

September 2016

**2016-09-09**

Board of Regents, Murray State University

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**Minutes of the Quarterly Board of Regents Meeting and Committee Meetings  
Murray State University  
September 9, 2016**

**Call to Order/Roll Call**

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, September 9, 2016, in Quarterly and Committee Session in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Chair Stephen Williams called the meeting to order at 8:30 a.m. and welcomed those present.

The roll was called and the following members were present: Walter Bumphus, Clinton Combs, Katherine Farmer, Sharon Green, Susan Guess, Daniel Kemp, Jerry Rhoads, Lisa Rudolph, Phil Schooley, Jenny Sewell and Stephen Williams. Absent: none.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Renae Duncan, Acting Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for University Advancement; Bob Pervine, Associate Provost for Graduate Education and Research; Brian Van Horn, Associate Provost for Regional Academic Outreach; Bob Jackson, President, Murray State Foundation; Allen Ward, Athletic Director; 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, the Collegiate Deans and members of the faculty, staff, students, news media and visitors.

**AGENDA**

**Roll Call**

**Secretary Hunt**

**Swearing-in Ceremony – Walter G. Bumphus, Lisa Rudolph, Katherine Farmer and Clinton F. Combs**

**Calloway County District Court Judge Randall Hutchens**

**Election of Officers – Vice Chair and Secretary**

**Chair Williams**

**Minutes of the Quarterly Meeting and Committee Meetings of the Board of Regents June 10, 2016\***

**Chair Williams**

**Public Participation**

**Chair Williams**

**Spotlight: Student-Centered Experiences**

**Dean Steve Cobb/  
Dean Tim Todd**

**Report of the Chair**

**Chair Williams**

**Report of the President**

**President Davies**

- 2016-17 Presidential Work Plan for Strategic Initiatives

**Report of the Constituency Regents**

**Regents Farmer/Schooley/  
Combs**

**Report of the Treasurer\***

**Vice President Dudley**

**(Quarterly Financial and Investment Reports)**

**Strategic Plan Update (For Information Only)**

**Sr. Pres. Adv./Strat. Init.  
Renee Fister**

**Committee Reports/Recommendations**

- |           |   |                       |
|-----------|---|-----------------------|
| <b>A.</b> | <b>Academic Excellence and Scholarly Activities</b>                             | <b>Regent Bumphus</b> |
|           | <b>1) Experiential Education Update (For Information Only)</b>                  |                       |
|           | <b>2) Master's Degree in Occupational Therapy Update (For Information Only)</b> |                       |

- B. Audit and Compliance** **Regent Sewell**
- 1) **Office of Internal Audit – Internal Audit Annual Report – Fiscal Year 2016 (For Information Only)**
  - 2) **Office of Internal Audit – Annual Audit Plan for Fiscal Year 2017\***
- C. Buildings and Grounds** **Regent Green**
- 1) **Major Projects Update (For Information Only)**
  - 2) **Campus Electrical Distribution System Update (For Information Only)**
- D. Enrollment Management and Student Success** **Regent Rudolph**
- 1) **Preliminary Fall 2016 Undergraduate Enrollment Report (For Information Only)**
  - 2) **Fall 2016 Student Retention Update (For Information Only)**
- E. Finance** **Regent Kemp**
- 1) **Projects Approved by Board of Regents’ Chair\***
  - 2) **Personal Services Contracts\***
  - 3) **Personal Services Contracts – Schedule of Expenditures (For Information Only)**
  - 4) **Auxiliary Review Update (For Information Only)**
- F. Legislative and Economic Development** **Regent Rhoads**
- 1) **Murray State Board of Regents Statement and Position on Performance Funding\***
  - 2) **Economic Impact Study Update (For Information Only)**
- G. Marketing and Community Engagement** **Regent Guess**
- 1) **Gifts-in-Kind – Acrylic and Watercolor Paintings for Murray State University\***
  - 2) **Naming Proposal: *Jones Hall and the Timothy D. Jones Gateway\****
  - 3) **Naming Proposal: *Smith – Johnson Genealogy and History Room\****
  - 4) **University Advancement Updates (For Information Only)**
    - a. **Branding and Marketing**
    - b. **FY17 Advancement Goals – Alumni and Development**

**NOTE:** **Full Board action will follow Committee action.**

- 13. Personnel Changes\*** **President Davies**
- A. **Department of Athletics – Head Men’s Basketball Coach Contract Amendment\***
  - B. **Personnel Reports (Salary Roster)\***
  - C. **Staff Leaves of Absence without Pay\***
- 14. NCAA/OVC Governing Board Certification Consent and Affirmation of Athletics’ Mission Statement\*** **Regent Schooley**
- 15. Supplemental Materials** **President Davies**
- A. **Quarterly Risk Management Report (For Information Only)**
  - B. **Quarterly Capital Construction Report (For Information Only)**
  - C. ***Good News Report* (For Information Only)**
  - D. **Sponsored Programs – Grants and Contracts Report (For Information Only)**
- 16. Other Business**
- 17. Adjournment**

(\*Requires Board of Regents Action)

Chair Williams reported that the Board is delighted to have Calloway County District Court Judge Randall Hutchens present to swear in four members of the Board of Regents.

## **Swearing-In Ceremony – Walter G. Bumphus, Lisa Rudolph, Katherine Farmer and Clinton Combs**

In keeping with Section 164.321 of *Kentucky Revised Statutes (KRS)*, Governor Matt Bevin, on August 12, 2016, appointed Walter G. Bumphus of Austin, Texas, and Lisa Rudolph of Kirksey, Kentucky, as members of the Murray State University Board of Regents. Dr. Bumphus shall serve for a term ending June 30, 2022. Dr. Bumphus replaces Dr. Jerry Sue Thornton whose term had expired. Mrs. Rudolph shall serve for a term ending June 30, 2022. Mrs. Rudolph replaces Harry Lee Waterfield II whose term had expired. The faculty of Murray State University elected Katherine Farmer to serve as Faculty Regent in April 2016 for a term beginning July 1, 2016, and ending June 30, 2019. The students of Murray State University re-elected Clinton F. Combs to serve as Student Regent in March 2016. His second term as Student Regent will be July 1, 2016, through June 30, 2017. Mr. Combs is from Benton, Kentucky, and recently graduated with a Bachelor of Science in Occupational Safety and Health. He is currently pursuing the Master of Science in Economic Development, with plans to pursue a Ph.D.

Calloway County District Court Judge Randall Hutchens administered the Oath of Office to Dr. Bumphus, Mrs. Rudolph, Ms. Farmer and Mr. Combs.

Chair Williams welcomed the two newly appointed Regents to the Board and congratulated the two elected Regents. All appreciate their willingness to serve the University in this regard and the Board looks forward to working with these individuals over the course of their tenure.

Mrs. Rudolph introduced her husband Robbie Rudolph, daughter Mallory Rudolph Howard, grandson Preston, mother Opal Giltner and son Grant Rudolph who were present in the audience.

## **Officers for 2016-17 – Vice Chair and Secretary, elected**

In accordance with the *Bylaws* of the Board of Regents, all officers are elected annually at the Spring Quarterly Meeting and shall serve for one year, commencing July 1 following their election. The *Bylaws* further state that an election for Vice Chair and Secretary shall be held at the organizational meeting required within 30 days of the appointment of a new member (*KRS* 164.430).

Chair Williams declared nominations for Vice Chair of the Board of Regents are in order. In accordance with the *Bylaws* of the Board each member will be recognized for the purpose of making a nomination. Recognition of members shall be in the same order as attendance roll call and nominations require no second. If a Regent is nominated for any office they may withdraw their name from consideration. After each member has had a roll call opportunity to make a nomination if only one name has been placed in nomination for that office the person will be declared elected by unanimous consent. If more than one name is placed in nomination for an office a vote shall be taken and additional information will be provided should this occur.

The Secretary called the roll for nominations for Vice Chair of the Board of Regents. Dr. Bumphus passed. Mr. Combs nominated Susan Guess and all other Board members passed. Chair Williams indicated that there being only one nomination for Vice Chair, Susan Guess is elected Vice Chair by majority consent, according to the *Bylaws* of the Murray State University Board of Regents.

The Secretary called the roll for nominations for Secretary to the Board of Regents. Dr. Bumphus passed. Mr. Combs nominated Jill Hunt and all other Board members passed. Chair Williams indicated that there being only one nomination for Secretary, Jill Hunt is elected Secretary by majority consent, according to the *Bylaws* of the Murray State University Board of Regents.

## **Minutes of the Quarterly Board of Regents Meeting and Committee Meetings on June 10, 2016, approved**

Mr. Kemp moved that the Board of Regents approve the Minutes of the Quarterly Board of Regents Meeting and Committee Meetings on June 10, 2016, as submitted. Mrs. Sewell seconded and the motion carried unanimously.

## **Public Participation**

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

## **Spotlight: Student-Centered Experiences**

Dr. Davies indicated that all Murray State students will be afforded an opportunity to “Bring Learning to Life” through research programs and projects, various exercises and internships. All the academic colleges have internship programs but Dean Steve Cobb, *Jones College of Science, Engineering and Technology (JCSET)* and Dean Tim Todd, *Arthur J. Bauernfeind College of Business (AJBCOB)*, were selected to present today on internship programs within each of their respective colleges. These symbolize the excellent work taking place with regard to internships through community outreach. Moving forward, the University is setting a high expectation that every student will be involved in an experiential learning opportunity. The two individuals presenting today are already putting this opportunity to work within their colleges. Deans Cobb and Todd reported the following:

- Experiential learning opportunities include faculty-led student research projects, service learning activities, competitions hosted by professional societies, education abroad programs and internships.
- The Murray State University Institute of Engineering is home to approximately 550 students. Of those, 440 are undergraduate students and 110 are enrolled in graduate programs and 75 of these students completed internships in 2015-16. The *JCSET* has good relationships with local, regional, statewide and national agencies and professional organizations such as the Association of General Contractors Student Chapter which builds homes, shelters and sidewalks working with local municipalities. Another example is the Association of Engineering Graphics and Design which manufactures over 200 products each year (design, rapid prototyping and production) and this represents an introduction to the entrepreneurial process for Murray State students and provides a real-world experience.
- The Telecommunications Systems Management (TSM) Program is housed within the Institute of Engineering. This represents a statewide Program of Distinction jointly administered by the *AJBCOB* and *JCSET*. The undergraduate TSM Program is primarily housed in the Institute of Engineering with approximately 120 student majors. The graduate program is primarily housed in the *AJBCOB* with approximately 60 student majors.
- All are particularly proud of TSM opportunities provided to students where they can conduct faculty-led research in statewide satellite communications applications and work with Belize National Libraries to develop a national information technology infrastructure. This involved work on an international basis toward an initiative that is very important to the development of that country. The Murray State TSM team also placed second in the Institute of Electrical and Electronics Engineers (IEEE) Southeast Robotics Competition. IEEE is the largest (and arguably most prestigious) professional engineering association in the world with more than 400,000 members and focusing on electrical, electronics, computer and telecommunications engineering. Murray State students are very much in high demand to fill internships at companies that are not only local but also national in scope.
- The Occupational Safety and Health (OSH) Program has 480 students with 410 being undergraduate students and 70 pursuing graduate degrees with experiential learning through a variety of industries including oil/petrochem, construction, manufacturing (auto, food and plastics), insurance/loss control, distribution and warehousing and pharmaceuticals. Geographically, OSH interns worked in over 25 states and two foreign countries including Kentucky, Tennessee, Illinois, New York, Florida, Washington, Texas, Hawaii, Nigeria and Saudi Arabia. Companies that commonly recruit from the OSH Program include AECOM, Nationwide, John Deere, Chevron, Marathon, Marathon Oil, Amazon, AstraZeneca, Berry Plastics Corporation, Pepsi and Georgia-Pacific.
- Over the 2015-16 academic year, the Occupational Safety and Health Department placed 144 students in internships or co-ops. Over the past five years the OSH Department placed 688 students in internships. This represents a very demanding task for the faculty and staff of this department because students have to be tracked once placed in an internship and workplace visits occur regularly with the student and the employer/supervisor to obtain feedback on how Murray State students are performing.
- Experiential learning opportunities also include study abroad and sometimes internships and study abroad opportunities can overlap. A variety of study abroad experiences are available to students. In Summer 2016 as part of OSH 330/630 – Global Issues in Occupational Safety and Health course, students were able to travel to Ireland. Previous OSH students participated in courses in England/France and Argentina. TSM/Engineering courses have been offered in Belize, England and Germany via EGR 330 – International Experience in Engineering. When Murray State students are able to travel abroad, learn how to navigate the international terminal at the airport and study their discipline within the context of another culture they come back to the University very excited about what they are going to be doing and are much more capable and aware of what the issues are for their prospective employers. Several students have secured their first permanent appointment precisely because they participated in these international opportunities. Many of these companies are international and need students who are capable of working in Paducah or heading to Brazil at a moment’s notice because that is now the type of world in which we live.
- Students are involved in research through the annual Kentucky Governor’s Safety and Health Conference and Exposition, the Tennessee Valley Section – American Industrial Hygiene Association, presentation sessions which occur annually at Murray State *Scholar’s Week*, Posters-at-the-Capitol presentations, Kentucky Academy of Science presentations and other regional, state and national professional venues.
- In terms of internship strategies, *JCSET* departments facilitate opportunities by actively cultivating contacts in the corporate environment, collecting student resumés and distributing those to corporate contacts, hosting company-led information sessions on campus, encouraging companies to participate in Career Services’ STEM Career Fairs, scheduling on-campus interviews (often inside the department) and using listserv and appropriate media to announce career opportunities broadly to all students. The departments actively seek funding so students will have opportunities to participate in these paid, not volunteer,

internships. The five-year National Institute of Occupational Safety and Health Grant supports OSH faculty travel to over 30 intern site visits annually to maintain and develop department/employer relationships. There is also a collegiate-wide Test Drive a Racer Internship Program which has been funded by the James Graham Brown Foundation in the amount of \$450,000 with matching funds that will provide \$900,000 over the next decade. The college completed its second year of participation in the Test Drive a Racer Internship Program where departments are able to provide \$5,000 paid internships to students in the *JCSET*. The premise is the University approaches an employer and indicates it is so certain a Murray State student will do the job well and will impress the employer that if the company will pay \$5,000 to provide an internship for a *JCSET* student the University will reimburse that company. The only onus on the employer is if they are satisfied then in the following year they will agree to hire the student intern. The University and the employers can alternate every other year until a relationship has been established and by this time the involved companies want at least one Murray State student every year. Within the first two summers, there have been 32 interns placed with 24 different employers. Internship partner agencies and businesses include U.S. Fish and Wildlife, DevSource, Pella, Pinnacle, PADD, BFW, AECOM, Berry Plastics, Wacker Chemical, Par4 Plastics. USGS, City of Murray, Marshall County Schools and Pilgrim's Pride. The Test Drive a Racer program is open to OSH, TSM, Mathematics, Engineering Physics, Engineering Technology, Geoscience, Biological Sciences and Chemistry majors. The program has been a success and is poised to open up even more opportunities for students within all six academic departments within the *Jones College of Science, Engineering and Technology*.

- The state of Kentucky – out of the Economic Development Cabinet – has a Business Plan Competition. Over the last couple of years the *Arthur J. Bauernfeind College of Business* and the institution have been fortunate to have placed winners in the competition.
- *AJBCOB* Master of Business Administration student and veteran – Matt Brady – placed second at the regional competition in Owensboro. His business plan was entitled “Path2Hired.com,” serving as an online assistance tool which uses marketing strategies and the latest studies to help job seekers build the most engaging social media presence possible. Mr. Brady went on to compete in another business plan competition in Washington, DC, and won at that event.
- In 2016, Mason Shelton, a former Murray State dual-credit student from Cadiz, Kentucky, and current *AJBCOB* student, won \$15,000 for placing second in the Business Plan category of the 9<sup>th</sup> Annual Idea State U finals in Lexington, Kentucky. Mr. Shelton won first place in the regional competition with his product, Raptor Adaptor, which provides a solution for shotgun stabilization for wild turkey hunters. It also allows hunters to use collapsible, fixed bipods – typically reserved for use on rifles – on shotguns.
- The college has experienced internship success in the departments of Journalism and Mass Communications (JMC) and Accounting (ACC). JMC sponsors student groups so they can practice what they learn in the classroom. Such groups include Ed on Campus (Magazine Club), MSU Ads Club (American Advertising Federation), Public Relations Student Society of America and the Television Club. The department also sponsors student media through MSU TV-11 and *The Murray State News* which was one of 30 finalists for the national Pacemaker Award for 2016. On average, the Department of Journalism and Mass Communications places 36 students in internships each year. Students have interned with advertising agencies, corporate offices, economic development agencies, newspapers, non-profit organizations, public relations agencies, radio and television stations and tourism offices. Companies which have provided internship opportunities include Boeing, the *Kentucky New Era*, Baptist Health, Maritz, WLKY32, Caterpillar, the Federal Reserve Bank of Cleveland-Fourth District, City of Murray, TapLogic, the *Lexington Herald-Leader*, the *Tennessean*, OM<sup>D</sup>, FleishmanHillard, the Tennis Channel, St. Jude Children's Research Hospital, RAPP, BBDO, CMT, Local 6 WPSD, ESTES Public Relations, WAVE3, Belmont Mansion, tpn (Reimagine Retail) and the *Chicago Tribune*. These represent compensated internships and students are actually earning capital.
- The *AJBCOB* has named its first *Executive in Residence* – Mr. Robert Norsworthy – who retired from a 45-year career in advertising in New York. Mr. Norsworthy has returned to his family farm in Kirksey, Kentucky, and has volunteered his time and energy to help advance JMC programs. He has helped 110 students secure internships in national or global advertising/public relations agencies through networking opportunities he is able to provide. Of these 110 students, 25 have been hired full-time by a network agency.
- More than one-half of students in the Department of Accounting participate in an internship and it is known that most firms select from their intern pool first when hiring full-time employees. All internships are compensated experiences and the student participants are evaluated by their employer and also conduct a self-evaluation. Coupled with participation in the Volunteer Income Tax Assistance program, students leave Murray State with an experiential base that facilitates their transition into the “real world.” Companies which have provided internship opportunities for accounting students include KPMG, CRI CPAs and Advisors, BKD CPAs and Advisors, RubinBrown, Raptor Petroleum, Blythe White, Federal Deposit Insurance Corporation, LBMC, Logan Aluminum, Kemper CPA Group, Tennessee Department of Treasury, Brown-Foreman and the Hospital Corporation of America.
- Approximately one-half of accounting internships are in the public accounting area and the other half are in industry or government. Sixty percent of internships are with in-state firms and 40 percent are with out-of-state firms. Geographically, recent internship locations stretch from St. Louis to Lexington to Atlanta to Memphis. Nashville, Tennessee, is a popular location for internships but many students also choose to participate in local markets such as Paducah, Hopkinsville and Murray. Cities in which recent interns have worked include Paducah, Lexington, Bowling Green, Louisville, Hopkinsville and Murray (in Kentucky), Nashville and Memphis (in Tennessee) and Atlanta, Georgia; St. Louis, Missouri; Evansville, Indiana and Champaign, Illinois.

