Minutes of the Quarterly Board of Regents Committee Meetings
Murray State University
Friday, February 6, 2009
Jesse Stuart Room – Pogue Library

Chair Stout called the committee meetings of the Murray State University Board of Regents to order at 8:10 a.m. and welcomed Regents, members of the general public and University community. He thanked President Randy Dunn and members of his staff for keeping the Board informed of the status of University issues during the recent ice storm.

Academic Affairs Committee
8 a.m.

Jay Morgan, Chair
Beverly Ford
Alan Stout
Jeff Taylor
Gina Winchester

<u>Center for Reservoir Research Name Change, approved</u>

Dr. Jay Morgan, Chair of the Academic Affairs Committee, called the meeting to order at 8:10 a.m. and reported all members were present.

On behalf of the Academic Affairs Committee, Judge Taylor moved that the Board of Regents, upon the recommendation of the President of the University, approve the name change for the Center for Reservoir Research (CRR) to the Watershed Studies Institute (WSI). Mrs. Ford seconded and discussion followed.

Dr. Gary Brockway, Provost and Vice President for Academic Affairs, reported the CRR is the Center of Excellence on Murray State's campus and Dr. Howard Whiteman, Professor of Biological Sciences and Director of the Center, along with the CERR Steering Committee, has a new vision for the direction of the Center which will lead to increased outreach activities. Dr. Whiteman reported in 1987 the Kentucky Council on Higher Education awarded Murray State one of four Centers of Excellence in the Commonwealth and MSU's Center was originally named the Center of Excellence for Ecosystem Studies. This was the only Center of Excellence granted to a comprehensive university and had as its main focus long-term reservoir studies, analyzing regional environmental issues and promoting undergraduate and graduate research. In 1988 the name was changed to the Center for Reservoir Research to better emphasize a reservoir studies focus. The CRR is housed within the College of Science, Engineering and Technology (CSET) and represents a collaborative effort between three departments, including Biological Sciences, Chemistry and Geosciences. The CRR coordinates and promotes activities at the Hancock Biological Station (HBS), Mid-America Remote Sensing Center (MARC) and Chemical Analysis Laboratory (CAL). The research work that has taken place at the CRR over the past 20 years has led to many accomplishments and much work has centered on long-term monitoring in Kentucky Lake. Twenty years of biological and chemical data has been collected and used for academic pursuits and management of the lake by the Army Corps of Engineers and others. A Kentucky Lake Geographic Information System has been created and is used for academic and management purposes. Real time data is now available on water quality and weather through remote sensors located in the lake and throughout Land-Between-the-Lakes. This data is available on the Internet and much of the information is also stored on the servers at Hancock Biological Station. A grant has been submitted to secure funding to increase the storage capacity at HBS for such information. Additional grants and contracts totaling $12 million have been secured and this money has provided support for faculty, postdoctoral scholars and graduate and undergraduate students. An excellent K-12 outreach program also exists through the Hancock Biological Station. Much of this work was accomplished under the direction of Dr. David White, former coordinator of the research center, before he was named Endowed Chair of Ecosystem Studies last year.

Dr. Whiteman reported there are two reasons why changing the name of the Center for Reservoir Research is being recommended. Currently the CRR conducts a substantial amount of research outside of the reservoirs and the majority of CRR publications (72 percent) are not reservoir related. There are aquatic publications (70 percent) but they deal with aspects of the aquatic environment such as streams, ponds or other organisms. A variety of publications are also land-based and interactions

between CRR research and biomedical studies have produced additional publications. Secondly, many individuals confuse the Center for Reservoir Research and Hancock Biological Station and do not realize the importance of the Mid-America Remote Sensing Center, Chemical Analysis Laboratory and other non-reservoir related research to the Center. In the future it will be desirable for CRR activities to be expanded nationally and internationally to include more Murray State faculty and students, with additional studies conducted outside of reservoirs and new academic programs added to expand the role of the Center. The proposed name change would allow for solidification and broadening of the regional, national and international presence and reputation the CRR currently maintains.

Dr. Whiteman indicated what is being proposed is changing the name of the Center of Reservoir Research to the Watershed Studies Institute, with "watershed" being defined as an area drained by a river, river system or other body of water. This term will broaden the Institute's work emphasis to both aquatic and terrestrial environments. The word "studies" has been proposed to emphasize the Institute's focus on research and education and use of "institute" will properly encompass current and future research and education centers (HBS, MARC, CAL). The CRR would remain an umbrella organization for reservoir research and the Watershed Studies Institute would go beyond the CRR, helping to coordinate and promote watershed studies in the College of Science, Engineering and Technology departments and perhaps in other departments outside the college. The Steering Committee did not want to completely abandon the idea of a Center for Reservoir Research due to its importance in the Global Lakes Ecological Observatory Network but instead decided it should serve a role similar to that of other research components such as HBS, MARC and CAL. The Watershed Studies Institute goes beyond this to encompass a broader range of studies which could be conducted in conjunction with other departments within the CSET as well as in other departments or areas outside of the college.

Mr. Stout asked if monitoring is conducted at Lake Barkley and Dr. Whiteman stated some monitoring has been conducted in the lake but the vast majority is done in Kentucky Lake due to its proximity to Hancock Biological Station. Mr. Adams asked how the name change and activities would be marketed and Dr. Whiteman indicated everything would fall under the Watershed Studies Institute and the CRR would take a back seat (except with respect to the Global Ecological Observatory Network). Judge Taylor inquired whether there are costs associated with making this change and Dr. Whiteman stated there is no cost involved. Mrs. Ford asked if the CRR monitors the lakes for mercury and other dangerous chemicals. Dr. Whiteman responded the CRR does not do this as a consequence of regular sampling but the Chemical Analysis Laboratory has conducted a variety of studies on sediment, fish and turtles looking at the levels of those types of toxins as well as PCBs. Mrs. Lovett agreed to send a link to the WSI website to all Regents. Ms. Hays asked whether there would be any programmatic study and new course or degree opportunities based on the name change. Dr. Whiteman stated there is currently a graduate Water Science Program and an attempt is being made to grow that program. One aspect of making this name change is so the program is open to a wider variety of interested parties. Typically the program has been reservoir based with a focus on bio-geo chemistry and if the focus were broader there could be a wider range of topics studied which would attract more students. Mrs. Buchanon asked whether studies are conducted on endangered species in Kentucky Lake and Dr. Whiteman indicated a MSU faculty member has studied many of the freshwater mussels in the lake which are a globally endangered species. Following retirement the faculty member continues to collaborate with the Center on this initiative.

Dr. Dunn added the University must look to its strengths in order to grow and this Center is clearly an academic strength and the name change provides an opportunity to widen the scope of the Center and bring more players into an initiative that has already demonstrated excellence. He likes the notion of having an umbrella organization such as the Watershed Studies Institute for these other academic units and similar discussion is occurring in the College of Business and Public Affairs to create a unit which would capture the different centers operating in that college. Dr. Dunn highly endorses changing the name of the CRR to the Watershed Studies Institute because it will be beneficial as the Institute starts remaking itself by expanding its scope and becoming more integrated in its work and this could also serve as an excellent model for other areas on campus.

Motion carried.

Adjournment

The Academic Affairs Committee adjourned at 8:30 a.m.

Audit Committee
8:15 a.m.

Bill Adams, Chair
Beverly Ford
Laxmaiah Manchikanti
Alan Stout
Jeff Taylor

Mr. Bill Adams, Chair of the Audit Committee, called the meeting to order at 8:30 a.m. and reported all members were present with the exception of Dr. Manchikanti.

Audited Financial Statements – Athletics, discussed

NCAA Independent Accountants' Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended 6/30/08

Mr. Tom Denton, Vice President for Finance and Administrative Services, reported there are three items before the Committee for consideration. The first is the agreed-upon procedures report which is the National Collegiate Athletic Association (NCAA) accountants' report. This is not an audit but is an internal report required by the NCAA to be provided to the President. With assistance from the auditors, over 70 procedures were performed to evaluate whether the statement of revenue and expenses provided by the University is in compliance with NCAA *Bylaws* and comprises an extensive review. The auditors are not making any representation about the sufficiency of these procedures but are indicating, after reviewing each of the areas outlined, whether they agree with certain documentation provided by the University.

