Minutes of the Quarterly Board of Regents Committee Meetings
Murray State University
Friday, September 25, 2009
Jesse Stuart Room – Pogue Library

Chair Alan Stout called the committee meetings of the Murray State University Board of Regents (BOR) to order at 8:15 a.m. and welcomed Regents and members of the general public and University community.

Buildings and Grounds Committee
8 a.m.

William Adams, Chair
Marilyn Buchanon
Constantine Curris
Kara Mantooth

Mr. William Adams, Chair of the Buildings and Grounds Committee, called the meeting to order at 8:15 a.m. and reported all members were present.

2010-2016 Capital Plan, discussed

President Randy Dunn reported that in advance of budget preparation for the Commonwealth of Kentucky, state agencies are required to submit a Six-Year Capital Plan which is revised, updated and submitted every two years. The University’s capital project priorities the BOR approves today will ultimately be advanced through the Kentucky Council on Postsecondary Education (CPE). The CPE considers capital project priorities submitted by all the state universities and renders a final list of priorities to be advanced in the budget process. The priority list is very much a “wish list” and the majority of projects being presented will not come to fruition. The approach being utilized is to list every possible project anticipated over three succeeding biennia (with the realization very few projects will actually be advanced).

Capital projects have been divided into three primary categories, including General Fund (E&G funds), multiple source authorizations/reauthorizations and agency bonds projects for student housing needs. If changes are required following Board action today, those changes will be incorporated into the final Capital Plan Request. In addition to the capital projects list, the supplemental notebooks included a ranking of the top General Fund projects from 2008 to illustrate how those project priority rankings have changed. A listing of Murray State’s federal fiscal year 2010 earmark requests was provided (per Regent request) and illustrates Breathitt Veterinary Center (BVC) projects which have been advanced on behalf of the University by Representative Ed Whitfield and Senators Jim Bunning and Mitch McConnell. Dr. Dunn offered to provide more detailed information contained within the Six-Year Capital Plan if requested.

E&G funds are general or state-supported project funds. The General Assembly approves these projects to be included as part of the Governor’s Commonwealth budget. Typically these projects would be paid for with proceeds through the issue of state bonds. General Fund monies would be used in support of a bond for capital purposes and each university, as well as other state agencies, receive a portion of the bond and projects are allowed to move forward. The multiple source fund authorizations/reauthorizations include agency bond projects and private giving and represent a set of authorizations or reauthorizations for work the University anticipates undertaking. Agency bond projects are funded with University monies and are often handled as revenue bonds – although they could also be general obligation bonds. If the University wants to undertake repair and renovation work or construct new student housing it would issue a bond for that purpose, undertake the work, and then repay the bond over time. Mr. Denton added agency bonds are normally paid from housing and dining fees because they are issued for the benefit of the housing facilities. The authorizations/reauthorizations are a mixture of other funds which can range from a third party source (private partnership) to excess from guaranteed energy savings projects and can be used as sources of funding for such projects.

Dr. Dunn clarified the CPE capital project planning priority document provided in the supplemental notebooks represents staff work and has not yet been approved by the full CPE.

Mr. Kim Oatman, Chief Facilities Officer, confirmed there are some differences in what is being
presented today as opposed to what the CPE officially adopted two years ago, including changes in priorities and cost. He believes the University has been advantaged in terms of priorities because the Science Campus has consistently moved up the list in importance and it is a positive sign that Paducah was not even a project two years ago but is now listed on the CPE tentative roster. There is also a listing in the supplemental notebooks which contains a column showing where a particular project ranks in 2010 and where it ranked in 2008. The Science Campus Building was listed first this time and was first in 2008 as well, a new University Library has been moved up to the No. 3 priority (previously No. 8.) and the BVC was priority No. 4 but is now listed as No. 6 and the rationale for proceeding in this fashion includes securing funding for the BVC facility from other sources. If requested, a more detailed explanation can be provided regarding the driving force behind the University making these changes.