- A few years ago a Murray State accounting student earned the highest score on the Certified Public Accountants exam across Kentucky. Faculty in both the Accounting and JMC departments do an excellent job preparing students for the world beyond college.
- The *AJBCOB* is also very active with Study Abroad and 57 students studied abroad last year. Programs included the Regensburg Exchange Program, St. Etienne, CCSA London and the International Business Winter Seminar.

Dr. Bumphus complimented Drs. Cobb and Todd for work which is taking place within their respective colleges to complement the student's in-class experience, especially the international experiences which are being provided. Confirmation was provided that students are securing actual jobs as a result of their participation in internships and 60 percent of accounting students plan to enter the arena of public accounting while the remaining 40 percent plan to go into business and industry. JMC students are being presented with an opportunity to work on advertisements and cases from companies such as Toyota and Kentucky Fried Chicken on significantly large public relations projects. Meetings are scheduled with Human Resource Managers at the various holding companies to ensure the client likes the student's performance and of the 110 student participants so far, all have been stellar and have secured good jobs as a result of their internship work. The largest employer of Murray State Telecommunications Systems Management students is Computer Services, Inc. (CSI) in Paducah, Kentucky. In both TSM and OSH the number of graduates is not sufficient to fill the high demand. As part of this, students must be willing to go where the jobs are and if they limit themselves geographically to Murray, Kentucky, they likely will not be as successful. If they are willing to locate to a larger metropolitan area they will be much more successful in securing a career.

Dr. Davies reported with regard to the Accounting Department, data shows that on an annual basis 97 to 98 percent of accounting undergraduate degree holders on the day of graduation have at least one job offer in hand – if not more. With regard to Occupational Safety and Health graduates, 100 percent typically have at least six job offers in hand. With regard to TSM graduates, 98 to 100 percent have a job offer in hand upon graduation. Dr. Davies added that the University has an amazing cadre of Deans and any one of them could be here in place of Dr. Cobb or Dr. Todd giving very similar examples of experiential learning, study abroad, internships and research taking place in their respective colleges. Mrs. Guess reported that she had a Public Relations intern over the summer and she was top notch not only in her talent but in terms of who she is and she will be staying with Paducah Bank through Christmas even after she graduates. She could not have asked for a better intern.

### **Report of the Chair**

Chair Williams reported that yesterday the Board held its Annual Advance which involved a full day of robust discussion focusing on two different components. One was more educational in nature in terms of understanding the role and partnership of the Board to the President and the University. The Board Self-Assessment which had been undertaken over the last several months was reviewed to identify areas of strength as well as opportunities for improvement. The Board reached consensus on the appropriate Board Committee structure for 2016-17 and the Delegation of Authority document. A training session was conducted on Kentucky Open Meetings and Open Records Law, the Family Educational Rights and Privacy Act, the Association of Governing Boards' Conflict of Interest Statement and House Bill 15 which relates to orientation of newly-appointed or elected Board members for each of the public universities. The second component of the Advance involved a discussion of various areas of importance to the University and updates and discussion on the University Mission Statement, performance funding, risk management, dual credit, new student Freshman Profile, preliminary enrollment and new Tuition Model. A Title IX update was provided and discussion occurred regarding the proposed Compensation Plan, Departmentally-Funded Scholarship Guidelines and annual goals for the Board and management this year. Updates were provided on the Strategic Plan and searches which are currently underway for the Provost and Vice President for Academic Affairs and the Dean of the College of Humanities and Fine Arts. The Annual Advance was very educational and all were actively engaged in the associated discussions. Appreciation was expressed for the engagement offered by everyone present at the Advance. Follow-up to the discussions held yesterday will be forthcoming at future Board meetings. All look forward to hearing additional information regarding the Presidential Work Plan for Strategic Priorities for 2016-17.

### **Report of the President**

Dr. Davies reported the following:

- Yesterday's Board Advance was extremely constructive and he sincerely appreciates the robust discussion which occurred on many issues with regard to the Board working together moving forward to guide this wonderful institution as well as addressing the opportunities and challenges before the University as an institution of higher education.

- A great deal of discussion at the Advance centered on performance funding. The University administration is currently deeply engaged in discussions with the Council on Postsecondary Education (CPE) and the state with regard to performance funding. Performance funding will occur at Murray State as well as every other public university in Kentucky. On July 1, 2017, 5 percent of Murray State's budget will be based on some sort of performance metrics and in the next biennium that number will increase – and it could increase up to 25 percent, if not more. In discussions with various legislators and others, the 25 percent budgetary number is probably how performance funding will progress.
- A Task Force has been empaneled to deliver a report by December 1, 2016, to the General Assembly Interim Joint Committee on Postsecondary Education with a plan in terms of performance funding. The Task Force is comprised of the sitting university Presidents, the President of the Community College System, Senator David Givens, Representative Arnold Simpson, Andrew McNeill from the Governor's Office and CPE President Bob King. During the last meeting on September 7, an extremely robust discussion occurred about what the performance funding metrics should be and what they would entail. One philosophy with regard to performance funding metrics involves quantity – the number of degrees and students. The second philosophy is quality driven – ratios, metrics and the efficiency and effectiveness of the respective universities. Deans Todd and Cobb just presented great examples of the quality aspects that a Murray State degree holds. Dr. Davies is not saying that the performance funding program cannot also have quantity but if the only focus is on quantity he believes universities will shy away from the robust discussions that are now occurring and robust programs currently in existence will suffer. It is imperative for there to be a blend between quantity and quality. The institutions need to be able to offer Study Abroad programs and internships because these types of pathways produce a better individual and the University's job is to produce productive citizens who will shape society – not just merely collect a paycheck and have a title next to their name. A focus must continue to be placed on quality. Later in the meeting as part of the Legislative and Economic Development Committee the Board will be presented with an opportunity to take a stand on the issue of quality as it relates to performance funding. The Board's support in these efforts is appreciated.
- Also discussed at the Advance was the 2016-17 Presidential Work Plan. This represents the blueprint upon which the Board will evaluate the President at the end of the year. Dr. Davies is pleased that a robust discussion occurred with regard to the Plan. The items contained within the Plan specifically follow the strategic planning initiatives of advancing a culture of Academic Excellence; promoting a dynamic and diverse University community committed to Student Success; fostering an environment of inquiry by advancing Research and Scholarly Activities and improving the quality of life for our communities through Engagement. There are specific tasks and strategies listed under each of these initiatives that are necessary to accomplish this work over the next year. One of those elements that was just highlighted during the Spotlight is to continue to have a robust effort toward experiential learning and create a university-wide system. At the Dean's Advance, discussion occurred with regard to opportunities to offer such programs but also barriers which exist. Work will be undertaken to begin to remove administrative barriers and to also fortify the work of the academic colleges by phasing in a center of sorts to help the Deans and students move the initiative forward. It is imperative this work is viewed as a university-wide effort and not a college-by-college or unit-by-unit exercise. This effort will truly entail the entire University working together.
- A commitment to being the best student-centered university in America has been added to the Plan and in that effort work will continue to develop a shared understanding and common definition of what it means to be student-centered. The faculty, staff and students must demand excellence and the faculty must provide the necessary pathways to success for students. It is also imperative that students also take responsibility for pursuing these pathways. This represents a way of thinking in terms of how to ensure students have opportunities for success. He looks forward to having further discussions throughout the year utilizing the philosophy just outlined.
- The Fair Labor Standards Act (FLSA) has also been a major topic of conversation. Over the last year Human Resources has completed its initial work and supervisors and employees have updated necessary online information that is currently being reviewed. Once this work has been completed, collaboration will occur with departments and the Executive Team will discuss options. Appreciation was expressed to Human Resources for their work in undertaking this monumental task. Appreciation was expressed to all staff and their supervisors who completed the necessary documentation for this process. This has not represented an easy task but is one which could not be overlooked.
- The Kentucky Work Ready Skills Initiative represents another opportunity the University is pursuing. This is a new \$100 million statewide program aimed at building a highly-trained, modernized workforce in the Commonwealth. The Governor and the Committee working on this initiative anticipated receiving 150 proposals at a cost of \$200 million. Over 500 proposals were actually submitted and over \$500 million in funding was requested. Murray State has worked with Paducah Independent Schools, the University of Kentucky Paducah Campus, West Kentucky Community and Technical College, the Pennyryle and Purchase Economic Development Districts, the City of Paducah and Computer Services, Incorporated to propose a Regional Innovation Hub building on pilot work to connect high school students with information technology experiences – directly through the University's TSM Program – using virtual teacher mentoring to build on high tech talent to fill voids in many facets of the economy. Work is also being undertaken with companies in the Murray area to move the Advanced Technology Laboratory forward. Where the institution stands in those areas will be known shortly.
- There are currently 53 new faculty, 1,510 new freshmen and 600 new transfer students on campus. With regard to new freshmen, currently numbers are up 2 percent (1,500 students). More importantly than being up in numbers is being up in the right categories. The University has enrolled more Valedictorians than ever before and has attracted more students who are in the top 25 percent of their high school graduating class.



The number of students enrolled who were within the top 50 percent of their high school graduating class is at an all-time high. The average ACT score for students the institution is attracting has also increased significantly. The University is down in terms of the number of students requiring remedial courses by approximately 15 percent and is down significantly in the number of students needing two remedial courses. The number of students requiring three remedial courses is below 20 individuals. This represents a much higher caliber class than the University has experienced in the past and is a result of the University's intentional efforts to admit students who have a high probability of success in college. The University is not simply looking for numbers but is seeking students who are capable and ready for the college experience. For those students who are not ready for college, work is taking place directly with the community colleges to provide these students with a pathway to success. The community colleges are helping these students shore up in those areas where they are not academically or otherwise prepared for college so eventually they will be able to enter academic programs at Murray State. As an example of such efforts, the School of Nursing and Health Professions now offers the blended Bachelor of Science in Nursing through a partnership with Hopkinsville Community College. Ensuring that the institution is attracting the right students will help prepare the University for the move to performance funding, especially in terms of quality.

- The University has initiated a Community Pledge and last year 4,356 faculty, staff and students signed the pledge indicating a willingness to enter into a community understanding that all must be accepting of one another and are willing to learn from one another, creating an atmosphere of positive engagement and challenging bigotry. Every new student (including new freshmen) are now being asked to take the Community Pledge during the New Student Convocation. This pledge represents the values held dear by Murray State University.
- Police Chief Jamie Herring was recognized and welcomed. Chief Herring joined the University on July 5 from Greensboro, North Carolina. He has already made a significant difference on campus. As Police Chief he is truly student-centered and is diligently working to ensure faculty, staff, students and visitors are safe when they are on the Murray State campus.
- This marks the 7<sup>th</sup> year the University has been recognized by the *Chronicle of Higher Education* as a "Great College to Work For" and by *Washington Monthly* as a "Best Bang for the Buck" school. Another announcement will be forthcoming within a week or so that further illustrates the quality of Murray State University but that information is embargoed for now.
- The Hancock Biological Station has received a \$3.8 million grant from the National Science Foundation to study toxic algae blooms using environmental sensors and cyberinfrastructure. Dr. David White, Professor of Biological Sciences, Director of the Hancock Biological Station and Endowed Chair-Ecosystems and Dr. Susan Hendricks, Senior Research Scientist, Hancock Biological Station, are the Primary Investigators and Murray State is the lead institution in this effort. Drs. White and Hendricks, in conjunction with colleagues at Marshall University and the University of Kentucky, will address the urgent need of both states to develop scientific resources to improve water quality. Clark Hendrix, Watershed Studies Institute Field Technician, will also assist in this work. The scientific information gained could also be used to guide other decision makers.
- Dr. Melony Shemberger, Assistant Professor of Journalism and Mass Communications, has been elected to the national Board of Directors of the Honor Society of Phi Kappa Phi. She is the first Murray State Chapter member to serve on this Board.
- The Accreditation Board for Engineering and Technology (ABET) reaffirmed accreditation for the Engineering Physics Program with no concerns cited and no recommendations presented. ABET is one of the most rigorous accreditation bodies and for Murray State's accreditation to be reaffirmed with no recommendations is further testament to the quality of this educational experience offered through the *Jones College of Science, Engineering and Technology*. Congratulations was expressed to Dean Steve Cobb and his colleagues who helped ensure this accreditation visit was successful.
- Chris Wooldridge, District Director, Small Business Development Center, is one of 50 community leaders to successfully complete the year-long Delta Leadership Institute Executive Academy, a program of the Delta Regional Authority. Each graduate completed leadership development coursework and field studies in the program which included five sessions in Delta communities and one session in Washington, DC, with an emphasis on growing regional economies.
- Senior Music major Kevin Ray Brost has a new single, "Stay," on the top of the iTunes charts. It is also the number one selling song on iTunes in Thailand and he has produced a video which is currently on MTV.
- Regent Combs has participated in two Occupational Safety and Health internships and this proved to be a very insightful experience in terms of his career decision. He is now completing an internship with Peel and Holland, a local business that has utilized ten Murray State interns over the last two years. Out of those ten internships, approximately seven individuals were hired into full-time positions.
- It is a great time to be at Murray State and the highlights provided today represent only a few of the amazing accolades and accomplishments of Murray State faculty, staff and students.

Chair Williams reported that during the Board Advance a constructive discussion occurred with regard to how compensation and benefits are determined for the President and direct reports, as well as staff working in the Murray State Foundation. A very open, helpful and healthy discussion and review of processes and procedures which are in place occurred. This was not done because there was any sort of issue but was intended to ensure that the Board fully understands the processes that are in place. The conversation also provided appropriate transparency to the Regents and the public to ensure the Board was providing appropriate oversight for these policies and practices. The Board was reassured

of the appropriateness of processes currently in place and is confident it is meeting its stewardship responsibilities to the organization's assets accordingly.

## **Report of the Constituency Regents**

### **Faculty Regent**

Ms. Farmer reported the following:

- Today's report will focus on the efforts of faculty to not only excel in the areas of research, teaching and service but to combine these efforts in supporting Murray State's Strategic Plan and potential facets of performance funding.
- Dr. David White and his team at the Hancock Biological Station have placed a strong focus on providing opportunities for Murray State students. In the last few months, a \$3.8 million grant has been received from the National Science Foundation to study algae blooms using environmental sensors. This four-year grant will develop scientific resources to improve water quality in the area and to reach the scientific community and have a wider impact beyond the state and the region. Part of this grant will focus on mentoring graduate and undergraduate students from the region with research and programs that promote careers in STEM areas.
- Dr. Maeve McCarthy, Professor of Mathematics and Statistics; Paula Waddill, Chair and Professor, Department of Psychology; Robin Zhang, Chair and Professor, Department of Geosciences; Dr. Echo Wu, Assistant Professor, Department of Educational Leadership and Counseling and Dean Cobb secured a National Science Foundation ADVANCE grant to study the recruitment and retention of women faculty in STEM fields. This work is important because female students need to have Professors who have been successful in the STEM fields as role models. Studying this effort will represent a tremendous asset to the University. Throughout the study a focus will not only be on women faculty but all University faculty. The goal is to be able to provide a recommendation for policies to boost the representation of female faculty and the retention of high-quality faculty as a whole. Their effort started with preliminary work to implement a survey this Spring with results forthcoming shortly thereafter.
- To highlight faculty commitment to the opportunity afforded to give back to the University, over the past year 470 faculty, staff and administrators made gifts to the institution totaling over \$179,000. As part of the faculty and staff campaign which is in its 9<sup>th</sup> year, the top three colleges recognized for their giving percentages include the *Hutson School of Agriculture (HSOA)*, *Bauernfeind College of Business* and the College of Humanities and Fine Arts.
- Additional faculty recognitions and accomplishments were provided in the eBoard Book.

### **Staff Regent**

Mr. Schooley reported the following:

- Appreciation was expressed to Allie Douglass, Visual Communications Coordinator, for providing the photographs for the Staff Regent report.
- Each year a total of eight Staff Excellence Awards are presented in four categories. The award recipients in the Secretarial/Clerical Category are Sara Miller, Administrative Assistant II, Office of the Provost and Vice President for Academic Affairs and Francie Ray, Parking Supervisor, Public Safety. The recipients in the Facilities Management/General Category are Tracie Jenkins, Laboratory Technician III, Micro Supervisor and Michelle Lasher, Laboratory Technician I, both at Breathitt Veterinary Center. The recipients in the Executive/Managerial Category are Cami Duffy, Director for Institutional Diversity, Equity and Access/Title IX Coordinator and Ashley Rogers, Assistant Registrar-Degree Audit. The recipients in the At-Large Category are Re'Nita Avery-Meriwether, Director of Student Life and the Curris Center and Janeen Winters, Program Specialist in Regional Academic Outreach.
- Also recognized during the Staff Excellence Luncheon were 34 staff members who retired during the 2015-16 academic year. These individuals have dedicated 753 total years of service to Murray State University. Staff Years of Service Certificates were also presented during the event.
- The President's Office was recognized as the President's Cup Administrative Winner, with the Murray State Foundation in second place and Accounting and Financial Services in third. In the last ten years, over \$2 million in contributions to the University has been raised from faculty and staff alone. This number illustrates the amount of respect employees have for this institution. The President's Cup is not awarded on total dollars raised but percentage of participation.
- The membership of Staff Congress was provided and there are currently 27 members, with three additional vacancies to be filled. The Staff Congress officers were introduced as follows: John Young, Administrative Assistant I, Center for TSM – President; Tressa Ross, Recruitment/Retention Coordinator, Teacher Quality Institute – Vice President; Jessica Evans, Coordinator, Institutional Assessment and Lecturer, Department of Organizational Communication – Treasurer and Laura Lohr, Administrative Assistant I, University Libraries – Past-President. A description of current Staff Congress committees was provided, along with the membership of those committees. Staff Congress members also serve on several campus-wide committees, including the Insurance and Benefits Committee and the Judicial Board as examples.
- The full Staff Regent report was provided in the eBoard book.

## Student Regent

Mr. Combs reported the following:

- Appreciation was expressed to all faculty, staff and students who helped ensure a very successful Move-In Day at the residential colleges and to all individuals who assisted with Great Beginnings events. The Student Government Association (SGA) was able to sponsor a few events during Great Beginnings, including Explore Murray, where local businesses come to the CFSB Center to display their business and available services. The event attracted a large number of students and was deemed to be quite successful. The students also seemed excited to be engaged in numerous other events which were offered.
- SGA held its annual Hypnotist event with over 2,000 in attendance in Lovett Auditorium.
- SGA goals for the year include continuing a review of the Student Government Association *Constitution* to update the document. Work will also be undertaken with the Public Relations Student Society of America students on campus to create a public relations plan and conduct focus groups on student governance to truly find out what students think of current SGA programming and what can be improved. New initiatives will then be marketed to the entire student population. Different funding models for SGA will also be considered.
- Congratulations was expressed to recently-elected Residential College Association President Carter Hearne.
- Rush for both fraternities and sororities has been completed. Fraternity Rush resulted in 195 individuals joining fraternities this year. Sorority Rush resulted in approximately 250 individuals joining sororities this year. Delta Zeta represents a new sorority on campus and their recruitment started a week later than the other sororities that were already established. Delta Zeta expects a turnout of 60 to 70 individuals and will continue to recruit until they reach the 135-member maximum.