Mr. Denton stated this year there is a new team of auditors, although from the same company, and they adopted a somewhat different approach to this process. In previous years if the auditors found something not in agreement they would immediately ask the Accounting Office to account for the discrepancy. This time the auditors did not request the University find the difference but made a note of any such instances if they were discovered. As an example, out of $2.9 million in total financial aid provided to athletics there were notations about differences of $150 and $115 and while those amounts were accounted for, this occurred after the auditors prepared the final report. There are no impropriety issues and the University will adjust for this difference in approach in preparation for the next audit.

Mrs. Ford asked why only tennis camps were conducted and Mr. Denton indicated other sports camps were held but they were not operated directly through the University and were run primarily by the coaches either individually or through corporate sponsors. There was $26,745 in revenue from sports camps and $16,106 in expenses. Mrs. Ford believes the University may not be putting forth enough effort in this area and sports camps and spirit groups could be used as an effective recruitment tool. Dr. Dunn clarified the same number of camps held previously were held this year but the difference is those camps were not run by the University and, therefore, do not appear on the financial statements.

Mr. Adams asked for clarification on the significant deficiency finding with regard to internal controls in the MSU Foundation and Racer Foundation. Mr. Denton reported an individual thought they had stock to donate but had actually done something else with the stock prior to making the donation. This is a coordination issue and will be monitored more closely in the future. There was another finding where the University had not reduced the amount of land expense in the Racer Foundation records. Four acres and an easement were given to the City of Hopkinsville a couple of years ago and had not been reported. Over 20 land transactions have now been reconciled since the Racer Foundation purchased the original tract of land.

Mr. Adams asked who decided to change the procedure of listing findings instead of giving the University the opportunity to immediately clarify any such findings and Mr. Denton indicated this represents a different approach being taken by the auditing firm and Mr. Adams complemented them for making the change. Dr. Dunn indicated there are different ways this can be approached but the University will follow the auditor's lead on how to proceed in terms of format. Mr. Denton stated there is a major difference in having an error than simply not having documentation available for immediate review.

Murray State University Athletic Foundation Audit for the Year Ended 6/30/08

Mr. Denton reported the MSU Athletic Foundation (Racer Foundation) audit for the year ended June 30, 2008, has been presented for acceptance. A decision must be made relatively soon whether an audit of the Racer Foundation should continue to be conducted because of the relatively small amount of activity taking place (less than 25 transactions during the year). The only expenses being processed through the Racer Foundation are for land and insurance and any significant level of activity would come from the sale of property. The University is paying $8,000 for this audit and the cost to benefit must be considered. The auditors could perform a review and compilation which means they are not expressing an opinion and do not have to perform all the procedures which lead to the higher audit cost. The University would continue to compile a report and the auditors would review that report which would substantially decrease the cost.

Mr. Denton stated with regard to the balance sheet for the Athletic Foundation, there is $422,163 in total liabilities due to the University and once property is sold that liability would be paid. The University is using annual interest earnings from the Athletic Foundation and applying those against this liability. The Athletic Foundation has paid off the bank note (the largest item on the balance sheet) and it is expected the liability will decrease as land is sold. Mrs. Buchanon asked how many acres the Athletic Foundation still owns and Mr. Denton indicated there are 22.842 acres remaining at June 30, 2008, in two different tracts (that were escalating in value until recently) and it is anticipated the property will continue to increase in value as the city develops around it. Even though there is a deficit of $46,929 in net assets, there was an improvement over the prior year and once the property is sold the deficit will be resolved.

Judge Taylor asked if land owned by the Racer Foundation is listed at cost and Mr. Denton confirmed it is at $154,417 but the property is worth much more. Mr. Denton explained the accounts payable to Murray State in the amount of $422,163 results from when the Racer Foundation had a larger revenue stream and received advertising and signage revenues and took care of some of the operating expenses of the athletic program (scholarships, team travel and other routine operational expenses). The accounts payable comes from the last year to year and a half because the Racer Foundation was paying for these routine expenses and there was no corresponding revenue stream. Mr. Adams asked if there is some disagreement whether the Racer Foundation owns the property and Dr. Dunn indicated that is the case but is a moot issue because until the land is sold there are no assets to pay off what is owed to the University. At the point of a land sale this issue will need to be resolved but the auditors have indicated it is payable to the University and Mr. Denton added when this was under discussion the Racer Foundation agreed to pay for these expenses. Mr. Adams stated from 2007 to 2008 real estate held for sale decreased from $448,854 to $154,417 and asked for an explanation. Mr. Denton reported a majority of the change is a result of a sale of 46 acres during that fiscal year ($294,437). There is also a change of $27,109 which represents the market value of four acres given to the city of Hopkinsville, Kentucky.

Murray State University Athletic Foundation Management Letter and Management Representation Letter

Mr. Denton reported two major issues with regard to the Racer Foundation Audit and the Management Letter are the stock situation previously discussed and the contribution of four acres of land to the city of Hopkinsville. The last half of the report is the Management Representation Letter (signed by Racer Foundation officials and MSU administrators) indicating they are unaware of any unreported liabilities and no significant items have been disclosed. Mr. Stout stated there was discussion on scaling back the scope of this audit and asked if that would have any ramifications with the NCAA. This would amount to a change in agreed-upon procedures and any change should be made with knowledge and approval of NCAA officials.

Audited Financial Statements – Athletics, approved

On behalf of the Audit Committee, Mrs. Ford moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2007-08:

A. NCAA Independent Accountants' Report on Application of Agreed Upon Procedures for Intercollegiate Athletics for the Year Ended 6/30/08
B. Murray State University Athletic Foundation Audit for the Year Ended 6/30/08

C. Murray State University Athletic Foundation Management Letter and Management Representation Letter

Mr. Stout seconded and the motion carried.

Review of Racer Foundation Audit versus Review and Compilation, approved

On behalf of the Audit Committee, Judge Taylor moved, seconded by Mrs. Ford, that the Board of Regents approve a recommendation that the Racer Foundation audit be reviewed and consideration be given to conducting a review and compilation instead of an audit as a cost saving measure. Motion carried.

Adjournment

The Audit Committee adjourned at 8:55 a.m.

Buildings and Grounds Committee
8:45 a.m.

Peg Hays, Chair
Bill Adams
Marilyn Buchanon
Kara Mantooth
Jeff Taylor

Ms. Hays, Chair of the Buildings and Grounds Committee, called the meeting to order at 8:55 a.m. and reported all members were present.

Facilities Information and Issues, discussed

Energy Savings During Holiday Break

Mr. Kim Oatman, Chief Facilities Officer, reported there were energy and resource savings during the "power down" over the Christmas holiday closure. When trying to determine the energy savings during this period it was first necessary to identify a similar comparison period and this was difficult due to varying temperatures and the amount of space being heated. It was determined the best option for evaluating temperatures was the 14-day period prior to the holiday break. A tabulation of all energy usage that goes through the MSU Central Plant, which meters electric usage (megawatts) for 95 percent of the campus and only 62 percent of gas usage on campus, was considered. The figures provided represent daily readings and were as accurate as possible. Figures from the 14-day period prior to the break were provided as were figures during the break period to illustrate how usage changed and a graph was presented illustrating this change. The average daily usage was presented for natural gas (433 thousand cubic feet, or Mcf, pre-holiday and 342 Mcf during holiday) and megawatts (133 pre-holiday and 79 during holiday). The difference between the 14 days prior to the break and those days during the break was applied to the unit cost for energy for electric and gas for an average savings of $4,100 per day, which over the break period amounts to approximately $67,000 in savings. These savings were broken down further as they apply only to the additional days granted during the holiday and with three additional days off (December 21, 22 and January 2) the University saved approximately $29,000. This illustrates when over 2 million square feet is being heated it makes a difference when things are cut back, including unplugging all appliances. Mr. Stout asked whether there were any issues powering back up and Mr. Oatman indicated there were no issues in this area but some areas did get too cold (although maintaining 55 degrees was the goal). In Hopkinsville one of the sprinkler heads dislodged and distributed water in the building. The contractor could not determine whether the issue was caused by the sprinkler freezing or whether it simply malfunctioned. A pipe also burst in the Fine Arts Building but did not cause significant issues and staff members in Hopkinsville were able to handle the clean up before any major damage resulted.

