

**Minutes of the Quarterly Board of Regents Meeting
Murray State University
Friday, December 14, 2012
Jesse Stuart Room – Pogue Library**

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, December 14, 2012, in quarterly session in the Jesse Stuart Room of Pogue Library on the main campus of Murray State University. Chair Constantine Curris called the meeting to order at 1 p.m.

Roll Call

The roll was called and the following members were present: Marilyn Buchanon, Constantine Curris, Sharon Green, Susan Guess, Jeremiah Johnson, Jack Rose, Phil Schooley, Jenny Sewell, Jerry Sue Thornton, Harry Lee Waterfield II and Stephen Williams.

Others present were: Randy J. Dunn, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board of Regents; Tom Denton, Vice President for Finance and Administrative Services and Treasurer to the Board of Regents; Bonnie Higginson, Provost and Vice President for Academic Affairs; Don Robertson, Vice President for Student Affairs; Jim Carter, Vice President for Institutional Advancement; Jay Morgan, Associate Provost for Graduate Education and Research; Renae Duncan, Associate Provost for Undergraduate Education; Bob Jackson, Associate Vice President for Institutional Advancement; John Rall, General Counsel; Joshua Jacobs, Chief of Staff; and members of the faculty, staff, students, news media and visitors.

(Insert Agenda)

Minutes of the Special Meeting – Planning Retreat and Work Session September 6, 2012, and Quarterly Meeting and Committee Meetings September 7, 2012, approved

Mr. Williams moved that the minutes of the Special Meeting – Planning Retreat and Work Session – on September 6, 2012, and the Quarterly Meeting and Committee Meetings on September 7, 2012, be approved as submitted. Mrs. Guess seconded and the motion carried unanimously.

Public Participation

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

Report of the President

Dr. Dunn reported the following:

People

- Norris Endowments – Over 20 years ago Ed and Peg Norris from Kingsport, Tennessee, made MSU the beneficiary of an insurance policy. There was then a desire to convert that policy into a cash gift. After Ed Norris' passing his wife Peg made the decision to take the cash gift (over \$300,000) and provide it to the University, representing one element of an endowment. A second involved Ed Norris' great uncle. At the time the University was founded a gift was made for the purpose of providing funding for a potential Chairship or to meet other needs of the University that would be in the best interest of Murray State Normal School as it was known at that time. One benefit of being a relatively young institution is the fact that Murray State still has connections with some of the institution's history. In the *Recollections at Murray State College* President Carr references a gift from the great uncle of Ed Norris from whence the initial insurance gift came. As Dr. Carr wrote the history of Murray State, he talks thusly: "At the first meeting of the Board of Regents on April 14, 1924, a remarkable letter relating to the school was read. The letter in full is as follows (postmarked Guthrie, Kentucky, April 3, 1924, and sent via First National Bank in Murray, Kentucky): Dear Sir – I am sending enclosed a Certificate of Deposit on Bardwell Kentucky Bank for \$7,500 and two covenant bonds (\$1,000 each) and one for \$500. These are for the Normal School benefit in your town. Now, if this amount will establish a Chair in the school I wouldn't object. If not, the citizens of your town and vicinity can use this fund for the benefit and upkeep of the school, hoping that the school will be of great benefit and success to our part of the state. Signed, I am yours respectfully, Thomas E. Norris." The letter also includes advice to the Board on investments: "P.S. – if you will hold the certificate until next July you will get the accrued interest that comes due." This money

provided by Thomas Norris was used to establish a revolving loan fund (ultimately the early Board's purpose for the gift) and this is now being brought into these endowments. There is no action required by the Board but this represents a wonderful story that connects back to the founding of the University and illustrates the importance of maintaining records and contact with individuals.

- Recent Appointments
 - Maria Rosa – Director, Transfer Center
 - Deanne Toby – Director, Office of Procurement
- Dr. Wade Northington, Director, Breathitt Veterinary Center (BVC) – winner of the 2012 Distinguished Service Award from the Kentucky Veterinary Medical Association
- Anita Poynor, Bursar, and Meghan Mottaz, Cash Management Supervisor – featured in National webcast for *Touchnet* (handles eCommerce System)
- Lucas Daily, Senior in Chemistry/Pre-Med – Outstanding Undergraduate Research Poster honoree at the 47th Annual American Chemical Society Midwest Annual Meeting

Programs

- MSU first public university designated as a Safe Community by the National Safety Council/World Health Organization
- University Communications winner of three Grand Prize Awards (*Points of Pride* Annual Report, MSU Anthem Campaign and Pink Glove Dance Partnership) and 9 additional awards from the Council for Advancement and Support of Education-Kentucky (12 overall awards total)
- National Collegiate Athletic Association Recognition Award given to three Racer squads for Academic Progress Rate in top 10 percent of all Division I teams in respective sports: Men's Golf, Women's Golf and Men's Tennis
- Bauernfeind College of Business – ranked 104th of Top 500 Business Schools by Social Science Research Network based on a variety of criteria and online Master of Business Administration ranked 18th of 139 Association to Advance Collegiate Schools of Business Programs as a “Best Buy” by Get Educated.com

Policy

- “Fiscal Cliff” Impact – Higher education is not like K-12 education where literally in every state there has been a reporting of program areas (federal fund streams) which have been distributed to the states about the impact that will supposedly take place if federal funds are sequestered given an inability to navigate the fiscal cliff. Overall the discussion is in the vicinity of 8.2 percent of federal funds. MSU does not have the same reporting that is provided to K-12 which shows every program and the impact of the fiscal cliff by state. To some degree the University must calculate this number on its own. Another question on the higher education side that does not involve K-12 is student financial aid and what will happen with student loans (as opposed to Pell grants) and this is more difficult to get a handle on. Utilizing the 8.2 percent sequester figure, for MSU this means approximately \$4.5 to \$4.7 million. This is not an insurmountable figure and is spread across a large number of programs (as evidenced in the A-133 Audit provided) but it does represent a significant amount of money overall. The administration will need to review what is being done under each of those programs and make decisions accordingly as to where cutbacks will be made if that funding is no longer provided. Pell grants play a major role for Murray State given the percentage of student eligibility but are stable for 2013-14. The way federal funding is going there is the potential for a shortfall but it appears as if funding for 2013-14 will remain intact. There will be a change in loan fees that comes from the cut (if funds are sequestered) which could have an impact on students needing to originate loans. The overall change in the tax structure also causes some worry and if a family is going to have \$2,000 less due to increased tax liability that could mean some students are going to have a much more difficult time attending college. This situation will continue to be monitored closely.

