

**Minutes of the Special Meeting of the Board of Regents
Murray State University
Retreat – Lake Barkley State Resort Park
Saturday, July 14, 2007
8:00 a.m.**

The Board of Regents of Murray State University met on Saturday, July 14, 2007, in Special Session in the Elizabeth Hooks Room at Lake Barkley State Resort Park in Cadiz, Kentucky. Chair Alan Stout called the special meeting, the annual planning retreat and work session to order at 8:00 a.m. With permission of the Board, Mr. Stout acknowledged the roll, noting the absence of Regent Peg Hays. He also mentioned that there is a vacancy on the Board due to the expiration of the term of Olivia Burr. Ms. Burr is officially still a member of the Board until a new member is appointed, but Ms. Burr indicated that she would not be present at this meeting and would have limited involvement from this point forward.

**AGENDA
SPECIAL MEETING OF THE BOARD OF REGENTS
Murray State University
Elizabeth Hooks Room – Lake Barkley Lodge
Saturday, July 14, 2007
8:00 a.m.**

ANNUAL BOARD OF REGENTS PLANNING RETREAT AND WORK SESSION

1. **Roll Call**
2. **Six-Month Review**
3. **Future Issues Analysis**
4. **President's Performance Review Process**
5. **Regents' Initiatives and Issues**
6. **Adjourn**

In regard to the format for this meeting, Mr. Stout reported that a recording would be made to assist President Randy Dunn with preparation of the general minutes of today's meeting. The Minutes will not be as detailed as if the Secretary had prepared them but there will be a record as this is a public meeting.

Mr. Stout stated that the first time he was involved in a Murray State Board Retreat was in 2004 and that took place on the Murray State campus and consisted of a meeting at the Alumni Center where the University Vice Presidents delivered prepared presentations. He found this format to be particularly useful considering he had just come on the Board. After discussions with President Dunn, he felt he wanted to change the format to get away from planned presentations by the vice presidents and make this an opportunity for President Dunn to have frank discussion with the Board, having been with the University for almost a year, and to share his vision for the future of the University. A change in format also provides Board members with an opportunity to raise for discussion any pertinent issues and they were encouraged to do so.

Mr. Stout then introduced the newest member of the Murray State University Board of Regents, Mr. Eric King, Student Government Association President, welcomed him, extended congratulations and stated that he looks forward to working with him. He also mentioned that Mr. King comes from a long line of student members who have served on the Board and he promises that the Board will listen carefully to any input on issues he brings forth because Murray State is about students. He also extended appreciation to Mr. King for his willingness to devote the amount of time this assignment will require.

Mr. Stout then handed the floor over to Dr. Dunn. Dr. Dunn thanked Mr. Stout and mentioned that a lot of times consultants are hired to do this sort of work, particularly at a Board Retreat. He has served as facilitator on a year-to-year basis with a number of groups, and while it is not usually the best practice to facilitate one's own group, could do so for this year as things get underway. Mr. Stout and Dr. Dunn have had conversations about what this group intends to accomplish and how they intend to do that.

Dr. Dunn offered that the Board could bring in an impartial outside consultant but they are usually expensive. He also mentioned that Murray State belongs to an association that oversees this type of work, the Association of Governing Boards (AGB), that could come in and oversee the process. He finds benefit in this Retreat in that it is the first work session that the President and Board have had a chance to experience.

Dr. Dunn mentioned there are various ways to structure a retreat and recognized that most Board members know this as they have served on such bodies for work, church, agencies, etc. He pointed out the following.

1. The group must undertake a strengths/weaknesses analysis to identify what the challenges and opportunities are and then carry out some strategic planning.
2. As Mr. Stout mentioned was done three years ago, a group of people come in and give reports and updates. That is more of a learning relationship type situation where you are informed of what's going on across units.
3. There is another way to approach this that is almost totally unstructured where you get together and start writing down things you want to see done and see where it goes. Then you look for themes that emerge and from that and try to figure out where to go from there.