Mr. Oatman gave a PowerPoint presentation which provided highlights for projects on the E&G list and the following 2010-12 General Fund Capital Project Requests:

- Construct/Complete New Science Complex – Final Phase ($30,100,000)
- Construct Science Resource and Sustainability Center ($7,000,000)
- Construct New University Library ($58,000,000)
- Upgrade Campus Electrical Distribution System ($11,079,000)
- Construct Paducah Regional Campus Facility ($17,646,000)
- Construct New Breathitt Veterinary Center ($30,000,000)

The first two priorities represent one ranking and are in essence “one or the other,” actually making construction of a new BVC facility fifth on the priority listing. If MSU receives $30.1 million to complete the final phase of the Science Complex, construction of the Science Resource and Sustainability Center will no longer be necessary. The Science Complex has been ranked highly before and it is believed the CPE will maintain this trend. Successfully securing this funding would allow for completion of the Science Complex to move the entire Engineering and Physics Program from Blackburn Science to the new building (as originally envisioned). If this funding does not come to fruition it would be desirable to move the Science Resource Center currently housed in Blackburn to the Science Complex. If the Center is moved it would also be feasible to include sustainability efforts within the facility to teach MSU students high-tech sustainable technologies – an extremely important national and state initiative and an area where MSU is behind. Dr. Dunn provided assurance there is no confusion among legislators that the University’s desire is to complete the Science Campus by constructing the third building as originally intended. The fourth capital project priority is to upgrade the campus electrical distribution system and pertains to the substation currently in use by the University. Constructing a new Breathitt Veterinary Center is the final project priority on Murray State’s submission but alternate means of funding for this project are being actively pursued and the University is in line for a potentially sizable grant from the National Standards and Testing Institute.

The University is approaching the beginning of the 12th year of working to complete the Science Complex and does not need to stretch the project out for another 15 years because there are other projects and needs which exist at the University and the various extended campus sites. The University has reached the point where it must make some hard decisions if the legislature does not approve funding necessary to complete the Science Complex project. If the University does not receive funding for completion of the Science Complex but receives funding for the Science Resource and Sustainability Center that represents some progress. Mr. Oatman added if the University does not receive funding to complete the Science Complex – but is able to construct a Science Resource and Sustainability Center – funding for renovation of Blackburn Science Building then becomes even more important.

Dr. Curris stated legislators are typically faced with the situation where there are more demands than resources and they look for ways to justify not funding a project. If the University offers an alternate project for $7 million – as opposed to a $30 million project – the higher cost project will almost certainly not be funded. He recommended the Board rethink including the Science Resource and Sustainability Center on the Capital Project Request List, especially since the CPE has advanced the project to No. 4 on their list. The Governor is committed to resuscitating the influence of the CPE and they must not be given a reason to lower this priority and consideration should be given to having a No. 1 project with no alternate. Dr. Dunn reported the driver for the $7 million request for the Science Resource and Sustainability Center was to have a backup plan in place (given the current economy) in the event the University does not receive $30 million to
construct the third Science Campus building. Without an alternate project the University will request $30 million to complete the third building of the Science Campus and either that project will be funded or MSU will receive nothing. The administration is concerned about receiving nothing because the Resource and Sustainability Center is desperately needed to house everything originally planned for the Biology and Chemistry buildings. The commitment to completing the full range of the Biology and Chemistry units and attendant classroom space— that was originally intended for the departments but was value engineered out—must be fulfilled and if the University receives no funding this will not happen. This same strategy is utilized by other state agencies but if the Buildings and Grounds Committee determines the alternative should be removed as a capital project that will be how the University proceeds. The Committee must understand, however, if funding is not provided for 2010 this could mark the end of the Science Complex project because the University must begin considering other objectives which must be accomplished.

Dr. Dunn provided clarification with regard to renovation of Blackburn Science Building, indicating the $28 million figure would be for a full-scale renovation. It is not what would be required to provide necessary renovations for the Engineering and Physics Department (between $1 million to $1.5 million). Dr. Steve Cobb, Dean of the College of Science, Engineering and Technology (CSET), indicated the Biology Department continues to teach classes in Blackburn Science because there is currently not enough classroom space in the Science Complex. Office and laboratory staff members are still housed in Blackburn and it is a concern to have the department split in this manner. He is not sure of the most appropriate political strategy to utilize in this situation but does believe a “fallback” plan is needed to move closer to completing the project. The final phase of the new Science Complex (third building) is the first capital project priority but Dr. Dunn clarified only about one-half of the space in the Engineering and Physics Building will actually be used for that program. The remaining space represents classroom areas for Biology, additional lab and office space for Chemistry, the Science Resource Center and some “growth space” for advanced new technology initiatives. An effort is also underway to form a partnership with the University of Kentucky (UK) for a Rural Health Initiative for third and fourth year pre-med students and it will be essential for the new facility to accommodate this project in some fashion. The initiatives just described illustrate why the Science Complex project is the University’s top priority. Dr. Dunn indicated part of the challenge since the beginning of this project in 1998 has been that the University kept value engineering out classroom space in order to get the buildings constructed. Because space was value engineered out of the Biology Building, it pushed this space need to the Chemistry Building and as this building was being constructed space was again value engineered out, which pushed the need to the Engineering and Physics Building. Necessary classroom space (as originally envisioned) for all three departments is now being addressed in one request.