Point of View

Dr. Dunn reported a MSU delegation attended the Southern Association of Colleges and Schools Annual Conference this past weekend in Dallas, Texas, in anticipation of the University entering the reaccreditation process in 2013-14. During a meeting of university presidents a book was presented which outlines some of the challenges all public institutions are facing in making the pivot to resemble private universities. This work is not new to MSU, as evidenced by the work being undertaken by the Budget Review Teams. The following quote from Gary C. Fethke and Andrew J. Policano which appeared in *Public No More: A New Path to Excellence for America's Public Universities* was provided:

“The new normal in public-no-more higher education will involve lower levels

of government support, greater attention to competitive tuitions, purposefully determined quality and willingness to succeed (or fail) in a broader range of entrepreneurial activities. Public-no-more universities can simultaneously invest in and cut academic programs. They can invest in identified areas of strength and communicate those investments and they can cut and downsize areas that are neither critical to their strategic vision nor able to generate self-sustaining resources.”

In response to a question regarding the University’s progress in terms of relocating the Breathitt Veterinary Center (BVC), Dr. Dunn reported Regents will recall \$4 million has been provided to the University in the Commonwealth Budget which can be used for site selection and for the purchase of property. The first work which has taken place has been to consider suitable parcels of property. Given the nature of the BVC this does not involve just finding a piece of ground that is sizeable enough for siting the facility. BVC is undertaking Biological Safety Level III work (in a sizeable lab) which leads to the necessity of being able to accommodate a large volume of traffic due to the number of stock trailers coming in and out and which would be expected with a large-scale veterinary laboratory. There are some elements that come into play with the parcel that is chosen and a group in Hopkinsville has been formed for this purpose and has identified four potential sites that would be workable for a new BVC. The University has been involved in site visits, negotiations and studies and Chief Facilities Officer Kim Oatman has been reviewing the number one parcel identified. There was also thinking – given the owner of the parcel – that there was potential for a gift to the University that would accompany the land purchase. As this has been reviewed – and no final determination has been made – it is going to be a difficult solution for the University to be able to obtain that optimal property. Appraisals have been received for the property and do not match what the property owner feels the parcel is worth. There must be a declaration on the deed of the actual value of the property and this makes it very difficult to pursue the optimal parcel at this point. Work must continue and the University may begin reviewing the second identified parcel which centers around determining the best and most feasible option for the purchase of land. Once this work is completed the University can move into the next phase which will include how the University sites a new building in addition to other factors. Mr. Oatman indicated the process is also underway to select an architect for the project and this work is nearing completion. It is hoped that site selection will parallel with the selection of an architect so the project can move along quickly. In response to a question regarding the impact the tax situation could have in terms of charitable giving beginning January 1, 2013, Dr. Dunn confirmed there is nervousness about this issue and whether that deduction stays is critical to nonprofit entities – not just universities – but anyone who benefits from philanthropy and the situation is being monitored closely. Through the professional associations the University belongs to work is underway to ensure lawmakers understand the importance of this issue.

Report of the Chair

Chair Curriss reported individuals are aware there have been some concerns expressed over the timetable by which the Board will consider the renewal of the presidential contract. The Board is very keenly aware that some of these concerns have been expressed. The Board has always sought to function in a manner consistent with its policies and procedures and certainly wants to be transparent in that process. In September 2010 the Board unanimously voted on a new contract for President Dunn and at that time, under the terms of the contract, indicated that by the end of the fiscal year or the academic calendar year (June 30, 2013 – seven months from now) the Board will have made a decision with reference to whether a new contract would be extended to the President, recognizing that his current contract extends through June 30, 2014. The specific process the Board would follow has not been enunciated and several Board members exchanged communications on this point because the Board wants to be open and straightforward about this issue. Chair Curriss recognized Regent Steve Williams.

Presidential Review Procedure, approved

Mr. Williams thanked Chair Curriss and indicated he wanted to bring forth a proposed motion for the Board to consider in accordance with the contractual obligations just referenced. In September 2010 the Board of Regents approved a new contract for Dr. Randy Dunn extending his appointment as President through June 30, 2014. At that time the Board indicated, consistent with contract language, it would revisit the issue of renewing Dr. Dunn’s appointment no later than one year prior to its maturation, or no later than June 30, 2013. In accordance with this

contractual obligation, consistent with established policies and procedures and recognizing concerns expressed by several constituencies, at this quarterly meeting of the Board he brought forth the recommendation that the Board of Regents initiate a contract review process with the following steps:

1. By January 15, 2013, the Chairman of the Board shall appoint a small Ad Hoc Contract Review Committee consisting of the Chair and at least two additional Regents.
2. The Ad Hoc Committee will review relevant information and materials, including resolutions forwarded to the Board, data responding to the University's progress, the President's Four-Year Review completed in August 2012 and his responses thereto, information and comments which President Dunn wishes to forward, as well as any information and comments individual Regents might wish to convey.
3. At the scheduled March meeting of the Board, the Ad Hoc Committee shall meet in Executive Session with the full Board of Regents to discuss the presidential contract, any identified issues and to receive any further instructions from the Board.
4. At the scheduled May 10, 2013, Board meeting, the Ad Hoc Committee will conclude its work and make recommendation(s) to the full Board. At this meeting the Board of Regents is expected to take final action on extending a new presidential contract.