## Report of the Treasurer, accepted

Ms. Dudley reported that a phone call is scheduled with the Chief Financial Officer for the Kentucky Teachers Retirement System (KTRS) at the end of the Treasurer's Report to enable the Board to ask questions related to the pension liability and the increase in expense for the University. The Board will recall that last year the University picked up over \$200 million of liability from the retirement systems. This year the University's expenditures are again significantly impacted by the pension liability.

Ms. Dudley further reported the following with regard to the Quarterly Financial and Investment Reports for Murray State University for the period July 1, 2015, through June 30, 2016:

- With regard to the Statement of Tuition and Discounts, for year end June 30, it has been discussed with the Board throughout the year that the University would likely not meet budget projections from tuition revenue. Net tuition and fees was budgeted at \$77.7 million but \$76 million from net tuition and fees was actually earned, \$1.7 million short of budget. This shortfall was expected and the Board has been prepared for this throughout the year. The administration did provide an accommodation for the shortfall through a \$2 million contingency in the budget to help offset this loss.
- In FY16 there was a 3 percent tuition rate increase. In FY15 there was a 5 percent tuition rate increase and for the current year there is a 4.5 percent tuition rate increase. At the next meeting the Board will receive an update on tuition for the first quarter this year and it is likely the University will again be struggling to meet budget due to a decline in enrollment. The numbers are currently unknown but the \$2 million contingency remains in the budget and preparations must be made for some difficulties in this area.
- The Statement of Net Position represents the balance sheet for the University. Cash assets are down over \$7 million this year. This was to be expected as the University had proceeds from the sale of Franklin Hall bonds and as the contractor has been paid the cash flow has decreased as outstanding bills are paid. The Board should not be alarmed about this decrease because it represents an expected decline.
- Last year capital assets were \$183.6 million and this year they amount to \$236 million. This represents the capitalization of new facilities from construction in progress for Franklin Hall, the Breathitt Veterinary Center and the Engineering and Physics Building. This is quite an increase to the balance sheet and it is important for the Board to realize that as the buildings are coming on line they are being capitalized. In the future, decreases in depreciation expenses will be seen as a result of the capitalization of these facilities. The University does not expense off the buildings but the facilities will be capitalized and then expensed off over 40 years' depreciation as per University policy.
- Under liabilities, accounts payable and accruals also increased for the same reason just mentioned. There were larger accounts payable at the end of the year due to facilities which were constructed.
- The Statement of Revenues, Expenses and Change in Net Position represents the University's income statement. There was a \$40.3 million increase in net assets this year but these do not represent unrestricted funds. With regard to the Education and General Fund (E&G) bond rating fund, the University almost broke even with \$160,000 gained. The \$160,000 includes the almost \$1 million appropriation reduction as well as approximately \$2.3 million in retirement expense (from the Governmental Accounting Standards Board (GASB 68) reporting change that had to be implemented last year). Additional return on expense that must be booked will be discussed shortly. Auxiliaries gained \$1.2 million and Plant Funds gained \$39.5 million. The Plant Funds gain is related, again, to those assets the University is constructing. The biggest part of the change in net assets is related almost entirely to the new facilities.
- The Statement of Investment Earnings provides information on the University's year-end performance on earnings. Funds held in the General Fund (the University's funds) must be invested with the state and the state investment office is responsible for investing these funds. Those returns are part of the consolidated educational revenue fund and the University received a .96 percent return. This is not bad in light of what

the University has received over the past few years. Assets the University has invested with the Murray State Foundation have earned from a current fund standpoint 7.64 percent. Endowment funds held with the Foundation have realized another 7.64 percent and represent actual, realized earnings.

- The Education and General Fund is the University's operating fund that is used to pay bills. The current budget without pension numbers is the budget (in summary form) that the Board has approved for the year ended June 30, 2016. Fiscal year actual performance data (without pension numbers) was also provided and includes the employer contributions on payrolls entered. It does not include the adjustments that have to be made because of the GASB reporting requirements. Data was provided on pension adjustments and totals \$2.3 million. Expenditures have actually been increased this year by \$2.3 million because of the new reporting requirements. This represents the additional expenditures the University has been required to cover from the retirement systems that were not part of the employer match on payrolls. Netted, this amounts to the \$160,000 breakeven for the Education and General Fund. At the last Quarterly Meeting the Board approved, prior to June 30, the transfer of \$2 million for Chemistry Building repairs and \$2 million for Biology Building repairs. These transfer amounts have already been deducted but if the transfers had not been deducted a \$4 million gain would be reflected. The pension adjustment number was estimated during the year based on last year's numbers. Last year represented the first year the University was subject to this reporting requirement. Preliminary reports from KTRS and final year-end audits from the Kentucky Employee Retirement System (KERS) show that the actual expenditures the University will be recording will be an added \$8 million. The \$2.3 million will, therefore, be increased by an additional \$8 million and this will be reflected on the institution's audit. It is not reflected on the statement provided because these numbers were not known at the time the quarterly reports were prepared. All should be clear that the Unrestricted Fund will have another \$8 million reduction. This does not represent a cash flow item but the University will have to record an expenditure that will decrease its net assets. This means the pension is that much worse off than it was one year ago in terms of its funding capability. The payouts to pensioners were greater than the interest the retirement systems earned which resulted in additional expenditures, as well as investment management fees. These pension expenditures are allocated proportionately based on an actuarial calculation of Murray State's retirees and current employees contributing to the retirement systems.

Mark Whelan joined the Board meeting by telephone and reported the following:

- He has been the Chief Financial Officer with the Kentucky Teachers Retirement System for 12 years. He is also a member of the Public Pension Financial Forum which represents a group that is very involved with the GASB, especially when new standards are released and pertain to the pension area. He is also a member of the Government Finance Officers Association Committee on Retirements and Business Administration. This Committee releases best practices that governments should consider when dealing with matters of accounting in their financial statements. He works more directly with the retirement and benefits side of government finance.
- GASB 67 and 68 requirements do not change the benefits paid or collected by the Kentucky Teachers Retirement System. They represent an accounting reporting exercise that shows the "what if" scenario. It shows what happens if the government does not sponsor a retirement plan. In this case it pertains to the state as the sponsor of the retirement system. Recently in Kentucky, the Governor and the legislators have all publicly stated that they are going to fund the plan to pay the benefits that have been promised to retirees. This is good news and for the 2016-18 biennial budget just passed the General Assembly and the Governor backed up those promises by passing a budget that contained 94 percent of the additional funding that is required at this point. The KTRS membership is very grateful for that additional funding and the Murray State Board should be reassured that Kentucky's leaders gave even more money for the pension fund than that required by the KTRS plan annual contribution.
- The drivers of the pension expense are the same drivers of the increase in pension liability. The way GASB 68 is written is that the retirement plans are required to use a different discount rate than their assumed rate of return. However, state funding policy has not been adopted to follow the response of government to these differing rates of return. This is the main driver to cause the increase in the pension expense and the liability. The municipal bond index rating keeps dropping and the single equivalent interest rate that KTRS uses dropped from 5.23 percent in 2014 to 4.8 percent in 2015. As the interest rate and the municipal bond index rating continue to decrease – as they have for 2016 – the lower discount rates cause those liabilities to be valued at a higher amount.
- The other driver of the pension liability is the market value of assets. Typically, the plan considers returns over the last five years which is common practice but GASB 68 requires market value be considered. The market value was basically flat from 2014 to 2015, resulting in those sole pension liabilities increasing, mainly due to the lower discount rate because assets did not increase to keep pace. It is going to be difficult for all employers to look at the estimates because they are going to remain very volatile because of the requirements of the GASB 68 standard.
- In terms of when trends are expected to reverse, funding contained within the state budget will be helpful. To have 94 percent of the required amount included in the budget just passed is very positive. The next step for the state would be to move to 100 percent of the required funding and then put into statute the funding policy that the pension will be funded – and this happened with the Kentucky retirement systems – and stick to the policy. The single equivalent discount rate requirement then goes away and the plans can use their assumed rate of return on investments. When this happens it will make that piece of the total pension liability more stable. This was a great budget and a positive step moving forward that the state took this time around. The Morgan Value Estimator is always going to be volatile but in the long-term KTRS returns are very good. Getting the single equivalent discount rate stabilized when the funding is permanently there will help a great deal.

Mr. Kemp requested an explanation of why Murray State had to begin including the unfunded pension system liability on its balance sheet for the first time last year and why the unfunded amount is increasing again this year. He would also like to know when change can be expected and, since the University has been required to add this unfunded liability to its balance sheet, whether there is ever a situation where that unfunded liability could come back on the University as a cash item. Mr. Whelan responded that this represents an accounting exercise required by GASB. GASB believes this requirement is more reflective of governments in general across the country. In Kentucky, the state is the guarantor of the pension benefits promised through the various retirement plans. Those are backed with their full faith in the Commonwealth. There has been considerable discussion among his colleagues about having government entities report liabilities that are not their own. Murray State is not the guarantor of retirement benefits. GASB thought this would be reflective across governments generally. Some governments had no idea where they stood and they were the guarantors of the benefits. The state is the guarantor of KTRS benefits so for it to fall back to a cash position for the University the contributions will have to increase for both members and employers. It is known that GASB 67 did not change the benefit payments made for the contributions received. The contribution rate that Murray State employees pay and the University pays as an employer are the same in the 2017 fiscal year as they were in 2016 and there are no plans for those to be increased. The budget passed by the state of Kentucky is very good in this regard because the state stepped up and guaranteed 94 percent of the required amount. There was no discussion of increasing contributions for members or employers.

In response to a question regarding the average load paid by KTRS for investment management services, Mr. Whelan indicated the term load is used when referring to an investment in hedge funds. KTRS does not invest in hedge funds and does not pay any type of load through any investment vehicle it utilizes. KTRS does pay management fees and this is common. Various managers provide assistance to KTRS in all aspects of its portfolio and management fees are currently 30 basis points or three-tenths of one percent of KTRS total assets and represents one of the lowest fees in the country. This is one reason why KTRS is such a good plan which has a history of very good returns and very low fees. KTRS has existed for approximately 75 years and its 30-year return is approximately 8 percent.

In regard to whether KTRS expects contribution rates to change, Mr. Whelan indicated last fall KTRS was required by the Governor to provide reports as to their funding status and several legislators also participated in this process. It was helpful for all involved to understand how the system operates. There has not been discussion of raising rates for either employees or employers. The state is a sponsor of the unfunded liability and it is their responsibility. The Governor and General Assembly stepped up and made a significant commitment to substantial funding. It will be another few years before any type of contribution rate increase could be discussed again but what happened in terms of this year's budget increases is not expected to occur. State leaders have promised that retirement benefits will be paid and they put the money into the plan as indicated and all should be reassured by that action taken by the General Assembly.

Confirmation was provided that the Commonwealth of Kentucky is the guarantor of not only the Kentucky Teachers Retirement System but also the Kentucky Employee Retirement System and not Murray State. Unless the state of Kentucky defaults on its obligation, there is not a circumstance where the University or cities or counties will be held responsible for retirement benefits. Mr. Whelan further confirmed that it would be difficult to foresee a situation where this would occur. In terms of KERS, the state put in 100 percent of the required amount, plus an additional amount, in the budget.

Dr. Davies stated that several times the state's investment and commitment to the retirement systems in this biennia have been mentioned and asked whether that continued investment can be expected in the future at the current rate. Mr. Whelan indicated the state budgets two years at a time and it is always difficult when an item is not included within a state budget. Budgets in the state have been tight for a while now and for funding for the retirement system to be included in this biennial budget when it has not been included in the past is significant. It is difficult to see this item not being in the budget moving forward. Including the pension item in this biennial budget sets a good precedent in terms of future budgets moving forward. In response to a question regarding whether he foresees the need for that to be increased in future years, Mr. Whelan indicated required contributions are expressed as a percentage of payroll. Once the item is included in the budget and is funded at 100 percent it will grow normally as payroll grows. Confirmation was provided that as salaries increase at the state level at all institutions that would represent the associated increase in the retirement contribution.

Ms. Dudley clarified that the University's (employer) current year contribution to the KTRS retirement system is 15.865 percent for its employees and the employees also have a contribution. The employer

contribution for KERS is much higher at 48.5 percent. For every employee in the KERS system the University has to fund 48.5 percent of their salary as a retirement match as the employer contribution. Confirmation was provided that KERS is much more underfunded than KTRS. The County Employees Retirement System is the best funded system of all because the cities and counties paid into the system as they were required. KERS is funded by the state and the universities. The universities have always paid their required contribution but the state has not and over the years this plan became very much underfunded. This is also why the Governor undertook the drastic budget cuts which were enacted this year to add more money to these pension systems. Mr. Kemp added that last year GASB decided on a national basis that an unfunded pension liability had to be shown on the books of cities, counties, universities and the state. Based on what Mr. Whelan said, this represents an accounting entry and as long as the Commonwealth upholds its responsibility it will not come back to harm Murray State. Ms. Dudley confirmed that the University's bond rating has not been impacted as of yet with the changes and bond rating agencies are very much aware of these entries that schools across the country are being required to make. She is not sure this will continue to hold but they are taking these non-cash transactions into consideration when providing bond ratings for universities.

Ms. Green 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 July 1, 2015, through June 30, 2016, as presented. Mr. Rhoads seconded and the motion carried unanimously.

(See Attachment #1)

### **Adjournment**

The Board adjourned for a break beginning at 10:07 a.m. and ending at 10:24 a.m.

### **Reconvene**

Chair Williams reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 10:24 a.m.

### **Strategic Plan Update, received**

Dr. Fister began with the quote, "Do not just count the days. Make each day count." This quote was attributed to Muhammed Ali. She also shared the quote, "One's destination is never a place but, rather, a new way of looking at things." This means every day all involved at the University must consider the Strategic Plan in a new light and making things the best they can be for students, faculty and staff.

This represents a year of operationalization in terms of the Strategic Plan. Strategic priorities have been outlined in the Strategic Plan Refocused document which has been provided to the Board. The pillar chairs are: Mr. Dietz – Student Success; Dina Byers, Associate Professor of Nursing – Academic Excellence; In Handayani, Associate Professor of Agricultural Science and Nicole Hand-Bryant, Interim Assistant Dean, College of Humanities and Fine Arts and Professor of Art and Design – Research, Scholarship and Creative Activities and Mr. Wooldridge – Community Engagement/Economic Development. Appreciation was expressed for the assistance provided by these individuals during the Strategic Plan operationalization phase.

*Student Success 1.1* relates to the University's graduation rate of 48.46 percent – which cannot be reported as 49 percent as listed. This deals with cohorts from 2009 and 2010, up to 2011. The percentage provided represents a six-year graduation rate and this number will likely not increase this year due to previously-admitted cohorts. Dr. Duncan has provided information that is being discussed with this metric in terms of whether to transfer credits in other than just the credits and the grade point average (GPA). Consideration is being given to changing the way repeating credits are handled. If an individual has a D, C and a D in a course the last grade is what is currently recorded and can affect how the GPA is averaged. Consideration is being given to transferring in only credits that count toward degrees. There have been training sessions for academic advisors with more in-depth support being provided for new faculty and staff.

Dr. Davies clarified that the graduation rate provided represents a six-year cohort for first-time freshmen starting at the University six years ago. If a student transfers to the University from another institution, drops out or graduates in seven years as opposed to six they will not be counted as a success for Murray State in terms of graduation rates. This represents the technical side of the equation but he also needs to point out the other side. As discussion of admission standards was

undertaken and the type of students the University was admitting who did not have a high probability of success was considered. The institution had previously been more concerned about the quantity of students admitted as part of the freshmen class. Instead of simply looking at the number of students enrolled, the caliber of students must be taken into consideration, making sure those students had a high probability of success. Discussion has occurred over the past two years in terms of why the University wanted to implement higher admission standards in order to enroll students with a high probability of success. The reasoning for that change is directly tied to the six-year graduation rate factor. The graduation rate for Murray State for the upcoming three to four years is projected to decline due to freshmen classes brought in earlier that are working their way through the system. The highlight to this scenario is the caliber of the freshmen class enrolled this year. With a higher retention rate this year, in five to six years the University will see the graduation rate increase significantly. Confirmation was provided that if a freshman does not return for their sophomore year they will remain part of the graduation percentage for six years which actually counts against the University. If a student leaves Murray State and graduates from another institution they will not count in the University graduation rate percentage. For Athletics, students leaving the University but graduating from another institution would count toward the athletic graduation rate for Murray State. The graduation rate for IPEDS does not follow the student to wherever they graduate.

Dr. Bumphus reported that in Texas students must be in the top 8 percent of their high school graduation class to even be admitted to college. He asked what the implications are for Murray State in terms of access. In a number of states where performance funding is being considered the institutions receive extra points if they are serving low-income and underserved students and having those students graduate. Dr. Davies indicated the institution's standards are set up to provide a pathway for students who are college ready. If they are not college ready, the University works with these students to provide a pathway to college through the community colleges or another means. The University previously had an admission process for first-time freshmen and an admission process for transfer students and these were located in separate offices. Those have now been combined which allows for a much more cohesive means of providing access. The University is not establishing elite standards but is using data to determine where students have the highest probability of success. This year there were over 4,300 applicants and in the previous year the University would have accepted almost all of those students. Approximately 500 were denied admission this year given the new admission standards. When students are denied admission, the University works specifically with those individuals to provide community college opportunities.

If the University focuses on quality as the metric – and not just quantity – how successful the institution is in terms of graduation rates overall can be accurately determined. In addition, how successful the University is in terms of graduation rates for underrepresented minorities and low-income students can be determined. One model utilizes Pell Grant recipients as a substitute for low-income students and underrepresented minorities. Dr. Davies disagrees with this because the metric should be Pell-eligibility and not just those who receive a Pell Grant. It should not be a representation of underserved minorities because there are other ways to track this. Part of the *President's Work Plan* is the diversity of faculty, staff and students and making sure the University focuses on recruiting underrepresented minorities who have the credentials to be admitted. Dr. Davies finds it very interesting the University saw a significant increase in the number of underrepresented minorities applying to Murray State University (within certain pockets). Out of state the University did extremely well with high-caliber students but this was not the case with regard to in-state underrepresented minority students. One challenge which has been put forth is for Mr. Dietz to determine why this is the case. The University now has an Admissions Counselor who specifically recruits in the Louisville area. The strategic initiative with the Lincoln Foundation is designed to attract high-caliber underrepresented minority students and efforts are being made to pair these students with the Honors College and other programs. The Whitney Young Scholars Program brought 23 students to campus and eight are seriously interested in attending Murray State. Scholarship opportunities have been provided to these individuals – with three receiving full-ride scholarships.

