jones, Programmer/Analyst; Casey Workman, Systems Engineer; Brantly Travis, Director of Enterprise Application Services and Sherry Lamb, Senior Programmer/Analyst.
- In terms of Programs of Distinction, this past spring students in the Telecommunications Systems Management (TSM) Program traveled to Belize to complete an information technology project in conjunction with Alvin L. Young Nazarene High School. Students created a network proposal based on Nazarene’s needs, obtained equipment through donations from Murray State, West Kentucky Community and Technical College and Computer Service, Incorporated. The students refurbished equipment to match the design requirement and created an implementation schedule.
- Dr. James Gantt, Director, Telecommunications Systems Management, presented the following:
  - This marks the 15<sup>th</sup> year that TSM has been recognized as a Program of Distinction.
  - Regent Schooley represents a critical component of the TSM Program in helping to bring in transfer students.
  - A new publication just completed was provided to the Board and presents highlights of the TSM Program. This is a Program of Distinction because it is the only truly interdisciplinary program between two colleges. Both the *AJBCOB* and *JCSET* work together in extremely close cooperation to offer this program which involves six departments within the two colleges. The program is unique in this respect not only at MSU but nationally.
  - The undergraduate curriculum represents a blending of business and technology and while the quality of students is generally higher due to their technical skills, they soon find that the business skills they acquire are critical for advancement. Communication – both verbal and written – is also key in order for these students to be able to make a presentation and write well. Providing internships gives students the job skills they need and represents another critical component of the TSM Program. This does not represent a major but there are over 80 hours within this program.
  - The graduate curriculum also represents a blending of business and technology but project management and security are now being emphasized even more. Based on feedback from alumni and the National Advisory Board these are the two key areas which are marketable for master’s degree students.
  - Current enrollment at both the undergraduate and graduate levels shows that 50 percent of graduate students are online, with almost 50 percent of undergraduate students also being online. TSM works closely with the community colleges and the majority of online students are those who have completed their coursework at a community college and do not have to move to Murray. These individuals are already working in many cases and are more mature and the University would never be able to otherwise convince these students to come to Murray to earn a degree.

- Since the inception of the program there have been over 530 graduates at the undergraduate and graduate levels. Since 2005 when the master’s degree program was offered totally online, fully 50 percent of students have been online learners.
- The program attracts students statewide and information was provided on those locations from which the program draws students as well as where program alumni are located. When making presentations to the Legislature an effort is made to show the impact – as was intended when the Legislature created the programs of distinction – and this represents a truly statewide initiative. People at the eastern end of the state would not be coming to MSU if they had to drive and move here and this online format allows the University to provide the TSM program throughout the state.
- TSM graduates have jobs and are working. Graduates have many different types of jobs and the program does not create graduates who can only work in one field. Students have the ability to work across a wide spectrum of jobs within any industry dealing with information technology. The program certifications prepare students to continue learning to maintain those qualifications. The field of technology is changing so quickly that if a freshman is trained in one area and then expected to work on that same technology as a graduate student that is simply not going to happen. If students are trained in the concepts and the ability to learn new technologies they will be able to continue to adapt throughout their careers.
- The Center for TSM is the glue between the two colleges and has had over \$4.5 million worth of research over the last less than ten years. Much Homeland Security work is no longer available because funding from the federal government has decreased but Dr. Gantt has been asked to go to Louisville in January to brief Homeland Security on what the institution has done in terms of other potential funding sources.
- Current work which is underway – in conjunction with Regional Outreach – includes the opening of eLearning centers in the river counties which represents an outgrowth of a mapping project.
- This week TSM hosted the first *Tech Day* where over 250 high school students from 12 schools visited campus and this represented a joint effort with the Department of Computer Science and Information Systems to help students identify with technology. A Murray State TSM alum from Nashville talked with the students about his company which provides job opportunities to Murray State TSM graduates mainly because he is confident in the training they have received.
- A quote was read from Distinguished Alumnus Craig Jacobs: “Start working immediately. A part-time position or multiple internships are critical to success. The classroom is great for preparation and provides for a well-rounded professional but practical experience is a must.” An emphasis for the TSM Program is to give students practical experience so that from the day they walk into a company they can be productive and the success of these efforts is reflected in the way industry treats Murray State TSM students.