Mr. Oatman reported General Fund Capital Project Priority No. 3 is to construct a new University Library and the firm of Sherman, Carter and Barnhart was hired approximately eight months ago to conduct a Feasibility Study for the University. The current Library function is divided between two existing facilities—Pogue Library (45,563 square feet) and Waterfield Library (101,480 square feet). The VFA Statewide Facilities Condition Assessment conducted some time ago listed the existing libraries among the top ten worst facilities on the MSU campus. The study identified programmatic and spatial needs for a new Library resulting in a 169,000 square foot facility. Dr. Dunn added the “Renaissance for Knowledge” account in the MSU Foundation is to be used for Library support and advancement and has existed for a number of years. This account funded the Feasibility Study and the Foundation has indicated a further willingness, through this fund, to support land for site acquisition. Interim Dean of University Libraries Adam Murray has been working with the New Library Task Force over the past 11 months to obtain background information that was utilized in determining the type of facility needed. Mrs. Buchanan indicated some years ago an Alumni Satisfaction Survey was conducted and all alumni agreed the University was lacking in the area of adequate library facilities. Mr. Carter confirmed the study was undertaken by the CPE and while the results were favorable for Murray State with regard to satisfaction in a number of categories, the Library was one of only a few categories where the University did not fare well.

Mr. Oatman presented a rendering of a potential new Library facility, indicating it is not site-specific but incorporates several architectural elements from different areas of campus. The Board meeting notebooks also included a detailed (preliminary) layout of what is envisioned for the Library. Mr. Oatman, Interim Dean Murray and members of the New Library Task Force agree what has been presented is appropriate and would address current needs with regard to a
Mr. Oatman reported General Fund Capital Project Priority No. 4 is upgrading the campus electrical distribution system. Currently the University purchases power from Murray Electric which comes into the Central Plant (near 16th Street) and is then distributed to selected locations on campus through another substation. Because of the age and condition of the substation, there have been many issues with this process and the vision is to eliminate the Physical Plant substation and instead distribute all power from the Central Plant. The VFA Statewide Facilities Condition Assessment mentioned earlier identified the major components of this substation among the top ten worst facilities on campus although the project is vital to the campus electrical infrastructure system.

General Fund Capital Project Priority No. 5 is to design and construct the new Paducah Regional Campus Facility on land recently acquired by MSU (over 23 acres) at the intersection of Interstate-24 and U.S. Highway 62 in Paducah, Kentucky. The facility will provide approximately 50,000 square feet of classroom, office and computer laboratory space and will allow the University to significantly increase the number of baccalaureate and graduate level degree programs offered in the Paducah area. This facility is particularly important because Murray State’s academic programs have outgrown the existing leased space. A topological overview of the land was provided to the Board which contained potential footprint locations for a facility. Dr. Dunn indicated no source of funds has yet been identified to undertake the building design process so a conceptual drawing of a facility was provided. As the University moves into 2010 the possibility exists to secure planning and design money to allow site work on the property to continue and design work to begin. As meetings have taken place with Paducah civic and community leadership, it is believed these individuals will also work to advance this project in significant ways.

Mr. Oatman reported General Fund Capital Project Priority No. 6 is to construct a new Breathitt Veterinary Center, replacing the 41-year-old BVC Diagnostic Laboratory with a state-of-the-art center in Hopkinsville, Kentucky (Christian County). A feasibility study has been conducted by Foil Wyatt, a leader in diagnostic lab design from Jackson, Mississippi. Tony Brannon, Dean of the School of Agriculture, and his staff played an instrumental role in securing funds from the Agriculture Development Board to help the University undertake a thorough study to determine the type of facility necessary to meet National Institute of Standards and Testing requirements. The new facility will accommodate increasing diagnostic needs of the region and growing academic needs within University programs. Dr. Dunn indicated a decision was made to move this project down on the capital projects list. There tends to be an imaginary “cut-off” in the
The office for the Governor and have taken place with the Governor’s Vice President for Institutional Advancement, which demonstrates a question of e.