Dr. Fister reported that as of August 28, 2016, the University's retention rate has increased to 74.1 percent, representing the first-time freshmen to sophomore rate. This increase was achieved through the Recapture Campaign. Increasing the number of STEM-H degree recipients represents a University-wide effort and does not involve only the *Jones College of Science, Engineering and Technology*. There are multiple areas across campus that have CIP codes that relate to the CPE as STEM-H degrees. In FY14 the University was at 749 in terms of STEM-H degrees and in FY15 that number was at 825 – as of August 17, there are 1,036 degrees. The institution projected a 10 percent increase in this area but has actually increased by 38.3 percent since Fall 2014. Appreciation was expressed to all who are making a difference in this area. In terms of performance funding, Murray State is the best in the state in terms of STEM-H degrees – and by 12 percentage points.

With regard to Academic Rigor, 121 students have become involved with the *Pathways to Success Program* through a three-credit-hour course enhancing student success opportunities. Each of these students has an advisor and a mentor and they are tiered with an academic advisor. A focus is being placed on these students to ensure they can be successful. If they are not successful then it is by their own choice.

With regard to Research, Scholarship and Creative Activity, there were 1,581 students working with the Office of Research and Creative Activity for a baseline in FY16. As of this summer, 253 students were involved in mentored research. Dr. Kathy Callahan, Chair of the Department of History, had a component in Scotland with a History major. Dr. Kevin Binfield, Professor in the Department of English and Philosophy, worked with English Literature students in York, England. Dr. Marcie Hinton, Associate Professor in the Department of Journalism and Mass Communications, provided Mass Media research opportunities in London, England. Students are not only undertaking research on the Murray State campus but are also receiving research opportunities through Study Abroad.

With regard to Academic Relevance, private funding was a major component over last year, with a focus this year on \$5.8 million as of June 30, 2016, from the Office of Development. Congratulations was expressed to Dr. King and her staff because this represents a 47 percent increase over the previous year. The \$6 million goal was ambitious but all involved did a fabulous job getting close to reaching the goal and also in terms of the number of unique donors.

The Comprehensive Compensation Plan includes the implementation of new FLSA overtime and employee classification requirements and Human Resources has played a vital role throughout this process. The reclassification process is expected to be completed by December 1. The first phase of consulting for the Comprehensive Compensation Plan is expected to assist with the design of the faculty evaluation process and will involve a faculty compensation review. It must be known how individuals are being evaluated before they can be assessed. The second phase will involve staff positions.

Dr. Davies has emphasized experiential learning as a priority for Murray State University. A Task Force is currently undertaking work to develop a plan in terms of how the University moves forward in this area to involve everyone associated with Murray State – including cooperative partners – in this initiative to give students an edge and an opportunity to not just have a career but to be civic-minded leaders.

An Economic Impact Study has been conducted and revealed that the direct spending impact of Murray State for West Kentucky is \$203.8 million in any given year. In western Kentucky, the economic impact indirectly is \$306 million. The number of jobs created last year directly and indirectly totaled 3,201 that the University helped support in the West Kentucky area. The University is doing what its Mission Statement says it should do. The Board will consider different opportunities through the Mission Statement review process and was commended for undertaking this work. Dr. Fister also commended the Board for allowing her and the team, including Dr. Davies, to move forward on the Strategic Plan initiatives. In December the Board will be provided with a full update on the goals of the University related to the 63 strategic initiatives. The University may not be performing well in some areas but in other areas will already be on track to meet established goals. There are six strategic initiatives which have already been met and all are to be commended on their work toward meeting the goals outlined for this process.

Chair Williams offered his congratulations and appreciation for this extraordinary process. Not only does the University have a solid Strategic Plan through the coordinated work of Dr. Fister and Dr. Davies and many others but they have also taken the Strategic Plan and made it into an annual operating plan with very specific metrics to measure progress and assignability of those accountable to achieve those metrics. The Board was encouraged to offer any feedback with regard to the dashboard metrics.

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



## **Committee Reports/Recommendations**

### **Academic Excellence and Scholarly Activities Committee**

#### **Walter Bumphus, Chair**

Katherine Farmer

Susan Guess

Lisa Rudolph

Phil Schooley

Dr. Bumphus called the Academic Excellence and Scholarly Activities Committee to order at 10:43 a.m. and reported all members were present. He thanked the members of the Academic Excellence and Scholarly Activities Committee for their service.

#### **Experiential Education Update, received**

Dr. Duncan reported the following:

- Murray State has placed a major priority on experiential education which creates pathways for students to integrate knowledge and experience. In order to expand experiential education opportunities, a Task Force has been formed and includes individuals from all University areas to identify how best to grow these opportunities. The Task Force is comprised of the four Vice Presidents, Mr. Dietz, Dr. Pervine and Dr. Fister. Dr. Pervine has been involved in experiential education for years since the Quality Enhancement Plan (QEP) was developed. As a result of recommendations from the QEP Advisory Committee, the QEP leadership and QEP Exploratory Committee, development of an Office for Experiential Learning is underway.
- This one-stop-shop for experiential education will afford a variety of opportunities to Murray State students, including but not limited to: Education Abroad, Internships and Co-Ops, Service Learning, Study Abroad/Away, Research and Creative Activity, Peace Corp Prep and other hands-on learning programs that are both academic and experiential in nature. The office will increase the visibility and accessibility of experiential education which will then increase the number of students who participate in these programs. The infrastructure of an Office for Experiential Learning will provide the centralized and comprehensive support requested by faculty, Deans and Chairs. The Office for Experiential Education also directly support the elements of the Strategic Plan.
- The Task Force is currently focusing on concrete planning efforts for the Office for Experiential Learning. It is developing a phase-in plan and timeline, determining internal and external opportunities for revenue, with reallocation, and developing a budget, clear benchmarks and measured goals with expectations that can be assessed and an inventory of hands-on learning that is currently taking place. Work is also underway to identify a central office location. The goal is to submit a formal proposal to the Board at the December Quarterly Meeting.
- Many individuals across campus have been working to identify experiential education opportunities over the past five to six years and the Task Force is advancing the groundwork already set by these individuals to establish the Office for Experiential Education.

Dr. Davies indicated that the concept of experiential learning is a high priority for the University and it will set Murray State apart and distinguish the institution on many fronts. Appreciation was expressed to all for making an Office of Experiential Education a reality.

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

#### **Master's Degree in Occupational Therapy Update, received**

Dr. Duncan indicated work is underway to develop a new Master's Degree in Occupational Therapy. Dr. Pervine reported that, based on an assessment of regional needs, the University is in the process of offering a Master's Degree in Occupational Therapy at the *Paducah Regional Campus*. Personnel from Murray State have met with regional stakeholders, including Baptist Health Paducah (to provide access to their lab facilities) to gain support for the program. During the 2016-17 academic year, the University will hire a Program Director who will prepare curricula, write a self-study and develop formal partnerships. An individual in the Paducah area has been identified to serve as Interim Director to help the University in this regard. The body that accredits Occupational Therapists has indicated that the Master's Degree will be the appropriate credential for individuals to hold in order to be certified as an Occupational Therapist. The self-study will be submitted to the Accreditation Council for Occupational Therapy and, depending on the schedule of the accreditor, the first cohort of students is expected to begin one to two years from now. The desire is to admit the first cohort in Fall 2018. Murray State already appears on the accrediting body website as a school which is in the process of developing a Master's Degree in Occupational Therapy. Dean Marcie Hobbs, School of Nursing and Health Professions, is already receiving phone calls from individuals who are interested in enrolling in the degree program.

Dr. Davies recognized Dean Hobbs and expressed congratulations for her work in developing this initiative. Dr. Hobbs has put forward an entrepreneurial spirit throughout this process even as the University is undertaking budget cuts and reallocations. She saw a need for the Master's in Occupational Therapy and identified resources to meet that need while finding exciting ways to move this program forward and to address other areas of need at the University, specifically in the Paducah area.

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

### **Adjournment**

The Academic Excellence and Scholarly Activities Committee adjourned at 10:52 p.m.

### **Audit and Compliance Committee**

#### **Jenny Sewell – Chair**

Susan Guess

Stephen Williams

Mrs. Sewell called the Audit and Compliance Committee to order at 10:52 a.m. and reported all members were present.

### **Office of Internal Audit – Internal Audit Annual Report – Fiscal Year 2016, received**

Internal Auditor Michelle Saxon reported the following:

- The Internal Audit Annual Report summarizes activities undertaken by the Office of Internal Audit during the year in accordance with the Internal Audit Plan approved by the Audit and Compliance Committee.
- This year 25 audit investigation reports were issued – 19 of those were actual audits and six represented investigations. There were two departmental-type audits among this group. Overall, there were 19 findings and 38 recommendations which resulted from the audit investigation reports. These recommendations will help to strengthen internal controls, mitigate risks and allow for increased governance over operations.
- The Annual Audit Plan was outlined and included how many audit hours were budgeted and how many hours were actually expended. The investigations required many more hours of the Auditor's time and quickly exceeded the budgeted hours for investigations which resulted in the removal of four audits from the original Audit Plan.
- Six whistleblower complaints were investigated. One investigation yielded findings of wrongdoing which resulted in restitution. Two investigations resulted in the strengthening of internal controls over case handling and internal procedures. For the remaining three, the allegations which prompted the investigation were found to be unsubstantiated. Reports were issued on all six complaints. An additional 11 complaints were administratively referred to the appropriate Vice Presidents for review.

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

### **Office of Internal Audit – Annual Audit Plan for Fiscal Year 2017, approved**

Mrs. Saxon reported that several items contained within the Audit Plan continue from year to year such as compliance items and internal reviews (President's Office and Board accounts) and those will continue to be included in the Audit Plan from year to year. There is also audit assistance conducted for the external auditors as part of their contract with the University. There are Internal Audit departmental projects that help to keep the offices current and operating at maximum capacity. The remaining four areas where work will be performed are compliance reviews, operational reviews, follow-up projects and unplanned projects.

In response to Chair Williams' question regarding the whistleblower process and whether she is comfortable with how that process is working, Mrs. Saxon indicated each year she reviews the Whistleblower Policy to ensure it remains current. There were several complaints launched through the whistleblower online system and those will be broken down to determine whether they can be handled by the appropriate Vice President or administrator or whether they represent issues of a financial nature which she will personally investigate. Assurance was provided that the policy is up-to-date and current and the office is following best practices.

Dr. Davies added that one aspect of the Whistleblower Policy is that it is well-known across campus. Mrs. Saxon confirmed the policy can be found on the Office of Internal Audit website and also the myGate website. She suggested that when timeline announcements are released each year there also be an annual reminder to let faculty, staff and students know the policy can be found in these locations.

When new employees are hired they are informed about the Whistleblower Policy but an annual reminder to current constituency groups could also be helpful. Confirmation was provided that the process is definitely being utilized.

On behalf of the Audit and Compliance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the Office of Internal Auditor – Annual Audit Plan for Fiscal Year 2017. Mrs. Guess seconded and the motion carried.

### **Adjournment**

The Audit and Compliance Committee adjourned at 10:55 a.m.

### **Full Board Action – Office of Internal Audit – Annual Audit Plan for Fiscal Year 2017, approved**

On behalf of the Audit and Compliance Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, approve the Office of Internal Auditor – Annual Audit Plan for Fiscal Year 2017. Ms. Green seconded and the motion carried unanimously.

(See Attachment #2)

### **Buildings and Grounds Committee**

#### **Sharon Green – Chair**

Clinton Combs  
Daniel Kemp  
Jerry Rhoads  
Phil Schooley

Ms. Green called the Buildings and Grounds Committee to order at 11 a.m. and reported all members were present.

### **Major Projects Update, received**

Ms. Dudley, Mr. Burdette and Jason Youngblood, Assistant Director of Facilities Design and Construction, presented the following:

- Hollis C. Franklin Hall came on line for students in August although some finishing touches are being made mainly to the exterior. Some exterior finishes were not completed before the facility was opened due to weather delays but those projects will be completed fairly soon.
- There was a very aggressive schedule and budget for the Franklin Hall project to maximize dollars on the building. The project began with a very low contingency and to date the building is expected to be finished with an approximate 1 percent construction change order cost.
- Construction on the Engineering and Physics Building is well underway but many changes have been made and the project is struggling in terms of schedule. It has recently been determined that the January opening date will not be met. Work is underway with Dean Cobb and his staff to determine the best way to transition into that facility during the Spring semester. The construction schedule has been pushed back although that has not yet been made official. Costs are well under 1 percent of budget in terms of changes which have been made on the building. The facility is slightly past 65 percent complete in terms of construction and the unknowns or items outstanding should have been discovered at this point.
- The Breathitt Veterinary Center in Hopkinsville, Kentucky, is coming along nicely and is closing in on the completion of the construction phase. Staff will physically transition into the building in a couple of months. During walk-throughs several things have been noted. It is obviously a very unique building in terms of design and construction and several requests have been made for necessary changes. All want to ensure everything is completed in the facility prior to staff transitioning into the building. Changes are in the 4 to 5 percent range versus construction costs but still within the contingency range for this project. Some changes are postponing the completion of the facility but the weather has also added to these delays. A Ribbon Cutting will be planned when this new facility opens – likely in spring. Dr. Davies confirmed that the opening event for this facility will likely be held in conjunction with the Engineering and Physics Building Ribbon Cutting on April 21, 2017, in order to optimize the Governor's presence.
- The second floor of the *Hopkinsville Regional Campus* building has been completed with a few minor touches to be finished. Work is currently taking place with faculty and staff to get furniture on order so they can use that portion of the building soon. Classes are not currently scheduled in the new renovation wing but it will hopefully be fully operational for use in the spring. Confirmation was provided that the second floor project for the *Hopkinsville Regional Campus* was completed well within budget. Efforts are underway to transition out of construction funds and put that money back where it can be used toward furnishings. Mr. Kemp indicated that perhaps a Ribbon Cutting could be planned so the public is made aware the project has been completed. Dr. Van Horn agreed with Mr. Kemp's statement that the public in Hopkinsville needs to know this project has been completed but plans are to wait until the facility is

completely furnished. At the very least an Open House will be planned to invite the community to see the new space.

- The Madisonville facility is progressing. Mr. Rhoads confirmed that construction is underway and dirt is being moved every day. The plan is to change the entire landscape of the campus and create a quadrangle type green space area which will enhance the appearance of campus. The scheduled completion date for this facility is Spring 2018. A&K Construction was the successful bidder for this project. Murray State has entered into a 20-year lease for 50 percent occupancy of the building. This will house Murray State programs and offices and also the 2+2 programs with the potential to further expand those programs and course offerings in Madisonville.

The Board has discussed in great detail the need for commissioning on these new facilities and Mrs. Guess asked that the commissioning pertaining to Franklin Hall be outlined. Mr. Youngblood reported that with regard to internal commissioning a lot of reports still need to be written and Leadership in Energy and Environmental Design (LEED) is a part of that as well. The LEED process could take up to one year to complete. LEED is required by Kentucky on projects of this size. The commissioning effort involves functional testing to make sure when a thermostat is turned up the unit responds and there is proper ventilation in the building – things of that nature. The University increased the Franklin Hall commissioning by adding an enhanced exterior envelope and additional sealing of the building. This will not be included in a commissioning report but inspections were conducted throughout the construction process and reports have been prepared to verify all materials were installed properly. All construction projects currently underway are being commissioned and for Breathitt this is a particularly long process due to a very extensive commissioning process being undertaken there due to the complex nature of the building. The Engineering and Physics Building is also complex but the commissioning process will ensure all ventilation and control systems at Breathitt were installed properly, work as intended and have been designed to respond to certain commands to make systems operate properly. Breathitt has a Bio Safety Level III facility contained within the building which must respond as intended when needed to contain a disease or bacteria or some other threat. It is of utmost importance that the commissioning for Breathitt be done properly.

Mr. Burdette expressed appreciation to Dr. Davies, Ms. Dudley, Dr. Cobb and Mr. Rall for their support during the Chemistry Building process. Currently, the University is in negotiations with Hastings and Chivetta and A&K Construction working toward a settlement agreement. Hastings and Chivetta attorneys have agreed on a settlement and that document is being finalized. A meeting will be held with A&K next week and all expect to reach a settlement agreement at that time. Once all settlement agreements have been finalized, in December and January the University will be allowed to get into the Chemistry Building to begin undoing what the institution had to do to keep classes operational before it can begin work toward restoring Chemistry to a new environment as a whole.

A commissioning agent is being hired to inspect the Biology Building to determine whether by omission there were errors made in that facility. This building actually had two contractors and one design firm so this work will be interesting. A solution to address necessary repairs is being pursued.

Appreciation was expressed to faculty, staff and students in the Chemistry and Biology buildings for their patience and cooperation throughout this process. The University is using lessons learned with these two facilities as work moves forward with the new Engineering and Physics Building.

In response to a request for an update on Springer Hall, Mr. Burdette indicated that due to a very fast moving mold event students were moved out of the building. The facility was inspected over the summer and was deemed to be move-in ready. At that time there was no evidence of any mold issues. Over the last ten days to two weeks evidence of two types of mold has been discovered. Both types of mold are non-allergenic and non-toxic. As students move next door to old Franklin Hall a determination will be made in terms of how – or whether – to clean the facility. Dr. Davies added that with regard to moving students to old Franklin Hall, this facility was already set up to house students in the event of a housing overflow. Students are moving into a building with the same design as Springer. While they are moving they are being offered the opportunity to relocate to a different residential hall and some have even moved from Springer into new Franklin. The students have this option as long as space is available and their housing cost is not being increased. The residential halls have different levels of fees and Springer and old Franklin Hall are at the lowest level. Housing rates in new Franklin are naturally higher but Springer students – if they choose to move to new Franklin – are not paying any difference in cost. There are roughly 240 students in Springer and as of last evening at 10:30 p.m. 137 individuals have been moved. Fraternities and sororities are helping these students move and other services are being provided as necessary. Mr. Burdette has made his staff available 24/7 so students can move at whatever hour they choose. There is no question this is a difficult and unfortunate situation and all are doing the best they can to help students during the transition but, by and large, students are making the best of the situation although some phone calls

and emails have been received from parents. Mr. Burdette confirmed that Housing and Facilities Management are working together to ensure the transition is as easy as possible.

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

### **Campus Electrical Distribution System Update, received**

Mr. Burdette reported that the Program Statement for the Campus Electrical Distribution System was provided in the eBoard Book. The University has recently experienced both planned and unplanned electrical outages. Currently work is underway to avoid unplanned outages. The University's electrical grid system has been a part of the request for state support for many years. The first request for electrical grid support was in 2000 and it was the University's number one priority in the Capital Budget last year but there were no state-supported capital budgets funded during this biennium.