Mr. Williams believes this process will ensure the Board meets its obligations to the University and to President Dunn in a thorough manner yet within the timeframe to which the Board had previously committed and, obviously, if the process can be completed sooner that would be even better and he so submitted.

Chair Curris indicated the Board has before it a resolution and asked if there is a second. Mr. Waterfield seconded and the motion carried unanimously.

Report of the Constituency Regents

Faculty Regent

Dr. Rose reported the following:

- Budget review work is underway and the Board received a full report and had good discussion on this undertaking during the committee meeting. A tremendous amount of effort is being put into this process by all involved, particularly the faculty. By the end of this process he believes there will be a number of areas identified where operations can be improved and some budget issues addressed.
- The Provost Search is underway and there is an outstanding Committee in place. Dr. Dunn appointed a good group of individuals (both faculty and staff). Two meetings have taken place and the Supplemental Notebook contains a copy of the advertisement approved by the Committee, the search calendar and a listing of where the advertisement will appear. Dr. Dunn has provided Dr. Jacobs and Ms. Hunt to assist in this process and both have been very helpful to him personally as Chair as well as to the entire Committee. Ms. Hunt has particularly invested several hours in terms of keeping notes for the Committee meetings and he has a copy of those if any Regent would like to review them or would like a copy. As the process began three items were discussed to provide direction for the work of the Search Committee. One item was the *Strategic Directions Statement* of this Board which was approved on May 20, 2011, and that document will help guide this process. The Strategic Imperatives (affirmed by this Board on August 25, 2011) were also provided as were excerpts from the 2012 State-of-the-University Address delivered by Dr. Dunn on October 10, 2012. These three documents established the guiding principles for the Search Committee, in addition to direction provided by Dr. Dunn that he would like to have two to four quality applicants to visit campus when that time arrives. Some applications have already been received but if Board members know of an individual they would like to encourage to apply they should let those individuals know they can go online and apply for the position through the MSU Human Resources website. To this point Dr. Rose could not ask for the process to be any better with a great Committee and great staff support.
- A Resolution approved by the Faculty Senate was sent to all Board members and he would like to emphasize publicly, as Faculty Regent, the amount of support that Dr. Dunn has from the faculty. During the time that he has been Faculty Regent he has worked more closely with Dr. Dunn than has ever been the case with any other President in the past. He has a lot of respect for Dr. Dunn and the significant majority of the faculty feels the same way. The Faculty Senate approved the Resolution but Dr. Rose wants to tell the Board and Dr. Dunn that he is appreciated by the faculty.
- Dr. Rose has a wish for the University family. He believes Murray State is a great place to work and be a part of and as he looks around this table and throughout the room he has tremendous respect for

everyone present and has all the confidence in the world in this group. It is his wish that all remain focused next year to continue to make Murray State University the very best in the country and perhaps the world.

Staff Regent

Mr. Schooley reported the following:

- As Staff Regent he agrees with Regent Rose that Dr. Dunn has worked hard to help build relationships and improve salaries and benefits for faculty and staff and it shows in the support he has received from both groups. This past Wednesday Staff Congress unanimously passed a motion to request that as Staff Regent he remind the Board of Regents about the letter of support for Dr. Dunn that Staff Congress in submitted March 2012 during the Presidential evaluation process. The Board can be assured Staff Congress continues to stand by that letter.
- The Staff Congress Survey ends today and currently 529 of 1,038 staff members have taken part in the survey (51 percent). The Board will receive the final report at the March meeting.
- Staff Congress held its annual Staff and Faculty Children's Christmas Party this past weekend and there was a good turnout. This past Tuesday the Staff Reception was held with approximately 400 attending. A short PowerPoint presentation, prepared by Orville Herndon – Publications System Manager in the Arthur J. Bauernfeind College of Business – was shown.

Student Regent

Mr. Johnson reported the following:

- At the end of October/beginning of November the Student Government Association (SGA) completed a Registration Drive to educate students about the necessity of voting in the national election. Forty-seven students were registered to vote through this process. Debate watches were also held in the SGA office to facilitate discussion regarding the election.
- The Mayor also attended an SGA meeting to discuss several issues, including City Stickers and policies the City is pursuing that would relate to students.
- SGA is currently considering an extension for Greek life by adding a sixth Pan-Hellenic sorority and the process will likely be completed by Fall 2013. Last Fall the number of students participating in sorority Rush was high and many girls were turned away because there is a threshold for each chapter which cannot be surpassed. This led the existing sororities to determine that another group should be added.
- Parking appeals through the Judicial Board are decreasing, dropping by 150 this past Fall which is significant.
- Appreciation was expressed to all faculty and staff serving on the Budget Review Committees. The amount of work they are undertaking is astronomical, especially since faculty, staff and students are continuing their regular work and attending class while also undertaking the budget review work.
- Appreciation was expressed to Student Affairs for kicking off finals week in the right fashion with the Midnight Breakfast (held Sunday night prior to finals). The event was free for all students and those serving were Student Affairs staff – from Dr. Robertson to the Residential College Heads to student organization officers. Pepsi participated in this year's event and gave away free merchandise and a fun time was had by all.
- Dining Services sponsored a Thanksgiving dinner and a Holiday dinner and the attendance numbers were phenomenal and the food was absolutely delicious.