In response to a Regent question it was reported UK’s Diagnostic Center began as an $8.5 million renovation project for Phase I but UK then requested $13 million from the legislature to complete Phase II of the renovation. Before the project was funded other issues were discovered which increased the Phase II project amount to $20 million, for a total of $28.5 million for “renovations.” Dr. Brannon is not sure whether the diagnostic lab renovation was on the CPE Capital Projects List but it was a General Fund request which the legislature then shifted to the Agriculture Development Fund. The project began as a renovation and was carried through two legislative sessions but $28 million was never recommended for what amounted to a brand new facility. Legislative leadership in the final days of the legislative session made the decision to fund the project from tobacco settlement funds (out of the Governor’s Office of Agriculture Policy). Dr. Curris believes the same process utilized to secure funding for the UK facility should be followed to secure funding for the MSU facility (through the General Assembly) and livestock producers in the state and others who use the BVC should become allies in the process. Both facilities were constructed in the 1960s and were part of the Department of Agriculture and it was during the administration of Governor Julian Carroll (through legislative action) that the facility in Lexington was moved from the Department of Agriculture to the University of Kentucky and the facility in Hopkinsville was moved to Murray State. These are twin entities and have been tethered since birth and it is important Murray State not be forced to pit the BVC against other priorities at the University. Dr. Dunn indicated the University administration agrees and the same line of thinking will continue to be advanced as the University moves the project forward. The BVC project must be listed somewhere and it has been the action of predecessor boards to list it in this document (for the past five biennia) and it has almost become a question of equity and fairness. During lobbying efforts legislators are provided with materials which demonstrate the need for a new facility – whether it be an Engineering and Physics Building or BVC. The University will lobby, advocate and carry with vigor the request for a $30 million building but literally in the last hour of the session legislators can make final decisions on which projects will be funded. If faced with that situation in 2010 the University delegation must be able to propose an alternate project which has Board support. Bob Jackson, Associate Vice President for Institutional Advancement, added in the current legislative environment many decisions are made in the last 48 hours and even down to the last few hours. Several meetings have taken place with the Governor’s Office for Agriculture Policy and many Board members have visited the BVC to make the case this project should, without question, be funded in the same manner in which the diagnostic lab at UK was funded. The leadership of the Ag Policy Office agreed with the University’s assessment and publicly stated if this work is undertaken at Breathitt it will be handled in the same manner as the UK facility. Roger Thomas directs this office for the Governor and provided the University with information several months ago on a stimulus-funded grant from Washington through MIST, which is an agency of the Department of Commerce. A proposal has been submitted which could result in up to $15 million in funding. The Governor also provided a compelling letter of support for this particular grant for stimulus-funded money and the project is being advanced slowly and deliberately to match the process followed at UK.
Mr. Jackson stated with regard to construction of the Science Complex it is unlikely $30 million will be appropriated at one time and typically a project of this magnitude would be funded in phases. The Governor’s Office and legislative leadership understand the importance of the Science Complex to Murray State and many attended the dedication ceremony for Jones Hall held on campus last week and were supportive of completion of the third building. The CPE will see MSU’s first priority is completion of the Science Complex and a compelling case will be made toward that end. Legislative leadership and the Governor’s Office administration thoroughly understand the project but support most likely will not come in the form of a $30 million appropriation. Dr. Brannon provided assurance the BVC project has been the number one project on the statewide strategic plan for agriculture and is viewed as an agriculture project as much as it is a Murray State project. The BVC should not be forced to compete against the Science Complex but the University has been placed in a situation where the two projects appear to be in competition with one another. A copy of the feasibility study and a rendering for the Breathitt Veterinary Center were provided in the Board notebooks and a BVC pamphlet to be presented to legislators has been prepared.

In response to a Regent question Mr. Oatman explained the A. Carman Pavilion is listed as No. 26 on the General Fund Priority List instead of an agency list and provided assurance the University will complete this project but in order to do so it must remain on the list. For Agency Bond Capital Project Requests focus has been placed on renovation of the high rise residential colleges because two new low rise residential college facilities have now been completed. During each year of the biennium an attempt will be made to renovate one of the high rise residential colleges and currently under consideration are Elizabeth and Hester Colleges (based on Housing Information). Renovations to each facility will cost approximately $8 to $9 million. The cost per bed makes renovating the high rises desirable because they are solid superstructures but installation of new systems and finishes are also necessary. Included on this list is renovation of College Courts and while a project has been approved utilizing private funding to demolish the current facility and build a new one, the option continues to be reviewed. A firm has been selected and the University is working through the process but it is becoming increasingly difficult. Renovation of College Courts was included on the Agency Bond Capital Project Request List because if the University was unable to resolve the third party financing issue authorization to issue bonds would already be in place. Dr. Dunn added as part of the Six-Year Campus Master Plan this project was discussed in terms of being completed with third party financing to construct townhomes on campus. The University completed the proposal process but during the feasibility study some difficulty developed in making the numbers work. Additional information will be presented later but instead of building townhomes it might now be more feasible to construct a typical apartment style building. Many forces affect this project, including available off-campus housing. There are two multi-unit facilities located off-campus but in close proximity to the University and these complexes provide a wide variety of amenities at a reasonable cost. The College Courts project, as originally designed, would not be economically competitive with Campus Suites or The Chase and the University must review whether the ability exists to construct another type of structure that would be competitive with those facilities. Mr. Oatman reported the remaining three Agency Bond Capital Project Requests represent pooled projects (under $600,000) for general maintenance, capital renewal for the replacement of different building systems and asbestos abatement.