The Central Plant represents the main academic electrical core for the older part of campus. The switches, gears, transformers and electrical boxes responsible for bringing 69,000 volts of electricity into campus and dispersing to various campus buildings can be found in this location. The Central Plant and associated equipment is 40-plus years old and in significant need of high voltage maintenance and repair. The new buildings – primarily the residential halls and the Science Complex – are in somewhat better condition which is why concentration is currently being given to addressing the academic core of campus. The University has grown significantly in terms of buildings, programs, students, faculty and staff which has resulted in the tremendous need for more electrical capacity. Given the experience of recent unplanned power outages on campus, there are three challenges. One is increasing maintenance service on repairs of high voltage systems, utilizing the University's outside maintenance contractor. The University must also update and map the electrical system from the Central Plant throughout campus and into and through the buildings so it is known what happens in one building, as opposed to the next, when transformers reduce power. This mapping exercise will be extremely important to the success of this undertaking. Once the mapping has been completed the University will turn to its outside electrical engineers and, utilizing the data provided from mapping and current knowledge of the electrical system, those engineers will present a prioritized plan of attack. This will identify the absolute number one priority to start this process and will identify the scope of work to be done and an associated timeline. A ballpark estimate of what this project will cost will also be provided. Campus management will use this information to determine, primarily with Ms. Dudley's financial help, when and how the grid system issue is handled. Finally, a series of projects are being initiated to alleviate grid system issues. This work must begin earlier than originally planned because approximately one week ago the maintenance contractors indicated a planned outage had to be scheduled over Fall Break. There are relay switches in the Central Plant from the 1960s era which are simply not functional at this time. During Fall Break on October 6 and 7, power will be taken down on campus in order to make necessary repairs. On the residential side of campus, which includes dining facilities, there is a two-megawatt auxiliary generator that will power up the residential colleges and dining facilities for campus. Thursday will be utilized as a relay switch replacement day and Friday will be used to check those repairs. It is anticipated power will be restored to campus some time Friday afternoon.

Ms. Farmer indicated that some of the unplanned outages have led to damage repercussions and asked whether any are expected in association with the planned outage. Mr. Burdette confirmed that in making these types of repairs they plan for the worst but think the overall process will go well and will further the sustainability of the electrical grid. Ms. Dudley added that if power is down elevators do not work and lights are off across campus and this could lead to potential life-safety issues. The buildings have emergency generators but there is still an element of risk. Dr. Davies confirmed that funding for these repairs and maintenance must come from the legislature and that is why this remains the University's key priority moving forward. Work will occur during the short Legislative Session to introduce the project but the earliest it could be funded is January 2018. A phased approach is being considered because undertaking the necessary work during one year simply would not be possible. All must continue to advance this as the top priority for the University because electrical system needs have now risen to the level of potential life-safety issues. All must have confidence that the appropriate infrastructure is in place to enable them to do their jobs and right now that assurance is not there. Mr. Rhoads indicated it is never too early to start an educational campaign and this must be an ongoing process. The University must make its case in a persuasive way and show the legislature the importance of this project because it could potentially shut down campus. There is nothing more important right now than addressing the electrical distribution system on campus. The University should take every opportunity to contact and educate those individuals who will be most responsible for including this item in the budgeting process. Mr. Burdette reported that a recently-hired Energy Optimization Manager has already developed some significant energy savings plans and conversations are occurring with the Tennessee Valley Authority (TVA) in terms of rebates. Those savings will be

reinvested into funding this energy project. Mr. Rhoads indicated, as Dr. Davies stated yesterday, it is not going to be easy to approach the private sector with this project because not many people want to have their name on a transformer or generator.

Mr. Burdette reported that in 2015 the Board approved a one-year extension of the 5MR contract with the Tennessee Valley Authority and the contract was viable through October 2017. Within the last few years litigation was begun in Delaware challenging these type of MR (managed response) agreements. This issue wound its way through the federal courts and the Environmental Protection Agency (EPA) won the legal case and then the Fourth Circuit Court of Appeals reversed that decision. In May 2015 there was back and forth between the federal courts and the EPA in terms of whether such projects should be allowed. In May of 2016 the University was notified that it must begin to dismantle its 5MR plan with TVA. Relegated from the federal EPA to the Kentucky EPA, he had some conversations with individuals in Frankfort who indicated they support the federal ruling. Two formal negotiations or discussions have taken place with TVA and Murray Electric, the local electric provider. Begrudgingly, they think the agreement with TVA must be dissolved. On or about October 1 of this year the University will begin notifying TVA that Murray State must withdraw from the 5MR agreement and the process of dismantling the contract will begin. This is not good news for the University.

In response to a question regarding why this is being done, Mr. Burdette reported that the University has approximately 50 generators on campus. Those generators burn propane and diesel. The Sierra Club was the original litigant and claimed that such generators emitted pollutants that were not allowable. Interestingly, maintenance can be done on the generators to burn safe fuel but in an emergency situation they could not be used because the University was reimbursed by TVA for having a discount plan. This is essentially the reason such agreements are not allowable. The conundrum is the University could make its emergency generators pollutant neutral but the cost of doing so is far more expensive (approximately \$2 million) than the discount the institution is receiving from TVA. Confirmation was provided that legislation has been completed at the Fourth Circuit of Appeals and the Sierra Club won. The net effect is the University's agreement with TVA will conclude one year earlier than anticipated. In approving the contract last year, the Board gave the President the authority to sign a contract in the best business interest of the University and – given the current situation – it would not be in the best business interest of the University to sign such an agreement. Confirmation was provided that this change will affect this year's budget but Ms. Dudley indicated the institution has budgeted for the additional cost (approximately \$325,000 per year). This was actually budgeted last year but was eventually utilized for other purposes.

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

### **Adjournment**

The Buildings and Grounds Committee adjourned at 11:28 a.m.

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

#### **Lisa Rudolph – Chair**

Walter Bumphus  
Clinton Combs  
Katherine Farmer  
Sharon Green

Mrs. Rudolph called the Enrollment Management and Student Success Committee to order at 11:28 a.m. and reported all members were present.

### **Preliminary Fall 2016 Undergraduate Enrollment Report, received**

Mr. Dietz reported the following:

- Final enrollment numbers remain very fluid and are not locked in with the CPE until October 25.
- There is an increase in the incoming freshman class. The desire was to have 1,318 new freshmen but whether the University could meet this goal was unknown considering the new admission requirements, new scholarship grid and the new tuition model. Murray State actually attracted 1,501 new freshmen for Fall 2016 and all are encouraged by this 2.2 percent increase over Fall 2015 (1,468 new freshmen). In December, the Board will be provided with a more detailed enrollment report.
- A new Dual Credit Program for the state has been announced by Governor Matt Bevin. This program accelerated the timeframe for when the University was required to have students enrolled in dual credit courses. In previous years, institutions were required to have students enrolled in dual credit courses by September 15, with the process to be completed by October 1. The Governor's new deadline was

September 1. Preliminary dual credit enrollment indicates a 25 percent increase in currently-enrolled dual credit students and that is because the University is so much farther ahead than it was last year. Ultimately, a slight decline in total dual credit enrollment will result partly because the playing field is now equal throughout the state and all students will be paying the same tuition rate no matter where they are enrolled. Some institutions have jumped into the dual credit market but have not applied any associated admission requirements. Murray State is still holding to its admission requirements to ensure students have at least the minimum requirement to take classes and be successful. Last year, the *Racer Academy* had approximately 800 students and the University is currently at 693 students for this Fall. This could also change the landscape moving into Fall 2017 as the state has indicated it wants to know all of the University's dual credit students for Fall 2017 by July 1, 2017. Enrollment Management must ratchet up its education process and begin letting students know they must apply for the Dual Credit Program almost before they leave high school for summer break. Confirmation was provided that mini-semesters in the Fall are offered for current traditional students. This is not currently allowed for dual credit students which represents the University's decision related to these students.

- First-time transfer enrollment is down by 21 students for Fall. The University's transfer enrollment follows the trend of community college enrollments throughout the state. Community colleges are struggling somewhat in terms of enrollment statewide and the University is also seeing some trend in that direction although it will not be a tremendous decrease (almost flat).
- A two-year comparison of undergraduate enrollment shows the University is approximately 1 percent behind last year. As of day 14, total enrollment is down by 2 percent. Enrollment is a challenge and there are many factors involved – some of which are within the University's control and others which are not. Many years ago high school classes were very large but those numbers have decreased. This year the high school freshman class is larger which will help the University in future years.
- A decline is also occurring in regard to international and graduate enrollment but sometimes these are inter-related because many international students come to Murray State to earn a graduate degree. With regard to international students, some countries that were strong sponsors of Murray State are pulling back those sponsorships. Examples include Saudi Arabia and Brazil which have opted not to continue any sponsorships in the United States. The international area is working diligently to identify different markets that might prove beneficial to the University in the future. It was confirmed the University has a number of students from China and has several agreements in place with that country, which is also pulling back somewhat. Drs. Robertson and Duncan travel to China regularly, along with Guangming Zou, Assistant Provost for International Studies, and Dr. Davies has also travelled to China.
- The final report to the Board in December will vary somewhat once enrollment numbers are locked in to the CPE.

In response to a question as to how these enrollment trends compare to the remainder of the state, Mr. Dietz indicated the numbers fluctuate. Some regional universities are down in the number of freshmen but are flat in terms of overall enrollment. In response to whether Murray State is a member of the strong international initiative developed by the U.S. Department of Education for the various administrations to have 100,000 more students from abroad study in the United States, Dr. Duncan confirmed the University is a member of this initiative.

Mr. Dietz predicts overall enrollment will be down slightly but all should be encouraged by the freshman class and the strong quality of that class. Everyone plays a role in this effort.

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

### **Fall 2016 Student Retention Update, received**

Dr. Robertson reported that retention represents another aspect of enrollment management. Retention involves creating a broad support system for all students. Strategies have been developed for new students as well as for continuing students to ensure their success – with the ultimate goal of these students graduating from Murray State. Staff have been restructured in order to provide a more personal experience to meet the academic and social needs of students.

The University's retention rate is currently 73.7 percent but as of August 16 was 74.1 percent (.4 percent decrease). This is still up significantly from 2014 and 2015 due to the Retention Campaign. Work continues to maintain contact with students who do not return to the University. The top five issues identified by first-time freshmen for not returning to Murray State their sophomore year are homesickness, test anxiety, struggling in two or more courses, inadequate study expectations and social engagement aspects. Strategies are being considered to help offset these identified issues. Some restructuring has been done with the retention team to broaden the base and create more direct involvement with units within Student Affairs. Students with social or academic needs are now able to have more of a relationship with one or more retention team members. Mike Young, Associate Vice President for Student Affairs, is charged with working even more closely with retention and is coordinating and supervising the team leading the University's retention efforts. This work will better allow the University to meet the needs of students needing this type of assistance. Once a student's specific need can be identified, a University faculty or staff member can be assigned to work directly

with that individual. The more personal this experience can be the more successful it will be in the long run in terms of retention efforts.

Information was provided on the strategies which will be utilized this year to continue to improve retention rates. The MAP-Works software program allows the University to identify students who are struggling. The system allows a faculty or staff member who has knowledge of a student issue or concern to report that to the Retention Office which will then follow up with these students to determine what is going on and how the University can provide assistance to address their particular need. The Retention Office will now be undertaking advisement for all undeclared students to help them determine what they want to major in but also ensure they register for the appropriate classes until they choose a major.

The Recapture Campaign will continue and focuses on individuals who are eligible to return to school but for whatever reason have not registered. This represents an extensive and aggressive follow-up program focused on these particular students to find out what is preventing them from registering and then trying to meet those needs whether they are financial or whatever the case may be. The Retention Office will also be teaching a large number of the orientation classes for high-risk students.

The Peer Mentor Program is as strong as it has ever been and focuses on first-year students. Work began with these students during *Great Beginnings* upon their arrival on campus. There is now a cadre of upper-class students who will serve as peer mentors for these freshmen students through their first year at the University. In some cases this mentoring will continue beyond the freshman year but focus will be placed on the student's first year at Murray State.

The residential colleges also offer programming to help students become involved and the Residential College Heads play a crucial role in this process. If a student is struggling with being homesick, the Residential College Heads have a team in place that can deal with that effectively and quickly. There is also a strong parent's program – *Parent and Family Connection* – because the University wants parents to be a partner in this process. This program also allows parents to be better informed about what is occurring with their student and makes them aware of the available resources and support systems in place to provide assistance as needed.

There are a large number of first-generation students and a focus will be placed on this population, particularly freshmen, to provide them with the necessary support systems. A letter writing campaign will also be initiated and will be more encouraging in nature. An extensive sophomore strategy will also be developed because specific needs have been identified within this population. Some of this work is currently underway and an update on these initiatives can be provided to the Board at a later date. In terms of the timeline, Dr. Robertson asked the retention team to outline the academic year and identify benchmarks throughout the Fall and Spring semesters in terms of which strategies would be put in place and at what point in time. Once students reach their junior and senior year they are more into their majors which provides for yet another connection with fellow students and faculty. This represents a partnership between the *President's Commission on Retention and Graduation*, Student Affairs and Academic Affairs.

Dr. Bumphus indicated research has found that one of the leading causes of students dropping out of college has been the need for short-term money. Research further illustrated that \$300 could make the difference in a student deciding to remain in school. Dr. Robertson confirmed the University does have a fund in place to help address short-term financial needs of students and sometimes the issue is as simple as the student needing to purchase a book. Dr. Bumphus added research has found that more students drop out due to financial reasons than academic reasons. Confirmation was provided that the University has a tutoring program in place. A general tutoring program is available for students and each residential college also has faculty available to provide tutoring in their particular area of expertise. The Multicultural Center provides an extensive tutoring program. Dr. Duncan reported that the peer tutoring program is housed within the Center for Academic Success in the Lowry Center under the direction of Dr. Van Horn. The tutoring center has tutors who focus on general studies areas that are most difficult for students such as math, chemistry and biology. Many of the academic departments also offer tutoring. There are a variety of options provided to students seeking tutoring assistance. Instead of waiting for students to realize they need tutoring, an effort is being made to be much more proactive in requiring tutoring through programs such as *Pathways to Success*. The Retention Office has also created a tutoring website where it is much easier for students to locate tutors – either official tutors on campus or student tutors who are willing to provide one-on-one tutoring to their fellow students. A lot of effort and creativity has been devoted to the area of tutoring across campus to ensure those opportunities are increasingly available to students who need this type of support. Dr. Robertson indicated that an effort has been made to list all tutoring opportunities on one source so students know where to go for help. Students are also encouraged to contact Student Affairs



if they need help and sometimes parents are a great resource for recognizing their student needs help. Once a student needing help is identified, Student Affairs proactively reaches out to that student to make them aware of available resources. Dr. Davies reported there are two additional tutoring centers which need to be mentioned. The Racer Writing Center and the Racer Oral Communications Center are both located in Waterfield Library and help students dramatically in these two areas. A lot of times classes require students to visit one or both centers at least once. Confirmation was provided that several of the Student Support Services programs have built-in tutoring services. The Student Disabilities Office also has a tutoring program.

Mr. Kemp indicated that yesterday the Board received an interesting report on the Residential College System and the fact that Murray State was the first public university in the country to adopt such a system. He asked whether the Residential College System helps with regard to retention. Dr. Robertson confirmed the Residential College System has a tremendous impact on retention by personalizing services offered by the University. A well-established and prominent faculty member serving as a Residential College Head creates an opportunity for students to work with this individual. If more faculty choose to become involved that creates even more faculty-student relationships. It is known that the more relationships students can have with faculty the greater their success will be in college. The profile of new students reveals they have some anxiety about meeting with a new professor. If they can now meet that professor in a residential college setting – in a more informal way – this will reduce student anxiety. Confirmation was again provided that the Residential College System has played a major role in retention efforts.

Mrs. Guess publicly thanked Dr. Robertson and indicated the longer she serves on the Board more and more people reach out to her indicating they are trying to connect their student with the appropriate individuals on campus and she is impressed with the work taking place in this arena. Move-in has become her favorite day on campus in terms of seeing what happens and this year in particular to see students who were afraid about being in college to have Dr. Robertson or Dr. Davies knocking on their door to welcome them to campus. This type of personal attention is what separates and differentiates Murray State from other institutions and she is fortunate to have been able to witness this firsthand.

Mr. Rhoads asked for an update on the status of the Sorority Complex initiative. Dr. Robertson reported that consultants are currently on campus looking at auxiliary operations – both housing and the University Store – to provide suggestions and recommendations moving forward. The consultant group is reviewing the total housing operation and the Sorority Complex would be one piece of that work in terms of how it fits into the total picture related to occupancy, building needs and the entire structure of the housing program moving forward. Once the University has heard from this consulting group in terms of their recommendations, decisions will need to be made. Each of the Sorority Complex units would house approximately 20 individuals and could represent one way of enticing juniors and seniors who might otherwise move off campus to remain on campus. Dr. Davies added that part of this discussion is what type of housing stock is needed on campus. The Springer Hall issue will also play a role in this discussion and a determination must be made about the appropriate role of the residential situation on campus.

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

### **Adjournment**

The Enrollment Management and Student Success Committee adjourned at 11:58 a.m.

The Board adjourned for lunch at 11:58 a.m. and is expected to reconvene at approximately 1 p.m.

### **Reconvene**

Chair Williams reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 1:02 p.m. and reported all members were present. He reported that two Committee reassignments were being made. Regent Bumphus will leave the Marketing and Community Engagement Committee and join the Enrollment Management and Student Success Committee. Regent Schooley will leave the Enrollment Management and Student Success Committee and join the Marketing and Community Engagement Committee.

## **Finance Committee**

### **Daniel Kemp – Chair**

Walter Bumphus

Clinton Combs

Katherine Farmer

Jerry Rhoads

Mr. Kemp called the Finance Committee to order at 1:03 p.m. and reported all members were present.

### **Projects Approved by Board of Regents' Chair, designated funding**

Ms. Dudley reported that two project listings have been provided in the eBoard Book for approval. One list is for projects with estimated costs of \$200,000 or less each and the other is for projects with estimated costs of over \$200,000 each which were reviewed by the Board Chair and President. The Board is being asked to approve these two project listings so funding can be restricted and included in the University's financial statements. The Board Delegation of Authority Item 20 states that "...Prior to moving forward, all projects costing over \$200,000 and up to the threshold denoted by Kentucky statute, should be reviewed by the Board Chair and the President and a determination made in terms of those projects requiring further Board approval." The Board is not required to approve contracts costing less than \$200,000.

Ms. Dudley received some questions regarding the funding schedules which were provided in terms of the funding source for some of these projects. The Schedule of Projects less than \$200,000 has been divided out by funding source. Deferred Maintenance and One-time Project funding would typically be used for projects funded from the deferred maintenance pool. Such projects include ductwork cleaning in the Business Building, entrance renovations in the Curris Center and cooler tower replacement in Alexander Hall. For monies budgeted for particular projects, if the entire funding amount is not needed to complete a project the remainder goes into the deferred maintenance pool. Those funds are then repurposed to carryover as one-time money. This is how the three projects on this schedule are being funded. The Deferred Maintenance-Plant area does not have any projects funded from that source on the schedule provided but represent funds which are designated in the operating budget (\$1 million in deferred maintenance money) that the Board has approved. If a project was included in this area that would represent the funding source for the project. Specific projects are not included in the budget – just the \$1 million deferred maintenance pool – so necessary deferred maintenance items can be determined.

Departmental Unit Funding oftentimes represents departmental carryover dollars or funds held within a department to meet necessary needs such as renovation or computer lab upgrades. Restricted Funding represents those dollars that are restricted for certain purposes and could be state appropriations. For the CFSB Center generator issue, the University was able to utilize some bond funds for that project. Donor funds could represent a grant for some capital purpose and those would be included as part of restricted funds. Auxiliary Funding represents those funds that are coming from the housing, dining and bookstore units. These do not necessarily represent funds that will be spent in those units but may be used to fund other projects.