MSU Spotlight: Racer Patrol

Dr. Dunn introduced David Devoss, Police Chief and Director of Public Safety and Emergency Management. Two student members of the Racer Patrol were present – Greg Mauldin, Supervisor, and Jake Darnell, Ticket Writer. The following information was presented:

- Each night (365 nights per year) between four to seven Racer Patrol members walk through campus covering areas police officers cannot, making them invaluable members of the Public Safety team. These individuals patrol the grounds and perform cursory checks of various sensitive locations as well as every building on campus to ensure they are secure. Racer Patrol members also conduct surveillance of the parking lots and provide escorts for students. The original intent of the establishment of Racer Patrol (under Governor Julian Carroll's administration) was to provide such escorts.
- Racer Patrol represents the eyes and ears of Public Safety because they are out on campus and are hearing and seeing everything that is occurring. They are of enormous value to the department given their ability to report in a timely manner any incidents so police officer response time is faster.
- Racer Patrol reports unsafe conditions and hazards which may develop on campus and a focus is placed on risk management and mitigating losses.
- Some MSU students may engage in risky behavior and as a result become injured. Racer Patrol members are trained to assist officers in providing medical assistance to those students as needed.

Racer Patrol members have built a great deal of respect among their fellow students and help the entire student body, faculty, staff and visitors feel safe.

- Racer Patrol checks the emergency call boxes, conducts lighting checks in conjunction with Facilities Management and works numerous events (ballgames and concerts) to provide safety for attendees.
- Move-in day is a priority for Racer Patrol to assist parents and students with directions and help make the process go smoothly. Members work in various buildings checking IDs and on many occasions parents have commented on the importance of safety and the role that factor played in their college selection. Many comments center on the visibility of Racer Patrol in the residential colleges and throughout the academic buildings.
- Racer Patrol members learn responsibility, observation skills and issue resolution which helps them grow personally as well as allowing them to apply the knowledge they have gained in this position to their respective vocations.
- The typical standard is for each member of the Racer Patrol (16 current members) to work three nights per week, scheduled around their schooling, but that can be increased to as many as six nights per week.
- Upon graduation the majority of Racer Patrol students move on to law enforcement agencies and approximately one-half are criminal justice or social work majors. Many students also become doctors and attorneys.
- Each spring the Lion's Club recognizes the Officer of the Year with recipients representing the Kentucky State Police, Calloway County Sheriff's Department, Murray Police Department and the MSU Police. All officers receiving this award in 2010 were graduates of Murray State University and former members of Public Safety Racer Patrol.
- Assurance was provided that all in Public Safety are aware of legal issues associated with any action officers may take toward a student in terms of search and seizure and entry risks. All are familiar with the recent incident at the University of Kentucky.

Chair Curris is pleased to hear about this program and that it appears to be working very well. Reference was made to the beginning of the program and during his presidency at Murray State he was called to Frankfort to meet with Governor Carroll in reference to an incident involving his daughter. At that time the Governor asked what needed to be done to protect students on campus and, as a result, a \$50,000 allocation was provided to the University to support the Racer Patrol. Chair Curris is delighted the program continues to flourish.

Report of the Treasurer

Tuition Discounting for 2011-12 Compared to 2010-11, discussed

Mr. Denton reported that in response to an earlier question raised by Chair Curris a worksheet was provided outlining actual gross tuition and mandatory fee increases compared to actual discount increases. The question involved gross tuition increasing by \$7.6 million and discounts increasing by almost \$6.6 million over that same period of time. If the increase in discounts is compared to the increase in gross tuition there would amount to an 86.2 percent increase which pertains to the first part of what Chair Curris was questioning. The bottom of the chart provided outlines what composes that 86.2 percent but there are two major factors that put the University above its "norm." The first pertains to federal funds the University received in prior year and those were being recorded as restricted funds and were not reflected in the General Fund. Total discounts did not change but those funds were being recorded in a different fund and when federal monies were taken away those expenses were shifted back to the General Fund. This is reflected in the information provided as federal stabilization funds of \$2.2 million which makes up 30 percent of the 86.2 percent increase. The second factor pertains to gross tuition not being recorded (only net tuition was being recorded) by an entire section of the University's international exchange program. To address this issue an account change was made in that particular fiscal year so the discount is now also being recorded. The bottom line represents zero impact in doing so because gross tuition is also being increased. These two factors make up 43 percent of the 86.2 percent. The other larger number within the University's "normal" change deals with regional state discounts which can vary from year to year because pricing is based on pricing within the individual states for in-state residence. Taking this into consideration as well as enrollment changes, a 19 percent increase for regionals is not out of line.

The second part of Chair Curris' question involved what MSU's discount rate was and for the actual year at June 30, 2012, the discount rate was 33.1 percent as a whole.

Quarterly Financial and Investment Reports, approved

Mr. Denton provided the following highlights (over prior year) from the unaudited Financial and Investment Reports for the three-month period ended September 30, 2012:

- Cash and cash equivalents (plus investments) increased by slightly less than \$1 million
- Approximate \$3 million reduction in bond payments
- Significant increase in net assets (approximately \$1.2 million)
- Unrestricted net assets allocated for prior year carryovers includes \$5.3 million of June 30, 2012, carryforwards that are still being held. In addition, \$1.6 million is being held from June 30, 2011. At June 30, 2009, and June 30, 2011, carryforwards were being held and a portion of those monies were utilized in the University's Budget with the balance being distributed back to the individual departments. Reserves as of June 30, 2011 (\$1.6 million) and June 30, 2012 (\$5.3 million) represent a significant amount of reserves which are being held.
- For the first three-month period some timing differences remain but overall the University looks good in terms of the General Fund and is approximately \$1.2 million over prior year. Net tuition and fees (gross less discounts) are positive and the University is expected to make budget.
- The University is performing well in terms of auxiliaries over this point last year although housing is not tracking as well due to a payment on Elizabeth Hall for debt service being included (which was anticipated).
- In terms of the University's local bank account, MSU receives an earnings credit from its bank – an amount which equates to at least a .3 percent of the University's fund or federal funds rate – whichever is highest. The University had earnings of slightly over 1 percent and these funds are held in Frankfort. With regard to the University's investment policy – out of total funds of approximately \$135 million about \$21.5 million represent gift funds deposited with the MSU Foundation and the rate the Foundation receives (3.48 percent) is what the University also receives (significantly higher than the University receives on operating accounts).
- Approximately \$1 million to \$2 million is invested with a bond trustee – which the University is required to have – and there may be times with issuing bonds where a segment of money is moving through the system. Other than that the vast majority of University money is invested in Frankfort and the institution is required by statute to operate in this fashion. The University tries to move funds as quickly as possible because they earn more in Frankfort than through the local bank account. The University did not earn any interest on the state appropriation of \$50 million because this represents the state's money and any interest earned is collected by the state. Other funds – tuition and fees – are collected locally and monitored closely. The balance is transferred as quickly as possible to the higher interest earning account.
- A report of individual expenditures over \$25,000 for facilities, grants and non-recurring or non-routine items which were incurred during this reporting quarter was reviewed with there being no remarkable expenditures occurring during this period.
- A number of personnel services contracts were issued during the first quarter but mainly represent price contracts for various architectural and engineering services representing contracts which are being set up for the year but do not have particular projects attached. Between eight to nine contracts were issued which have specific projects attached (such as representation in Frankfort and Washington, D.C.).
- Confirmation was provided that the University's net assets increased in the General Fund by \$5 million but all must take into consideration when that figure is analyzed a determination must be made regarding what is recurring and what represents a one-time expenditure. There was a substantial savings in utilities and it is believed approximately one-half of that amount will be recurring because a five-minute response rate system was set up with the local electric company, along with the implementation of other energy-saving processes. As a trend the University has improved in this area each year.

Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, accept the quarterly unaudited Financial and Investment Reports for the period of July 1, 2012, through September 30, 2012, as presented. Dr. Thornton seconded and the motion carried unanimously.

(See Attachment #1)

Report of the Registrar, approved

Dr. Dunn reported that as part of its administrative duties the Board of Regents is required to ratify the awarding of degrees to Murray State University graduates. There are 251 students from the August cycle and 870 for December.

Mrs. Green moved that the Board of Regents ratify the awarding of the degrees to August and December 2012 graduates on December 15, 2012, as recommended by the Office of the Registrar. Mr. Johnson seconded and the motion carried unanimously.

(See Attachment #2)

Gifts-in-Kind, accepted

Hutson School of Agriculture – 13-year-old Holsteiner Mare

Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, accept the donation of a 13-year-old Holsteiner Mare – Lady Carthago – valued at \$75,000 which was donated by Starwyn Farms, LLC, Danielle Goldstein, of Wellington, Florida. Dr. Rose seconded and the motion carried unanimously.

Hutson School of Agriculture – 7-year-old Bay Quarter Horse Gelding

Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, accept the donation of a 7-year-old Bay Quarter Horse Gelding – You Make Me Happy – valued at \$24,000 which was donated by the Jerry Parisek Family of Murray, Kentucky. Mr. Schooley seconded and the motion carried unanimously.

Athletic Department – Portable HD AV Flight Pack Revised Bundle

Dr. Dunn indicated the Board might be aware that the Ohio Valley Conference (OVC) schools utilized a portion of the earnings from the various basketball successes to put together an enhancement program in athletics, particularly to support basketball but other sports as well. One of the outcomes of this work was to provide video streaming equipment that each school would own and make available for use for all sports while providing high definition. The initiative has been successful in providing video access through the internet to those who may be fans of OVC sports. The equipment received from the OVC is valued at \$49,500 and in order for the equipment to be insured it must be accepted by the Board of Regents as a gift. Although MSU contributed a portion of its basketball share, it is now accepting that back as a gift and placing the equipment on the University's inventory.

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, accept the donation of the Portable HD AV Flight Pack Revised Bundle valued at \$49,500 which was donated by the Ohio Valley Conference of Brentwood, Tennessee. Mrs. Guess seconded and the motion carried unanimously.

Wrather West Kentucky Museum – Early Armour and Military Equipage

Mrs. Green moved that the Board of Regents, upon the recommendation of the President of the University, accept the donation of Early Armour and Military Equipage valued at \$24,450 which was donated by Billy Puckett of Murray, Kentucky. Dr. Rose seconded and the motion carried unanimously.

University Appeals Board Appointments, approved

Dr. Rose moved that the Board of Regents, upon the recommendation of the President of the University, appoint the following faculty and students to the University Appeals Board for the terms indicated.

Faculty: Three-year terms (2012-15)

- Jason Campbell, Assistant Professor – Department of Applied Health Sciences
College of Health Sciences and Human Services
- Alyx Shultz, Assistant Professor – Animal Equine Science
Hutson School of Agriculture

Students: One-year term (2012-13)

- Madison Lane, Rachel Miller, Michael Shepherd

Mr. Johnson seconded and the motion carried unanimously. On behalf of the Board of Regents Chair Curris expressed appreciation to the faculty and students for their willingness to serve the University in this capacity.

Personnel Changes, approved

Faculty Retirement Contract

Dr. Rose moved that the Board of Regents, upon the recommendation of the President of the University, approve the following application for retirement effective with the 2013-14 academic year contract:

Bonnie Higginson (Effective August 15, 2013, through May 15, 2017)
 Professor Emeritus
 Department of Early Childhood and Elementary Education – College of Education

2013-14 - \$72,348 for half-time appointment plus salary increments for the next three succeeding academic years

Dr. Thornton seconded and the roll was called with the following voting: Mrs. Buchanon, yes; Mrs. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Dr. Rose, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

On behalf of the Board of Regents Chair Curris indicated to Dr. Higginson that all are very grateful for her tremendous service to the University over the years and all are glad she will remain with the University on a part-time basis.

