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Minutes of the Special Board of Regents Meeting
Murray State University
May 1, 2018

<u>Call to Order/Roll Call</u>

The Board of Regents of Murray State University met on Tuesday, May 1, 2018, in Special 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 10:05 a.m. and welcomed those present.

The roll was called and the following Board members were present: Katherine Farmer, Sharon Green, Susan Guess, Daniel Kemp, Jerry Rhoads, Lisa Rudolph, Phil Schooley, Don Tharpe, Stephen Williams and Tori Wood. Absent: Walter Bumphus.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Mark Arant, Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for University Advancement; Fred Dietz, Associate Vice President for Enrollment Management; Allen Ward, Athletic Director; Renee Fister, Chief of Staff; John Rall, General Counsel; Joyce Gordon, Director of Human Resources; Kevin Jones, Interim Director of Facilities Management and Associate Director of Facilities Operations; Jason Youngblood, Associate Director of Facilities Design and Construction; the Collegiate Deans and members of the faculty, staff, students, news media and visitors.

AGENDA

Roll Call — **Secretary Hunt**

Committee Reports/Recommendations

A. Finance Committee — **Regent Kemp**
1) 2018-19 University Budget Discussion (For Information Only)

B. Buildings and Grounds Committee — **Regent Green**
1) JH Richmond Hall Design Approval*
2) University's Electrical Grid Project (For Information Only)

NOTE: Full Board action will follow Committee action.

Adjournment

(*Requires Board of Regents Action)

<u>Committee Reports/Recommendations</u>

Finance Committee

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

Mr. Kemp called the Finance Committee to order at 10:06 a.m. and reported all members were present with the exception of Dr. Bumphus.

<u>2018-19 University Budget (For Information Only), discussed</u>

Dr. Davies expressed appreciation to the University Community for their ideas and support throughout the entire budgeting process. The Deans were specifically commended for their leadership and dedication. Meetings have occurred on a bi-weekly basis with the Deans and

Vice Presidents to discuss the various issues before the University and formulate ideas on how to meet institutional challenges and identify solutions that would keep the institution moving forward.

A Town Hall Meeting was held at the beginning of April where specific challenges facing the institution were outlined to the University Community. During this meeting Dr. Davies brought forward an idea that has been percolating throughout higher education for the past decade – the concept that public universities are becoming privatized as evidenced by the fact that state investments in public higher education are changing. Murray State is a public university and this will always be the case legally, philosophically and ethically. The University is here to serve its communities and provide access and services. The privatized element relates to the fact that the University's largest investor – or revenue source – is becoming students and their families. This is where efforts and competition need to be refined. Approximately ten years ago the state funded over 50 percent of the budget necessary for education in general. As the upcoming biennium approaches, that percentage will shrink to approximately 25 percent with the remaining 75 percent coming from students and their families.

Ten years ago 10 percent of the University's appropriation would cover pension costs. At the end of this biennium, 50 percent of Murray State's appropriation will be utilized to cover pension costs. If an employee earns $30,000 in salary, their pension costs alone will be $25,218 and when health care insurance costs and other benefits are added the benefit package of a $30,000 salaried employee will be $37,070 – an overall cost of $67,070 for one employee. This represents a 124 percent ratio of benefits to salary. The national average is closer to 35 to 38 percent.

In addition to financial elements, Murray State is in a much different market and competes with other universities for faculty, staff and students. Performance funding and other resources will be driven by how many students a university recruits, retains and graduates. Fiscal resources will be driven by net revenue per student, how effective programs are in moving students toward graduation and additional resources which can be gained related to educational elements.

Through meetings with the Deans, Vice Presidents and the University Community, it is clear Murray State is a premiere undergraduate university known for providing excellence and high-quality academic programs built on a strong mentorship between faculty and students and a student-centered approach throughout the entire University. The institution will not forego this mantra and it needs to be reinforced in order to effectively compete as the privatization of the University continues. Murray State is also recognized for competitive professional graduate programs that enhance the application and advancement of knowledge for the careers and livelihoods of those graduates. This will remain the mantra moving forward. The University is known for service to community and that will not be lost as the institution advances.

Based on the University's infrastructure, capacity and culture, Dr. Davies believes Murray State needs to have enrollment of 10,700 to 11,200 students because this is where the institution has operated most efficiently. In order to reach this point there needs to be an undergraduate student body of approximately 9,000 students. For the last ten to 15 years the average has been 8,600 so the University will need to grow from its current enrollment of slightly over 8,700. In order to reach the 11,000 enrollment mark, graduate numbers need to increase to 2,000 (currently 1,300), with an average over the last three years of 1,700. There is much work to be done in order to accomplish these ambitious goals. Goals of having 1,600 freshman students, approximately 600 transfers and a graduate admitting class of 450 students have been established for this year. Improvements which have been made through tuition modeling and new programs will help achieve these targets.

Murray State University is about value and, therefore, it should not be the cheapest institution in terms of cost. In order to maintain high academic standards new programs must be developed and necessary changes should be made to existing programs to ensure they remain relevant in today's marketplace. This work must be undertaken to enable the University to adapt to the quickening change occurring within global markets. Educational outcomes must be based on team skills, communication, creativity, literacy, digital literacy, leadership and, most importantly, problem solving and these are all based on a liberal arts foundation. The University must consider how it approaches educational opportunities for students with these outcomes at the forefront.

Murray State is preparing students with skills not only for their first job but with the ability to compete, communicate and connect in a global society and this represents value. As the challenges before the institution are considered, having expanded markets must be an element of this work – especially online offerings and targeting adult learners through regional programming. These elements have been maintained through the entire budget setting process because they represent what makes Murray State special and are how the University will compete into the future. All are holding true to the Vision of being the best student-centered university in America with high academic standards and quality – rigor, relevance and excellence. Part of this work is ensuring student progression and efforts are underway in that regard. By focusing on these student success factors, value is added and the University is able to compete while controlling resources.