For Dr. Dunn, he views this as a type of "covenant" meeting. Although discussions have taken place informally, this Board has not really had a chance to discuss how they do their work and what the Board expects from Dr. Dunn as President and what he expects from the Board. He feels there is a need to determine the relationship that sets the tone for the governors of a university. Dr. Dunn feels today is the opportunity to do that.

Dr. Dunn mentioned that the Agenda items are very general because as a group the Board needs to decide where they are going today. Dr. Dunn hopes to get to things that the Board wants to talk about and things he wants to talk about so that there is a coming together of one mind and an understanding of what this group wants to do as a Board.

Six Month Review

This applies to the Board/President relationship and a future analysis of what we do and where we go from here. This issue covers Board review, Code of Ethics, Enrollment and the Strategic Plan. Although there is a Presidential Evaluation Committee, Dr. Dunn feels there is benefit to having the entire Board discuss performance review if time allows.

Mr. Taylor thanked Dr. Dunn for continuing to keep the Board informed. He is reassured after hearing comments from faculty, staff and the community that they are very confident about the direction the University is heading. This makes him proud to be on the Board. Mr. Taylor also stated that he was very impressed with Dr. Dunn's work ethic.

Dr. Dunn stated that the lifeblood of any organization is good communication. There are a set of processes and skills used to run an organization. Decision making, conflict management, and professional negotiation are skill-based processes. The first and foremost processed-based skill is communication. If that does not work nothing else will operate properly.

A university is a bi-focal organization and cannot be efficient if the management function is not covered well. Dr. Dunn further stated that the management function has to have an almost automaticity to it, ensuring that it flows well. Only then can you create the organizational bandwidth to expand the University, follow themes and get the work done.

Mr. Stout asked if Dr. Dunn is finding the cogs of the wheel in place at the University management level where he has the people and management in place to run the day-to-day operation so he can focus on the external needs of the University. He continued by saying that 20 years ago it was expected that much of the University President's time was spent on the inside and now it is just the opposite and the President spends most of his time working through

external obligations. Mr. Stout further stated he feels Dr. Dunn has hit the ground running on all these issues.

Mr. Stout echoed Mr. Adams' remark regarding Dr. Dunn's work ethic, stating that he has indicated and displayed an extremely high energy level. Dr. Dunn thanked the Board for their kind comments.

Dr. Dunn replied that he is finding the mechanisms in place from a management level standpoint to allow him to focus on the external issues facing the University. He went on to explain that the Regents now see him spending a lot of time on campus in an effort to "bank" some relationships on campus and internally so in the coming months and years that relationship will already be established. Dr. Dunn stated that he would like to do even more but simply cannot participate in all things taking place on campus.

Dr. Dunn went on to state that when the University begins our Capital Campaign that obligation will pull him away from campus more. In addition, there are the regular CPE meetings and special legislative meetings in Frankfort. He went on to state that this is the reason Becky Watts is in the office. She monitors situations and gets quick answers on the day-to-day issues.

Mr. Stout stated that he thinks the mark of a good CEO is when the CEO is gone from the organization it just kind of runs itself and that shows he is doing a good job. He thinks when Dr. Dunn was absent from the University for almost three weeks for his China/Korea trip some things came up and were dealt with internally very well. He was impressed with how well everything seemed to flow.

Dr. Dunn asked if the amount of communication the Regents are receiving is enough, too much and whether they liked the format and style of the communication. He asked if they would rather have a quick update every three days as opposed to what he has been doing and that is an update every couple of weeks or so. He further stated that the current method seems to him to be a good fit for what the group is looking for.

Mr. Stout stated that he appreciates the regular communication from President Dunn and he thinks e-mail is a good way of accomplishing this. He added that the Board must be cognizant of e-mail and how easily it can be forwarded on but that it is important to receive these updates. He suggested Dr. Dunn keep following the process he is currently utilizing.