Dr. Higginson thanked the Board and indicated 40 years ago she was a freshman at Murray State and at that time never imagined all this University would offer and she very much appreciates the opportunities which she has been afforded.

Staff Leaves of Absence Without Pay

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 as listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Keith Black	Dining Services	8/11/12-11/4/12
Elizabeth Buzzell	Dining Services	8/28/12-9/3/12
		9/11/12-9/15/12
Ray Chapman	Dining Services	8/6/12-11/28/12
Rebecca Conner	CFSB	10/30/12-1/22/13
Lauren Crouch	CEAO Training Center	1/31/13-2/10/13
Sharon Crouch	IET	8/21/12-9/7/12
Kimberly Cyrus	CEAO Extended Campus-Paducah	11/7/12-2/4/13
		2/5/13-2/27/13*
Karen Dowdy	Accounting & Financial Services	9/5/12-10/31/12
Jerry Fitzgerald	Dining Services	10/23/12-10/29/12
John Hopkins	Facilities Management	9/10/12-9/11/12
Laura Jasmon	Dining Services	11/3/12-11/8/12
Matthew LeFrancois	Facilities Management	6/26/12-9/18/12
Christina Mathis	Accounting & Financial Services	5/17/12-9/26/12*
		9/27/12-11/25/12
Chantee Nored	Dining Services	10/19/12-12/10/12
Blenda Owen	Dining Services	9/7/12-9/16/12
Ginny Pratt	Registrar's Office	9/7/12-9/10/12
Lee Ann Roberts	University Parking	8/18/12-9/30/12
Thomas Sherwood	Dining Services	9/3/12-9/7/12
Diana Smith	Facilities Management	10/24/12-10/24/12
Michael Thompson	Facilities Management	10/25/12-10/26/12*
		11/1/12-11/2/12
Timothy Washum	Facilities Management	7/28/12-8/22/12
		10/21/12-1/1/13
Irene Weber	Registrar's Office	7/30/12-8/8/12

*Intermittent Leave

Dr. Rose seconded and the motion carried unanimously.

CPE Stronger by Degrees, IPEDS and BOR Strategic Directions Metrics, discussed

Dr. Dunn reported the University administration is presently working under a set of performance metrics the Council on Postsecondary Education (CPE) provided to the institution. The first cycle of this report was previously presented to the Board and information shared today represents work which has taken place during the second cycle. The CPE attached metrics to Murray State to which the institution must respond. IPEDS provides another set of metrics for the University which are not as performance based but represent indicators or characteristics about the institution that are part of the federal reporting system (IPEDS) and this is a set of performance scores. The BOR *Strategic Directions* statement could also provide a means to create some additional metrics if the Board is so inclined. Regents should begin to consider whether these metrics could be reviewed in a work session and determine whether consensus can be reached on a set of metrics that would be useful for the Board in reviewing the University's performance moving forward. During a recent Retreat the Board also considered creating a "dashboard" that, once a set of metrics had been decided upon, would be used to monitor progress on those metrics over time. As a result of individual meetings with Board members some have indicated a desire for the institution to focus on workforce preparation and consider the way the University helps students prepare to enter the workforce. Any individual Regent interests would be in addition to the CPE metrics, IPEDS numbers and the *Strategic Directions* statement and could represent performance standards to be built into this process.

Carl Prestfeldt, Director for Fiscal Planning and Analysis reported the following:

- The 2011-15 Strategic Agenda has four focus areas defined by the CPE: College Readiness; Student Success; Research, Economic and Community Development and Efficiency and Innovation. Each focus area has an associated target and when the University meets that target it receives a gold star and although this process is on a four-year linear trajectory, a gold star means the University has already reached the goal it negotiated. A vertical arrow means the institution is either on trajectory or performing slightly better. A horizontal arrow indicates progress is being made but below trajectory. No progress is defined as zero up to 15 percent and an institution is considered to be losing ground if it falls below the baseline.
- With regard to the CPE performance metric of the percent of teaching program graduates scoring in the top 15 percent nationally on Praxis II Practice of Learning and Teaching licensure exams, consideration is being given to increasing to the top 15 to 25 percent and including content courses along with pedagogical courses. MSU currently has a progress arrow in this area.
- The number of degrees and credentials conferred is becoming a more popular metric nationally but at the potential expense of the six-year graduation rate. MSU has a progress arrow in terms of master's degrees and has up arrows on total and bachelor's degrees. MSU has an up arrow for the six-year bachelor's degree graduation rate and ranks second only to the University of Kentucky in terms of actual graduation rate. Graduation rate gaps represent an area where the CPE is considering making changes but basically the graduate progress rate by individual cohort is being compared to the rest in order to be evaluated separately to determine progress. MSU received the only green arrow in the low-income cohort. MSU received down arrows on the six-year gap compared to college readiness and minority cohorts. Dr. Dunn indicated one of the challenges for the institution is when it is realized the University is not on trajectory toward a particular goal negotiated with the CPE consideration must be given to the units working in that area and an effort made to rework the plan to determine how the University proceeds so that trajectory is corrected. He has pledged to the CPE that this trajectory will change and this likely will occur through the efforts of Maria Rosa, the new Transfer Center Director, who will take on this task, specifically as it pertains to transfer students.
- MSU has met target for extramural research and development expenditures at this point in time but competition will continue to increase in this area.
- There are down arrows across all universities with regard to credits to degree which indicates a problem and the CPE is reviewing a way to change what comprises this metric.
- In response to a Regent question regarding how the CPE metrics were developed, it was reported a national set of standards exists to look at effectiveness of higher education. The CPE also established a committee comprised of Council members to review the issue and revisit the five questions which they formerly utilized. After many meetings the committee developed the current metrics. Dr. Dunn indicated this work was very much Council driven based on their determination of what the important measures (metrics) should be – those characteristics which show the effectiveness Kentucky wants – and once that was crafted (with staff negotiation) further discussion occurred and the Council moved forward with the system.
- A statement was made that recent results have shown approximately 50 percent of students are not prepared for college and this could present an opportunity for Murray State, particularly within the 18-county service region. Dr. Dunn reported that through the K12Connect initiative an attempt is being made to provide increased focus and efforts (based on what the districts indicate they need in order to meet the outcomes for which they are being held accountable). A great deal of this work

requires addressing developmental needs before students reach the college level and this needs to be addressed in the high schools. Dr. Higginson added that the CPE provided some grant funding for Senate Bill 1 implementation which deals with college readiness and a great deal of work has taken place with faculty across campus and with public school teachers to address the college readiness issue.