Ms. Dudley reported that a draft Budget Executive Summary for Fiscal Year 2019 was included in the eBoard book with the following attachments:

- Attachment A – Budget Change Summary
- Attachment B – Schedule of Academic Program Change
- Attachment C – Schedule of Tuition and Mandatory Fee Changes
- Attachment D – Schedule of Course Fee Changes
- Attachment E – Schedule of Parking Fee Changes
- Attachment F – Schedule of Housing Fee Changes
- Attachment G – Schedule of Dining Fee Changes
- Attachment H – Outsourcing Update

Primary assumptions in the draft budget include a 3 percent increase in the undergraduate tuition rate. A 1 percent increase in tuition generates approximately $500,000 in revenue. Also being proposed is the resetting of graduate tuition to be more market driven. The budget includes the assumption of a rate increase to 84.1 percent Kentucky Employees Retirement System (KERS). It was noted that the Governor approved the option of postponing this increase to fiscal year 2020. The revised Executive Summary provided includes two scenarios – one with and one without the KERS increase included. A 5.1 percent (approximately $1 million) elimination of the Optional Retirement Plan administrative fee imposed by the Teachers' Retirement System is also included. Additionally, Scenario A in the Executive Summary includes the assumption of meeting enrollment growth of 175 incremental full-time undergraduate students and enrollment growth of 119 incremental full-time graduate students and in Scenario B that growth has been removed. There are no employer increases for health insurance premium contributions for calendar year 2019 but the amount contributed for 2018 is included in the budget. There is no increase in building deferred maintenance funding and the budget remained the same as that for 2018. There is no cost-of-living (COLA) salary adjustment for employees. A 3 percent increase in housing fees and a 3 percent increase in dining fees are included in the budget assumptions. A 1 percent increase in housing fees equates to $125,000 in auxiliary revenue and the same increase for dining fees amounts to $80,000.

Non-Academic Program Changes include the elimination of free health services on campus ($430,000) but options for on-campus services are being investigated. Any service which can be brought to campus will be fee-based or funded by insurance providers for individuals utilizing those services. There is a significant reduction for the Residential College System ($240,000), parking permit increases, withdrawal from the Kentucky Workers Compensation Program and moving to a private carrier and outsourcing rental fleet operations and maintenance of operational fleet vehicles, effective July 1, 2018. The rental fleet relates to vehicles employees use to travel off-campus and the operational fleet includes vehicles utilized on campus. The University will continue to own the operational fleet vehicles but maintenance will now be outsourced. The savings from the outsourcing of the rental fleet and the outsourcing of the maintenance on the operational fleet (service vehicles) is approximately $240,000 which will go back to the General Fund. It is also being estimated that departments would save approximately $140,000 collectively by utilizing a third party for rental vehicles. Whether the University needs to continue to own these vehicles will be taken into consideration in negotiating a contract with a third-party provider and there are several options in this regard.

Outsourcing review is pending for Dining Services, Custodial and Grounds Maintenance and Postal Services. A contingency of $678,000 has been included in the budget related to the anticipated outsourcing of Dining Services and Custodial and Grounds Maintenance. Of the $678,000, approximately $450,000 is cost avoidance for these employees no longer being on the University's payroll (with the associated pension cost) and this results in over $200,000 in true savings to the institution. It is common to utilize a third party to provide postal services but that review has just started and there are no changes in the budget related to that entity at this time. It is likely some type of retail operation would be provided on campus to help offset the cost for providing postal services. If all proposed outsourcing options are undertaken, this would involve 145 positions being transferred off the University payroll. Confirmation was provided that even with outsourcing these individuals would be required to purchase a parking decal although the third party provider may decide this is a benefit they would offer.

A position summary by vice presidential area was provided related to Full-Time Equivalent (FTE) and includes an overall 43.5 FTE reduction and 11 of these represent filled positions. The elimination of these positions is included in the budget proposal. Employees who have been notified that their position will be eliminated have until July 1, 2018, to secure other employment.

Fee changes include tuition and mandatory fees, course fees, parking fees and housing and dining fees and schedules were provided accordingly. The recommendation is being made for web and online course fees to increase from $65 to $75 per credit hour for undergraduate courses. A new web/online fee for graduate and doctoral courses of $100 per credit hour will also be established. This new graduate fee is being requested to offset the loss of moving to a lower tuition rate for graduate and doctoral courses and removing the 30 percent premium for web/online courses. This change was made for undergraduate courses in Fall 2016 but the University continued to operate under the 30 percent premium model for graduate web/online courses. This fee will lower costs for graduate and doctoral web courses by $64 per credit hour.

Recommended policy changes include the following:

- Employee Sick Bank days will be capped at 20 days instead of the current benefit of 100 days.
- Elimination of Bicycle Loan Program and Computer Loan Program (eliminates administrative overhead) because these are not highly utilized.
- Employees with 20+ years of service pay one-half the cost of a parking decal instead of continuing to receive it free-of-charge. Discussion occurred regarding now charging employees with over 20 years of service for their parking decal when they have been receiving it free as a benefit for many years. This would result in up to $20,000 in revenue, affecting 129 employees. President Davies confirmed consideration is being given to removing this recommendation from the final budget presented.
- Limit employee/spouse/dependent tuition waivers to full-time employees. Currently six courses per year for each employee are offered which can be used for the employee, their spouse or dependents. This benefit is also provided to retirees of the institution and part-time employees. The recommendation is to limit the benefit to only full-time employees. The benefit itself does not change, only those who are eligible to receive it.

A question was asked regarding whether consideration has been given to capping the number of vacation days employees are allowed to accumulate and Ms. Dudley confirmed there is already a policy in place for this purpose. At the end of each fiscal year employees can only carry over 1½ times their accrual rate. If individuals have more days than this that they have not taken during the year they actually lose those vacation days. Confirmation was provided that with the increase in parking rates being proposed zone changes will also be made. Freshmen will have the opportunity to purchase a standard parking permit and will not be required to park at Stewart Stadium. Stewart Stadium will continue to be considered as an “economy lot” with a recommended rate of $100 and is available to all students.

<u>Attachment A – Budget Change Summary</u>

Dr. Davies reported that this document contains two columns – Scenario A, representing the best case (recruiting 175 additional freshman and transfer students over last year and 119 graduate students) and Scenario B, depicting the worst case (no increase in freshman, transfer or graduate students over last year). Last year’s freshman class numbered 1,443 but the University was on track to have approximately 1,550 students and there are multiple reasons for the decline. The increase of 175 freshman and transfer students would bring the University to slightly over the 1,600 goal for students in this category. The projected increase of 119 graduate students is based on additional cohorts and programs which have been implemented and the significant change in the graduate and doctoral tuition model being proposed. Limited marketing efforts have been undertaken in this regard – because the graduate and doctoral tuition model change requires Board approval – but has resulted in a 16 percent increase in applications. Confirmation was provided that both enrollment increases represent stretch goals but probability is based on key indicators.

Scenario A includes the amount of savings resulting from delaying the rate increase to 84.1 percent for KERS employees for one year and adding it back to the budget as a contingency expense. In Scenario B the increase in KERS expense has been removed and the resulting savings are being utilized to offset expenditures.