### **Student Regent**

Mr. Dobbs presented the following:

- The Board was provided with the annual SGA picture taken during Homecoming festivities which provides an opportunity for alumni to come back to the University to share their experiences with current students.
- The Homecoming football game was very exciting and Murray State won over Southeast Missouri State 44-41 in overtime.
- The 2013 Homecoming King Luke King and Queen Celeste Chockley were present to crown the 2014 Homecoming King Kendrick Settler and Queen Rachel Ross.
- Fall All-Greek Assembly was held and there are nearly 1,700 Greek students on campus, including members of the National PanHellenic Council, College PanHellenic Council and Interfraternity Council (IFC). It is noteworthy that the Greek grade point average is higher than that for non-Greek students.
- Students have started a Food Bank on campus which opened on February 14 (located in Blackburn Science Building) which is dependent on the donation of non-perishable items which are provided to students free-of-charge. Currently 36 students utilize the Food Bank with 25 being new users this Fall and 9 returning users from last year.
- Mr. MSU and Miss MSU are both great traditions on the Murray State campus. Miss MSU for 2014 is Summer Davis and Mr. MSU for 2014 is Barrett Pazderka who was recently elected as IFC President. They are actually a couple in real life.
- R. J. Mitte was contracted to visit Murray State some months ago and while his visit was on the same night as the CMT Concert there was a good turnout with over 250 students in attendance. The CMT Top 20 Show came to campus and the student body is to be congratulated for attracting them to Murray State to tape their countdown show because the University beat out some other major schools like Louisiana State University and Texas A&M University.

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

Ms. Dudley indicated that in the interest of time she will only address tuition but Board members should feel free to ask any additional questions they may have. An attempt was made to break down the tuition budget by semester. There is one error in the information provided for gross tuition and mandatory fees for the Fall semester and the \$60,366,199 that is listed should have been \$54,900,000. The University has exceeded budget by \$1.8 million gross but is currently running a discount rate of 34.5 percent budgeted and last year the discount rate was 34.2 percent. When discounts are subtracted the University is

currently at over \$1 million in total gross tuition and mandatory fees. This amount for the Spring semester is expected to be somewhat less and an estimate of \$900,000 was provided. Expenditures are in line with the budget and budget is slightly over in terms of investments (earnings of 1 percent).

Dr. Curris 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, 2014, through September 30, 2014, as presented. Mr. Kemp seconded and the motion carried.

(See Attachment #15)

### **Report of the Registrar, ratified**

Dr. Davies reported that two lists of names were presented to the Board representing individuals who have satisfied the requirements of their respective degrees which has been verified by the Registrar. There are a total of 862 undergraduate and graduate students on these lists.

Mrs. Sewell moved that the Board of Regents ratify the awarding of degrees to August and December 2014 graduates on December 13, 2014, as recommended by the Office of the Registrar. Mr. Schooley seconded and the motion carried.

(See Attachment #16)

### **University Appeals Board, appointed**

Dr. Davies reported Kentucky Revised Statute 164.670 provides that the Board may invest in a joint faculty-student committee the authority to suspend or expel any student for disobedience, contumacy, insubordination or immoral conduct. Pursuant to that authority, the Board in 1978 established a nine-member University Appeals Board consisting of six faculty and three students. The six faculty serve staggered terms and student terms are for one year.

Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, appoint the following faculty and students to the University Appeals Board for the term indicated:

#### **Faculty: One-year term (2014-15)**

Jeremy Erdmann, Lecturer, Department of Applied Health Sciences  
School of Nursing and Health Professions  
*(Completing term of faculty member from the former College of Health Sciences and Human Services. The faculty member representing Health Sciences and Human Services resigned from the University. This IS the first representative from the School of Nursing and Health Professions.)*

#### **Faculty: Three-year term (2014-17)**

David Gesler, Associate Professor, Department of Organizational Communication  
*Arthur J. Bauernfeind College of Business*

Debra Erikson, Assistant Professor, Department of Early Childhood and Elementary Education  
College of Education and Human Services

#### **Students: One-year term (2014-15)**

Sean Murphy, Jamie Nuckolls and Alexandra Reynolds

Mr. Dobbs seconded and the motion carried.

### **Policy Changes**

#### **Personnel Policies and Procedures Manual – Policy V B – Kentucky Teachers’ Retirement System (KTRS)/Optional Retirement Program (ORP), approved**

Dr. Davies reported the first policy change relates to discussion earlier today regarding faculty transitions. There is currently a policy which indicates if an individual enters into any type of early retirement

package that they would not be eligible for the six-month buyout process. The administration is requesting an exemption for one year only to entice faculty members to pursue this avenue. Board approval is required to waive this requirement for this year only. The Provost has worked diligently since the last Board meeting and what will be proposed to faculty tomorrow is an early retirement option which would be available to faculty members and would include the six-month sick leave buyout if they agree to a one-year retirement contract and the per credit percentage would be 3.75 percent of their salary. If they agree to a two-year retirement package the per credit percentage would be 3.5 percent of their salary. The equivalent of this for a “normal” faculty member would be 45 percent of their salary (or 42 percent). Faculty will be given an option of pursuing a one or two-year retirement contract.

Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve a revision to the *Personnel Policies and Procedures Manual – Policy V B – Kentucky Teachers’ Retirement System (KTRS)/Optional Retirement Program (ORP)* to allow for the suspension of the language “participation in the step-down/early retirement program eliminates/voids eligibility for this benefit” for qualified employees who formally notify the administration before January 1, 2015, and December 15, 2015, of their pending retirement and requested inclusion into the Faculty Transitional Retirement Program. Mr. Schooley seconded.

Dr. Jacobs asked whether this would be reviewed at the end of the year to determine whether it has worked as expected with the potential of continuing the change in policy. Dr. Davies reported that is always an option but for planning purposes this represents a one-year request for an exemption to the policy.

The roll was called with the following voting: Dr. Curris, yes; Mr. Dobbs, yes; Ms. Green, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Schooley, yes; Mrs. Sewell, yes; and Mr. Waterfield, yes. The motion carried.

#### **Policy Change – Honorary Doctorate Degree Policy, approved**

Dr. Davies indicated this Board has the authority to grant degrees and is not, and should not be, limited to the granting of undergraduate and graduate degrees but that authority also includes honorary degrees. Through the good work of Dr. Curris and others this represents a new policy that will provide a process for honorary degree approval. The policy outlines five specific criteria and delineates a committee that will be empowered to make those recommendations. Any honorary degree will ultimately be voted on and awarded by this Board. Currently there is no hardened rule or policy for granting of honorary degrees. There is a Commencement Committee in place which could submit honorary degree nominations to the President for approval. He does not feel comfortable with the policy as it is currently written because it represents a duty of the Board. Dr. Curris expressed appreciation to the President and staff for work which has been undertaken, as well as to Chair Waterfield and Dr. Thornton for helping to develop this policy after reviewing policies at other universities.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached *Murray State University Doctorate Degree Policy* as an official policy of the Murray State University Board of Regents. The policy will be included in the *Board Policy Manual* and it is further recommended that any necessary changes to existing policy be made to reflect these provisions. Mrs. Sewell seconded and the motion carried.

(See Attachment #17)

Chair Waterfield reported he has appointed Regents Jerry Sue Thornton and Dan Kemp to serve as members of the Honorary Doctorate Committee.

#### **Policy Change – Delegation of Authority Revision, approved**

Dr. Davies indicated the Delegation of Authority represents a good working document and two changes are being proposed based on earlier discussions. This has always been referred to as a “living” document and the recommended changes should not be a surprise. This morning Dr. Curris made a very good point which would impact the following provisions of the Delegation of Authority:

9. “Establish the compensation and benefits for the President and approve the appointments of and compensation/benefits for Vice Presidents and academic Deans. The Board will be apprised of new upper-level administrative positions added to the organizational

structure and will receive **and endorse** reports of appointments to positions between the Vice President and Dean levels made outside of the regular budget cycle.”

Based on discussions which have occurred reference to “and endorse” will be removed from this provision.

11. “Approve employment contracts and approve all personal services contracts totaling more than \$10,000.” Technically the Board already approves annual contract appointments when it approves the annualized budget.

The wording will be changed to reflect that the Board will approve **new** employment contracts made outside of the approved budget.

Mr. Dobbs moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached revised document entitled *Murray State University Board of Regents Delegation of Authority*. Mr. Schooley seconded and the motion carried.

(See Attachment #18)

### **Campus Tobacco Policy**

Chair Waterfield reported that the Campus Tobacco Policy was discussed and approved earlier with modifications.

### **2014-15 National Collegiate Athletic Association (NCAA)/Ohio Valley Conference (OVC) Governing Board Certification, adopted**

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, adopt the attached NCAA/OVC Governing Board Certification Form for athletics for the academic year 2014-15. Mr. Kemp seconded and the motion carried.

(See Attachment #19)

### **MSU Spotlight: *Hutson School of Agriculture (HSOA) Update, received***

Dean Tony Brannon reported the following:

- Students are the stars of the Agriculture Program:
  - Senior Agribusiness Major Michael Dobbs – 2014-15 Student Government Association President and Student Regent, 2013 Greek Man of the Year, 2012 Homecoming King and an Agriculture Ambassador
  - Sophomore Agribusiness Major Rachel Ross – 2014 Homecoming Queen, placed 5<sup>th</sup> in the National Job Interview CDE and an Agriculture Ambassador
  - Senior Animal Science Major Tyler Glosson – 2013 Mr. MSU
  - Junior Agribusiness and Political Science Major (Legal Studies Minor) Luke King – 2014-15 Student Government Association Treasurer, 2013 Homecoming King, 2012 Kentucky Future Farmers of America State Sentinel and an Agriculture Ambassador
  - 2014 Graduate – Equine Science Major – Morgan Parisek – 2014 AQHA World Championship Show, All Around Amateur
  - Senior Agribusiness Major Keri Wright – 2014 Outstanding North Central Division Intern for Helena Chemical Company
- There are 936 students enrolled in the agriculture program and there are 438 high school students in the *Racer Academy* from 47 high schools across the state enrolled in six dual credit course offerings.
- The Stars Program just completed and involved the 18-county service region – a student population that has never been taken for granted by the *HSOA*. The University brought in 37 students from 22 high schools in the 18-county service region, along with their parents and teachers. While on campus the students attended an academic letter of intent signing which involved the President’s Office, Enrollment Management, Scholarship Office, the Provost’s Office and Student Affairs. The students left campus having signed a notification of intent and in total they had been offered over \$61,000 in University scholarships (supplemental to any scholarships they might otherwise receive).
- The University hosted Bioenergy Day in October. TVA was involved in an \$11 million settlement with the state of Kentucky and through the Kentucky Department of Energy and Environment the University was able to receive – along with West Kentucky BioWorks, Loretta Daniel, Director of the Innovation and Commercialization Center, Deans Cobb and Todd – a \$309,000 grant to implement the Bio-Burner system. For the past 18 years students in the Equine Instructional Center have been riding in a building with nice cupolas but no heating. There was a desire to take some of the agri-energy crops – grasses that are grown in the

area and equine waste – and recycle those to be able to provide heat to this facility. This facility provides a learning environment for equine and equestrian students and he hopes all can join him for a tour at the conclusion of this meeting.

- Secretary of the Kentucky Energy and Environment Cabinet Len Peters attended the event and through a cooperative effort which has been established these Bio-Burner units are manufactured in Madisonville, Kentucky, by Scott Laskowski of LEI Products. All are proud to be utilizing a Kentucky product to have green, sustainable energy demonstrated in agriculture at Murray State. This represents one of the first units which has been installed in such a facility and the initiative has generated interest from all across the country because it represents cutting-edge technology and will put West Kentucky BioWorks, the *Hutson School of Agriculture* and Murray State on the map.
- In terms of the Hemp initiative, Murray State was the first university in the nation to plant and the first in the nation to have a mechanical harvest. This was the #1 crop in Kentucky at one time and represented a \$37 billion industry throughout the nation in 1937. The state is putting a lot of effort into the initiative. Not only did the University participate in this project but the Cannabis Corporation wrote Murray State a \$10,000 check to support this effort and to be used for scholarships for agriculture students. The University plans to participate in this project again this year.
- MSU student Anne Jablinski from Murphy, Texas, was introduced and is a Presidential Fellow and a Pre-Vet major. She is one of the stars of the *HSOA* who is here in person to share her experiences in conducting student research with the Bio-Burner on the Garrett Center. The initiative began with a pilot project but Dean Cobb was also able to provide a research opportunity for his faculty.
- Ms. Jablinski wrote her thesis this semester on the program but had a difficult time keeping the scope narrow because there are so many different opportunities associated with the Bio-Burner project – economics, physics, chemistry and agriculture – and this presented a unique opportunity because it represents an avenue for sustainability in agricultural and residential operations. This program is at the forefront of finding additional renewable energy resources which is a hot topic right now. She enjoys seeing how all the disciplines come together and the project has provided invaluable learning experiences in many ways.
- In response to a question regarding what will be done with the Hemp once it is harvested, Dr. Brannon indicated work is taking place on a proprietary initiative with a seed company. A Hemp Industry Advisory Council is being led by Kentucky State Treasurer Johnathan Miller. The group is not only taking applications for growers but they are taking applications for processors and these two activities must go together. The worst mistake which could be made with agricultural Hemp is to grow thousands of acres and there be no market, although there are more than 25,000 uses for the crop. An infrastructure is coming into Kentucky and the state is poised to lead that effort and the University needs to be part of anything associated with increasing the agriculture economy of this region.

### **Jordan Smith, Director for Governmental Relations, introduced**

Dr. Davies introduced Jordan Smith who is the new Director for Governmental Relations.

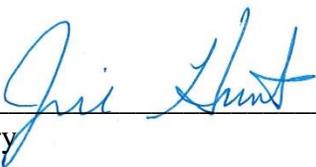
### **Adjournment**

There being no further business to be brought before the Board, Dr. Curris moved that the Special Board of Regents Meeting adjourn. Mr. Kemp seconded and the motion carried. Adjournment was at 4:45 p.m.

Chair



Secretary



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