In response to a Regent question Mr. Jackson reported the Postsecondary Education Center in Madisonville has been included in MSU’s Capital Projects Request for at least five or six years. The project has been supported strongly by Madisonville Community College (MCC) President Judy Rhoads and her husband, Senator Jerry Rhoads. During the 2004 legislative session a study was conducted to determine needs which exist in the Madisonville community. Mr. Stout indicated the project has received tremendous support from the Madisonville community but if the building is constructed on the MCC campus it would be owned by the Kentucky Community and Technical College System (KCTCS) and while Murray State would have space earmarked in the building, it would be controlled by KCTCS. This led to the determination the project should remain at its current ranking on the request list because it did not need to disappear and the University must show support for the project (although it is ultimately a KCTCS project and will be included on their inventory). The CPE does not list this project as “the” top project and Madisonville listed the completion of the Energy and Manufacturing Center as its top priority. MSU was attempting to balance not showing a lessening level of support with the understanding this is ultimately a KCTCS project. University representatives have been involved in the schematic design process for the project to ensure the facility meets the needs of the University.
Dr. Dunn reported no ranking exists for earmarks but the University works with lobbyists on the federal side (in close consultation with staff members of each of the elected officials) to determine what may have saliency, what University needs are and what projects can be advanced through committee. This is a negotiation process and as discussions begin there are two to three projects (at most) the University hopes to accomplish. The BVC has been and continues to be a top project since the University has been involved in the earmark process. Mr. Jackson confirmed this is an extremely fluid process and there is no rule book for earmarks but three legislators have recommended $4.5 million in earmarks for BVC - $2 million by Senator Bunning, $500,000 by Senator McConnell and $2 million by Congressman Whitfield. As the budget process in Washington concludes on September 30, with the new budget process beginning November 1, the University could receive approximately $750,000. Dr. Dunn and Mr. Jackson will travel to Washington in November for the new cycle of budget discussions.

2010-2016 Capital Plan, approved (with exception)

On behalf of the Buildings and Grounds Committee, Dr. Curris moved that the Board of Regents, upon the recommendation of the President of the University, approve the 2010-16 Capital Plan and Capital Budget Requests for the 2010-12 State Biennial Budget. The Buildings and Grounds Committee further recommends elimination of priority No. 2, “Construct Science Resource and Sustainability Center,” from the 2010-16 General Fund Capital Projects Request List. Mrs. Buchanon seconded and the motion carried.

Adjournment

The Buildings and Grounds Committee adjourned at 9:45 a.m.

Finance Committee
9:30 a.m.

William Adams, Chair
Marilyn Buchanon
Constantine Curris
Alan Stout

Mr. Adams, Chair of the Finance Committee, called the meeting to order at 9:45 a.m. and reported all members were present.

David and Ashley Dill Distinguished Professor of Accounting Comprehensive University Excellence Trust Fund (“Bucks for Brains”) Designation, approved

On behalf of the Finance Committee, Mr. Stout moved that the Board of Regents, upon the recommendation of the President of the University, approve the University’s designation of the anonymous donation of $1 million and of $250,000 for matching funds from the Comprehensive University Excellence Trust Fund to establish the David and Ashley Dill Distinguished Professor of Accounting endowment. Mrs. Buchanon seconded and the motion carried.

Endowment Report, approved

Dr. Dunn stated the CPE requires Board approval for the annual Endowment Report and the report presented is for the period ended June 30, 2009. The comprehensive universities received a total of $50 million, with the largest portion of funding being provided to the research universities. Murray State’s share in 2008 was $1.58 million and the Endowment Report presented summarizes all activity in this area.

On behalf of the Finance Committee, Mrs. Buchanon moved that the Board of Regents, upon the recommendation of the President of the University, approve the Endowment Match Program Report for the period ended June 30, 2009, as required by the Kentucky Council on Postsecondary Education. Mr. Stout seconded and the motion carried.
Adjournment

The Finance Committee adjourned at 9:50 a.m. The committee meetings of the Murray State University Board of Regents also adjourned at 9:50 a.m.

Chair

Secretary

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