Ms. Hays asked what actual cost savings were when taking into account payroll and other expenses. Dr. Dunn stated the payroll piece has been calculated but has not yet been divided out for just the additional days but there would be payroll costs associated with individuals who had to work over the holiday. The total break period, including the additional three days and two full weekends, amounted

to close to $11,000 in additional payroll but this entire amount cannot be attributed to the additional days off.

Mrs. Ford inquired about international students and those who were unable to travel home and how the University ensured these individuals had sufficient heat. Mr. Oatman indicated the residential buildings and the Wellness Center were heated throughout the holiday period and remained at normal temperatures. The information presented is only for those buildings "powered down" and some buildings remained on line, including some housing units, the Wellness Center and Winslow Dining Hall. Dr. Don Robertson, Vice President for Student Affairs, reported many international students live in College Courts which was heated as normal during the break.

Joint Project with United States Geological Survey (USGS)

Mr. Oatman reported the United States Geological Survey currently has a Kentucky Water Science Center housed in Paducah but desires to create a similar center in this area. Many discussions have been held with USGS regarding ways they could help the University and as a result MSU is proposing constructing a 2,800 square foot prefabricated building just east of the West Kentucky Expo Center which will then be leased back to USGS (its federal cabinet agency being the U.S. Department of the Interior). It is estimated the building will cost $330,000 but will be leased back to the government on a reasonable payback schedule to the University. Although negotiations are currently underway, an initial term of five years with up to four renewals (total of 25 years) is being considered with a target completion date of July 2009.

Dr. Dunn reported USGS initially made contact with the University over two years ago to discuss this project and expressed a desire to be on campus and closer to the lakes in order to accomplish their objectives. Mr. Denton reported the agreement in principle is in place although it has not yet been finalized. Mr. Stout asked if there is potential interrelatedness between this initiative and that of the Watershed Studies Institute and Dr. Dunn stated a connection could be established. When this project was first discussed the College of Science, Engineering and Technology was contacted to determine whether they supported the initiative and there was strong support for the endeavor. Dr. Steve Cobb, Dean, CSET, reported the USGS has extensive contact with the Mid-America Remote Sensing Center and there is a collaborative connection which will provide an attractive academic element. Ms. Hays asked if the USGS utilizes boats and if so why the facility is not being constructed closer to the lakes. Mr. Oatman stated the USGS expressed a desire for this building to be located on the Murray State campus. Ms. Hays stated the USGS obviously conducts geological work and does not simply conduct water related activities. Dr. Dunn reported USGS has a wide range of initiatives they are responsible for but this office in particular is geared around water sciences. Ms. Hays asked how many staff members the USGS would employ and Mr. Oatman responded there would be four staff members but they would also utilize MSU students. Dr. Dunn clarified the University is not taking in the USGS as a unit like it would with a grant or contract and it is a lease arrangement. The USGS will handle their own expenses and staff.

Alternative Proposal to Complete Science Campus Project

Dr. Dunn reported discussion has taken place internally about the third building for the Science Campus as it was originally envisioned and designed. At various times throughout the process of constructing the main buildings of the Science Campus, there has been discrepancy in the amount of funding available for the University to utilize with approximately $1 million available at the conclusion of construction of the Biological Sciences and Chemistry buildings and the Clock Tower, with increased costs assumed in constructing the Engineering and Physics Building. Originally it was estimated the Engineering and Physics Building could be completed for $18 to $20 million but as square footage costs have increased the building will approach a cost in excess of more than $26 million. Dr. Dunn is not sure whether the University will be in a position to secure state funding for the third building in the relatively near future and questions how long the project should remain on hold while the University attempts to secure funding. With regard to the Biology and Chemistry buildings as originally planned, there was not sufficient space to accommodate the full complement of staff, services and units of the Engineering and Physics Department and the possibility of gaining increased space in the third building to cover this shortfall must also be addressed. The departments of Biology and Chemistry must be housed together at the Science Campus and the question becomes how long the University keeps trying to move the Engineering and Physics Building to the approved Capital Projects List to be funded by the Commonwealth. The University does not need to wait another four to six years to complete this facility and whether something can be done in the meantime should be

explored. This consideration has led to discussion around a “Plan B” among finance individuals, facilities management and the academic departments to determine if there is an alternative approach the University can take in the event it does not receive funding for the Engineering and Physics building. Dr. Dunn indicated he is sharing this discussion with the Board to gain a sense of where they stand on the issue but they are not being asked to take official action. While the Board is not being asked to make a decision today, if they determine the best alternative is to pursue funding for the final building that is obviously the route the University will take. It most likely will take some time to get to this point and it must be determined whether it is wise to let the best be the enemy of the good in terms of Biology and Chemistry. He is willing to make one more run at this project in an attempt to secure funding from the Legislature for the third building and Mr. Bob Jackson, Associate Vice President for Institutional Advancement, has also participated in these discussions. If securing funding is not possible in the foreseeable future, considering what is being heard around available monies in the Commonwealth to support this work, Dr. Dunn would like to consider other alternatives which would allow the University to declare victory for those two academic departments and that is what is being explored here. If this route is pursued, money will need to be put into Blackburn Science Building to support the Engineering and Physics programs located in that facility.

Mr. Oatman reported options have been reviewed and originally 15,000 square feet was programmed for the Engineering and Physics Building for Biology and Chemistry. In order to reach 15,000 square feet the idea has been discussed to add a building on the west side of the current facility and an illustration of a potential building was provided. The new building would house five research laboratories, six offices, one large classroom to accommodate 150 students, a smaller classroom to accommodate 30 students and the Science Resource Center currently located in Blackburn Science. The conceptualized building is one level but could eventually become a multi-level facility. Judge Taylor asked if the area being considered is currently green space and Mr. Oatman indicated it is green space and parking. The estimated cost to construct such a facility would be $5.6 million and it would not be highly visible from 16th Street. Dr. Dunn stated it would be premature to say this proposed building is the way to handle the current situation but the University should have in place an alternative plan in the event the Legislature does not provide funding to complete the Science Campus. If that is the only option proposed the University may be waiting a long time and would still need to maintain Blackburn Science. Mr. Stout asked with the original third building if there is enough space to house all three departments and personnel. Dr. Cobb stated in the initial Engineering and Physics Building (the third building as proposed), the department would occupy approximately 60 to 65 percent of the building and there would be additional space for Biology and Chemistry. There is also some collegiate space for technical support such as machine shops, an electronic repair shop and the Science Resource Center (a large computer lab dedicated to science disciplines). Mr. Oatman reported although a $28 million estimate was referred to earlier the state has recently provided information there will now be new standards for energy efficiency design (green design) which will increase the cost to approximately $30 million.

Dr. Cobb stated the CSET was looking forward to a new facility but there is a sense the University will not be able to secure that funding because there are not many opportunities to approach the Legislature for a new state-of-the-art facility for the Engineering and Physics Building. The department currently purports to be a highly technical state-of-the-art modern engineering facility and simply cannot recruit into the program as it currently exists in Blackburn Science. When students are recruited into the program they are actually shown facilities in other departments. He is proud of the program and the educational background that students receive but is embarrassed about the current state of the facilities. The College is also realistic that a project with a $30 million price tag may not be funded given the economic environment and should consider other alternatives. Biology is currently divided into three different buildings, which is not acceptable, and Chemistry has future growth needs. The type of facility being proposed would at least bring Biology and Chemistry together and ensure those two departments are protected. The estimated cost of $5.6 million to construct the new building seems much more feasible but if Engineering and Physics remains in Blackburn some renovation and expansion is necessary to address current conditions. There is an open-air atrium area in Blackburn which is underutilized and could be closed in to gain square footage. There is now ample parking behind Blackburn and it might be possible to utilize the parking area between the Blackburn and Applied Science buildings to create open laboratory space to address the needs of the Engineering Program which is growing in the area of project-based opportunities. Students are involved with NASA Moon Buggy, BAJA, robotics and launching satellite competitions and need space in which to construct these projects. This represents the future direction of the program and Mr. Oatman has been asked to review the possibility of adding suitable areas into Blackburn Science renovation plans.