Mr. Stout addressed the communication issue among the Board. He stated that as Chair he will try to keep the lines of communication open as much as possible. He will rely quite heavily on Dr. Morgan as Vice Chair on issues not appropriate for e-mail and where he needs to call individual Board members to discuss things one-on-one. What the Board will see will be where he and Dr. Morgan will split the calls and Mr. Stout will call half the Board and Dr. Morgan will call the other half to get a consensus on a particular issue.

Mr. Stout also encouraged members of the Board to attend as many of the various functions on campus as feasible. Again, he and Dr. Morgan will make sure one, if not both, of them attend campus events. Mr. Stout again stressed the importance of Dr. Morgan's role in this process since he is on campus and Mr. Stout is not.

Mrs. Buchanan stated that she also appreciates the communication she has received from the President and asked if it would be possible to discuss the agenda in advance of the meetings so if there is an issue of concern to a Board member there is time to address that issue. Mr. Stout suggested that the most efficient way to accomplish this might would be via telephone as opposed to one-on-one meetings. Dr. Dunn stated that he would be perfectly willing to do this but asked that each Board member read the information they receive prior to the call so there will be a basis for the discussion.

Mrs. Buchanan asked if it would be possible to have this conversation prior to receiving the Board notebooks so that Board members could identify possible issues before they are placed on the agenda.

Dr. Dunn stated that he has not had a broad discussion with Mr. Stout about agenda development. He explained that the items come in from intermediaries and direct reports across campus that have items they know will be taken to a Board meeting. They gather these items over the quarter and send them to the Board Secretary along with the recommendations and

relevant materials. The Secretary then adds this all together to come up with a draft agenda and gives that to Dr. Dunn. Dr. Dunn makes changes and then it is sent to the Chair. Mr. Stout may choose to add some additional items and we move forward from there and assemble the Board notebooks. If there are changes or additions after the Board notebooks are prepared, Dr. Dunn prepares packets with the additional information. Dr. Dunn asked if the Regents want to have a call around prior to agenda development but cautioned there needs to be consistency in how we accomplish that.

Dr. Dunn reminded the Regents that meeting preparation starts three weeks to a month before an actual meeting and there are generally three routes to get information to the President: 1) call the Board Secretary knowing that she will go directly to the President, 2) call Mr. Stout or 3) call Dr. Dunn directly. There are no hard and fast rules on it, but if a Board member has a concern or issue, Dr. Dunn would prefer for that issue to come up through the Chair.

Mrs. Winchester thanked Dr. Dunn for his communication efforts with Murray State staff and the community. She indicated there was a communication issue when he graciously told everyone they could leave an hour early before a major holiday and half the staff got the e-mail and half did not. Dr. Dunn replied that the breakdown occurred under the administrative staff. All administrators (170 people) received this announcement and were asked to inform their staff. Some administrators simply did not do it. Mr. Stout stated that while he wasn't aware of this, he feels letting staff off one hour early prior to a major holiday is a positive thing to do. Dr. Dunn stated this is just one easy thing to do that carries a lot of benefit.

Dr. Dunn asked if the Board was happy with they way are functioning during meetings and if they have the materials they need to make their decisions. The CPE actually has a study session the day before their meeting where they do all their committee work before the Board meets the following day.

Mr. Taylor suggested having the Board committee meetings the day before the quarterly meeting. A lengthy discussion followed and a historical perspective was provided by Mrs. Buchanon. The following points were made:

- It is a benefit to the entire Board to be together in committee meetings so everyone can hear what is going on.
- It would be extremely difficult for many of the Regents to dedicate two consecutive days, one for committee meetings and one for the full Board meeting.
- Dr. Morgan suggested that some committees could meet at certain times during the year as necessary. Two examples were cited, the first being the Budget and Finance and Committee. As the budget is being developed, this might warrant a separate meeting of the Finance Committee. All Board members would be welcome to attend. Another example cited was the Faculty Handbook. Since that particular item warranted quite a bit of discussion, a separate Committee meeting would have been helpful.
- Mrs. Buchanon stated that some issues have come before the Board and had there been more time to reflect on that particular issue, the outcome might have been different.