Ms. Dudley reported with regard to recurring revenues, House Bill 200 was passed and included a 6.25 percent reduction to the University's state appropriation ($2.8 million) and a decrease in the general appropriation for Breathitt Veterinary Center (BVC) of $1.2 million. The University was fortunate to receive funding back in the amount of $3.2 million for BVC (fenced) for both years of the biennium. Murray State's total appropriation as listed in the state budget has a shortfall of $787,600. For fiscal year 2018 the University did not fully meet performance funding goals which resulted in a $61,900 appropriation cut but the institution was not notified about this until the budget was already completed for last year. Clarification was provided that the performance funding model is based on how the other institutions perform on various metrics. This was the first year of implementation of the performance funding model and, per the formula, some universities were overfunded and some were underfunded. This represented an equalization year and Murray State is at the midpoint, resulting in a relatively small associated shift. This does not mean the University did not meet benchmark goals. Some institutions lost considerably more and that funding was placed into a "hold harmless" pool. If those schools do not recover through future performance calculations then when the model is reviewed three years following implementation the Presidents and the CPE will work together to determine what happens with the hold harmless pool. Clarification was provided that the decrease related to performance funding was not because Murray State did not meet its targets but relates to how the University performed compared to the other state universities.

The performance funding pool is $31 million and that is significant this year because of the 6.25 percent reduction to state appropriations. This means that much of Murray State's reduction went into the performance funding pool. Through the preliminary calculations undertaken by the CPE for the performance model for fiscal year 2019, Murray State's appropriation is predicted to increase by $470,000. There is a stop-gap provision, as well as a hold-harmless provision, in place this year for institutions facing significant losses. This figure could change as final numbers are calculated but is what the CPE has indicated at this point. Confirmation was provided that the maximum decrease of 1 percent would be the stop-loss provision for the first year of performance funding implementation. The second year provision is zero because Kentucky State joined the other universities in this model and review will be undertaken in the third year. The University is evaluated based on market share of each associated component and how well it performs against the other institutions and this is calculated on a three-year rolling average. Components include the number of graduates; number of graduates in STEM-related fields; number of graduates from underrepresented minority and low-income populations; number of students earning their 30th, 60th and 90th credits, number of student credit hours and the physical plant (space or square footage) dedicated to the academic enterprise. The total appropriation reduction which will be budgeted for next year is $379,400.

Ms. Dudley reported with regard to gross tuition and fees, a 3 percent undergraduate tuition increase is being recommended and the prior year enrollment decline of $11 million (gross) is also included in the budget. An effort has been made to prepare the Board for the $7.2 million net decrease. Scenario A includes enrollment growth of 175 undergraduate students and 119 graduate students. This enrollment growth was removed in Scenario B and the associated impact was shown on the Budget Model Change Summary presented. Kentucky statute requires the Board of Regents to make a recommendation to the CPE regarding undergraduate tuition rates because that body officially sets tuition for all of the state universities.

A Tuition Work Group comprised of CPE Board members and staff and Chief Business Officers from the different universities met several times over the past six months and one of those meetings was with the Board of Student Body Presidents and the university Presidents. The CPE met last week and appreciation was expressed to Chair Williams for attending the meeting. The CPE approved a tuition rate increase cap of up to 6 percent over the next two years with no more than a 4 percent increase in any one year. Confirmation was provided that the administration has been very conscious about price elasticity for Murray State in terms of the undergraduate tuition rate increase being proposed. Confirmation was also provided that the course fees to be discussed are not included in the tuition increase. A 1 percent tuition increase amounts to approximately $500,000 net revenue. The Board was reminded that it strategically approved a scholarship model a couple of years ago where awards are based on a percentage of tuition and this helps address any increases. Mr. Kemp indicated that he would be comfortable with a more conservative estimate in terms of enrollment increases for both undergraduate and graduate students although he understands the rationale behind the projections presented. There was no enrollment growth budgeted last year and there was still a shortfall in this regard. Depending on the scenario selected there will be a decrease in total gross tuition and revenues of $7.7 million or $11.6 million if the enrollment growth factor is eliminated.

Ms. Dudley reported that the loss in revenue associated with the proposed graduate and doctoral tuition rate change is over $3.3 million. There must be some enrollment growth to offset this loss and included in Scenario A is $1.2 million in associated revenue from increasing graduate enrollment by 119 students. A significant reduction has also been made to expenditures to also offset the $3.3 million decrease.

Other factors include student mix – in-state versus out-of-state – and the timing of refunds and $590,000 has been budgeted accordingly but could vary. There has also been an elimination of the University's participation in the Kentucky Employee Waiver Program ($831,300). This represented an unfunded state-mandated program where the CPE required the institutions to allow employees at one public university to take courses at another public university at no cost. It was noted that this does not affect Murray State's Employee Waiver Program. The state has eliminated the mandate that the University must accept students from another institution without the associated tuition and fees. Revenues are being reduced by $627,000 (course fees, books, etc.) but waivers are being reduced by an even larger amount for an overall gain of $250,000.

Ms. Dudley reported the budget available in discounts is $3.2 million because of the enrollment decline. The University did not spend its total discount budget last year because it did not have as many students and that has helped address the shortfall. The Dean's Scholarship has been initiated and is estimated to cost $1.5 million. In the third year of the new tuition/discount model started in Fall 2016, the University needed to build in an additional $4.5 million in scholarships to fund the third year of this aggressive model. Fall 2019 will represent the fourth year of the tuition/discount model and these significant increases would not be expected at that point in time because four classes of students will have been budgeted. These represent recurring scholarships and for each new class the University must budget on a four-year schedule. A number of waivers have been eliminated and that funding will go back to the pool to help cover the third class. There has been an elimination of $2.8 million in scholarships as a result of the new graduate and doctoral tuition model.

The *Racer Promise* is for individuals in the 18-county service region who are Pell- CAP- and KEES-eligible and a resident of Kentucky with a certain grade point average. This program is now being expanded throughout the entire Commonwealth to help recruit underrepresented minority and low-income students beginning in Fall 2018. The name is also being changed to the *Murray State Promise*. The program relates to tuition only but will cover any remaining tuition balance once Pell, CAP and KEES awards have been applied. Confirmation was provided that for students taking a transitions course which puts them over 15 credit hours the University currently waives the cost of that one hour. The budget proposal includes elimination of this waiver.

A suggestion was made for Branding, Marketing and Communication to develop promotional materials to better help students and their families understand the various scholarship and tuition models, the *Murray State Promise* and other measures reported today. Confirmation was provided that these materials have been developed and distributed and contain all associated criteria.