Mr. Adams stated the original plan was to demolish Blackburn Science and build a new Engineering and Physics Building on 16th Street and if that happens he asked whether there is enough space in the new building, without changing the plans, to house everything just mentioned. Dr. Cobb responded as originally planned the Engineering and Physics Building would accommodate the needs of the college and Dr. Dunn stated the square footage in the third building would be sufficient to house all three departments in one location. Mr. Adams indicated it is "neat" to be in the lead but it is also expensive and asked if the University can afford to spend someone else's money to be on the cutting edge of the environmental issue. Mr. Oatman indicated the University does not have a choice because if state money funds any project over $25 million it must adhere to "green" requirements. Mrs. Buchanon asked what other universities have received over the last five years in terms of funding for new science complexes and Dr. Cobb reported Austin Peay, Western Kentucky and Eastern Kentucky have started phased construction for new facilities and some are in the same position as Murray State.

Ms. Hays asked if the new facility is constructed for $5.6 million how the cost to renovate Blackburn will be handled. Dr. Dunn stated before the University pursues this option it must first be determined where the Board stands regarding the alternative. If the Board determines the University should pursue the third building as originally envisioned the administration will proceed accordingly. Significant cost will be involved for renovations in Blackburn and the Engineering and Physics upgrade alone would amount to $1 to $2 million for the basics (not including any new square footage). The University will need to identify a source of funding to accomplish this and consider whether the work can be divided into smaller projects, whether it becomes a stand-alone appropriation or if a combination of CERR pooled projects will be utilized. Ms. Hays indicated it is difficult to address "Plan B" and completely exclude Blackburn from consideration and there must be an alternative cost attached.

Mr. Stout asked for clarification on the need for "unique space" and whether this had been contemplated for the new building. Dr. Cobb reported detailed programming for the building has not yet occurred but when it does areas suitable for such projects will be incorporated into the new facility. Mr. Stout asked if the University receives funding for the $30 million building if there would continue to be a need for Blackburn Science and Dr. Dunn stated there would be a need for the facility but not for science purposes and other units could utilize the facility, including the Archaeology Lab, ROTC and Gear Up programs. Mrs. Travis asked whether federal money would be available for this purpose and Dr. Dunn confirmed the possibility. Mrs. Buchanon inquired about the Economic Stimulus Package and whether this might also be an alternative source of funding and Dr. Dunn confirmed that is also a possibility. The University can continue lobbying this project at the state level as its number one capital priority and could wait until 2010, 2012 or 2014 for it to appear on an approved capital projects list – not actual construction but simply securing funding for the project. It is his responsibility and obligation to the Board to present alternative ways to handle the situation as opposed to continuing to wait six to eight years for a new building. The University is also advancing Breathitt Veterinary Center (another high cost item). Whether there are other ways to approach funding for these facilities must be reviewed and if the Board believes these alternatives do not have merit and wishes to pursue the original plan, alternative initiatives will be dropped and the University will continue lobbying for the current priorities.

Mr. Jackson reported the political reality with regard to capital construction projects is bleak and the Legislature is attempting to identify revenue to patch holes and the outlook for base funding for higher education is not good. Unless there is a significant increase in the gaming tax there will be no new capital construction projects generated during this short legislative session. Everyone in Frankfort knows the Science Campus is Murray State's number one priority because this is the message that has been and continues to be sent. Visits have taken place with new House and Senate leadership to ensure they understand Murray State's needs. Most likely nothing will happen from a capital construction standpoint in 2009 and the University is realistically looking at 2010. Frankfort continues to project a deficit for the next fiscal year (even with new revenue), which is not a positive outlook unless the economy improves significantly. When the 2010 budget session begins and capital construction projects are reviewed, the University must have a plan in place. If the University pursues the $30 million request it will most likely result in a phased project which would affect the project from an architectural standpoint. It would be difficult to secure $30 million in funding at one time and very few have received this amount of funding for other buildings across the Commonwealth (although there are exceptions). If this ends up being a two-phase project likely this means the University is looking to 2010-12 in a best case scenario. If the Legislature determines in 2010 they cannot find this kind of money but wants to help the University complete its number one project now, this $5.6 million building is the fallback position and the Board must determine if it is the direction to be pursued. Dr.

Dunn indicated this process will be undertaken in the last hours of the session when these projects are sitting on the table and a $30 million project may not be funded for 2010 whereas a $5 million project might. Mrs. Travis asked if $5 million would cover the cost of all needed additions and renovations at Blackburn and Mr. Oatman reported the amount would be closer to $15 million to add space and accomplish the optimal package. Dr. Dunn reported the University would look for ways to accomplish incremental growth, starting with $1 to $2 million necessary to begin this process and as money becomes available the University will work on other necessary improvements to Blackburn. Mr. Jackson reported the original plan was to demolish Blackburn Science but the CPE completed a VFA*: Facility Condition Assessment and Space Study* project a few years ago which determined the building is in good shape and it would not be prudent or responsible to demolish the facility and it will remain part of Murray State's inventory for many years to come. Ms. Hays stated the building has then been deemed re-inhabitable and the cost to accomplish these renovations must be considered as part of the overall project cost and Mrs. Buchanon agreed. Mrs. Mantooth stated her understanding is even if the third science building is constructed it will still be necessary for the University to maintain Blackburn Science Building.

In response to a question from Mrs. Travis, Dr. Cobb indicated this idea is being advanced with the support of the College chairs with the understanding if the ideal is not an option then it is best for the college to pursue what is possible. Dr. Dunn stated it would cost $1 to $2 million to start making renovations to Blackburn and then putting together other projects from there to continue working on the building to secure the necessary space for Engineering and Physics. He is concerned if the $30 million new building continues to be carried in Frankfort the University might be waiting for some number of years with nothing to show for it and this decision should not be made without reviewing alternatives. Mr. Stout asked if there is space in the Business Research Incubator Building which could be utilized for the construction activities being discussed and Mr. Oatman reported there is not enough space for everything needed and other potential issues exist with this facility, including additional funding necessary for completion.

The Board adjourned for a break beginning at 9:50 a.m. and ending at 10:15 a.m.

Delay Replacement of Franklin Residential College

Dr. Dunn reported the University is requesting permission to move forward to start work to modernize and renovate the high-rise residential colleges instead of constructing the new Franklin College. This initiative represents a change in order effectuating the Campus Master Plan and does not mean construction of Franklin Residential College will never be undertaken but a change is being proposed in when construction will take place. Mr. Denton reported Clark Residential College has recently been completed, Richmond College is being constructed and Franklin College is the next facility scheduled for construction. When one of the low rise residential colleges is replaced it amounts to an additional 15 percent in housing fees. Facilities Management, Student Affairs and the President have all identified substantial needs in the high-rise residential colleges. Rather than expending funds to construct a third low rise, the University is considering what can be done now to help improve the current situation in the high-rise residential colleges.

Mr. Oatman reported in 2007 Veazey Parrott Durkin and Shoulders estimated $42,073,285 would be needed to modernize the high-rise residential colleges. Projects completed since 2007 total $422,500 which leaves a need of approximately $40 million for building system repairs, including HVAC, electrical and plumbing fixtures, new ceilings and new finishes. The upgrades to be undertaken in the high rise residential colleges will be similar to the work completed in the lobbies of Regents and White residential colleges. Work will be focused toward bringing the interior of these facilities up to modern standards. Mrs. Winchester asked if the updates would provide a suite type atmosphere and Mr. Oatman indicated for the majority of buildings this would not be feasible but options are being considered.