Dr. Dunn said he is hearing that there is a willingness on the part of the Board to hold separate committee meetings outside of the regular quarterly Board meeting and that they would welcome the opportunity to have such meetings as necessary. Dr. Dunn suggested distributing a communication prior to an issue going before the full Board for any members who could not attend the committee meeting. The following points were made:

- Mr. Stout mentioned that he has everyone's input on the Committee Roster and that it will be distributed shortly. He agrees that if the Chair of a committee feels it's appropriate for that committee to meet separately that will be fine. If a committee meeting is called it should be open for other Board members to attend.
- Mrs. Ford asked if a Committee meeting is called and a member cannot make it for various reasons, if they will receive a report. Dr. Dunn stated that we can provide a draft of the minutes, send it out for review and at a later date it can become a report to the full Board.

- Mrs. Buchanon also cautioned the Board to be conscious about the amount of work this creates for university staff members. Dr. Dunn agreed and pointed out that when a Board member asks for something it causes a chain reaction. We are more than happy to fulfill the request but this is a very valid point.
- Dr. Dunn added that in terms of legality, at a regularly called quarterly Board meetings any Board member can add any issue at any time to the agenda. They are only subject to the constraints of what the Board decides for itself according to the Bylaws. While this might not be the optimal way to function, the Board is not limited in its ability to do so. He further reminded everyone that during a special meeting they are limited solely to what is on the agenda.

The Board recessed for a short break.

Mr. Stout introduced Emily Wuchner, a Murray State student who this fall will serve as Editor of the Murray State News. She is in attendance as a member of the press and is working with the Paducah Sun this summer.

Mrs. Travis mentioned she has become very involved in international affairs on campus, mainly due to the fact that she was appointed Chair of the International Affairs Committee. When she discovered the Committee had not met in several years, she called a meeting of several members of the University community involved with international affairs and out of that the International Advisory Council was formed. Mrs. Travis stated that she was unsure of the wishes of the Board in regard to international affairs. Dr. Dunn indicated this would be discussed later during the Retreat.

Dr. Dunn noted that there had been a change in the table arrangement for Board meetings to a “U-shaped” approach. He offered if the Board wanted to go back to one table to let him know. He also asked whether the Board wanted to continue the dinners on Thursday evenings prior to the Board meetings. He indicated he would be glad to host the dinners and enjoys them but knows they present a scheduling issue for Regents coming from a distance. Mr. Stout stated that he enjoys the time the Board has during these dinners as it gives them an opportunity to socialize and to even conduct some business one-on-one. He finds the dinners to be very beneficial and understands everyone won’t be able to make it every time. Dr. Dunn stated that he also enjoys the dinners and is suggesting nothing contrary. He just wants to make sure it is a practice the Board wishes to continue. The Board decided to continue having Dr. Dunn host dinner the evening prior to a regular scheduled meetings.

Dr. Dunn asked the Board to consider a means by which they can take information or testimony from the public, either in a public comment forum, a public speaking session, or somewhere in the quarterly meetings. This would typically be done through bylaws and the bylaws would extend a certain amount of time, possibly 30 minutes, for this purpose. Each speaker’s time limit would be determined by dividing the 30 minutes by the number of speakers, with no one speaking for more than 5 minutes. If several people wish to speak on the same issue, they will be asked to appoint a spokesperson. Basically this gives you a portion of the regular quarterly meetings for public participation where individuals can address the Board in a public setting. Dr. Dunn stated that typically people will either speak to something that is on the agenda, they will lobby the Board to think about passing a policy or offering a program not currently offered, or they will come thank and express appreciation to the Board for the job they do for the University.

Dr. Dunn feels a public participation session could have benefit for the Board and the University Community. Although it is not required under Kentucky law, philosophically he thinks it would be helpful since the Board serves as stewards of the public university it represents. From a practical standpoint it provides the Board with a connection to the University community.