Information was provided on various course and web fee increases and those are not part of the overall totals provided although they will be included in the budget to replace expenditures that are being cut. These increases are being considered off-line because they will not change the bottom line. Provost Arant agreed to provide information to the Board on the number of courses affected by course fee increases in terms of those going from no fee to a fee as well as those with current fees which are being increased. Ms. Wood indicated that an effort is being made to determine a way to increase revenue but she does not believe implementing course fees on such a large number of courses is appropriate and this should instead be addressed through tuition. Fees are unexpected for students because they are not aware of them until they have already enrolled and registered for classes. With the increased revenue from course fees of $590,000 and the revenue from a 1 percent tuition increase of $500,000, the increase should be reflected in tuition and not through implementation of course fees because they are unexpected. Regents Green and Guess expressed agreement. Dr. Davies confirmed that the Deans and many students were involved in the process which led to the recommendation that certain course fees be implemented. The revenue derived from course fees will go directly back into those courses to support cost increases such as those for technology and equipment needs. Confirmation was provided that efforts will focus on ensuring students are aware of course fees but measures such as this are representative of the fact that the University is entering a new age.

A list of recurring expenditure changes related to Compensation and Fringe Benefits was provided. The University's current KERS contribution rate is 49.47 percent and will remain at this level for the upcoming fiscal year. Maintaining a budget of $3.67 million has been proposed which represents what would be required to move to the anticipated increase to 84.06 percent in the following year. The Board could also decide to remove this increase but if it remains it would be placed into a contingency pool which will grow as enrollment materializes. Confirmation was provided that the $3.67 million relates to the University KERS contribution rate increasing to 84.06 percent for the current workforce. The initial amount was $4.7 million but that has decreased due to eliminations which have been made. The figures provided do not take outsourcing into account which could reduce the number of positions by 145. Ms. Dudley cautioned that a credit has been built into the budget for Custodial and Grounds Services as a cost avoidance measure of approximately $500,000. Confirmation was provided that due to the delay in implementing the KERS contribution rate increase – and the associated one year loss of revenue – the 84.06 percent rate increase could be even higher next year although it is unlikely the entire pension system will be revisited in a non-budget year.

Clarification was provided that the Other Pension Costs category pertains to a portion of what is paid to KERS and Teachers' Retirement System (TRS) for health insurance when a retiree is re-employed by the University. Other Compensation and Fringe Benefits pertains to employees – such as Coaches – who utilize a vehicle for recruitment purposes. If these individuals incur any personal mileage that must be reported and the University remits tax on this which represents a FICA component. The Optional Retirement Plan administrative fee of 5.1 percent has been eliminated and the University is receiving a credit of slightly over $1 million. With the KERS rate increase included, University compensation and benefits would be $2.4 million but if the KERS component is removed this would represent a gain of $1.2 million, primarily due to the TRS adjustment.

Information was provided on fixed cost increases including liability/property insurance, new insurance for drones, utilities and audits for an estimated total of $156,900. New General Fund expenditures include three new faculty FTEs, the Madisonville building lease, Library support for the Occupational Therapy Program, Student Success Seminars, campus emergency notice license, Canvas learning management program, Racer One Stop and technology enhancements for recruitment. These general funded expenditures total $522,000. Academic program support funded from new graduate web fees was estimated at $705,200. The total increase in operational expenditures would be $3.1 million if KERS is included (gain of $514,000 if not included) leaving a net change of $10.1 million in one scenario and $10.4 million in the other. This represents the starting number in terms of the budget and necessary reallocations.

A listing of proposed reorganizations, reallocations and reductions was provided. General funded reallocations which apply across-the-board include $1.7 million that has been repurposed to help cover the change in the graduate and doctoral tuition rate model. Due to graduate and doctoral rate changes $3.3 million in revenue will be lost and the $1.7 million is being applied to offset a portion of this loss. The recurring pension contingency was built into the budget last year through a tuition increase and was maintained throughout the year. The contingency is now being utilized this year to help with the deficit. A true up related to BVC is included in the amount of $172,600 in order to increase that budget to $3.2 million. The University was able to recapture $420,000 in budgeted overtime savings because it is believed the full amount budgeted for overtime will not be needed. There was also excess budget for TRS sick leave buyback ($50,000). Last year TRS employees were allowed to purchase sick leave upon retirement for service credit but the funding responsibility was moved to the individual departments and this represents the General Fund portion remaining. The increase in local bank interest due to the renegotiation of a contract in FY18 ($30,000) and funding from a third party for scholarships ($23,600) are also included and vending revenues are being pulled into the General Fund (previously included in auxiliaries). General Fund reorganizations, reductions and reallocations total $3.2 million.

Unit reorganizations, reductions and reallocations were provided by executive area and include a reduction-in-force of 11 positions and the elimination of 39 vacant positions. These unit reductions total almost $6.9 million for reorganizations, reductions and reallocations for a total of $10.1 million which ties back to Scenario A. If Scenario B is chosen, with enrollment growth and the KERS holdback being removed, a source to fund a shortfall of $281,958 must be identified.

In terms of how much funding WKMS receives from the University, the figure of $429,000 was indicated. WKMS also receives a significant amount of donor dollars and there has been a reduction of $119,000 in University funding provided to the station to now be covered from Foundation funds or donor dollars.

In response to a question regarding the decrease in enrollment and why funding in the areas of enrollment and advancement is being cut, Ms. Dudley indicated she and President Davies have discussed removing the decrease in funding related to enrollment. Dr. King confirmed that for Branding, Marketing and Communication funds are being reallocated through the elimination of one vacant position and the reallocation of two positions to support other campus units. This represents a reduction in personnel time dedicated to general marketing efforts but the change was deemed to be the best way to contribute what was needed. The decrease in Development dollars represents a reduction in operating expenses and part of this involves more marketing to be done in an electronic format and there will be a reduction in the number of mailings. Although the unit was already transitioning toward such measures, beginning July 1 gift receipting will be done electronically and there will be no paper receipting unless requested by a donor. The last year has been spent implementing a computer system that will streamline the entire electronic giving process to be more efficient and effective. This will also increase efficiencies in terms of staff time associated with this process. Confirmation was provided that the gift recognition process would remain the same.

Dr. Robertson reported the reduction in funds for the Curris Center represents monies that had been set aside for repairs in that facility and funding for Student Life travel. Also included is the reduction in some Graduate Assistant and student worker positions and staff transitioning from 12 months to 11 or 10 months. The reduction included for Postal Services is for reducing the contract period for a staff member.

Mr. Rhoads reported that the Murray State University Foundation Board had a lengthy discussion at its most recent meeting related to enrollment concerns and Foundation initiatives which could be undertaken to help the University increase enrollment through recruiting efforts – including a financial commitment of $25,000. One of the members committed an additional $5,000 during the meeting to be utilized for enrollment efforts illustrating the awareness of the Foundation Board to the challenges the University is facing in regard to enrollment and their commitment toward those efforts. Dr. Davies confirmed that the fund established by the Foundation will be utilized for the University to become more active in local area high schools and move faculty, staff and students into those areas.