Dr. Dunn added this conversation was started among the administration because as new low-rise facilities are completed there is an additional premium which must be added to the housing fee to pay for debt service. As those rates have grown over the past several years, this must be considered in determining whether to bring Franklin College online. There was an additional fee added to Clark College and there will be an additional housing fee for Richmond College. This proposal would moderate the fee so the University does not incur greater debt service and it would spread the cost among all students residing in University housing. A second factor which contributes to this recommendation relates to internal communication regarding changing the current residency

requirement. Although nothing is being presented to the Board for approval at this time, conversation is underway to move from the required two years of residency on campus to a one year required residency on campus. For students receiving discounted regional tuition, instead of requiring four years residency discussion has taken place on reducing the requirement to some degree. These discussions will affect the amount of necessary housing stock and it makes sense to wait to construct Franklin College until those discussions have occurred. The third element is replacement of College Courts and the possibility of funding the project through third party financing which would eventually provide the University with additional usable housing stock. All of these issues impact the University's decision to recommend the delay of construction of Franklin College to address necessary work in the high-rise residential colleges.

Mr. Stout believes this approach makes sense because it is obvious the high-rise residential colleges need attention and two new residential colleges will already be online. Ms. Hays inquired as to the cost and timeframe required to make this change and Mr. Oatman stated there is not yet a funding plan in place to address needs in the high rises. The $3.3 million in funding presented comes from bond monies and will be used to address HVAC and other major issues. Mr. Denton stated the earliest point of authorization the University can request funding for this project would be for the period beginning July 1, 2010, and from that point forward as soon as bonds can be issued construction can begin. The student's ability to absorb these additional housing fees must be taken into consideration and these monies would cover the five high-rise residential colleges. Dr. Dunn reported as Clark College has come online and Richmond College will come online in the fall students are paying a premium to live in these facilities and the University must rethink pricing around all University housing facilities.

Mrs. Ford asked if construction of Franklin College is delayed whether the current facility would be refurbished and Mr. Oatman indicated this work would most likely be undertaken after renovations to the high-rise residential colleges but the facility would not be neglected. Franklin and Springer low-rise facilities are in the best shape and Clark and Richmond were in the worst shape. Dr. Dunn reported the old low-rises in use will continue to be maintained and at some point, particularly as the residency requirement is reviewed, whether the University needs all the housing stock currently available will be determined. Mrs. Buchanon asked with regard to high-rise residential colleges how many rooms this work encompasses and Mr. Oatman stated this will involve between 1,800 and 2,000 students.

Ms. Hays asked how the residency requirement would be changed and Dr. Dunn reported this is part of current discussions. With regard to revenue this could amount to a decrease of approximately $1 million and Ms. Hays asked why the change would even be considered. Dr. Dunn stated there have been indications the residency requirement could become a recruitment issue and if there is less housing stock not as much money will be spent to maintain that stock. There would be a transition phase where programmatic decisions are made regarding needed housing and buildings would eventually begin to come off line. Given the current budget situation in the state now may not be the best time to make a recommendation with budget implications attached. For the long term the residency requirement must be reviewed and a determination made whether what is currently in place remains for the future. Mr. Stout stated there has been a significant increase in off-campus housing facilities over the past few years and asked if this has leveled off and whether those facilities are at full capacity. Mr. Denton indicated the market has reached its saturation point and Mrs. Buchanon reported this is the first year some of these facilities have had vacancies. Ms. Hays believes as the economy changes and gasoline prices again go up and transportation becomes an even larger issue, if the University has nicer on-campus housing there is a good chance this could become the student's housing of choice. Dr. Dunn is not implying Franklin College will never be built but instead this project will be put on hold until some issues in the high-rise residential colleges can be addressed. Mrs. Buchanon and Ms. Hays agreed that many parents would prefer their children live on campus due to safety issues and this could be a major advantage for the University.

Approval to Raze Public Safety Building Located at 16th and Olive Streets, approved

Mr. Denton reported the former Public Safety Building, located at 16th and Olive Streets, needs to be demolished due to the completion of the new Public Safety and Emergency Management facility. The building is approximately 40 years old, is in poor condition and razing of this facility is included in the 2006-12 Capital Plan and use of this space will be associated with the Science Campus.

On behalf of the Buildings and Grounds Committee, Judge Taylor moved that the Board of Regents, upon the recommendation of the President of the University, approve the disposition of the structure

located at 16th and Olive Streets in Murray, Kentucky. Mrs. Buchanon seconded and the motion carried.

School of Agriculture (SOA) Task Force Summary Report, discussed

Ms. Hays reported the SOA Task Force met three times and she is impressed with the amount of work undertaken and the conclusions reached. Last week the fourth meeting was postponed due to the weather and, as a result, a report of the *Agriculture Task Force* will not be presented today. She thanked members of the Task Force for the volume of work, time and dedication they devoted to the process. The Task Force will meet again on February 17 at 5 p.m. to finalize its recommendation(s). Once the report is finalized recommendations will be made to the Board at its next meeting, whether it is a special call meeting or the quarterly meeting on May 29.

Adjournment

The Buildings and Grounds Committee adjourned at 10:35 a.m.

Faculty/Staff Affairs Committee
10 a.m.

Gina Winchester, Chair
Bill Adams
Marilyn Buchanon
Jay Morgan
Jeff Taylor

Mrs. Gina Winchester, Chair of the Faculty/Staff Affairs Committee, called the meeting to order at 10:35 a.m. and reported all members were present.

Family and Medical Leave Policy Revision, approved

On behalf of the Faculty/Staff Affairs Committee, Dr. Morgan moved, seconded by Judge Taylor, that the Board of Regents, upon the recommendation of the President of the University, approve the revised Family and Medical Leave Policy, effective January 16, 2009. Discussion followed.

Mr. Tom Hoffacker, Director for Human Resources, reported the Department of Labor published its final ruling on November 17, 2008, and a law was enacted which requires organizations to include service members in their Family and Medical Leave Policy and the change was required to be implemented by January 16, 2009. Staff members have worked to revise the University's current policy to include the requirements of the new law and those changes require Board approval. The law requires when a service member is seriously injured or becomes ill in the line of active duty and an employee is related to the service member (spouse, son, daughter, parent or next of kin), the Family and Medical Leave Policy covers the employee so they are able to provide care for the injured service member. The law also requires for qualifying exigency leave when a covered military member is on active duty or is called to active duty status in support of a contingency operation (such as short-notice deployment) an employee is entitled leave under the Family and Medical Leave Policy. The law also clarifies rules regarding when two spouses work in the same organization and the University's policy has been adjusted accordingly. Other minor changes were implemented with regard to how employees notify Human Resources of the necessity of utilizing Family and Medical Leave. Ms. Hays asked for clarification on why brother or sister is excluded with regard to covered employees at MSU being entitled to take up to six months of unpaid leave per calendar year and Mr. Hoffacker stated the language in Murray State's policy is derived straight from the language of the law.

Motion carried.

Identity Theft Program, adopted

Mr. Denton reported pursuant to the Fair and Accurate Credit Transactions Act, the Federal Trade Commission has issued Identify Theft Rules and "Red Flags" for the detection, prevention and mitigation of identity theft and those rules require entities with certain "covered accounts" to implement an Identify Theft Program which is tailored to the size, complexity and nature of operations of each entity. Ms. Teresa Groves, Associate General Counsel, reviewed the regulation and developed

Murray State University's policy. Ms. Groves reported the definitions contained in the federal regulation are broad and cover creditors with a continuing relationship with someone in which multiple payments or transactions are involved. Through much discussion it has been determined the federal regulation covers certain transactions and accounts at the University, including:

1) Those accounts comprising the athletic ticket payment plan;
2) Student loan accounts administered by the University;
3) Student payment plans; and
4) Personal computer loan program.