The second schedule provided is a listing of those projects costing over \$200,000. Consolidated Educational Renewal and Replacement (CERR) funds have been categorized and represent a fund that the Board established in the early 1980s when the Administrative Regulations were adopted. The regulations stipulate that any interest earnings the University received during the course of a fiscal year are to be transferred to the CERR fund each year for deferred maintenance projects. Over the past few years, roof replacements have been required and CERR funds have been utilized to fund those projects.

Mr. Williams applauded this excellent process which represents yet another example of assuring full transparency to this Board and to the public.

On behalf of the Finance Committee, Mr. Combs moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the projects on the two listings presented. Dr. Bumphus seconded and the motion carried.

### **Full Board Action – Projects Approved by Board of Regents' Chair, designated funding**

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the projects on the two attached listings. Ms. Green seconded and the roll was called with the following voting:

Dr. Bumphus, yes; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes; and Mr. Williams, yes. The motion carried unanimously.

(See Attachments #3 and #4)

Dr. Bumphus left the Quarterly Board of Regents Meeting and Committee Meetings at 1:17 p.m.

### **Personal Services Contracts, approved**

Ms. Dudley reported Board of Regents Delegation of Authority Item 11 stipulates that the Board "...approve all Personal Services Contracts totaling more than \$50,000. The Board will be notified of all Personal Services Contracts between \$10,000 and \$50,000 before they are submitted to the Legislative Research Commission for review. Upon review, individual Board members may request that these be held for approval at the next Board meeting." The Board was provided with a listing of all such Personal Services Contracts which are anticipated but only those over \$50,000 actually require Board approval as per the Delegation of Authority.

The first project is for an Information Systems Design Consultant to undertake design work necessary for updates in the Campus Data Center, primarily for replacement of the HVAC system (25+ years old), the aging raised floor and more efficient storage of Campus Data Center hardware. The current flooring is approximately 20 years old, is outdated and technology and system ventilation requirements have changed. An effort is being made to redesign the flooring and professionals are being hired to assist in this effort.

The second project is for technical consulting services that would be undertaken by Ellucian which is the company that owns Banner. Ellucian has been asked to help the University with the implementation of the new Tuition Model for Fall 2016. They were engaged to help implement the model technically but there are reporting needs that will help monitor the success of the model. Ellucian has been asked to return to campus to also address that issue if the project is approved by the Board today.

The third project involves commissioning services for the Biology Building and is necessary prior to undertaking any repairs in that facility. Commissioning services will consider specific issues such as continuing air pressure and handling within the Biology Building.

The fourth project is hiring a Health Services Consultant to make recommendations on the most suitable funding models for Health Services on campus. As the budget process was undertaken last year, it was determined that how the Health Services unit has been funded should be reviewed. The consultant will not come in and change Health Services but will work with the funding model associated with that campus unit. The University would like to engage a consultant to look at the market and student, faculty and staff health needs in a different way in terms of a different funding model for Health Services. The University spends approximately \$500,000 each year to fund Health Services and this includes the employment of staff. The consultant would help the University determine more optimal financial funding for Health Services. Confirmation was provided that currently there is not a designated student fee for Health Services. In 2000 some fees were for a specific purpose but those were eventually consolidated into an overall mandatory fee and those monies are not currently earmarked for a certain purpose. The mandatory fees represent a General Fund funding source. There are a number of potential options including a fee-based service, insurance filing (which is currently not done by Health Services), utilizing a third-party health provider or some combination of these options. The consultant will be on campus October 13-14, 2016, and should have a report for the University by the end of the Fall semester.

Mrs. Sewell reported that this issue was discussed a couple of years ago when the economy was in the middle of an economic downturn. For many Murray State students, the physician employed by Health Services would have been the only medical professional they would have had access to and, for that reason, the Board did not feel like it could add an additional fee for medical services at that time. Ms. Dudley confirmed the consultants will not be tasked with recommending any changes to services offered but rather will look at how the University may better be able to finance Health Services on campus. Health Services currently reports to Vice President Robertson but General Fund dollars are used to fund the unit and a determination needs to be made whether the University wants to move to some other type of funding structure. Confirmation was provided that students and employees can utilize services offered by Health Services.

The last project is the Compensation Plan Review. A firm will perform faculty and staff compensation studies and assist with the development of standard evaluation processes. The Board previously approved funding in the budget for the current fiscal year for a compensation study (\$80,000) but this only represents funding to hire a consultant and does not include any employee compensation adjustments that might be recommended as a result of the review.

In response to a question regarding whether the Compensation Plan Review will be undertaken for all faculty and staff or whether it would be for faculty and professional staff only, Ms. Dudley indicated a determination needs to be made regarding whether to utilize a phased approach and undertake a faculty study and then come back and conduct a staff study using the same consultants. A study of staff compensation cannot be undertaken until the FLSA project has been completed. The option of undertaking a study of faculty compensation is being considered and then migrating that to a study of compensation for all staff members. It is not known whether the funding allocated for this project will cover both studies that are necessary but that is unlikely. A review of salaries for exempt-level staff has never been undertaken and the funding allocated for the project has been estimated. A compensation study for non-exempt staff was undertaken approximately five years ago but due to changes occurring with regard to FLSA, Human Resources has recommended that a review of compensation for this population be undertaken yet again.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts as listed on the document presented as per requirements of the Delegation of Authority (Item 11). Ms. Farmer seconded and the motion carried.

#### **Full Board Action – Personal Services Contracts, approved**

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts as listed in the attached document per requirements of the Delegation of Authority (Item 11). Mr. Schooley seconded and the roll was called with the following voting: Dr. Bumphus, absent; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes; and Mr. Williams, yes. The motion carried.

(See Attachment #5)

#### **Personal Services Contracts – Schedule of Expenditures Report, received**

Ms. Dudley reported that this information is provided to the Board each quarter. The Schedule shows how much has been spent each quarter and the amount that is unexpended. These contracts are not just for the fiscal year duration and many will carry over which is why the Board was provided with an unexpended balance. The University sometimes has price contracts with architectural and engineering firms to be utilized for multiple projects and this is the reason why there is an unexpended balance for some contracts. There were no questions from Board members about any one individual contract provided on the Schedule.

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

#### **Auxiliary Review Update, received**

Ms. Dudley reported that as part of the budget process last year Dr. Davies asked staff to review the University's self-operating auxiliary enterprises. The University maintains its own Dining Services, University Store, Housing and Parking Office. Printing is also handled in-house and currently not many services are outsourced. What is being presented today does not represent a suggestion that services be outsourced but it is a proposal to bring a consultant in to help the University look at opportunities that may exist within the auxiliary units that would enable the institution to be more financially responsible and also determine whether student and campus needs are being met. In early summer this process began with the establishment of a committee to develop a Request for Proposals to be put out for bid. The University has now contracted with MGT of America, a nationally-recognized consulting firm in this area, and they have actually started the project. MGT of America has been on campus for the last two and a half days meeting with focus groups, students and faculty and staff users of all the auxiliary units to get a feel for what campus needs are and what is or is not working. A project timeline MGT of America is expected to follow was provided in the eBoard Book. The firm has already undertaken quite a bit of work and has been provided with volumes of data, including pricing, cost and marketing data (by region and not just solely for campus). This provides the Board with an idea of when it will begin seeing recommendations from MGT (an approximate

three-month project). Some recommendations should be available for discussion at the December meeting of the Board and all are anxious for the study to be undertaken to see what findings might result from the MGT study. This represents a \$120,000 contract with MGT and the Board did approve the contract through the Personal Services Contract process several meetings ago.

Information was presented on the volume of the University's auxiliary enterprises. The residence halls had expenditures and revenues of \$15 million which represents a big business enterprise with 53 individuals employed. Information was provided on all the residence hall facilities that the University currently manages. College Courts and each of the housing units total over \$43 million in terms of the current value of those assets. This figure does not include the value of new Franklin Hall but the bond sale for this facility was approximately \$28 million.

Dining Services also represents a large business enterprise – over \$12 million – with 85 employees. The bookstore enterprise represents over \$5 million in revenues and expenditures with 13 employees. There are a large number of associated employees and assets that flow through the auxiliary units. For this reason, the administration believed it would be prudent to undertake this study.

Dr. Robertson indicated that information was provided on housing capacity and occupancy from 2011 to the current Fall semester (includes actual occupancy). The various facilities differ in size and will accommodate a different number of students. The residence halls are currently priced at four different levels with Springer and old Franklin halls being at the lower end of the scale. The newer facilities – Clark, Richmond and new Franklin are at the higher end of the cost scale. There is also different pricing for Hester and Elizabeth and for Hart, White and Regents. This provides tier housing to give students different pricing choices. When new Franklin Hall came on line, the housing capacity increased by 68 new spaces and the University now has more housing capacity than it did previously. This Fall does represent the lowest occupancy rate at 87 percent. The normal occupancy rate is in the mid-90 percent range with an overall high of 99 percent occupancy. In response to a question regarding why housing occupancy rates are lower when there has been an increase in the freshman class, Dr. Robertson indicated the cause of the decrease is currently being analyzed. There were more cancellations and no shows than anticipated because a larger return was expected than what actually occurred. Work is underway to follow-up with students who cancelled or did not show to determine their particular situation. Some pricing issues did arise with new Franklin Hall being the same price as Richmond and Clark halls. When students who intended to move from old Franklin Hall (one of the lowest priced housing facilities) into the new Franklin Hall realized the difference in cost they decided not to move into the new facility. The suites available in Richmond and Clark have been in extremely high demand and for that reason the Franklin Hall consultants recommended the number of such available suites actually be increased in the new facility. These suites are more expensive because students are paying for a private room as well as being in a new facility but they did not fill up as quickly as anticipated. This was not an issue in Richmond and Clark but it was an issue with new Franklin Hall and all are trying to determine why this is the case. Even though this year's freshman class numbers are up, for the last two years the freshman class was down and this has had a cumulative effect. The University highly depends on freshmen and sophomores living in the residential colleges, along with junior students receiving the Regional Tuition Discount, and those classes have simply been smaller over the past several years while at the same time there have been larger graduating classes. The lower number of international students has also affected residence hall occupancy. A number of factors have resulted in the lower occupancy rates in the residence halls. Moving forward, plans and strategies are in place to address occupancy concerns.

Ms. Dudley reported that the University of Kentucky and Western Kentucky University have entered into P-3 partnerships. UK actually sold bonds and financed their new dorms but they did partner with a management and construction company to undertake these projects. Several years ago Western Kentucky University signed over a lot of their housing units to a third party to manage. As new units have come on line they have managed those the same way in terms of financing. Murray State has slightly over \$1 million in debt with current auxiliary units and the new residential college facilities which have come on line. This debt is certainly within reason given the University's revenue stream but it should also be reviewed as renovations and replacements are taken into consideration moving forward. A determination must be made in terms of whether the University should consider a structure similar to those undertaken at UK and Western or if there are other alternatives. This is what the study being conducted should reveal. All options must be known so they can be considered in terms of what is in the best interest of Murray State. Selling bonds may not represent the best option for the University moving forward and consultant help is necessary to make this determination. According to the timeline provided by the consultants, recommendations to the University are expected by the end of November. The administration may not be prepared to decide which options are best for the institution at that time but a preliminary report to the Board will likely be provided at the December meeting. Dr. Robertson added that the consultants will recommend the type of facilities the University should be

building moving forward given capacity on campus as well as housing options available within the community. This is especially important in terms of how to encourage more juniors and seniors to continue to live on campus because typically they are moving off campus once they reach the junior year.

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

### **Adjournment**

The Finance Committee adjourned at 1:32 p.m.

### **Legislative and Economic Development Committee**

#### **Jerry Rhoads – Chair**

Daniel Kemp

Lisa Rudolph

Jenny Sewell

Stephen Williams

Mr. Rhoads called the Legislative and Economic Development Committee to order at 1:32 p.m. and reported all members were present.

Mr. Rhoads indicated he would like to discuss the Board's position on performance funding. During the Advance yesterday the Board determined that a statement was needed emphasizing its position about the importance of the quality component of metrics for performance funding. A draft statement was distributed and represents a very precise and strong statement about the need for the appropriation of the quality component for performance funding metrics. This represents a statement that will be signed by the Chair of the Board to be distributed to all stakeholders and all persons involved in the performance funding process. Of all of the institutions, in his opinion, Murray State has the most to gain because it is the highest quality institution in the state.

### **Murray State University Board of Regents – Statement and Position on Performance Funding, approved**

On behalf of the Legislative and Economic Development Committee, Mr. Kemp moved that the Board of Regents approve the Murray State University Board of Regents – Statement and Position on Performance Funding – as outlined below:

#### **Murray State University Board of Regents Statement and Position on Performance Funding**


The Murray State University Board of Regents affirms that performance funding is a viable process as it relates to the accountability of our postsecondary education institutions to our students and to the citizens of the Commonwealth.

The Murray State Board of Regents supports alignment of performance funding initiatives which emphatically recognize quality as it directly relates to the rigor, relevance and excellence a Murray State University degree imparts.

As performance funding will communicate the values and desired outcomes of all public universities and community colleges of the Commonwealth, it is good policy, if not a moral imperative, that University and Civic leaders place an emphasis on quality and effectiveness in determining the metrics for any performance funding model.

This commitment to quality higher education is in complete alignment with the Postsecondary Education Improvement Act of 1997, Kentucky's seminal act regarding higher education, which clearly articulates the goal to provide statewide access to postsecondary degrees of quality.

Therefore, Kentucky's performance funding model must include measures of quality and education effectiveness, in addition to basic quantity measures.

  
\_\_\_\_\_  
Stephen A. Williams  
Chair – Board of Regents  
09/09/2016

Mrs. Rudolph seconded and the motion carried.

## **Full Board Action – Murray State University Board of Regents – Statement and Position on Performance Funding, approved**

On behalf of the Legislative and Economic Development Committee, Mr. Rhoads moved that the Board of Regents approve the Murray State University Board of Regents – Statement and Position on Performance Funding – as presented. Mr. Kemp seconded and the motion carried.

(See Attachment #6)

### **Legislative Update, received**

Mr. Rhoads reported that the legislature is not currently in session and the Board has already discussed legislative issues related to the last session. Litigation is pending that is of interest to this Board and Jordan Smith, Director for Governmental Relations, was asked to provide a brief update on the lawsuit pertaining to higher education in terms of fiscal year higher education funding cuts for the last legislative session. On August 18 the Attorney General delivered oral arguments before the Kentucky Supreme Court on the legality of mid-year budget cuts the Executive Branch made to universities last spring. The Supreme Court chose to hear the case after the Attorney General appealed the May 18<sup>th</sup> decision by Franklin Circuit Court Judge Thomas Wingate. Judge Wingate sided with the Governor's administration and said the state universities and colleges were part of the Executive Branch and, therefore, the Governor had authority to reduce those budget allotments. Judge Wingate also ordered the state to put \$18 million – the amount of the 2 percent cut – in a separate account until a final decision had been reached. As of right now, there is no word in terms of when the Supreme Court will rule and deliver its opinion. Interestingly, both sides agree that this is a precedent-setting case. Everyone in attendance at the August hearing said that the Attorney General and the Governor's Office both made valid points on each of their positions. As soon as a final ruling is received, Dr. Davies and Regent Rhoads will provide that updated information to the Board. Mr. Rhoads confirmed it is unpredictable when the Supreme Court might make its ruling and there were comments and questions during oral argument that might provide some inclination as to a decision but it would be dangerous to speculate what the outcome might be at this point. The University has a lot at stake – \$960,500 to be exact.

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

### **Economic Impact Study Update, received**

Dr. Todd reported that the *Bauernfeind College of Business* is honored to have sponsored the Economic Impact Study and all are proud to present the preliminary results of that work to the Board today. Dr. Gil Mathis is a national expert on this type of study and over the past year has taken this work very seriously. Dr. Mathis is a *Professor Emeritus of Economics* and is the former Chair of the Department of Economics and Finance. In addition to being an expert on this type of study, he is also a highly sought after national expert on forensic economics and is in high demand by various entities across the country. The first Economic Impact Study was undertaken approximately 14 years ago and Dr. Mathis was the author of that study as well. Assisting Dr. Mathis was Dr. Andy Batts who is a retired Professor of Computer Science and he could not be present today. Murray State graduate student Savannah Allen was present and assisted Dr. Mathis in this work. She is from Meade County (Brandenburg) and just completed the Bachelor of Economics degree. She is now enrolled in the University's new Master of Economic Development which is the only such program in the Commonwealth – one of only five in the country. All are very proud of the department and faculty teaching within that unit. Dr. Davies indicated he wanted to give excellent credence to Dr. Mathis and his associates for a job very well done. The work of all involved is certainly appreciated.

Dr. Mathis expressed appreciation to the Board for helping to sponsor the Economic Impact Study and to Drs. Todd and Davies and Vice President Dudley for their leadership in motivating faculty, staff and the administration to provide the team with the necessary data. Everyone cooperated to provide the necessary information. Dr. Batts is a statistician and econometrician and when discussions were underway with regard to the study he asked what type of resources would be needed. Dr. Mathis indicated he would like to have a good statistician to help crunch the numbers and a graduate student to work as an assistant. A few days after that, Dr. David Eaton, Chair of the Department of Economics and Finance, identified an economics major who was interested in working on the Economic Impact Study. Ms. Allen has been a tremendous asset throughout this project and provided assistance with the questionnaires in the beginning, helped administer those questionnaires and recorded data into the computer. She has also helped answer some economic questions and ended up typing the final report. Appreciation was expressed to Sharion Meloan, Executive Coordinator, Finance and Administrative Services; Joyce Gordon, Director and Haley Stedelin, Employment Supervisor in Human Resources;

Tracy Roberts, Registrar; Jennifer Smith, Coordinator of Student Services, Enrollment Management; Misty Williams, Manager, Research and Records, Office of Development and Ellen Dale, Director, Stephanie Jennings, Assistant Director of General Accounting and Jason Royalty, Assistant Director-Accounting in Accounting and Financial Services. Drs. Robertson and Jackson also played a vital role in this study. Many other individuals provided a tremendous amount of information needed and some requests were not easy to address. Questions were asked about the budget regarding how much Murray State spent in Calloway County, how much was spent in the 18-county service region and how much was spent in the Commonwealth. These were not easy questions to answer – nor was the data easy to compile – but staff did a very good job undertaking this work.