Dr. Davies indicated that the recommendations being advanced today were made by the leaders within the various areas with very clear goals and expectations and an understanding of how the University needs to advance. Every cost reduction being put forward is well thought out and has been discussed thoroughly but that does not change the fact that these decisions are painful. The University is at the point where decisions which will cause the least harm to the institution while continuing to move it forward are being made and these do not represent across-the-board cuts. Reallocations and reductions are being undertaken in some areas while investments are being made in others. In some cases the Deans worked with their respective Student Ambassador groups and they have proposed and implemented additional per credit hour fees to meet the needs of that particular entity. For every area where investment is desired, cuts or reallocations in another area must be made. The Vice Presidents, Deans and other members of the faculty and staff have been engaged in these discussions and have made very difficult decisions. In areas where reductions have been made, if enrollment increases materialize those positions or cuts may be able to be reinstated but that is not known at this time.

Dr. Davies indicated that at some of the other public regional comprehensive universities there has been a substantial reduction in workforce. All regional public institutions are dealing with enrollment pressures. Some universities implemented a substantial mid-year reduction and will initiate another sizeable cut at year-end. Murray State’s goal is to have a balanced budget without utilizing reserves while other universities are using a significant amount of planned reserves in order to achieve this end. Other universities have placed faculty on notice that their position may be eliminated. The University has also attempted to balance the budget based on tuition revenue where other universities have utilized a headcount model which has not served them well. This has represented a dynamic budget year for Kentucky and 44 other states that are dealing with significant state appropriation reductions.

Chair Williams indicated that the University cannot "kick the can down the road" because there is no indication an uptick in state appropriations will be forthcoming to the universities. This does not represent an issue of holding out for better days relative to receiving additional state appropriation dollars. The trend over the last ten plus years has been a decline in state appropriations for public universities. The use of reserves to balance a budget increases the problem for the next year and does not resolve the overall issue. The University is better off dealing with issues as they arise as opposed to holding off hoping for a miraculous increase in state appropriations because this is not projected to occur. Dr. Davies agreed and indicated this is why a focus on increased enrollment is key. The University must not only recruit and retain students but it must be able to attract faculty and staff. The proposed budget does not include a cost-of-living adjustment but this was the last item removed from the reduction list in order to balance the budget. A rigorous discussion has been held with the Vice Presidents and Deans in this regard. Based on enrollment results, if possible, consideration should be given to providing some incentive for faculty and staff and this could include a one-time payment based on percentage of salary. It would not be financially prudent at this time to offer salary increases which represents a recurring cost. The other regional institutions are also not providing COLA increases at this time.

Mr. Kemp expressed appreciation to President Davies and the entire staff for the work which has been presented today. A tremendous amount of effort has been undertaken to get to this point and what is being recommended is painful but necessary. He believes the process has involved full participation of faculty, staff and students and an opportunity for input has been provided.

Ms. Dudley confirmed that the Board will be asked to approve any increase in tuition and mandatory course fees, as well as housing and dining and parking rates, at the Special Meeting scheduled for May 11, 2018. The recommendations as of today were included in the eBoard book. Details were also provided on academic program reductions and suspensions, proposed tuition rates based on a 3 percent increase, a revised graduate and doctoral tuition model, course fees and a recommendation on parking as well as housing and dining rates to be submitted to the Board for approval at the May 11 meeting.

Dr. Davies indicated there has been some consternation with regard to course fees. Provost Arant provided confirmation that the course fees being proposed have been designed to offset cuts and are not intended to generate new revenue for the departments. Course fees are allocated funds generated by the department to be utilized for the direct benefit of the department. Many colleges and schools – in order to meet their monetary goals – had to cut student services and the proposed course fees will be utilized to return those services. Several of the colleges and schools undertook different procedures to devise the course fees being proposed. Dean Tony Brannon, *Hutson School of Agriculture*, worked with the school's student leadership group which supported an increase of $5 per credit hour for all agriculture courses in order to provide students with the instruction they need. The school has been operating with a reduction of five to six full-time equivalent faculty and the proposed fee would allow for additional instructional support to provide the courses students need when they are needed. In the School of Nursing and Health Professions and the *Arthur J. Bauernfeind College of Business* there were reductions for student travel and in other areas faculty utilize for instruction. These two entities have recommended a series of course fees to replace that lost funding in order to maintain student services previously offered. The course fees provide an opportunity to maintain student services that would have otherwise been lost during the budget process and this includes adjunct faculty and supply budgets. In response to a question about the $3 per credit hour course fee for Journalism 100, Dr. Arant indicated the fee may not be specific to the course but would be utilized to help fund support for labs that students use as well as help maintain program accreditation.

A Regent expressed concern that separate fees should not be charged but should instead be included as part of tuition. When students and parents are determining the cost of attendance they may not be aware of the additional course fees until they receive the bill. Parents should be aware of these costs upfront. Confirmation was provided that in terms of total cost Murray State is in line with the other regional universities. A Regent also indicated that course fees have existed for some time but when they apply to every single class that causes concern.

Dean Tony Brannon, *Hutson School of Agriculture*, reported that this represents a tough budget situation and course fees were considered only during the fourth round of academic cuts. He fully understands the concerns expressed with regard to cutting the budget for advertising, marketing and promotion but academic cuts hurt deeply. In the fourth round of budget cuts it was realized that programs would be hurt by any additional cuts. He attended the student *Hutson School of Agriculture* Academic Leadership Council meeting where the fee being proposed was voted on and approved in support of the farming facility. One student comment included, "I chose Murray State because it has a great program and is a great university. I realize I am getting a great value at Murray State and I am willing to pay more to receive more or to keep from having other cuts." These course fees are only being recommended to prevent additional cuts to programs and the associated revenue goes directly back to the departments to utilize to meet needs in those areas. This includes the avoidance of cutting additional faculty positions which would weaken programs or have an even more devastating effect. This does not represent an ideal means of funding departmental needs and tuition concerns expressed earlier are understood. A tuition increase of 4 or 5 percent would be utilized to cover the University's deficit and would not go back to the individual departments to meet needs in those areas. Chair Williams confirmed that there is a difference in the funding model between the general tuition increase and a course fee increase and this is an important distinction.