This program is designed so if something comes across an employee's desk which indicates a person may not be who they are portraying or if they request the University send a check to an address not on file such incidents raise "red flags" and would allow the institution to investigate further. The program is designed to protect the University, students and staff and the initial policy must be approved by the Board with the regulations becoming effective in May 2009. Following initial approval by the Board, Mr. Denton and Dr. Dunn will have authority to make necessary amendments to the program. "Red flags" include:

1) Suspicious Documents
   a. Documents provided for identification appear to have been altered, forged or inauthentic; or
   b. The photograph or physical description on identification provided is not consistent with the appearance of the individual presenting the identification; or
   c. Other information on the identification provided is not consistent with information provided by the person presenting the identification or is not consistent with readily accessible information on file such as a signature.
2) Suspicious Personal Identifying Information
   a. Personal identifying information is inconsistent when compared against external information sources used by the University; or
   b. The individual fails to provide all required personal identifying information; or
   c. When using security questions the individual cannot provide authenticating information beyond that which generally would be available; or
   d. Personal identifying information provided is not consistent with personal identifying information on file with the University.
3) Unusual Use of, or Suspicious Activity Related to, a Covered Account
   a. The University is notified of unauthorized charges or transactions in connection with an individual's covered account; or
   b. The University receives notice for victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the University; or
   c. Breach in the University's computer system security; or
   d. Mail sent to the individual is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the account.

Most of these measures are already administered at the University but one of the main changes being implemented is a picture ID is now required before a student will be allowed to have an MSU ID made. Employees will receive training to help them recognize "red flags."

On behalf of the Faculty/Staff Affairs Committee, Dr. Morgan moved that the Board of Regents, upon the recommendation of the President of the University, approve the new Identity Theft Prevention Program. Judge Taylor seconded and the motion carried.

<u>Additional Optional Retirement Plan, approved</u>

Mr. Denton reported the University currently offers three Optional Retirement Plans (ORP), including TIAA-CREF, AIG Retirement and ING Financial Services. Recently a consortium of Kentucky universities reviewed requests to add a fourth ORP company and recommends adding Fidelity Investments as an additional optional retirement plan vendor, effective April 1, 2009.

On behalf of the Faculty/Staff Affairs Committee, Judge Taylor moved that the Board of Regents, upon the recommendation of the President of the University, approve the addition of Fidelity Investments as the University's fourth Optional Retirement Plan (ORP), effective April 1, 2009. Dr. Morgan seconded and the motion carried.

Adjournment

The Faculty/Staff Affairs Committee adjourned at 10:50 a.m.

Finance Committee
10:30 a.m.

Jeff Taylor, Chair
Bill Adams
Marilyn Buchanon
Peg Hays
Alan Stout

Judge Jeff Taylor, Chair of the Finance Committee, called the meeting to order at 10:50 a.m. and reported all members were present.

2009-10 Budget Preparation Guidelines, approved

Mr. Denton reported each year the Board is presented with general budget preparation guidelines and background information on the revenue picture at the University and all issues being considered are affected by the current economy. Expenditure priorities are restated and certain fixed costs are known, including health insurance and utilities, and an attempt has been made to address salaries. Priority items include recruitment, retention and technology and other initiatives which might be advanced from the vice presidential areas. It has been determined the University is not able to apply last year's $400 one-time payment to base salaries for faculty and staff for 2009-10 due to current economic conditions. Promotions will continue to be reviewed for faculty and non-exempt classifications and a small amount of money is available for equity adjustments.

Mr. Adams stated scholarships and tuition waivers currently play a major role in the recruitment and retention process but now might be the appropriate time for the University to evaluate whether tuition waivers are effectively increasing enrollment. Dr. Dunn reported one initiative being discussed is changing the structure of regional tuition discounts but an alternate proposal is not yet ready for Board review. Whether this would provide additional revenue for the University is being studied so recruitment is not affected. Other discussions are ongoing around scholarships, including how to fund transfer scholarships. A couple of years ago the Racer Advantage Grant was initiated but these funds have not been fully accessed and the Commonwealth is not pressing the University to offer this funding. Mr. Adams believes in the past the University has overdone providing waivers in an effort to increase headcount, which may or may not be effective, and while he is not discounting international education, it does have cost attached. Dr. Dunn stated all international students represent a corresponding revenue stream for the University. The discussion which must occur and the greatest change for the fiscal year 2009-10 budget is what can be done with regard to out-of-state regional pricing without detrimentally affecting enrollment. If certain international scholarship lines are eliminated, while it may not be a one-to-one correspondence, a revenue stream would be lost. Instead, there might be a way to push on regional pricing without causing a corresponding enrollment decrease and the issue will be reviewed this spring.

Ms. Hays stated with regard to salary guidelines reference was made to the University continuing to provide funding to remedy faculty and staff salary inequities and asked for clarification. Mr. Denton reported each year there is a pool available for salary equity adjustments and each of the vice presidential areas review faculty and staff salaries to determine whether salaries are comparable to similar positions within the University. An attempt is then made to provide an adjustment, depending on the amount of funds available in the pool, and this has been the operating practice for a number of years. Ms. Hays asked if salaries are ever decreased and Mr. Denton responded salaries have not traditionally been cut. Mrs. Winchester asked if this money could also be used to adjust an employee's salary if they have taken on additional duties, perhaps in the case of someone retiring from a department and another individual assuming those responsibilities. Dr. Dunn reported there is a process in place at the University for handling such situations and sometimes a department will decide not to backfill a position but will instead spread duties out among several employees. Mr. Denton reported these are recurring monies that have been identified within the budget. An issue which has been discussed with Staff Congress is the University remains committed to conducting a Staff Equity Study to review equity of staff salaries across all employment categories. The study has not yet been completed but last year additional monies were added to the budget to provide an increase for some of

the lowest paid staff to move toward the Calloway County per capita income indicator for these categories. The administration intends to follow the same process this year although the Salary Equity Study has not been completed. One part of this process involves stand-alone equity, even for higher paid positions, if a particular position is not in line with similar positions within or outside the University. The second part of the process is a plan to commit in the fiscal year 2009-10 budget adjustments to salaries for employees on the lower end of the pay scale.

Reference was made earlier to expenditures for implementation of ERP and Judge Taylor asked if the process remains on schedule. Mr. Denton reported ERP implementation is on schedule and July was the "go live" target for the finance module. Expenses are ongoing and it was necessary for portions of the Human Resources module to be functional by January 1 in order for the new payroll system to come online. Electronic personnel action forms were not brought on line at that time but will be added at the end of the Human Resources implementation process.

On behalf of the Finance Committee, Mr. Adams moved, seconded by Ms. Hays, that the Board of Regents, upon the recommendation of the President of the University, approve the 2009-10 Budget Preparation Guidelines as presented. Motion carried.

Authorization of Bonds for Refunding H/D Bonds, Richmond Hall Completion and Pooled Bond Projects, approved

Dr. Dunn reported there is a revised recommendation on the authorization of issuance of General Receipts Bonds, 2009 Series A, in the supplemental BOR notebooks. Mr. Denton stated two individuals, Ian Koffler with Peck, Shaffer and Williams and Tom Strohmeier with Morgan Keegan and Company, Inc., are integral to the bond process. A recommendation is being made to refund the University's old outstanding housing and dining bonds and the reason for doing so is because of market decisions and on the advice of several state offices, specifically the Office of Financial Management and the Capital Projects and Bond Oversight Committee. Due to the cost of accomplishing the refunding the University could not afford to do this now and a counterproposal is being presented to the Board which eliminates refunding. There is $7.2 million in new funds and $1.4 million would go toward completing Richmond College. Initially enough bonds were issued to have $13,077,000 of construction proceeds and with this bond issue it will increase to $15 million in construction funding. Certain renovation work must also begin in the high-rise residence halls. Within the state biennial budget there are authorizations for the residential colleges and a pooled account for projects costing less than $600,000 each for housing and dining. Regents were provided with a listing of projects to be undertaken which include HVAC system, heating and air, energy management system, raze old Clark Hall and those types of projects the University could complete and be in a much better position as it prepares for a larger bond issue for the high-rise residential colleges. Mr. Strohmeier provided a chart listing the source and use of funds which included the following information:

Sources of Funds	
Par Amount of Bonds	$7,660,000.00
Reoffering Premium	$18,628.65
Total Sources	$7,678,628.65
Uses of Funds	
Total Underwriter's Discount (1.200 percent)	$91,920.00
Costs of Issuance	$53,876.40
Deposit to Debt Services Reserve Fund (DSRF)	$330,000.00
Deposit to Project Construction Fund	$7,200,000.00
Rounding Amount	$2,832.25
Total Uses	$7,678,628.65

The reason the University is facing this amount of refunding is mainly due to the deposit to the project construction fund in the amount of $7.2 million. The $330,000 represents what needs to be added on top of debt reserve funds the University already has in order to issue these General Receipts Bonds because it has outstanding housing and dining bonds. Mr. Denton reported the University's outstanding bond indenture covers previous issues in housing and dining and the University is required to have a debt services reserve and each time the University issues bonds it must pay an amount for debt service. If the University was able to refund old bonds there would be a different type of indenture and it would not be required to have a debt services reserve. It will benefit the University in the future to pursue this route but because of current market conditions it is too expensive to make the change now.