Mr. Stout echoed that Murray State is a public institution and providing opportunity for public comment is appropriate. State Boards to fiscal courts provide an opportunity at some point for the public to address the body. He also requested that the Chair reserve the right to control the session and if anyone were to get out of line the Chair has the prerogative to terminate their comments. Mr. Stout also feels it is appropriate to place the public participation session on the agenda.

Dr. Dunn agreed that there is an extra duty that falls to the Chair but a process would be established where speakers would register, indicating who they are and what they want to speak about. Mr. Stout asked that Dr. Dunn establish the process for how this would be handled. Dr. Dunn will look at the Policy Manual to see how this can be accomplished. Dr. Dunn indicated the Board could handle these public participation sessions in any manner they see fit, but his recommendation would be that the Board simply listen.

Dr. Dunn stated if there is anything Board members need him to do to help the Board fulfill its role to please let him know. If there is something that is hampering the Board from carrying out their responsibilities, then it is his obligation to figure out how to resolve that.

Mr. Stout summarized the following points:

1. A Committee Chair has the authority to call a meeting outside of a regular meeting of the Board of Regents if the Chair feels it is appropriate and the particular issue warrants such a meeting in order to handle it with prudence.
2. Mr. Taylor asked if committee meetings could initiate on Thursday afternoon before a Board meeting and then have the Board meeting start at 9:00 a.m. on Friday. Mr. Stout is inclined to leave the meeting schedule as it currently stands but indicated he would not mind trying Mr. Taylor's format. Dr. Morgan suggested leaving it up to the Chair on a meeting-by-meeting basis. Mr. Stout asked if having Thursday afternoon committee meetings and then a Friday morning Board meeting would have ramifications on those attending from the University. Mrs. Buchanon stated that when the Board used this format before a lot of people came to the committee meetings. Mr. Stout agreed that he and Dr. Dunn would consult with each other and indicated the possibility of trying this format for one meeting some time throughout the year to see how it works.
3. With regard to Dr. Dunn contacting Board members prior to the meetings, Mr. Stout indicated that Dr. Dunn would do this by telephone. Dr. Dunn stated he is not against a face-to-face meeting although he feels it would be somewhat inefficient. It was decided that a phone call would be fine.

Future Issues - Organization Review Process

Dr. Dunn outlined his strategy behind the President's Organizational Review and Analysis and asked if the Board had suggestions for anything else that needs to be added to the list. In explaining the philosophy behind the document, Dr. Dunn indicated that during his first six months at Murray State, he scanned all the functional areas of the University. He listened to what people had to say and identified existing problems. What he tried to do was go across the entire gamut of the University's functional areas to say operationally, not including the new stuff, that everything seems to be working properly. He pointed out that he was not referring to whether people are doing their work well but instead was looking at operational issues and functional requirements.

1. Conduct University-Wide Policy Review and Revision

This is the foundation work that has to exist to make sure everything else the University does is done appropriately, is legal, and is in compliance following precedent and other rules of the University. Dr. Dunn feels a great deal of work still needs to be done to ensure that our policies are more current and reflective of what the Board passed and are in accordance with what the law requires in order for the University to move forward. Dr. Dunn stated that the Board needs to decide their level of involvement in this process.

With regard to the University Code of Ethics, the CPE is pushing very hard on this issue. They have not mandated it but are strongly encouraging universities to take some action to get this in place. We must make it clear to the University community what is and what is not okay from an ethical standpoint.

2. Optimize University Enrollment and Restructure Related Functions

Dr. Dunn has talked about determining what the right size for Murray State is and accepting that as where our enrollment numbers need to be. He indicated that his thinking has now progressed to say we are not going to have the luxury of not accepting the CPE numbers at this point in time. He has spent time talking and listening to a lot of people to determine how

serious the CPE is about this issue and it is now obvious they are very serious at least for the time being and this will remain the key policy agenda for higher education statewide. We must decide how to ramp up our degree production to the CPE 2020 numbers.