Dr. Dunn gave a PowerPoint presentation representing a customized IPEDS Data Feedback Report for 2012 and containing a wide variety of data and a number of variables which define MSU institutionally.

- A customized report was prepared and takes into consideration the other state regional schools as well as public institutions in the Ohio Valley Conference. In terms of the data provided for salaries and the number of administrators at MSU, the institution is not as bad off as it could be – although there is always room for improvement. Some numbers could provide an opportunity to create a dashboard model if the Board feels there are areas it would like to track on a more continuous basis from year to year.
- A Regent observation was made that the IPEDS data shows MSU has fewer students, more full-time equivalent staff and faculty and higher core expenses for FTE enrollment than its sister institutions which means Murray State educates fewer students, takes more faculty and staff to do so and spends more money to carry out this work. Dr. Dunn indicated he would not read too much into the data but it could be the case that some programs being offered may require more faculty per student, particularly in fields such as Telecommunications Systems Management and Occupational Safety and Health. If the University has a funding source for a specific program which allows faculty to be hired to teach in that particular program, this will result in the appearance that costs are higher. Part of the challenge becomes whether those are indicators the Board would want to consider over time and track over multiple years to determine whether it is a trend that is holding out over time (which could be fed into a dashboard to provide the ability to watch this area two to four years out). A judgment could then be made whether there is a rational reason for this occurring, whether it should be allowed to continue or whether something needs to be done to identify another way of undertaking this work.
- In response to a Regent question regarding whether the University selected its own IPEDS comparison group, Dr. Dunn reported the schools contained in this report represent those the University selected as being comparable. What IPEDS identifies as a comparison group of institutions is the “old holdover” of the previous benchmark funding system utilized in Kentucky but which no longer has a great deal of applicability. If the Board has a desire to change the comparison group of schools it can certainly indicate that as well. A Regent statement was made that it is desirable – in terms of planning – to utilize other institutions Murray State would desire to be like and this provides a clear indication of where the gaps are in terms of being able to get to that point without utilizing aspirational institutions. Dr. Dunn reported a few years ago research was undertaken by Fügen Muscio, Coordinator for Institutional Research, who compiled an aspirational peers report. This work was defined by all of the public institutions across the four regions of the country that score higher than Murray State on *U.S. News and World Report*. In that report some areas at MSU were not equal to other institutions and Murray State ranked 10th or 11th on a majority of those indicators.
- The *Strategic Directions* statement also provides opportunities to identify metrics, including what it means to be the “university of choice” within a region, and how to define workforce preparation and economic development were cited as examples. If the *Strategic Directions* statement is to be the guiding light for the University it must be broken down in terms of what it actually means and a determination made as to what the indicators are so the University administration knows whether it is hitting the mark for the Board or not. Efficiency indicators must also be identified – whether they are ratios or some other metric. All these elements – the available data, developing indicators from the *Strategic Directions* statement – can be brought together and developed into a set of performance metrics which can then be built into a dashboard and followed. This potential could be discussed in a future BOR work session for the purpose of working toward a unique set of metrics for the institution.
- Encouragement to continue following the process of establishing appropriate performance indicators was expressed by one Regent in order to keep everyone focused and considering the way things are consistently measured which will continue to take the University in a common direction.

These reports were provided for informational purposes only and required no action.

Committee Reports/Recommendations

Academic Affairs – Dr. Thornton

University Affirmative Action Plan, approved

Dr. Thornton reported the Academic Affairs Committee received a comprehensive report on affirmative action in general and affirmative action at Murray State University specifically.

On behalf of the Academic Affairs Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the Murray State University *Affirmative Action Plan* as submitted and to also include workforce data updates thereafter. Mr. Schooley seconded and the roll was called with the following voting: Mrs. Buchanon, yes; Mrs. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Dr. Rose, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

(See Attachment #3)

Audit and Compliance – Mr. Waterfield

Mr. Waterfield reported the Audit and Compliance Committee received a report from the independent outside auditors on four different entities – University General Audit, the Federal Audit of the U.S. Management Circular A-133, the Athletic Audit and the WKMS-FM Radio Station Audit Report.

Audit Financial Statements – General; Audit Report – Federal; Audit Reports – Athletic and Audit Reports – WKMS-FM, accepted

On behalf of the Audit and Compliance Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, accept the following for 2011-12:

- Presentation of the Results of the Annual Audit Report
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2012
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2012
- General Financial Statement for the Year Ended June 30, 2012
- U.S. Office of Management and Budget Circular A-133 for the Year Ended June 30, 2012
- National Collegiate Athletic Association Independent Accountant's Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2012
- Murray State University Athletic Foundation Compilation for the Year Ended June 30, 2012
- WKMS-FM Auditor Communications
- WKMS-FM Financial Statement for the Year Ended June 30, 2012

(See Attachments #4 – #13)

Dr. Thornton seconded and the motion carried unanimously.

University Code of Ethics Revision – Whistleblower Process, approved

On behalf of the Audit and Compliance Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, approve the revision to the *Statement of Ethical Principles and Code of Conduct*. Mr. Schooley seconded and the motion carried unanimously.