Judge Taylor inquired whether the $3.2 million mentioned earlier to begin work on the high-rise residential colleges is included in the $7.2 million deposit to the project construction fund and Mr. Denton stated the amount is included. Mr. Adams asked how this affects the University from a budget standpoint with regard to current outstanding bonds (including Richmond) and whether any bonds are being taken off the books. Mr. Denton reported there is $400,000 in funding within the existing housing auxiliaries budget which can be applied on an annual basis to this project but the University will need even more for this particular bond issue. An additional 2.2 percent increase in housing fees will be required in addition to any operating increase for this purpose. The University is in good shape for this particular bond issue but it is the next bond issue that will be detrimental. Mr. Adams asked if any bonds are being paid out in the near future which will help the University in this process and Mr. Denton reported there are some very small payments for old bonds but they do not have a large impact.

Mrs. Buchanon asked for examples of the type of renovation being considered for Winslow Dining Hall and Mr. Oatman indicated these changes include modifying the food service line to include another hot food line and other infrastructure needs. There is $500,000 included for demolition of old Clark College, $400,000 for Winslow, $600,000 for Emergency Management security cameras at the residential colleges, $150,000 for Springer College heat boiler, $600,000 for Franklin College heat boiler and other renovations and $200,000 for the Thoroughbred Room. The remainder is for renovations in the high-rise residential colleges.

On behalf of the Finance Committee, Mr. Adams moved, seconded by Ms. Hays, that the Board of Regents, upon the recommendation of the President of the University, adopt the Resolution providing for the authorization, issuance and sale of up to $7,660,000 General Receipts Obligations, 2009 Series A of Murray State University, pursuant to the Trust Agreement dated as of the first day of the month in which such bonds are issued. Motion carried.

Course Fee Establishment, approved

Dr. Brockway reported the Board is asked to consider the establishment of new course fees once per year and he scrutinizes the proposals carefully before they are forwarded to consider whether these fees will generate revenue to be used solely for enhancing the learning environment over and above what would normally be covered through instructional costs. There are courses in music, the sciences and business which have additional instructional costs attached to them. As an example, the University provides many of the musical instruments used for instruction which must be purchased, maintained and often repaired which amounts to an additional cost over and above what would be expected in the University's overall cost of operation. Another example would be voice classes where the University pays an accompanist for students to be able to take voice lessons. In the sciences (biology, physics and chemistry) there are new courses with laboratories which contain expensive equipment that must be purchased, maintained and repaired. Business courses utilize expensive computer equipment and software programs which must be periodically updated and course fees go toward such purposes.

Judge Taylor asked if the proposed fees are new and Dr. Brockway confirmed this to be the case but in several instances they are associated with new courses. Some are established courses which have experienced cost increases due to greater technology and laboratory use. Ms. Hays stated there appears to be discrepancy between a $20 fee for Chemistry 111 and a $50 fee for JMC 394. Dr. Brockway reported the chemistry fee applies primarily to supplies and equipment for the laboratory versus an advertising class taught in a computer laboratory with sophisticated software equipment. Mrs. Travis asked how many courses would have a $50 fee and Dr. Brockway responded a relatively small number of courses have a fee of this magnitude and most course fees range from $10 to $30.

In response to a question from Judge Taylor, Dr. Dunn reported the costs associated with these courses are divided by the number of students typically taking a particular course over an academic year to determine the fee amount necessary to meet projected expenses. Dr. Cobb reported there is approximately $14,000 in revenue received from new and increased chemistry course fees and $4,000 for new and increased biology course fees. New and increased fees amount to $10,000 in revenue for physics and astronomy courses which actually represents a savings to the students. Currently students must purchase published lab manuals and with institution of the new course fees, the courses become more computer-based and the vendor that provides the University with instrumentation will also provide software to replace the lab manuals (typically $30) and the new course fee of $20 saves each student $10. An attempt was made to set course fee levels so they are as affordable as possible while

allowing departments to meet costs. Dr. Ted Brown, Dean of the College of Humanities and Fine Arts, reported he does not have exact revenue figures but these new and increased course fees will allow the department to come closer to covering the cost it incurs for offering these courses but even with these fees the department still absorbs some of the total cost. The department fixes as many instruments as possible but there is only so much that can be done if an instrument is dropped. This service is provided for students but the department is absorbing more and more of the cost and even though this fee will not completely cover the cost to repair instruments it will place some responsibility on the students. Dr. Tim Todd, Dean of the College of Business and Public Affairs, reported the computer science and BPA courses are technologically intensive with approximate revenue generation of $19,000 per year. Judge Taylor asked if this recommendation is approved whether it will be reflected in the individual department line item budgets and Mr. Denton confirmed that to be the case.

On behalf of the Finance Committee, Mrs. Buchanon moved, seconded by Ms. Hays, that the Board of Regents, upon the recommendation of the President of the University, establish a course fee effective with the Fall 2009 semester as outlined for the following courses:

<u>$10 Fee</u>
MUS 511, 513 (Advanced Music Theory Courses)
MUS 131, 132, 133, 135 (Instrument/Voice Methods Classes)
MUS 130 (Voice Class for Non-Majors)
<u>$20 Fee</u>
PHY 126, 131, 133
AST 116
BIO 154, 216, 499, 570, 572, 573, 574
CHE 111
<u>$50 Fee</u>
BPA 355 (Information Systems and Decision Making)
CSC 101 (Introduction to Problem Solving Using Computers)
JMC 394 (Introduction to Advertising)

Motion carried.

<u>Course Fee Increases, approved</u>

On behalf of the Finance Committee, Chair Stout moved, seconded by Mr. Adams, that the Board of Regents, upon the recommendation of the President of the University, approve an increase in the course fee effective with the fall 2009 semester as outlined for the following courses:

<u>From $3.50 to $10</u>
MUS 134, 170, 173, 270, 273 and 512 (Music Theory)

<u>From $12.50 to $20</u>
BIO 116 and 320
CHE 105, 106, 201, and 202

Motion carried.

<u>Designation of Jesse Jones, C.C. Lowry and Charles and Marlene Johnson Donations for CUETF, approved</u>

Mr. Jackson reported the CPE Comprehensive University Excellence Trust Fund provides comprehensive universities with the opportunity to match private funds to state funds dollar for dollar. The matching program was previously available only for endowments but with the passage of House Bill 406 the comprehensive universities are also allowed to fund capital projects upon the approval of the allocation by the Board of Regents. In accordance with the program guidelines, once approved by the Board the University's allocation will be reported to the CPE, the Finance and Administration Cabinet and the Capital Projects and Bond Oversight Committee. Fifty percent of the $1.59 million must be used for science, technology, engineering and mathematics (STEM) initiatives. The University is attempting to match this piece first to allow more flexibility with regard to the other 50 percent and what type of gifts can be matched from that standpoint.