Impacts are both direct and indirect and there are costs and benefits. Most impact studies Dr. Mathis has read do not take into consideration cost issues because individuals are mainly interested in the benefits. He did include costs in the Economic Impact Study being presented today. Review was conducted in terms of the cost of Murray State University to the state of Kentucky in three main categories. The first category is direct appropriation and in the 2014-15 fiscal year the state contributed \$48 million to Murray State. The overall budget was approximately \$132 million but Murray State is a state-assisted University to the tune of 37 percent. It is not a state-supported institution. The second category is state government services which represents the cost of providing business services by state government to the Murray State community which includes the administration, faculty, staff, students and their families. This figure was computed by looking at the state budget which is approximately \$24 billion and amounts to about \$5,000 per person. The number of people that would represent the Murray State community was then calculated. Overall, state government services for Murray State amounted to \$84,051,198. The revenue lost from University property was calculated to be \$129,877 because Murray State buildings and facilities are tax-exempt. To make this calculation Dr. Mathis looked at the value of buildings as well as the value of the land upon which they sit. The buildings would not be here if not for Murray State so he looked at the value of the land as being the true cost. Ms. Allen provided assistance by identifying the tax rates in various counties and calling county officials and municipalities. It was calculated that the lost revenue on the land upon which Murray State is built is \$129,877. Murray State costs the state of Kentucky \$132,206,175.

Review was conducted in terms of the cost of Murray State University to West Kentucky in terms of local government services, educating University-related students and revenue lost from University-owned property. The focus of this research was local government and this meant calling municipalities and Judge-Executives to find out what they spent, in addition to looking up the various populations. Local government services amounted to almost \$7 million. A review of educating University-related students in the public schools was then undertaken. This information from students had to be obtained through a survey to find out the number of families, how many students were in each family and where they attended school. The revenue lost in this category is approximately \$3.5 million and the revenue lost from University-owned property was \$118,410. Murray State University cost West Kentucky approximately \$10.6 million.

The same type of review was conducted in terms of the cost of Murray State University to Calloway County. Local government services amounted to \$5.9 million, educating University-related students totaled \$2.3 million and revenue lost from University-owned property was \$93,965. Murray State University cost Calloway County a total of \$8,368,630.

In terms of the impact of Murray State University on the Commonwealth of Kentucky, the University's budgets (main budget, Athletics and Foundation) combined, total spending of approximately \$25 million in the 2014-15 fiscal year. A six-year survey was undertaken in terms of University construction and the average amounted to a net of \$10.4 million per year. University employees (faculty, staff and administrators) spent approximately \$56.5 million in the Commonwealth. University students spent \$144 million in the Commonwealth and visitors to the University spent \$6.3 million. A review of visitors to the University from out-of-state, out-of-region and out-of-county were studied in terms of their attendance at University functions. Dr. Mathis talked to individuals in the Department of Tourism and determined reasonable per-diem expenditures. This same method was used in terms of faculty and staff and student surveys. An effort was also made to review individuals who attended events and visited University personnel and this was deducted out to avoid double accounting (amounted to \$6.3 million). This represents individuals who live out-of-state but came to Murray State to attend University events and visit personnel.

Taxes paid to Kentucky by the University total \$18.1 million. Spending by Murray State in the Commonwealth was approximately \$260.8 million during the last fiscal year. The multiplier concept represents when a \$1 is spent it becomes income for someone else and a portion of that is re-spent while the majority is saved or leaked outside the immediate economic area. The Department of



Commerce – Bureau of Economic Analysis – provided the multipliers utilized in this study. They designed the multipliers specifically for Kentucky, western Kentucky and Calloway County. Multipliers for the various categories of expenditures just mentioned were provided. Using the multipliers, times total spending and adding all categories, this amounted to the University having a total economic impact of \$495 million. The same procedure was also undertaken in terms of the West Kentucky region and the total spending impact was \$203.8 million (\$306 million with the multiplier).

Figures were also studied in terms of the University's impact on employment. For the state of Kentucky, the University in direct employment had 1,385 individuals that live in the Commonwealth and work at Murray State. Non-university or indirect employment had 4,640 individuals working in the Commonwealth due to employment created by University activities – workers needed to provide goods and services to the University community. The total impact on employment was 6,025 employees. Deposits held by the University in state banks were also considered for faculty, staff and students and amounted to approximately \$80 million. Using the deposit to loan ratio, this amounted to a \$68.1 million increase in the credit base. In terms of the total impact of the University on employment in West Kentucky, the University in direct employment had 1,385 individuals working at Murray State and indirect employment of 1,816 working due to employment created by University activities for a total of 3,201 in the 18-county service area. The increase in the area credit base was almost \$58 million.

Figures were also computed for Calloway County and total spending by University faculty, staff, students, visitors and taxes totaled almost \$159 million. The impact of this spending on the community was almost \$210 million. The impact on employment involved 1,111 direct individuals and 1,783 indirect individuals for a total of 2,894. To calculate the numbers the model showing the number of employees that would be needed for each \$1 million in expenditures was utilized. The associated increase on the tax base is \$52,608.231. In terms of University visitor expenditures, faculty and staff were asked to complete surveys for different events – approximately 230 held on campus – with athletic events being counted as one event. Surveys were completed by 110 individuals and those were utilized to prepare the figures presented. Faculty and staff who completed the surveys numbered 132 and questionnaires were provided to 430 students in 30 classes randomly selected by Dr. Batts. This represents the overall data source.

It is known that a college degree provides more earning power and according to the U.S. Department of Commerce – Bureau of Census – during 2013 average earnings for Kentucky male full-time, year-round workers was \$31,654 higher than that of high school graduates and for females the differential was \$23,391. Currently, there are 34,442 Murray State graduates (20,441 female and 14,001 male) in Kentucky (if all are employed). The increase in earning capacity would be \$921.3 million per year if all individuals were gainfully employed. There are 24,692 Murray State graduates (14,968 female and 9,724 male) in West Kentucky with an associated increase in earning capacity of almost \$658 million. There are 5,146 Murray State graduates (2,922 female and 2,224 male) residing in Calloway County. The increase in earning capacity is \$138.7 million. What has been presented today represents an overview of the Economic Impact Study.

In response to whether the study took into consideration any other area for Murray besides Calloway County, Dr. Mathis indicated that this was considered as one unit – or the impact on all 38,400 residents. Mr. Rhoads indicated that a substantial figure was provided on spending by University students and asked if that was based on an average obtained from questionnaires provided to students. Dr. Mathis confirmed that to be the case and questionnaires were given to 30 randomly-selected classes (430 student participants) and the figure presented represents the compiled average of the results (slightly over \$8,000 per student). A small study was also undertaken in terms of Greek and non-Greek students. Greek students spend slightly more on campus and in Calloway County than non-Greeks but it did not represent a significant difference. Part of the reason for this is that most Greek students are single and likely live in University housing or secure their own housing whereas most married students are non-Greek students and the figures include their families. A study was also undertaken with regard to international students (\$13,000) versus local U.S. residents (\$8,000). It was concluded the reason for this is the fact that international students are more likely to remain in the area during short breaks in the University calendar and stay on campus over the weekends. International student food expenditures would also be higher for this reason and when they have longer breaks they travel back to their home country or visit other students in larger U.S. cities.

Mr. Kemp expressed appreciation to Dr. Mathis for his service to Murray State and to the region and stated that the cost of the University to the state is approximately \$132 million but the University provides a benefit of almost \$500 million. Dr. Mathis confirmed the University is a great bargain to the state and an even greater bargain to the West Kentucky region and Calloway County. It is fair to say an investment in Murray State is a good investment for the taxpayers of Kentucky. Dr. Mathis

indicated that when the full study is released Regents will notice a lot of interesting things which were discovered. It is interesting to note that with regard to the 15 counties with the highest average number of individuals with Bachelor of Science or higher degrees, ten of those counties have four-year universities. The same is true with regard to the per capita income and the unemployment rate during the last calendar year. Having a university in the backyard means a higher educated workforce, higher per capita income and usually lower unemployment.

Mr. Williams asked how the Economic Impact Study will be presented to the public. Dr. Davies reported the University will conduct a series of discussions around the 18-county service region and also in the state with regard to this data. Dr. King is working with the media but the results of the Economic Impact Study will be front and center of efforts as University leaders discuss how Murray State specifically helps the 18-county region economically, culturally and civically.

Dr. Davies indicated that other universities have undertaken similar studies and asked whether the results in the Murray State study are similar to those in other areas. Dr. Mathis confirmed that two recent studies which have been conducted were studied – one by Campbellsville University and the other by Western Kentucky University. Those studies were not considered as the Economic Impact Study was being undertaken because they had no impact on the outcome. After completing the work he did review those two studies and the impact Campbellsville was estimated to have on Taylor County was \$105 million and the impact of Western Kentucky University to Warren County was \$341 million. In terms of enrollment, Murray State is quite a bit larger than Campbellsville but there are economies of scale in universities as they get larger, meaning they are more efficient at least up to a point. This is why Murray State is closer in terms of numbers to Western than it is to Campbellsville.

Dr. Davies clarified that the impact of Murray State to the Commonwealth is at approximately \$500 million and for Western Kentucky University this figure is \$306 million (which is contained within the \$500 million figure). In regard to expenditure figures, that same analogy does not apply due to direct appropriation and government versus services versus the local government services. Confirmation was provided that the cost of Murray State to West Kentucky in terms of local government services (\$6.9 million) includes Calloway County but the state figures are all-encompassing.

Dr. Davies asked Ms. Allen what she has learned and gained from this process. Ms. Allen indicated she has learned that Dr. Mathis is a great person to work with and he knows a lot. The Economic Impact Study involved a lot of work and conversations with many individuals. All were very detailed in their work in terms of what was analyzed and how the information was considered. She has definitely learned a lot and Dr. Mathis is a great person to have learned from. She highly values being able to understand at least part of how an Economic Impact Study is conducted and how it affects a large number of individuals for many different reasons.

On behalf of the Legislative and Economic Development Committee, Mr. Rhoads expressed appreciation to Dr. Mathis for his long-standing service to this institution. He is not only an outstanding Professor and investment for Murray but is an outstanding witness when it comes to litigation. He is well respected on both sides of the aisle. Mr. Smith will make good use of this information legislatively and Dr. King will make good use of this information as part of marketing efforts.

### **Adjournment**

The Legislative and Economic Development Committee adjourned at 2:10 p.m.

### **Marketing and Community Engagement Committee**

**Susan Guess – Chair**

Sharon Green

Phil Schooley

Jenny Sewell

Stephen Williams

Mrs. Guess called the Marketing and Community Engagement Committee to order at 2:10 p.m. and reported all members were present. As Dr. King reports today, all should keep in mind that she has been in this position for only 13 months. During the period when the University was searching for a President, part of that charge was to create a Strategic Plan and then to create a brand to support that Plan through marketing efforts. At the last Board meeting Dr. King presented the results of research conducted to build the brand. The Board was asked to recognize the work of Dr. King and her team not only in marketing but also in the Alumni Affairs and the Development areas when what has been

created and built is presented. The recently-created new *Viewbook* was provided to each member of the Board and is a fantastic marketing piece that represents the University well.

**Gifts-in-Kind – Acrylic and Watercolor Paintings for Murray State University, received, accepted and approved**

Dr. King reported that Donald Kennedy of Ormond Beach, Florida, earned the Bachelor of Arts degree in History (1956) and the Master of Arts degree (1958) both from Murray State. He and his lovely wife Evelyn were on campus last Spring to deliver the artwork they were donating to campus. It was important to Mr. Kennedy for individuals across campus to have an opportunity to participate in the gift process by selecting a piece of donated artwork to be displayed in their respective building. There are pieces hanging at Winslow Dining Hall, the *Easley Alumni Center* and the President's home – Oakhurst. Several pieces of artwork were donated to the University with a total value of \$29,800 as a gift-in-kind. Per policy, gifts totaling over \$10,000 require Board acceptance.

On behalf of the Marketing and Community Engagement Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, receive, accept and approve the donation of acrylic and watercolor paintings with a total value of \$29,800 donated to the University by Donald Kennedy of Ormond Beach, Florida. Ms. Green seconded and the motion carried.

**Full Board Action – Gifts-in-Kind – Acrylic and Watercolor Paintings for Murray State University, received, accepted and approved**

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, receive, accept and approve the donation of acrylic and watercolor paintings with a total value of \$29,800 donated to the University by Donald Kennedy of Ormond Beach, Florida. Mrs. Sewell seconded and the motion carried.

**Naming Proposal: *Smith – Johnson Genealogy and History Room*, approved**

Dr. King reported that a gift was made to the University from Dr. Brinda Smith who has family ties to Murray State dating back to Rainey T. Wells. Dr. Smith has made previous gifts in honor of her mother – Mrs. Mary Johnson Smith – who held an associate degree from Murray State Normal School and had a 42-year career as a teacher. She has also made gifts in honor of her aunt – Dr. Mayrell Johnson – who graduated from Murray State in 1931 with a bachelor's degree in Library Science and Physical Education – and went on to receive her Master of Arts degree from the University of Kentucky and her Ph.D. in International Law from American University. Dr. Smith has been very generous in her donations to the institution in scholarship and Library support through gifts to date of nearly \$75,000 and a planned gift commitment of more than \$100,000 to benefit the University Libraries – specifically the continued preservation and restoration of Pogue Library (including research space).

On behalf of the Marketing and Community Engagement Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve naming of the area in Pogue Library used for genealogical and historical research the "*Smith – Johnson Genealogy and History Room*" in memory of Mrs. Mary Johnson Smith and Dr. Mayrell Johnson. Mr. Schooley seconded and the motion carried.

**Full Board Action – Naming Proposal: *Smith – Johnson Genealogy and History Room*, approved**

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve naming of the area in Pogue Library used for genealogical and historical research the "*Smith – Johnson Genealogy and History Room*" in memory of Mrs. Mary Johnson Smith and Dr. Mayrell Johnson. Ms. Green seconded and the motion carried.

**Naming Proposal: *Jones Hall – Timothy D. Jones Gateway*, approved**

Dr. King reported that Dr. Jesse D. Jones is one of the most generous donors in the institution's history. His support is the reason the *Jones College of Science, Engineering and Technology* bears his name, as well as the Chemistry Building – *Jesse D. Jones Hall*. Dr. Jones' first gift to the institution was in honor of his father and enabled the construction of the *Jesse L. Jones Family Clock Tower*. Dr. Jones has come forward with another generous gift to the institution with \$200,000 to support the new

Engineering and Physics Building. Dr. Jones would like to make this gift in honor of his only son – Timothy D. Jones of New Orleans, Louisiana.

On behalf of the Marketing and Community Engagement Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve naming the two-story walkway connecting the new Engineering and Physics Building to Jones Hall the *Timothy D. Jones Gateway*. Mr. Schooley seconded and the motion carried.

### **Full Board Action – Naming Proposal: Jones Hall – Timothy D. Jones Gateway, approved**

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve naming the two-story walkway connecting the new Engineering and Physics Building to Jones Hall the *Timothy D. Jones Gateway*. Mr. Schooley seconded and the motion carried.

### **University Advancement Update – Branding and Marketing, received**

Dr. King presented an update on the initial rollout of Phase 1 and Phase 2 of the Marketing Plan for Murray State University which included the following highlights:

- Work associated with the rollout of the Marketing Plan is proceeding well. Some projects in Phase 1 have been completed and in some cases work has started on items in Phase 2.
- There are five marketing objectives which include:
  - Create/Support Institutional Enrollment Initiatives
  - Branding/Solidify, Identify and Define Niche Markets
  - Increase Earned Media Opportunities
  - Emphasize Academic Excellence
  - Prepare for Centennial Celebration/Capital Campaign
- Marketing has been working with the offices of Recruitment and Admissions all summer to undertake a complete overhaul of the Recruitment Communications Plan for traditional undergraduate students. This work resulted in the new *Viewbook* which is designed to be an experience piece. This does represent an investment for the University as funds were reallocated to enable Marketing to produce this piece. The *Viewbook* will be provided to prospective students who actually come to campus for a visit because it is known that these students are already engaged and interested in the institution. In addition, parent research revealed that they have received numerous pieces of information from many universities but all they really wanted was one piece of information from any given university that contained everything they needed to know. The *Viewbook* has been designed to address that need. The piece has a holder in the back so individual academic program information sheets specific to the interests of the student can be added. Scholarship and tuition information provided by the Admissions Office can also be added.
- A road piece has been developed and is similar in size to the *Viewbook*. The Recruitment team will utilize the piece on the road and it will include the traditional academic and cost sheets. An overhaul of the Direct Mail Campaign for junior and senior pieces has been undertaken and the resulting designs are expected to go to press next week.
- A new Parent Communication Piece has also been designed that includes a targeted cover letter from a Murray State alumnus. Parents play a very important role in the recruitment process in terms of decision making and this piece specifically addresses the return on investment of a Murray State education and contains testimonials from graduates. This work represented a great way to engage alumni in the process and some graduates are even parents of prospective students and were able to draw on that experience – what better evidence of the value of a Murray State education other than a successful alumnus.
- Samples of the variety of print ads that are beginning to roll out were projected. This includes a College Guide to be utilized in the Louisville area. An electronic *Viewbook* has also been created. Previously a pdf of the *Viewbook* was created and added to the website but this did not represent how students were finding information. The Marketing team developed a mobile response that can be accessed via an iPad and this can be located at [murraystate.edu/myopportunity](http://murraystate.edu/myopportunity). The idea is that this will be the landing page – the communication hub – for all undergraduate recruitment. This will allow Marketing to track what students are looking for to better meet their needs. It will also help determine what visitors to the site experience. As part of researching this project, Dr. King used examples from larger institutions with much larger marketing teams. The website being presented was designed by only two individuals – Charley Allen, Web Manager and Daniel Fukuhara, Web Specialist/Marketing and Public Relations – and they accomplished this in less than 30 days. The entire website had to be coded from scratch and all are very proud of the end result. These two individuals are to be commended for their work. The website includes a link to a campus tour for students who have not yet visited and also provides a nice overview of Murray as well as Murray State University. For domestic students, the online campus tour will be utilized to encourage them to actually visit campus. A special piece was also produced which contains different messaging for international students. The call to action with regard to international students is for them to go online to learn more about Murray State University. Two video tours were completed this summer and include a student voice narrating the 90-second campus tour which provides a snapshot of campus. There are two call to actions on the “my opportunity” website – come visit and apply to Murray State.

- Marketing is able to target specific demographics with online advertising. Prospective high school students can be targeted by county, city or by state. Last Spring a pilot scenario was conducted with traditional and non-traditional news media advertising in southern Illinois. The advertising was run for approximately 30 days and the University spent just under \$1,500. In those markets where targeted advertising was taking place, there was a 26 percent increase in applications. This pilot study is being expanded this year to include four additional markets. A focus will be placed on Kentucky – specifically Louisville and Lexington – and consideration will be given to an increased emphasis in the 18-county service region as well as some key areas out-of-state.
- Branding identity and defining niche markets were identified as areas where work needed to occur. This campus has had a real identity crisis and has been through a lot of marketing taglines within a very short period of time. The goal with the Marketing Plan was to achieve consistency, recognizing that this would represent a plan to be utilized throughout the Centennial Campaign. New flags are up already on campus and billboards have been placed strategically and will remain up from August through January (the prime recruitment period). The six billboards run just north of St. Louis through Bowling Green, Kentucky. Dr. King and the Director of Communications have had numerous conversations about trying to decide – specifically looking at enrollment – which college program would best be advertised and in which location. Strategy is involved even in this decision making process.
- The homepage on the University website was rolled out on July 1 and this process also represented a major overhaul. Colleagues from other universities have asked what firm Murray State hired to redesign the homepage but the work was actually accomplished in-house using internal resources. Staff developed a way to bring in Parallax video behind the homepage which allows for a dynamic feel on the website. The homepage is designed to be a static photo on the iPad so it is mobile responsive but if viewed on a desktop it would represent a completely different experience.
- The colleges and units have adopted the Marketing Plan and there has been great collaboration across campus in terms of the new brand. Every campus entity that is part of the social media network has adopted the brand and is rolling that out. There is a group called the “smarties” managed by the Social Media Manager and these represent the social media administrators from every area across campus. This group meets on a monthly basis and conversations have centered on how best to use the University’s brand as part of their individual stories.
- In terms of academic excellence, the homepage now features each and every one of the academic colleges and this has been very well received. More effort is also being dedicated toward finding testimonials to make sure actual student experiences are being highlighted. Production of college videos is underway with one being out for final approval and three others in the production stage. The goal is to design 90-second to two-minute promotional videos for every college or school by the end of the Fall semester and work is on track to accomplish this goal.