(See Attachment #14)

Follow-up Review of the Audit Charter, approved

On behalf of the Audit and Compliance Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the Committee Chair, approve two additional changes to the Internal Audit Charter as outlined in the attached. Mrs. Guess seconded and the motion carried unanimously.

(See Attachment #15)

Buildings and Grounds Committee – Dr. Rose

Paducah Campus Construction and Highway 121 Improvement Updates, received

Dr. Rose reported the Buildings and Grounds Committee received two update reports from Mr. Oatman – one on Paducah Campus construction and one on Highway 121 improvements. The Paducah project came in under budget for a 43,000 square foot building which will contain all of the desired options. Dr. Jackson and others have been working in Frankfort to determine whether securing financial assistance from the state to move certain utilities underground as part of the Highway 121 improvement project would be feasible. Both projects look promising. These reports were presented for informational purposes and required no Board action.

Enrollment Management and Student Success – Mrs. Buchanon

2012-13 Enrollment Update, received

Mrs. Buchanon reported the Enrollment Management and Student Success Committee received a report from Fred Dietz, Executive Director for Enrollment Management, which indicated enrollment is the highest in the history of Murray State University (up 2 percent from last fall) for a total of 10,832 students. This represented an excellent report that was presented for informational purposes and required no Board action.

Finance Committee – Mr. Williams

Budget Planning and Review Team Update, received

Mr. Williams reported important information presented included progress reports on the process for budget planning and the work of the review teams. A great deal of work has already been done, a lot of work is currently being done and much work remains to be done. The Board is very appreciative of all of the activity and commitment that is being placed toward this extremely important initiative. The timeline for the report presentations and the product of this process was discussed and will be tied in with the preparation of the budget (with a recommendation from President Dunn to be reviewed by the Board so this work can be dovetailed into the budget process in the spring). Congratulations and appreciation was expressed to all who have provided leadership for this project. The Board is anticipating excellent, but also challenging, output. This update was provided for informational purposes and required no Board action.

Chair Curris reminded the Board that on the afternoon of Thursday, March 14, 2013 (at a time to be specified) the Board of Regents will receive and review these Budget Planning and Review Team reports.

Institutional Advancement Committee – Mrs. Guess

Naming Proposals, approved

Mrs. Guess reported the Institutional Advancement Committee received a report from Dr. Jackson and it is important to note that the Committee congratulated him and the University on the completion of a very successful campaign. The importance of the campaign was not only measured by the amount of money raised but rather the impact and the multiplying effect of those dollars on Murray State students and programs. This also represents the power of being a Racer and individuals who received their start at MSU showing their appreciation for what the University did in terms of their education and their willingness to give back. Most heartfelt for her today was the University receiving a gift from an individual who did not walk these halls but found a way to love Murray State and donate to the institution which is a testament to this University. As a result of this work there are four naming proposals before the Board today.

Gene W. Ray Center

On behalf of the Institutional Advancement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities Committee, approve the naming of the new Basketball Practice Facility the

Gene W. Ray Center in consideration of his gifts, service and unwavering support of Murray State University. Dr. Thornton seconded and the motion carried unanimously.

Jim Thomas, Beth Williams and Howie Crittenden Conference Room

On behalf of the Institutional Advancement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities Committee, approve the naming of the conference room in the new Basketball Practice Facility the *Jim Thomas, Beth Williams and Howie Crittenden Conference Room*. Dr. Rose seconded and the motion carried unanimously.

Bennie Purcell Men's and Women's Basketball Area

On behalf of the Institutional Advancement Committee, Mrs. Buchanon moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities Committee, approve the naming of the men's and women's basketball recognition area in the new Hall of Champions the *Bennie Purcell Men's and Women's Basketball Area* in appreciation and honor of Bennie Purcell and funded by Proud to be a Racer Publications. Dr. Rose seconded and the motion carried unanimously.

Dave Wilcox Student Plaza

On behalf of the Institutional Advancement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the University Naming of Campus Facilities Committee, approve the naming of the student plaza area at the Hutson School of Agriculture the *Dave Wilcox Student Plaza*. Mr. Johnson seconded and the motion carried unanimously.

Regional Services Committee – Mrs. Green

MSU Office of Regional Outreach Annual Update, received

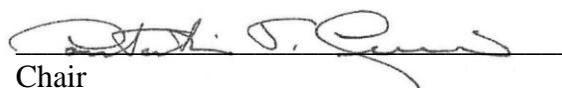
Mrs. Green reported that the Regional Services Committee received an overview report on the work of the Office of Regional Outreach and regional grants received from Gina Winchester, Executive Director, and John Rufli, Regional Advisory Council Chair. Documents provided included the *Spotlight on the Regional Impact*, a list of projects being funded this year, a breakdown of where the money has been spent over the past five years and a contact list for the current Advisory Council members. A video highlighting three current projects was shown and the Board was invited to attend the annual luncheon on April 23, 2013. Regional Outreach has funded ten programs this past year totaling \$160,765. The regional office covers all 18 counties in the University's service region and over the past five years 58 projects have been undertaken. This update was provided for informational purposes and required no Board action.

Other Business

Mr. Williams reported he, like Dr. Higginson, is experiencing a milestone in that it has been 40 years since he graduated from Murray State University and it is a pleasure to be back and re-engaged with the University. More importantly, as a calendar year is ending, appreciation was expressed to the University administration – both executive management and the Deans and others who play leadership roles. It has been a great year for Murray State and these individuals certainly have his thanks and he is sure that of the full Board. Chair Curris indicated there were no further items to be brought before the Board.

Adjournment

Mrs. Guess moved that the Murray State University Board of Regents quarterly meeting adjourn. Dr. Thornton seconded and adjournment was at 3 p.m.


Chair


Secretary