Mr. Jesse Jones signed a pledge for $500,000 and made the first installment of $100,000 to be matched with "Bucks for Brains" funding which would create a $1 million scholarship endowment for the College of Science, Engineering and Technology, making it the largest endowment to date for that

particular college for scholarship funds. Mr. Jones also pledged monies in the amount of $28,500 for the Chemistry Building to create a satellite library in the facility for sole use of the Science Campus. This is a very unique concept and favorable addition to campus. The gift from Mr. Jones will be matched with "Bucks for Brains" funding and will be used to create an endowment for future support of the library. During their last meeting the Board established the capital and non-capital percentages for this funding. As each project comes forward for a match under "Bucks for Brains" or on the capital side for "Bucks for Bricks," the Board will have an opportunity to act on these projects individually.

Mr. Jackson reported a $200,000 donation from the estate of Dr. C.C. Lowry will be utilized to create the Conie Crittenden Lowry pre-medical Scholarship Fund. In addition, a $35,525 donation by Dr. and Mrs. Charles Johnson will be used to purchase an organ and the resulting matching funds will be designated for a scholarship. Both donations will be submitted for matching funds through the "Bucks for Brains" program. Dr. Brown indicated there are very few students in this state who are talented on certain instruments and those students receive offers from almost every university in the state. It is especially important that the College of Fine Arts and Communication be able to compete for these students with scholarship dollars – although many students continue to choose Murray State based on the reputation of the Music Program – and this is becoming more and more difficult as these students receive significantly better offers from other schools. Dr. Dunn agreed when such musicians are identified the Department of Music must have scholarship dollars available to entice them to attend Murray State. Judge Taylor asked if the University is close to meeting the $1.59 million requirement and Mr. Jackson reported this is the first round of matching items that have been presented to the Board and help meet the goal by approximately one-half. The University has until June 30, 2010, to match all funding and is attempting to leverage new gifts with this money.

On behalf of the Finance Committee, Mrs. Buchanon moved, seconded by Mr. Adams, that the Board of Regents, upon the recommendation of the President of the University, approve the University's designation of the donations by Jesse Jones of $557,000, the C.C. Lowry Estate of $200,000, and Charles and Marlene Johnson of $35,525 for matching funds from the Comprehensive University Excellence Trust Fund (CUETF) for the 2008-10 Biennium. Motion carried.

Adjournment

The Finance Committee adjourned at 11:35 a.m.

Governmental Relations Committee
11:15 a.m.

Vickie Travis, Chair
Bill Adams
Laxmaiah Manchikanti
Alan Stout
Jeff Taylor

Mrs. Travis, Chair of the Governmental Relations Committee, called the meeting to order at 11:35 a.m. and reported all members were present with the exception of Dr. Manchikanti. There are no items on the agenda for action but Dr. Dunn and Mr. Jackson will provide an update on recent events in Frankfort and state budget issues.

Legislative Information and Issues

Dr. Dunn reported the Legislature is currently in short session and even though it is not a budget year the budget is front and center of discussions underway in Frankfort. He and Mr. Jackson spent the majority of this week calling on legislators and carrying Murray State's needs to them and others of influence. The general appropriations piece is what the University is trying to save first and foremost. At the same time, if there is an opportunity for a project to happen – which is not anticipated – the University must be ready to move quickly. On the federal side the Board needs to know the University administration is thinking about requests for fiscal year 2010 in order to carry capital projects forward by tying them into economic stimulus opportunities that may be available through the Commonwealth.

Spring Session of Kentucky General Assembly and State Budget Issues

Mr. Jackson reported the Senate and House voted in new officers, chairs and leadership in January and they were in session this week and he and Dr. Dunn made the rounds so Murray State's message is being correctly carried to those individuals. Meetings were positive and geared toward protecting base funding, minimizing future cuts for this fiscal year and next and looking at Legislation that currently exists which could have a negative impact on tying the University's hands in funding matters – whether it be with tuition or in other areas. The Legislature continues to look at new revenue and he received an email from Ronny Pryor indicating it appears the House may pass a budget next week which is encouraging because it means the House and Senate are talking favorably with one another. They are primarily considering an additional tobacco tax and possibly alcohol taxes, or sin taxes, which would generate new funding. This funding will only plug holes, however, and will not result in any new or increased funding for higher education. There will most likely be some type of additional cut this fiscal year as well as additional cuts that carry forward – hopefully not of the magnitude discussed publicly. The Legislature is trying to minimize the impact on higher education. University administrators continue to carry the message of the Science Campus and are prepared to keep it as a high priority for the University. With regard to the Breathitt Veterinary Center project he and Dr. Dunn met with Roger Thomas, the Governor's Director of Agriculture Policy. Drs. Brannon and Northington have submitted a grant request to use what are commonly called tobacco settlement funds in the amount of $450,000 to review a major expansion and renovation of the existing facility at BVC or construction of a new facility, which will involve an engineering study. This project is moving forward favorably and Mr. Jackson believes Murray State could be provided with some assistance in this area.

Federal Advocacy for Federal Fiscal Year 2010 and Economic Stimulus Proposals

Mr. Jackson reported Congressman Ed Whitfield's office has been extremely helpful to the University with regard to the federal stimulus package and most likely something will be passed soon. Stimulus projects for the University are being considered primarily through the Delta Regional Authority (DRA) and Congressman Whitfield is a very influential legislator in the Delta Region and there are only a handful of counties in western Kentucky statutorily defined as being in the Delta. MSU will continue to work with Congressman Whitfield's office to advance two projects – the BVC and the dorm expansion and renovation project discussed earlier – which are projects that could move forward quickly and are considered "shovel ready." Cory Hicks is a Murray State alumnus and a senior staff member in Congressman Whitfield's office. He has helped the University advance these projects through the Delta Regional Authority and the University will work closely with the Governor's Office, the Delta Regional Authority and Congressman Whitfield's office to determine whether these projects can be advanced even further. Some block funding will be provided to the Governor's Office to be distributed among prioritized projects and while there is a long list of projects, hopefully some MSU projects will be advanced under the stimulus initiative.

Dr. Dunn added the following:

1) The University is keeping options open for Breathitt Veterinary Center if it is not foreseeable funding will be forthcoming for a new facility. The University will attempt to identify opportunities which may exist to determine whether there is something that can be done besides securing $30 million to construct a new facility. Renovations and remodeling could be undertaken to meet existing needs immediately, including additional space and a Level III biological safety laboratory. It may be some time before full funding is provided for the BVC and another option must be identified to at least allow the facility to make some progress. This is not an official announcement the Center will be renovated as opposed to building a new facility but is another option and if funding opportunities arise a "Plan B" is in place.
2) Delta Regional Authority lobbyists met last June and Dr. Dunn addressed the group regarding MSU needs because at the time the DRA was becoming more active, which was not the case during the Bush administration. The new administration has reinvigorated the DRA effort and Congressman Whitfield's office has encouraged the University to identify a project which would be appropriate to receive such funding.
3) With regard to the state budget, consensus is there will be a loss in state appropriations and the Board was alerted the University was asked to prepare for a 6.7 percent cut. This request caused a shock to the system - and would have been a model with no new funding – and it has now changed the nature of discussions. Even with a loss of state appropriations fixed costs are increasing and there is ongoing discussion about a tuition cap. Concern over a tuition freeze is not as great now as when it was first introduced. It is anticipated the University will be faced

with a loss of state appropriations as well as capping of tuition and academic fees but much remains unknown.

Mr. Jackson indicated after speaking with House and Senate leadership he does not believe there will be a tuition freeze which would tie the University's hands given the current economic environment. Dr. Dunn reported the presidents would be very supportive if level funding could be provided (if a tuition freeze is implemented) but does not believe the state will be able to make that commitment given the current revenue picture. Trips to Washington will need to be made and the first will involve Dr. Dunn and Mr. Jackson to lay groundwork on potential federal projects. The second trip would include members of the Board of Regents to help further articulate the needs of the University.

Adjournment

The Governmental Relations Committee adjourned at 12 noon.

Chair

Secretary

(The remainder of this page has been intentionally left blank.)

(This page has been intentionally left blank to allow for the inclusion of meeting attachments.)