Mrs. Guess expressed appreciation to the Deans who have been very supportive of this work. Dr. King confirmed that the buy-in and support of the Deans has been priceless as the Marketing Plan was released. Mr. Williams asked how targeted marketing is accomplished in terms of targeting specific audiences of students, whether it be those in the top 10 percent of their class or those in a specific discipline. Dr. King indicated that one approach is using traditional and new media. Traditional media would involve selecting a geographic location such as southern Illinois (which the University targeted last year). A five-year enrollment trend was reviewed to identify trends in key markets for the University to pursue. Current students from those counties were identified and their testimonials were then utilized in newspaper advertising which targets parents and others who like to see their hometown featured in a news story. This was coupled with social media advertising. New media is a marketer’s dream because one can target down to, “I want this ad to target a 17-year-old student who is from a family that has two parents who are college graduates or live in a specific county.” Dr. King does not personally see the apps that are running because she does not fit within the 17-year-old target audience. In Murray she would not be identified as a member of the demographic that sees advertising in southern Illinois. The Social Media Manager is able to run 15 or 16 different campaigns at the same time because they are being run by county, by city or by other means. After the 30-day period the team can assess data gathered in terms of how many students clicked on the ad, how much time they are spending there and how much it is costing the University to have something placed on a particular website. If some campaigns are not doing well, resources can be redirected to another campaign that is doing well. In many cases this investment is small when compared to traditional media costs. The new media component utilized in southern Illinois cost less than \$500 and generated a 26 percent increase in new students from that area. Confirmation was provided that the University is already on all major social media platforms. For advertising purposes, however, the social media platform utilized will depend on the audience.

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

### **University Advancement Update – FY17 Advancement Goals, received**

Dr. King reported that University Advancement encompasses not only Marketing and Communications but also the Office of Development and Alumni Relations. She and Tina Bernot, Executive Director of Development, have been working over the last year to look at the relationship between the offices of

Development and Alumni Relations as preparations are underway for a Capital Campaign. A staffing assessment has been undertaken for both teams to determine how they can better work together and identify any type of training that may be needed. This assessment identified a large number of technology upgrades which were needed and this work was undertaken over the summer, although some of this work is still underway.

There was also a desire throughout this process to be able to set very specific goals. The Development Office ended last year at \$5.8 million raised and this represents a significant increase over FY15. Although it did not reach the \$6 million goal that was outlined in the Strategic Plan, this represented a 47 percent increase over the previous fiscal year. Information was provided on the total number of donors who have given to Murray State over the last three fiscal years and last year the Office of Development processed 14,629 gifts which came from 6,358 different donors. Faculty and staff giving continues to be a strong component in this area and 233 donors (faculty, staff and administrators) gave last year – an increase of 17 percent over the previous year. Of the \$5.8 million given last year, scholarship support increased by 77 percent. In FY15 scholarship support was at \$1.2 million and in FY16 \$2.1 million was brought into the University to provide scholarship support.

Capital Campaign preparation included staffing and training assessment which was undertaken during the Spring for both Development and Alumni Relations teams. As a result, some position changes are being made. The numerous software and website upgrades which were needed are currently being addressed. A major database update was undertaken in the Office of Development and this represents where all donor contact information is maintained. This week new websites were launched for both Alumni Relations and the Office of Development. The old websites were removed from a platform which was costing Alumni Relations approximately \$6,000 per year. Those websites were then migrated to the University's content management system and it enabled those offices to have mobile and responsive websites that they did not have before. The Office of Alumni Relations spent most of the summer working on major upgrades to their online giving forms. One year ago if an individual wanted to make a gift to the University through their phone it would have been a nightmare involving 12 pages a user would have to scroll through because they were not responsive. Gifts can now easily be given in a mobile format.

As work continues to prepare for a Capital Campaign, an effort will be made to grow the donor base with a key focus on participation rates for the next fiscal year. Participation rates are not only important in terms of Development but also play a huge role in *U.S. News & World Report* rankings. If alumni are engaged and are supporting the institution that shows their investment in the University and this can be an important part of conversations with major donors or large corporations. In 2013-14, a 7 percent participation rate was recorded and there was a 5 percent participation rate in 2014-15. This past year a participation rate of over 6 percent was recorded and the goal for FY18 is a 10 percent participation rate. There are key initiatives in place this year to help reach this goal of 8 percent and then a goal of 10 percent in the following year.

The Office of Development was charged with setting goals and this work had not previously been considered as part of an overarching campus-wide strategy approach. Individual dollar goals had been set for the unit as a total but the desire was to set individual goals to ensure efforts were being prioritized. The Office of Development is not unlike any other organization on campus and has limited staff and resources. An effort must be made to ensure the Development Officers and the various teams are focusing efforts on areas that have the most impact. An aggressive overall goal of \$6.3 million has been set for the University this year. If this is achieved it will represent a 9.1 percent increase. The Strategic Plan calls for a 5 percent increase but Dr. King and Ms. Bernot think they can reach this goal and are going to go for it. With the President's help, overall University goals were also set – funds for the Engineering and Physics Building, Honors College scholarships and program support, endowed professorships and scholarships (particularly in STEM fields) and a Presidential Lecture naming opportunity. Ms. Bernot and her team worked on college/unit goals and the following were highlighted:

- Appreciation was expressed to Dean Cobb and Development Director Jennie Rottinghaus for the *Jones College of Science, Engineering and Technology* to help develop priorities for that college, including named spaces in the new Engineering and Physics Building, internships/experiential learning opportunities, research instruction and the *Dr. Jesse D. Jones Endowed Professorship* and *Ecosystems Endowed Chair*. The most important factor in setting these goals was to ensure they aligned with the strategic priorities set by the University. In terms of the Engineering and Physics Building, there is a new \$5 million goal over the next few years, with the goal of raising \$1.5 million this year. The building is the new top priority for capital construction on campus and the dollars being raised will help provide new technology and equipment needs so Murray State students are graduating with the latest, state-of-the-art capabilities.
- Goals for the College of Education and Human Services include endowed funds for faculty recruitment and retention, professional development school model scholarships, graduate assistantships and clinic staffing, student scholarships and the College and Career Readiness Summit. Dean Dave Whaley and Development

Director Melanie Brooks worked very hard to identify the top areas of need in this college. Potential for career growth has been identified for Murray State students who are studying social work or want to become teachers in STEM fields. Scholarships in this area are critical for this college. When student teachers are in the student teacher process retaining those students and ensuring they complete their education and graduate is critical. Scholarships to help these students in that last semester of their time at Murray State are also a priority for the college.

- Goals for the *Arthur J. Bauernfeind College of Business* include endowed professorships and faculty enhancements, Financial Learning Center, Trading Room, support for Economic Development Conference, student scholarships and fellowships and ongoing infrastructure support. Dean Tim Todd and Development Director Stephen Crouch identified several projects to prioritize this year. The retention and graduation priorities were something they were thinking about when they put together a proposal for ongoing infrastructure support for the college. This will represent an ongoing effort with a total goal to raise over \$250,000 to help the college modernize classrooms, laboratories, work spaces, technology and education materials so when graduates leave Murray State they are prepared to make an immediate economic impact in the organizations that they join.
- Goals for the *Hutson School of Agriculture* include scholarship and program development – Tobacco Heritage Center, internship/career fair, honorary *Dwayne Driskill Fund for Excellence* and securing a planned gift – Eagle Rest Plantation and Equine Education Facility. Dean Tony Brannon and Development Director Abby Hensley identified projects which will benefit the School as well as the University and align with the Strategic Plan. In terms of the secured planned gift for the Eagle Rest Plantation, an initial conversation occurred in May 2015 in a meeting with Judge Jimmy Don Robinson regarding this property. Many members of the *HSOA* participated in this conversation, along with Dr. Jackson as President of the Murray State Foundation and Planned Gifts Officer for the University. Through a lengthy process, the University is securing the final steps of a planned gift. This represents a \$2.6 million gift of a 534-acre farm that has been in the Robinson family since 1845. Securing this gift will help meet a number of strategic priorities for the *Hutson School of Agriculture* ranging from experiential learning and research to a tremendous opportunity for the agriculture industry in the region.
- Goals for the College of Humanities and Fine Arts include student scholarships, the Murray Shakespeare Festival, experiential learning funds, public space renovation and graduate assistantships. Interim Dean Staci Stone and Ms. Bernot worked together to set the college goals for this unit. An effort will be made to raise at least \$60,000 to be utilized for experiential learning efforts this year to focus on service learning and internships. This also meets the strategic initiatives and priorities of the University. There is a desire for consistent service learning support across the colleges, schools and units because it is such an important area for Murray State. Dean Stone advanced a suggestion to undertake this work collaboratively with other units on campus.
- Goals for the School of Nursing and Health Professions include student scholarships, the Honors College and program support. Dean Hobbs and Development Director Rottinghaus have identified student scholarships as a priority because STEM-Health scholarships are critical to the University and to students. This also meets the strategic priorities of the institution and will help the school recruit and retain excellent students and help them graduate from this highly-regarded academic program. The Honors College is relatively new and is still being established. One of the first priorities in this area will be program support and there is a goal to raise \$40,000 to help with a collaborative project with the Commonwealth Honors Academy, a prestigious high school program held on campus each summer. This helps to develop and attract prospective Murray State University honors students.
- Goals for the University Libraries include Waterfield Gallery space, Innovation Center, Wrather Museum renovation and endowment, Pogue Library collection digitization and Faculty Development Center/Workshop Series. Monies raised will be achieved through personal visits, alumni and donor events and also electronic media. Dean Ashley Ireland and Development Director Melanie Brooks worked hard to identify some very specific areas of support by promoting the Library's mission to be the discovery and information center for the University. An Innovation Center would serve all students with space to experience new tools, techniques and models and expose students to opportunities for collaboration, innovation and discovery. This also represents a collaborative effort and will have a total cost of at least \$350,000 – a portion of which will be raised this year. Collaborating partners in this effort include the *JCSET*, the School of Nursing and Health Professions, the *HSOA* and the College of Humanities and Fine Arts.
- Special University projects include the Presidential Lecture, Jeanie Morgan SGA Scholarship, Operation Graduation Fund, Racer Wall Campaign-Madisonville Campus and funding targeting Student Affairs areas. Dr. Robertson worked with Development Director Abby Hensley on these different projects. The Presidential Lecture Series has welcomed guests such as Martin Luther King III, Chuck Todd, Ben Stein, Maya Angelou, Spike Lee, Arch Bishop Desmond TuTu and so many others. In order to keep the Presidential Lecture going during these current budget times, there is a desire to create a permanent naming recognition opportunity. This represents a wonderful tradition for Murray State and to have a local or regional organization come forward with a major gift and attach their name to the project would be an honor for both the University and that particular organization.
- The Office of Development coordinates fundraising events across campus but is only a small piece of this work. The office works with Athletics, WKMS and many others across campus to ensure that conversations are taking place with the right donors for the right projects, making the best ask possible for the University and finding the “thing” they want to give to that also match the University's needs. This represents a critical element of the development process. From students who call alumni to ask for support to the President who envisions these opportunities and helps to raise these dollars, all participate in this important work together. The members of the Board are all alums of this University and appreciation was expressed for those who are

already giving. It is hoped some of the projects outlined today will spark interest among the Board. If Regents know of an individual who might have an interest in giving to one of these particular projects they were asked to contact Ms. Bernot. Appreciation was expressed to the Board for their service to the University.

- The University is in the final stages of the search for a new Alumni Director. Major changes have been made in the Office of Alumni Relations over the summer, including restructuring Alumni Association benefits. This represented an important component because there was a desire to recognize Alumni Association memberships as gifts to the institution. This will help with participation rates and also enables membership in the Alumni Association to be recognized as a tax-deductible gift to the University beginning October 1. Also beginning on October 1, a \$90-for-90 Membership Campaign will be launched in honor of the 90<sup>th</sup> anniversary of the Alumni Association. This will include a \$40 membership fee and a \$50 donation to the Alumni Association's Legacy Scholarship. This scholarship provides support for students who have a parent, grandparent or other family member who is a Murray State graduate. Several key initiatives are upcoming in regard to the Class of 1966, including the 50<sup>th</sup> Year Reunion at Homecoming. The Class of 1966 approached the Office of Development expressing a desire to make a class gift and this has never happened with a 50<sup>th</sup> anniversary class but will provide \$3,500 in support for the Alumni Legacy Scholarship. There are several other reunions which will occur during Homecoming and Alumni Relations is helping to coordinate those four different reunions. The goal for membership in the Murray State University Alumni Association is 1,000 members and that initiative is well underway. The \$90-for-90 campaign will run from October 1 to October 31, with the goal of achieving 1,000 members by the December Board meeting.

Mr. Kemp asked whether any thought has been given to informing those members who are 70 and ½ years old that there has been a change in the tax law from last December that will allow a person to direct their required distribution to the University and receive a full deduction on their tax returns. Confirmation was provided that efforts are already underway and the institution has received a couple of gifts. Further efforts could be undertaken to market this tax law change.

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

### **Adjournment**

The Marketing and Community Engagement Committee adjourned at 2:48 p.m.

### **Personnel Changes**

#### **Department of Athletics – Head Men's Basketball Coach Contract Amendment, approved**

Dr. Davies reported that a recommendation is being made to the Board to extend the current four-year contract for the Head Men's Basketball Coach by one year. There is no salary increase but another change pertains to the buyout provision and increases the amount that any university approaching Coach McMahon would have to pay in order to hire him. Although the buyout amount increases during the last two years of the contract, the overall amount remains at \$350,000. All other aspects of the contract remain the same.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the amendment to Coach Matt McMahon's employment contract, effective June 1, 2016. Mrs. Sewell seconded and the roll was called with the following voting: Dr. Bumphus, absent; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes; and Mr. Williams, yes. The motion carried.

(See Attachment #7)

#### **Personnel Reports (Salary Roster), approved**

Mr. Combs moved that the Board of Regents, upon the recommendation of the President of the University, approve the Salary Roster as of June 30, 2016, which includes new employment, retirements, resignations and terminations. Mr. Schooley seconded and the roll was called with the following voting: Dr. Bumphus, absent; Mr. Combs, yes; Ms. Farmer, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Mrs. Sewell, yes; and Mr. Williams, yes. The motion carried.

(See Attachment #8)



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

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Staff Leaves of Absence without Pay that have been processed as of August 12, 2016, as listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Michael Bumpus	Curriss Center	5/26/2016
Mary Coleman	University Parking	5/13/2016
		5/23/2016-6/3/2016
		6/6/2016-8/31/2016*
		7/11/2016
Paul Driver	Facilities Management	3/8/2016-3/21/2016
David Dunaway	Facilities Management	5/10/2016-5/13/2016
Kayla Duncan	Facilities Management	3/7/2016
Jacob Harms	Facilities Management	3/11/2016-3/12/2016
Bretteni Hernandez	Dean-Jones College of SET	6/6/2016-11/22/2016
Cortney Holland	University Counseling Center	7/5/2016-7/19/2016
John Hopkins	Facilities Management	4/28/2016-7/1/2016
Laura Jasmon	Dining Services	5/18/2016-11/18/2016*
Kayla Johnson	Human Resources	5/31/2016-6/24/2016
Rebecca Lilly	University Libraries	7/5/2016-12/31/2016*
Bonnie Little	Facilities Management	5/25/2016-11/25/2016*
Sandra Mathis	Facilities Management	5/26/2016-6/6/2016
Gregory Rice	Public Safety	4/29/2016-7/12/2016
Tia Short	Dining Services	5/11/2016-5/13/2016
Joseph Slinker	Facilities Management	4/6/2016-5/4/2016
Joseph Sloan	Institutional Effectiveness	5/27/2016-5/31/2016
John Stone	Regional Campus Administration	3/4/2016-6/6/2016
Tammy Thompson	Regional Academic Outreach	3/1/2016-5/20/2016
Laura Tucker	Dining Services	5/4/2016-7/15/2016

\*Intermittent Leave

Mr. Kemp seconded and the motion carried.

### **National Collegiate Athletic Association (NCAA)/Ohio Valley Conference (OVC) Governing Board Certification Consent and Affirmation of Athletics' Mission Statement, consented and affirmed**

Dr. Davies reported that every year, per NCAA and OVC regulations, it is imperative for the Board of Regents to acknowledge that the Athletic Department is under the direct control of the President and the action taken today will certify the Board has delegated this responsibility to the President and the Board affirms its support of the Athletics' Mission Statement.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, consent to the Ohio Valley Conference Governing Board Certification for 2016-17, as required by the National Collegiate Athletic Association, and affirm its support of the Athletics' Mission Statement. Mrs. Guess seconded and the motion carried.

(See Attachments #9 and #10)

### **Supplemental Materials**

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

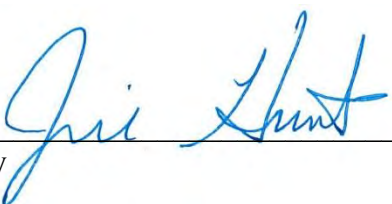
### **Other Business/Adjournment**

Dr. Davies expressed appreciation to the Board for the last two days of discussion and work on behalf of this fine institution. The discussion topics at the Advance were phenomenal and provided wonderful direction to him as President to guide this institution to even higher heights. There was also an opportunity to continue this robust discussion at today's Quarterly Meeting. The Board was thanked for their support and Dr. Davies looks forward to working with this group for decades to come. Go Racers!

Chair Williams thanked all presenters at the Advance yesterday and the Quarterly Meeting today. He also expressed appreciation to the members of the Board for their full engagement and endurance. A great deal of territory was covered over the last two days. The next Quarterly Meeting will be held on December 9, 2016. Mr. Kemp expressed appreciation to Chair Williams for doing a great job during his first meeting as Chair and it is being noted that the meeting has concluded earlier than any meeting of his predecessor.

There being no further business to come before the Board, Mr. Schooley moved that the Quarterly Meeting and Committee Meetings of the Board of Regents adjourn. Mr. Kemp seconded and the motion carried unanimously. Adjournment was at 2:53 p.m.

  
Chair

  
Secretary

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