Consensus was reached that through the enrollment process efforts must be focused on transparency related to course fees and this must be at the forefront of any work undertaken. A process must be developed which clearly identifies the total cost of attendance for students and parents. Confirmation was provided that scholarships and financial aid can also be utilized to cover course fees. The proposed course fees have been recommended by the Deans as part of the budgeting process. It was also indicated that every college followed a process by which course fees were proposed although those may not have mirrored the one utilized by Dean Brannon.

Dean David Whaley, College of Education and Human Services, confirmed that the Student Advisory Council participated in the course fee discussion and process. Dean Marcia Hobbs, School of Nursing and Health Professions, reported that there are other ways to bring money into a department and for nursing and applied health sciences those include program fees. Other universities also have program fees and one such institution charges a nursing program fee of $500 per semester. This means that for four semesters in nursing a student will pay $2,000 and this is an upfront cost and not spread out through course fees. The course fees currently being proposed for nursing total $710 for five semesters which allows the cost to students to be spread out over a period of time. There are significant equipment needs for health care and applied health sciences – such as equipment recalibration and clinical travel for faculty – which must be funded. In the fourth round of academic cuts the only way Dean Hobbs could make this work without affecting program quality was to implement course fees. Appreciation was expressed to the Deans for the effort and careful thought they have put into this process to help balance the budget. Chair Williams stated as a point of clarification that the proposed course fees are currently included in the budget and unless the Board indicates otherwise today they will continue to be included in the recommendations the Board will be asked to approve next week.

Chair Williams expressed appreciation to Ms. Dudley and the entire staff for undertaking what has obviously been a tremendous amount of work on a very complex budget and under challenging circumstances. The Board has been provided with a great deal of detail regarding the budget and this has been explained with a high degree of transparency. It is ultimately the Board's responsibility to approve the budget. If there is a desire to change any expense or revenue line items presented, there must also be a corresponding identification of what will be changed to offset the difference. He asked all to be very thoughtful about addressing line items in the budget and to only do so with good reason because a significant process has already been undertaken which has led to the budget recommendations being presented today, although making necessary changes is certainly within the prerogative of the Board. It is hoped enrollment increases will be realized and this could present an opportunity for the Board to address other concerns. He believes the Board must be cautious and conservative with regard to the budget to ensure more draconian cuts are not required mid-year. The predominant role of the Board is to address policy issues and provide management with direction in this regard in order to finalize the budget to be approved at the Quarterly Meeting in June. Regent Kemp has spent a great deal of time studying the budget and interfacing with staff and appreciation was expressed for his efforts.

In response to a question regarding the amount of savings which results from the elimination of tuition waivers for retirees and part-time employees, Ms. Dudley indicated this totals $42,000. Confirmation was provided that this is an example of a policy change which requires Board approval.

Dr. Arant reported in regard to the *Henderson Regional Campus* that the University's physical presence will be reduced but the intention is to increase Murray State services offered in the Henderson area through additional online and hybrid efforts. Discussions with the Provost at the *Henderson Regional Campus* have been positive and collaboration will occur on meeting budget goals collectively while identifying ways to enhance the University's educational offering to that region. The intent is to continue to serve the Henderson area but in new ways.

Confirmation was provided that parking will continue to be offered free-of-charge to University employees with 20 years or more of service.

Mr. Kemp asked with regard to the one-year reprieve related to the state pension increase to 84 percent ($3.6 million) whether that provides the ability for one year to lower the University's revenue projections to be more conservative, particularly pertaining to projected enrollment growth. Ms. Dudley confirmed this to be the case. Dr. Davies indicated this represents the "worst case scenario" and not changing any other reductions the deficit will be $300,000 utilizing the $3.6 million although this is a one-time expenditure. If enrollment is flat, costs will need to be reduced by $3.6 million in the next fiscal year. Ms. Dudley reported that Scenario A is built on enrollment growth and that has been removed in Scenario B, as well as the $3.6 million for the KERS increase. Enrollment growth must occur in order to fund the KERS increase whether it is budgeted or not.

Confirmation was provided that consideration is being given to outsourcing Buildings and Grounds operations and a Request for Proposals (RFP) will be issued to determine the anticipated return from making this change. An RFP is expected to be out by the end of the fiscal year. A calendar for work related to outsourcing was provided as an attachment in the eBoard book.

Confirmation was provided that an increase of 3 percent in housing and dining fees will be recommended for approval and information was provided in the eBoard book in terms of how Murray State would compare to the other regional universities in this regard.

Regent Wood asked if course fees are not included and an additional increase in tuition was enacted why that funding could not be directed back to the departments. Ms. Dudley confirmed any percentage increase in tuition can be directed as the University desires. Dr. Davies indicated if a 4 percent tuition increase is approved this year the University would be limited to a 2 percent tuition increase the following year. Ms. Wood stated she does not support a tuition increase but, given what is before the University, even more so she does not support the implementation of additional course fees. She believes an increase in tuition would be more transparent to students and their parents than course fees because no matter how they are marketed they still come as a surprise when the total bill is received. Confirmation was provided that information on changes in course fees is provided at the same time any changes in tuition are known and when students begin to schedule for classes they will know about any associated course fees. Dr. Davies added that in terms of how other universities handle course fees what is being proposed is not out of line. Chair Williams indicated that freshmen at any of the public state universities are not going to know in the Spring what they are paying for sure on tuition and course fees. Confirmation was provided that students will have access to this information at the time they are enrolled.

Confirmation was provided that some courses and programs require higher course fees than others due to technology needs and travel requirements. The program fees being proposed will help cover higher costs in those areas where they are being proposed. For these reasons, not all degrees cost the same but an effort must be made to ensure this information is transparent.

Chair Williams indicated that the 3 percent tuition increase represents a policy issue the Board must approve and unless indicated otherwise today that will be the assumption moving forward in finalizing the budget presentation for next week. Consensus was reached that this is the directive being issued to management with regard to tuition.

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

Professor Ray Conklin Announcement, received

Chair Williams reported that he has just learned that Professor Ray Conklin, a well-known and respected faculty member in the Department of Music since 1973, passed away this morning. Mr. Conklin was scheduled to retire at the end of this semester. Thoughts and prayers go out to Mr. Conklin and his family and colleagues as they process this loss.

Adjournment

The Board adjourned for lunch at 12:30 p.m.

Reconvene

Chair Williams reconvened the Special Meeting of the Board of Regents at 1:28 p.m.

Buildings and Grounds Committee

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

Ms. Green called the Buildings and Grounds Committee meeting to order at 1:28 p.m. and reported all members were present.

JH Richmond Hall Design, approved

Dr. Davies reported that on March 9, 2018, the Murray State University Board of Regents approved the following:

- The restoration of JH Richmond Hall to its condition immediately prior to its damage, for an amount of approximately $12.5 million to be covered by insurance reimbursements.
- An additional $2 million from Housing Reserves for design changes, energy efficiency, long-term maintenance and revenue enhancement features to extend the life of the entire building.
- A Personal Services Contract with Luckett & Farley for design work.