He stated that we must examine our entire enrollment management function to help reach our goals. Although we are achieving our numbers in legitimate ways, we have to figure out targets and put plans in place to ensure we get to those targets. Dr. John Yates and off-campus enrollments and transfer admissions will be quite important to the mix. Dr. Dunn does not feel we are currently aligning all our efforts in the optimal manner to get the numbers we need.

3. Undertake University Budget Reallocation

Dr. Dunn explained that typically we start this process by looking at the previous year's budget. Most of the standard budget lines for materials, commodities, etc. stay static and we adjust for salaries. Then we look at priorities, either new initiatives or required things that we have to do. That is currently how Murray State handles the budgeting function.

Dr. Dunn pointed out that it has been fifteen years since there has been an examination of the budget, going through section by section, line by line, to determine what our money is paying for. He stated we will use the budget as an instrument to look at operations and determine if the money could be better utilized. Dr. Dunn is hearing from the Board that we cannot continue to rely on tuition increases. We cannot do all these things and stay in the bottom one or two quartiles on tuition. Ultimately when the Board makes a decision on tuition it can say that the budget has been examined and we have cut all the fat we can. Dr. Dunn cautioned that this is a very tough process but it can be conducted in such a way where people do not feel they are in jeopardy. The CPE has also indicated that reallocation of present resources is a source of revenue.

4. Continue Progress on Major Organizational Initiatives Ongoing

Dr. Dunn pointed out that the items listed here are organizational issues and many of them preceded his arrival on campus. They are very operational in nature and were just getting off the ground when he arrived. In Dr. Dunn's opinion, these issues need to be addressed so we can then turn our attention to the improvement of the University.

Dr. Dunn indicated that getting a good internal communication system function on campus is an absolute necessity. He mentioned the "all users blast" that is random and currently the bandwidth at MSU will not accommodate it. There is a need for a strong communications structure at the University that has two or three pieces to it. One thing we are talking about is MSU Today where you go to the computer in the morning and it just opens up. Again, bandwidth is an issue. We need more money to do the work we need to accomplish.

Dr. Dunn also mentioned that the University has some work to do to get ready for the Capital Campaign. At the September Board meeting, Bob Jackson and Jim Carter and possibly our consultant Alan Zacharias, will give a 15-20 minute overview to inform the Board of the steps involved in a Capital Campaign. More details will follow at the December Board meeting but right now people and operating systems are being put in place for a Capital Campaign.

Regents' Initiatives and Issues

Mr. Adams mentioned a concern regarding tuition waivers and what they are costing the University. He also expressed concern about the small number of students we are getting from western Kentucky. Mrs. Buchanon joined Mr. Adams in this concern. Mr. Adams said we need to find the least expensive and the most effective way to get that number up. Mr. Stout stated that as a university we have to continue to grow and we may need to think outside the box. The potential for growth is in our extended campuses and this opportunity will continue to develop. Mrs. Winchester stated that thinking outside the box is a good idea because today's student is not typical. They do not live on campus, they have a full-time jobs, they have children, and they have different needs than the traditional college student.

A lengthy enrollment management discussion followed. Dr. Dunn mentioned that the issue really is one of enrollment and budget and he specifically mentioned the Commonwealth Honors Academy as being a great signature program. He also asked the Board to look at the numbers for the program in terms of scholarships and to think of that in terms of a cost/benefit analysis.

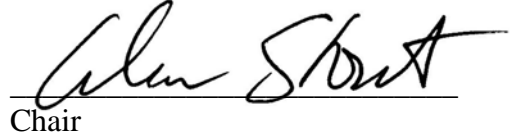
Other issues discussed centered around the staff survey being issued soon; building upkeep and the benefits of a campus tour to better understand our needs, especially around a new academic building like Faculty Hall; advocacy work in Frankfort; funding and the benefit of a study on extra compensation at the University; need for a special audit for the Science Complex; the potential for a softball program; and related issues.

Adjournment was at 2:03 p.m.



Secretary

(Transcribed by Jill Hunt Lovett, Executive Secretary to the President, with the assistance of President Randy J. Dunn, in the absence of a Secretary to the Board of Regents)



Chair