Prior to this action the Board received a report from Luckett & Farley about the costs, timeline and design options. Four options were presented to the Board as follows:

1. Restore to condition immediately prior to its damage.
2. Option 1 with added design options, with same footprint.
3. Option 1 with added design options and a small added footprint for open lobby/gathering space.
4. Rebuild the building in the same footprint.

A design idea exhibit was held on April 4, 2018, in the Curris Center Stables. John Whitney, Architect and Market Director, Higher Education Division with Luckett & Farley, attended and four design ideas were available for viewing/discussion and a survey was offered so attendees could indicate preferences and share other ideas. The event was promoted to students, faculty and staff, with 114 students and 28 faculty/staff completing the survey. The four options presented to campus are as follows:

A. Restore to condition immediately prior to its damage.
B. Option A with added design options with open interior lobby space, repurpose meeting rooms on first and second floors with four-bed suites in the South Wing only.
C. Option B with exterior design elements of added exterior "store-front" windows on all four floors, exterior balcony living space and open lobby areas on all four floors. Also included is the repurposing of meeting rooms on first and second floors with four-bed suites on the North Wing to allow opening up the third and fourth floor lobbies.
D. Combination of elements from options B and C with exterior design elements and a small footprint increase for additional lobby/gathering space.

Immediately following the idea exhibit, Ms. Wood provided an opportunity for the Student Government Association (SGA) to meet with Luckett & Farley so they could address student leaders and receive feedback via direct comments and through completing the survey.

The surveys from the design idea exhibit and the SGA meeting were tabulated and ranked by preference below, with large number of "likes" listed first:

Option C, many comments liked the open lobby area.
Option B
Option D
Option A

Through this process it was evident that students are very cost conscious. In addition, those students who live in the residence halls were more concerned about the living space within the building while students who do not live in the residence halls were more concerned about the outside appearance of the facility.

Work that was undertaken during the Commonwealth's 2018 Legislative Session included the passage of Senate Bill 61 which was sponsored by Senator Chris McDaniel, with the support of Senator Stan Humphries. This action included an Emergency Order that authorizes and appropriates $12.5 million in Other Funds and $2 million in Restricted Funds for the restoration of JH Richmond Residential Hall at Murray State University. Governor Matt Bevin signed this bill on April 2, 2018. The University is grateful for the work of local legislators in leading the effort resulting in this action which allows the University to quickly begin the restoration project for JH Richmond Hall.

Staff have met with Luckett & Farley multiple times since the idea exhibit and developed a hybrid of options B and C, which is referred to as Option B/C. This option provides more natural lighting and open lobby area and the repurposing of the South meeting rooms on first and second floors with four-bed suites. The restoration of JH Richmond to its condition immediately prior to its damage, for an amount of approximately $12.5 million to be covered by insurance reimbursements has already been approved by the Board. Utilizing an additional $2 million in Housing Reserves for design changes, energy efficiency, long-term maintenance and revenue enhancement features to extend the life of the entire building has also been approved by the Board. The B/C enhancement options are estimated to cost no more than $1 million. The remaining $1 million can then be used to fund select energy efficiency and long-term maintenance items. Items that may be considered are as follows:

- LED lighting
- Higher efficiency entry doors
- Full wireless capabilities
- Electronic door access controls
- Upgrades to building controls
- Replacement of HVAC units in North Wing
- Partial roof replacement if insurance does not approve full roof replacement

Aric Andrew, Architect, President and Chief Executive Officer and Mr. Whitney with Luckett & Farley and Ms. Dudley and Mr. Youngblood reported the following:

- The B/C option being developed includes a greatly expanded central lobby space and has the same number of beds as the prior structure. This represents an economical solution where the northwest classroom space on the first floor will remain in its current location but an effort is being made for it to be more visible from the hallway. On the South end of the building where this space is no longer there it will be replaced with two four-bedroom suites on the first and second floors. This will replace the eight rooms being lost by opening up the central lobby.
- Current office space will be moved off to the side and on the East side of the building there will be a new entrance portico with balcony space on the second floor. Part of the ceiling is being removed from the first floor lobby to allow for a double height space where individuals on the second floor can see down to the first floor which provides for greater social interaction.
- On the outside of the building all activity will take place on the first and second floor lobby areas. This represents the only area where the outside of the building has been changed and the remainder of the facility will remain as originally designed. The space will be well lit and will be highly visible during the evening hours due to the glass wall to the outside being added on the second floor.
- Confirmation was provided that the side of the building facing Waldrop would remain the same so it complements Clark Hall and the changes just mentioned would be made to the opposite side of the building (facing Hester).

- Confirmation was provided that Option C would require a great deal more construction, be more costly ($400,000 additional) and take longer to complete.
- Luckett & Farley has been proceeding with Option B/C and that work is well underway. If the Board decides to pursue Option C work undertaken to this point would not have to be redone and the project could continue to move forward with significantly more construction required. The firm is very close to completing the schematic design for Option B/C.
- The reason a hybrid option is being pursued is to try to leave a contingency for the project to address building aspects such as the roof, sustainability initiatives and energy enhancement projects. Option B/C which is being proposed provides more flexibility with funding required for the project to pursue these additional enhancements if feasible. A great deal remains unknown and as testing of systems occurs adjustments will need to be made – either for insurance to pay for replacement or repairs or the University to pay to upgrade older units.
- The project is currently on schedule and the site demolition package will be released shortly and work will begin within the next three to four weeks.

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the JH Richmond Hall design Option B/C as presented. Mr. Rhoads seconded and the motion carried.

Full Board Action – JH Richmond Hall Design, approved

On behalf of the Buildings and Grounds Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the JH Richmond Hall design Option B/C as presented. Mr. Schooley seconded and the motion carried.

Ms. Dudley reported that significant discussion occurred at the last Board meeting in regard to the avoidance of mold as this work progresses. Confirmation was provided that a great deal of discussion has also occurred internally about mold and more in-depth review of the facility in its current state has been undertaken. Rob Thomas with Industrial Maintenance and Construction Company, Incorporated (IMAC) of Calvert City and Ted Audas with Audas Environmental in Benton, Kentucky were present to answer any further questions with regard to mold. The building is currently stabilized and the Board has witnessed first-hand measures which have already been undertaken to combat the mold issue which occurred immediately following the incident. No further testing has been conducted at this point because the building is not fully sealed. Before the demolition process begins an effort will be made to secure a baseline sample for the building.

As the demolition process proceeds some temporary air conditioning will be added to the facility in an effort to combat humidity. At the end of the demolition phase, but before the reconstruction portion of work begins, another baseline sample will be taken and anything that is suspected to have mold would be treated and/or removed and this includes inspection of the areas around where any such circumstances are found. Once the construction phase begins the successful bidding contractor will be responsible for maintaining conditioning in the building as reconstruction begins. At the end of the entire process additional sampling will be undertaken to ensure the building does not have mold issues.

Pinnacle Construction is scheduled to undertake the demolition portion of the work required. The University will work with Mr. Thomas and Mr. Audas and their companies to conduct inspections weekly or more frequently if needed. Anything that is found to be suspect as a result of these inspections will be addressed at the time the issue is discovered. Prior to the incident in this building last summer there was no reason to suspect that the facility had any issue with mold. It was indicated that reference to mold certification at the last Board meeting pertained to having the inner sampling work certified by a testing lab. Mold always exists in the environment and no one can certify something is completely mold free but the air sampling undertaken can be reviewed and tested in a laboratory setting. It was indicated that bio-aerosol testing would be conducted throughout the entire restoration process and this goes way beyond what is typically done on a construction site. The portions of the building that are not being worked on at the time will be sealed and conditioned and this is also unusual but will help further reduce the risk of mold developing in the facility.

It was reported that the insurance company has not fully inspected the roof and more extensive review will be undertaken as the demolition process unfolds. Confirmation was provided that Mr. Whitney will work with the roof manufacturer to identify potential options for matching the color. The current roof has quite a few valleys and ridge lines and it is believed the existing roof can be demolished to one of those valleys or ridge lines so there would never be two panels (one old, one new) right next to one another. Even if there is some color variation those could potentially be offset in a shadow line of the roof where it would not be noticeable. It has also been indicated that a difference in color is unacceptable and if a close match cannot be identified that all are comfortable with then further discussion will occur with the insurance company. Confirmation was provided that an assumption is being made that the North portion of the roof is in suitable condition but that will remain unknown until a full inspection can be undertaken. If the roof is not in suitable condition then insurance could potentially cover the cost of an entirely new roof. If insurance will not cover the cost to replace the entire roof then a decision will need to be made in terms of whether the University desires to undertake that project which would have to be funded from the $2 million contingency budget.

University's Electrical Grid Project Report (For Information Only), received

Dr. Davies reported that the University's electrical grid project was put forward as a priority capital project through the legislative process. Originally it was proposed that the project be funded with 40 percent of the cost coming from state funds, with a 50 percent University match. The House Budget has now proposed a 50-50 match and the Senate removed this requirement and in the Joint Conference it was not added back in. This means there are no capital funds from state dollars to be utilized for this project. The Electrical Grid Project needs to proceed and options for accomplishing this work are being considered by undertaking incremental projects.

Kevin Jones reported that an evaluation and analysis of the electrical system has been undertaken as well as mapping and modeling exercises related to the University's electrical grid. Marcum Engineering undertook the mapping and modeling activities and has completed their report. This work resulted in a list of projects in areas which need immediate attention and these range in size and priority. The University is also working to prioritize and schedule these projects to be completed over the next two to three years. Ms. Dudley confirmed that the goal is to take these identified components and schedule them out over a period of time based on determining how to fund these projects. Mr. Jones confirmed that both of the large transformers have been rebuilt and are in good shape from a delivery perspective. Relays in the substation have been replaced with newer devices and this provided a better vision into the electrical system to determine what was really occurring. This resulted in the need to focus on grounding issues in the substation. During 2017 Fall Break work was undertaken and repairs were made in the substation and significant progress has been made in this particular area. Approximately $500,000 has been spent to this point but the project list totals over $10 million in work that Marcum Engineering has outlined which needs to be undertaken. As changes are made and other issues arise this figure will likely change. The $500,000 does not include the cost of rebuilding the two transformers and each of these projects cost in the neighborhood of $900,000. Slightly more than $2 million, designated from reserves, has already been put into electrical grid repairs without having the state project in place and these upgrades are not included in the overall $10 million remaining cost. The goal is to present a schedule of projects to the Board for approval at the June Quarterly Meeting with associated funding models of how to accomplish this work. Due to the lack of state resources for this project it will take longer than desired to achieve.

Confirmation was provided that deferred maintenance is currently funded at $1.3 million and consideration will be given to whether a portion of these funds can be set aside for this purpose or if one-time monies from the Plant Fund can be identified and set aside to address electrical grid needs. Financing the project may be an option but it would be difficult to finance small amounts and the University would likely need to finance the entire project. If some of the more urgent issues can be addressed through other means this would be more desirable than financing the entire project. Confirmation was provided that the electrical grid project is not included in the budget proposal presented earlier today.

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

Adjournment

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

Legislation Update, received

Dr. Davies reported that previous state law prohibited Board members from participating in a meeting via videoconference unless the site from which they were participating was also open to the public (additional meeting site). House Bill 592 – the Statutory Relief Bill – passed during the Legislative Session, effective immediately, amended previous law and allows videoconferencing as long as the majority of Board members are in the same room and audience members can clearly see the individual participating via teleconference. It is obviously more desirable for Board members to attend meetings in person but if circumstances warrant participation by videoconference is now an option.

Special Board of Regents Meeting – Friday, May 11, 2018, agenda outlined

Dr. Davies reported that the Special Board of Regents Meeting on Friday, May 11, 2018, will begin at 9:30 a.m. and the Board will be asked to approve tuition rate changes, course and program fees, room and board rates and parking rate changes. Confirmation was provided that these agenda items will be voted on separately by the Board. The Special Meeting is being held on May 11 in order for the University to meet the Council on Postsecondary Education (CPE) schedule. The Murray State Board must act before the tuition rate approved can be submitted to the CPE for approval at their next meeting which occurs before the Quarterly Meeting in June.

Commencement Activities, outlined

Dr. Davies reported that on Saturday, May 12, 2018, the Commencement Ceremony for undergraduate students will begin at 9 a.m. in the CFSB Center. Regents were asked to arrive no later than 8:15 a.m. and convene in the Women's Basketball Locker Room. The ceremony for graduate and doctoral students will begin at 2 p.m., also in the CFSB Center. In between the two ceremonies the Board is invited to have lunch with graduates and their families in Winslow Dining Hall. A third graduation ceremony will be held at 1 p.m. on Sunday, May 13, 2018, in Wrather Museum Auditorium for student athletes.

Adjournment

There being no additional business to come before the Board of Regents, the Special Meeting adjourned at 2:05 p.m.

Jori Hunt
Secretary

Stephen L. Williams
Chair

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